

Beyond Credit. Enabling Futures, Responsibly.

Annual Report
2024-25



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

Key Managerial Personnels

Mr. Shalabh Saxena

Managing Director & CEO
(Till April 23, 2025)

Mr. Ashish Kumar Damani

Interim CEO, President &
Chief Financial Officer
(Interim CEO since April 23, 2025)

Mr. Vinay Prakash Tripathi

Company Secretary

Statutory Auditors

BSR & Co. LLP
Chartered Accountants
(ICAI FRN- :101248W/W-100022)

Registrars and Transfer Agents

KFin Technologies 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. Neeraj Swaroop

Non-Executive Nominee Director*
DIN: 00061170

Mr. Ramachandra Kasargod Kamath

Non-Executive Nominee Director*
DIN: 01715073

Mr. Sunish Sharma

Non-Executive Nominee Director*
DIN: 00274432

Ms. Saakshi Gera

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

Mr. Shalabh Saxena

Managing Director & CEO
DIN: 08908237
(Till April 23, 2025)

* Nominee of Kedaara Capital I Limited

Investor grievance:

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Website: www.karisma.karvy.com

Ph: 18003094001

WhatsApp: 9100094099

KPRISM (Mobile Application):

www.kprism.kfintech.com

KFINTECH Corporate Website:

www.kfintech.com

RTA Website: <https://ris.kfintech.com/clientservices/isc/isrforms.aspx>

Investor Support Centre (DIY Link):

<https://ris.kfintech.com/clientservices/isc/isrforms.aspx>

Investor Information

BSE Code : 542759

NSE Symbol : SPANDANA

AGM Date : Tuesday, September 16, 2025

AGM Time : 03:00 P.M.(IST)

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



Beyond Credit. Enabling Futures, Responsibly.



Spandana is rooted in the belief that when a woman is empowered, an entire community can be uplifted. Since our inception in 1998, we have enabled women to dream confidently, act decisively, and build a more secure future for themselves and their families. Supporting their financial independence, we believe, creates a ripple effect that inspires others to aim, act, and achieve.

Operating as one of the leading microfinance institutions in India, we offer credit that empowers. Above all, we design products that inculcate fiscal discipline and unlock future growth potential.

Our responsible lending practices enabled us to navigate sectoral headwinds, including the weakening of the JLG model, adverse climatic conditions, elevated borrower leverage, pandemic-induced shifts in repayment behaviour, and sustained external volatilities. While rising attrition reflected some of these challenges, we remained committed to enabling futures through what we understood best: timely credit delivery at the last mile.

Along the course of our journey, we pursued geographic diversification to strengthen our resilience and reach a wider customer base. Through targeted lending, especially to women in rural and semi-urban communities, we nurtured growth that catalysed transformation at grassroots. Simultaneously, we fortified our trajectory through collection and operational efficiencies, tech-enabled architecture, and sound risk management, building a robust foundation for sustainable impact.

As we steer ahead, we see these incremental yet deliberate steps creating the momentum for meaningful progress. In pursuing this path, our growth curve, in many ways, reflects the aspirations of those millions of women who are looking at credit as a medium to realise their dreams and build a better future. Each of our initiatives emphasise the fact that real progress comes from responsibly enabling possibilities - led by empowered women from the rural heart of India.



Challenging operating landscape

Navigating complexities with refined focus

The microfinance industry navigated a challenging and evolving landscape over the past year, encountering pressures from structural, behavioural, and external fronts. Amidst this complexity, we stayed true to our long-term vision, while refining our operating strategies to protect portfolio health, strengthen customer confidence, and foster talent retention. These focused efforts enabled us to build resilience from within, keeping us firmly aligned with our sustainable growth imperatives.



The following challenges defined the industry's context in FY25

High attrition pressure

The sector continued to face high attrition levels, especially among front-line roles. Loan officers left at high rates, and branch managers also turned over at a significantly elevated level. This trend disrupted borrower relationships and placed considerable strain on recruitment, training, and field deployment efforts across all regions.

Increasing borrower leverage

A substantial rise in borrower exposure to multiple lenders was witnessed. The share of borrowers maintaining relationships with several lenders increased markedly over the year. This growing overlap poses risks to credit discipline and repayment capacity, making credit underwriting more challenging.

Decline in borrower discipline

Post-Covid behavioural transitions have brought significant alterations in borrower engagement patterns, as evidenced in the lower attendance at centre meetings and increased dependence on door-to-door collections. The recovery of the Joint Liability Group (JLG) model has been more gradual than expected, affecting the collective repayment discipline that is central to its success.

External influences and noise

Borrower sentiment in several regions was adversely impacted by recurring external disruptions, including localised unrest, socio-political influence affecting customer behaviour, and persistent narratives around debt waiver. For many households already managing fragile financial conditions, these factors influenced repayment behaviour and challenged on-ground operations. The effects were evident in select pockets across all major states.

Emerging risks in the North

As part of our portfolio diversification strategy, we expanded into North India to mitigate concentration risk and unlock opportunities in underserved markets. Over FY23 and FY24, more than 50% of our new branches were opened in the North, increasing the region's share in our overall AUM from 13% in March 2022 to 20% in March 2025. However, this period of expansion coincided with growing stress across the broader microfinance landscape in the same geography. By December 2024, the North accounted for the highest proportion of delinquencies in the 31-180 days past due bucket at 8.6%, compared to 7.4% in the West, 7.1% in the East, and 5.7% in the South. Owing to the microfinance ordinance passed in Karnataka, Industry wide delinquency in the 31 – 180 bucket for South increased to 8.2% and that of North was at 7.5% by March-2025. (Source: CRIF Highmark)

The industry-wide challenges impacting progress

During FY25, the industry witnessed a sharp rise in Portfolio at Risk (PAR) across all buckets, prompting a more cautious approach to disbursements. PAR 31–90 rose significantly from 1.2% in March 2024 to 2.7% by March 2025, while PAR 90+ nearly doubled from 8.8% to 16.0% over the same period. This trend of elevated PAR has led lenders to tighten credit norms and adopt a more measured lending stance. (Source: CRIF Highmark)

Early signs of recovery strengthen

Encouraging signs of recovery have emerged across the industry, with the pace of flow into higher delinquency buckets slowing in recent months. Collection efficiency in the X-bucket reached approximately 99% in March 2025, indicating improved repayment behaviour. If this momentum sustains, the industry is expected to move towards normalisation by the end of Q2 FY26.

Rapid asset quality deterioration in states like Rajasthan, Gujarat, Uttar Pradesh, and Bihar calls for sharper risk vigilance. While growth potential remains strong, we are calibrating our expansion to prioritise portfolio quality.



Overcoming challenges

Sustaining momentum with prudent interventions

We responded to a rapidly evolving microfinance landscape over the past two years with measured strategies focused on managing risk, safeguarding portfolio quality, and fortifying our operational backbone. Guided by a strong sense of purpose, we prioritised agility without losing sight of the discipline required at every stage of the lending journey. This approach enabled us to stay resilient, responsive, and connected to the communities we serve.

We took purposeful steps to build a stronger, future-ready portfolio by strengthening guardrails for responsible lending, expanding into new geographies, introducing weekly collection model, and tailoring loan tenures. At the same time, we remained responsive to external realities, moderating customer acquisition, adopting

prudent disbursement practices, and intensifying recovery efforts to maintain asset quality and ensure sustainable growth.

During the year, we focused on maintaining strong liquidity in a challenging operating environment. We consistently held over 20% of our assets in cash or bank balances and

ensured that our funding sources remained well diversified. In Q4, we further strengthened our balance sheet by announcing a rights issue to position the Company for future growth. Throughout the year, our CRAR remained above 32%—more than double the regulatory requirement of 15%.

Implementing guardrails for responsible lending

In FY25, Spandana undertook strategic measures to strengthen its commitment to responsible lending. A key initiative was the voluntary reduction of the maximum interest rate from 25% to 24%, effective April 2024. Furthering this effort, a graded interest rate structure was introduced in October 2024, offering preferential rates to borrowers with longer credit histories.

Under the new framework, interest rates now range from 19.75% to 24.75%, promoting a more equitable and risk-sensitive lending model. These steps aim to improve affordability, reward credit discipline, and reinforce Spandana's dedication to ethical and sustainable microfinance.



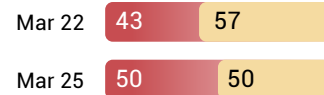
De-risking through geographic diversification

Our expansion over FY23 and FY24 was primarily to diversify portfolio and take last mile financial services to wider underserved markets. The expansion was also aimed at reducing concentration risk and creating a more balanced portfolio.

This focused expansion is now visible in the reduced share of top 4 states from 57% of AUM in March 2022 to about 50% by March 2025, reflecting a more even distribution.

AUM Concentration of top four states down to 50%

(%)



Rest of India
Top four states

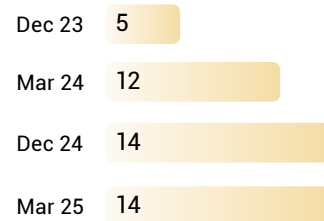
Progress on weekly collection model

We launched Project Parivartan to shift from monthly to weekly collections, better aligning with borrower cash flows and fostering more frequent engagement. The implementation on field, however, was a challenge as it created confusion among borrowers as

well as Loan Officers about Centre meeting date and time. The project has been put on hold now. In parallel, we also started opening weekly only branches which accounted for 459 of 1,804 branches. As of March 2025, these weekly branches contributed to 14% of our AUM.

AUM share of weekly branches

(%)



Operational reinforcements to address ground-level challenges

To strengthen field operations and address emerging stress points, we rolled out several targeted initiatives during the year. A control function was introduced at the branch level to ensure better process hygiene and compliance checks.

We increased the headcount of Loan Officers to reduce workload pressures on field teams and improve

service delivery. A dedicated team was formed to handle collections from customers with 90+ days past due, while engagement with field staff was intensified through multiple channels to drive alignment and responsiveness. Additionally, a structured tele-calling effort was launched to encourage timely repayments among delinquent borrowers.

We have also started sending SMS with digital payment links to delinquent borrowers at regular intervals until all outstanding dues are paid. These measures collectively aim to enhance field discipline, improve collections, and support frontline teams more effectively.



Overcoming challenges

Moderation in customer acquisition

In FY23 and FY24, we drove strong growth through customer acquisition, adding 8.9 lakh and 13.9 lakh new borrowers, respectively. However, in FY25, broader industry headwinds

saw additions slowing down to 3.4 lakh. We are recalibrating our strategy to balance growth with quality, and in FY26, we will place equal emphasis on serving the

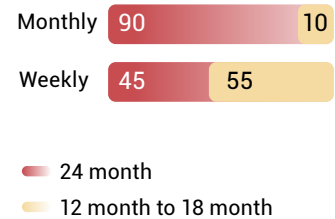
financing needs of our existing borrowers and expanding our customer base.

Introducing flexible loan tenures

We introduced greater flexibility in tenure options to better accommodate the evolving financial profiles and repayment capacities of our borrowers. While in 2022, most loans followed a standard tenure of 24 months, we recognised the need for greater customisation and rolled out additional choices of 12

and 18 months. These varied tenure options allow borrowers to choose repayment schedules that align more closely with their income cycles and cash flows, making credit more accessible and manageable. This shift has improved affordability and convenience for borrowers.

Tenure distribution# (% AUM)



Strengthened risk framework with stricter credit controls

We adopted a more conservative credit stance, strengthening our risk framework beyond the guardrails prescribed by Self-Regulatory Organisations (SROs). Lending is now restricted even in cases of minor delinquencies, with no loans extended

to existing borrowers with DPD over 30 days and to new borrowers with DPD over 1 day, regardless of the loan amount or lender. We have also limited the number of lender exposure to three including Spandana and tightened financial exposure norms

by disallowing additional loans to households with microfinance and unsecured retail exposure exceeding ₹2 lakh. These measures reflect our commitment to portfolio quality and responsible lending in a dynamic credit environment.



Upping our Collection Efficiency (CE)

We spotted early signs of recovery across key collection-related indicators towards the end of FY25. This was supported by people-centric interventions that brought down the annualised attrition rate of Branch Managers. Operational controls were also bolstered, with many branches now equipped with a dedicated control function. This led to stronger adherence to process discipline, including centre meeting monitoring, CGT photo verification, and timely follow-ups on missed payments. Centre meeting attendance, a key indicator of borrower engagement, also began to show signs of revival. Complementing these efforts, the borrower-to-LO span was reduced from 344 to 208, enabling the field

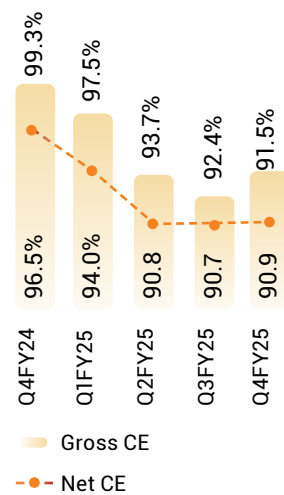
team to devote more time to portfolio quality. The focus on improving centre meeting routines and sustaining customer engagement is expected to further fortify credit discipline.

Recovery gathered momentum

We made strong headway in recovering from the GNPA and written-off portfolio during the year, with collections rising to 52 crore during Q4FY25 and 96 crore for FY25. This was driven by a focused recovery effort that included the deployment of about 707 customer retention associates, supported by tele-calling teams and data-driven targeting.

Collection Efficiency

(%)



Staying agile and responsible

We have seen encouraging result from most of the levers we activated, yet we remain focused on refining execution where needed. As the industry continues to evolve, we remain agile, grounded in customer needs, and driven by a quality-first approach that drives sustainable, responsible growth.



Corporate identity

Driving empowerment through responsible credit

At Spandana Sphoorty Financial Limited (Spandana), we are closely connected to the aspirations of rural India, focused on uplifting lives through meaningful access to finance. As a dedicated Non-Banking Financial Company – Microfinance Institution (NBFC-MFI) with pan-India presence, we specialise in offering income-generating loans through the Joint Liability Group (JLG) model.

Empowering women from low-income households in rural areas remains our primary focus. Through our concerted endeavours, we aim to extend purposeful credit that serves as a stepping stone to dignity, independence, and hope. Guided by the belief that microfinance is a catalyst for lasting social change, we

strive to nurture financial inclusion, unlock potential, and help build stronger, self-reliant communities across the country.

Our journey forward is powered by smart investments in technology that propels advancements, systems that ensure consistency, and processes

that deliver tangible outcomes. These enablers are further backed by a strong governance framework, sound risk management practices, and a highly experienced leadership team that continue to shape Spandana into a forward-leaning, inclusive organisation.

Our Legacy

We began as a Non-Governmental Organisation (NGO) in 1998 and transitioned into a Non-Banking Financial Company (NBFC) in 2004. We evolved into a full-fledged NBFC-MFI in 2015, expanding our reach and capabilities.

Our Mission

Deliver quality financial services for enhancing the income level of communities in Bharat.

Our 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.





Our Values

Integrity

We believe in doing the right thing

Collaboration

We put collective success before individual achievement

Agility

We execute fast and effectively

Receptive

We believe in open and honest communication

Empathy

We respect and care for all our stakeholders

Our Foundation

Offering seamless customer experience

We offer a hassle-free, tech-enabled loan journey prioritising speed, trust, and comfort, with particular focus on rural and semi-urban borrowers.

Empowering through local talent

We leverage a robust local loan officer base to enhance community connection and improve customer engagement.

Widening our reach in Bharat

We now operate across 20 states and UTs, with a strong presence in underbanked rural and semi-urban areas.

Winning team driving progress

We engage a strong workforce to foster a culture rooted in local connect and customer insight.

Consistent tech investments

We pursue continuous tech upgrades to power real-time decision making and facilitate seamless operations, aligned with our growth ambitions.

Strong governance backbone

We are guided by a well-rounded and diverse Board that plays a strategic role in long-term value creation and oversight. More than half of our Board consist of Independent Directors.

Driving impact at scale

11,994

Loan officers

1,804

Branches

24.9 Lakh

Customers

18,382

Employees

Products

Powering inclusion through purposeful finance

We build bridges to opportunity through a carefully curated suite of loan products that fulfill the everyday ambitions of India's underserved and entrepreneurial communities, with a special focus on empowering women in rural and semi-urban India. From our flagship Joint Liability Group (JLG) microfinance loans to tailored offerings through our subsidiary like Individual Loans, Loan Against Property (LAP), and Nano Enterprise Loans, our products enhance accessibility, promote flexibility, and drive financial inclusion.

Our approach ensures that every borrower – regardless of their income level, background, or the scale of their enterprise – has a fair chance to access the capital they need to grow, sustain, and transform their livelihoods.

Joint Liability Group (JLG)-based microfinance



Our flagship product comprises JLG-based micro-loans, specifically designed for women entrepreneurs. Their resilience and drive to build a better future for their families inspire us. With trust in their abilities, we create accessible, transparent loan products, aligned with their financial aspirations.

₹6,029 cr

AUM as of 31 March 2025

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 or delayed payment penalty

Loan tenure

12 to 30 months

Loan amount

Upto ₹80,000



Loan Against Property (LAP)*



₹195 Cr

AUM as of 31 March 2025

Our Loan Against Property is designed to empower small entrepreneurs by offering flexible funding options for their diverse requirements, including acquisition of equipment, renovation or expansion of office space, and enhancement of working capital. This product provides a smooth and convenient avenue for them to access funds and accelerate the next critical phase of their 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

Nano Enterprise Loans*



₹49 Cr

AUM as of 31 March 2025

Our nano enterprise loans are specifically tailored for micro and small business owners, providing unsecured financing to boost their growth trajectory. With a focus on supporting small shopkeepers, we extend the necessary funds for expansion, inventory, equipment, and other essential financial needs, enabling them to move ahead more sustainably.

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

Individual Loans*



₹546 Cr

AUM as of 31 March 2025

*Offered through our subsidiary company, Criss Financial Limited.

Our individual loans are curated to support the unique financing requirements of small entrepreneurs and individuals. With flexible tenures of 12, 18 or 24 months, these loans help the borrowers maintain business continuity and personal financial stability.

KEY FEATURES

Target audience

Women borrower, majority in rural areas

Loan amount

₹35,000–₹80,000

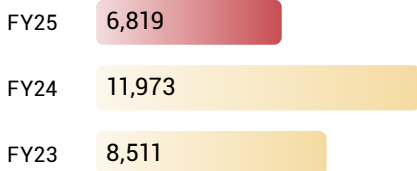
Key performance indicators (Consolidated)

Translating strategy into tangible outcomes



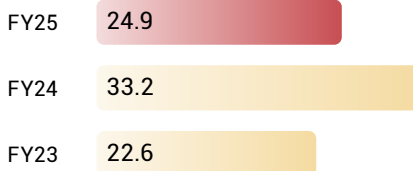
(₹ in crore)

Assets under Management



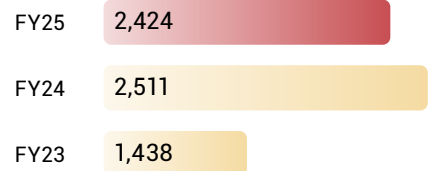
Lakh

Borrowers



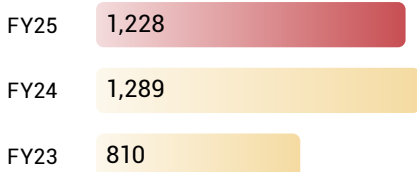
(₹ in crore)

Total Income



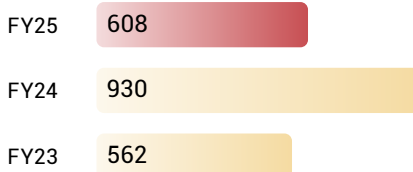
(₹ in crore)

Net Interest Income



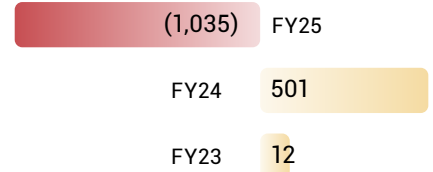
(₹ in crore)

Pre-Provision Operating Profit



(₹ in crore)

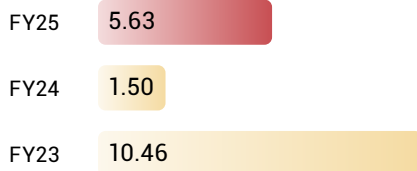
Profit after Tax





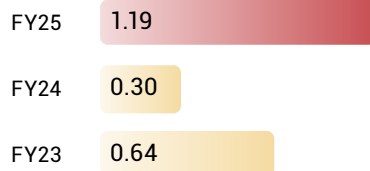
(%)

Gross NPA



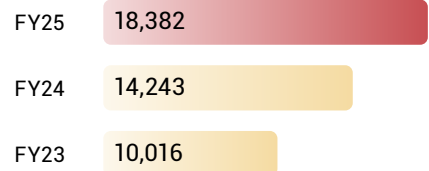
(%)

Net NPA



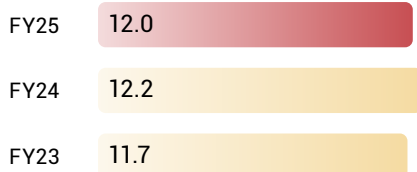
(No.)

Employees



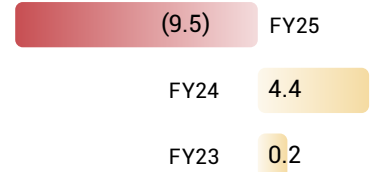
(%)

Cost of Borrowings



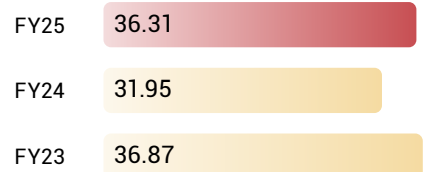
(%)

Return on Asset



(%)

Capital Adequacy Ratio (Standalone)



Management message

Driving resilience, realignment, and the road ahead



FY25 demanded focused execution and realignment. In response to macro and structural challenges, we undertook a series of calibrated actions across operations, credit underwriting, capital planning, and liquidity management.





Dear Shareholders,

The year gone by reinforced the importance of resilience, agility, and purpose in navigating a complex and continuously evolving environment. Even as the broader operating landscape posed multiple challenges, our focus on disciplined execution, customer centricity, and long-term value creation enabled us to take appropriate measures. We continued to deepen our presence across key markets and strengthen our operational foundations.

25 lakh

Borrower base as of March 2025

1,804

Branches across India

Navigating sectoral headwinds with prudence

FY25 was a challenging year for the microfinance sector, shaped by a mix of external shocks and structural stresses. Extreme climate events like prolonged heat waves, socio-political disruptions around elections, and regulatory shifts in certain states added to the complexity of field operations. At the same time, borrower discipline deteriorated, the Joint Liability Group (JLG) model showed signs of weakening, and overleveraging became more pronounced across customer segments.

Elevated delinquencies, even for credit tested borrowers, further strained bandwidth of field employees resulting in increased stress and rising employee attrition. All these factors together led to increased credit costs and a more demanding operating environment for the industry.

Amidst this backdrop, we remained focused on enhancing our risk frameworks, strengthening

operational controls, and staying closely aligned with on-ground realities. We stayed committed to responsible lending and disciplined execution to navigate the turbulence while continuing to serve our borrowers with care and consistency.

Strengthening the core

FY25 demanded focused execution and realignment. In response to macro and structural challenges, we undertook a series of calibrated actions across operations, credit underwriting, capital planning, and liquidity management.

Operational adjustments with stronger team

We remained agile and introduced several operational enhancements to strengthen field execution. A key step was the appointment of Branch Quality Managers, who serve as on-ground process checkers to ensure compliance at the branch level. To support intensified field collections, we increased the number of loan officers, particularly for managing multiple borrower visits.

While intensified collection efforts led to a temporary rise in attrition, we responded by building a stronger field bench to ensure continuity, even at the cost of short-term decline in efficiency.

We also deployed a dedicated team of approximately 707 loan officers to focus on 90+ DPD buckets and write-off pools. Recovery efforts will be further intensified in FY26. To address field attrition and boost engagement, we introduced targeted initiatives to improve staff morale and borrower communication. We also rolled out efforts with the aim to reinforce payment discipline and build borrower awareness around the updated lending norms.

Reinforced credit underwriting framework

We adopted a proactive approach to credit quality by introducing measures that go beyond standard industry norms. In January 2025, we enforced stricter lending criteria, disallowing loans to existing borrowers with borrowers or members of their household having over 30 days past due with any lender and to new applicants or members of their household having even a single day of delinquency.

To further enhance borrower verification, we have partnered with NPCI to enable Aadhaar-based e-KYC authentication which will be rolled out in FY26. These interventions have reinforced our credit discipline and enabled us to cautiously resume onboarding new-to-credit customers, a segment we had deliberately paused since July 2024.

Sharpening underwriting through segmentation and technology

We are enhancing both customer experience and credit quality by embedding advanced digital tools and technologies such as geo-fencing, face match, liveliness detection, and digital questionnaires



We adopted a proactive approach to credit quality by introducing measures that go beyond standard industry norms.

across the customer journey. These interventions are designed to strengthen our controls and improve underwriting.

To drive more targeted engagement, we have segmented our borrower base. As of March 2025, 51% of our existing customers meet the revised internal credit standards, while another 34% remain regular with Spandana but show signs of external stress such as high delinquency or excessive exposure. Together, these segments represent a significant opportunity for focused outreach and calibrated disbursements. In addition, we have identified a pool of dormant but eligible borrowers who will be proactively re-engaged.

We are also deploying branch-level reassessment exercises to improve operational efficiencies and are running regular analytics to identify early warning signals and deepen our relationship with high-quality borrowers.

Strategic capital raise to support future growth

Our CRAR at the end of March 2025 was comfortable at 37.1%. Our capital strategy remains on track to support long-term growth and resilience. In March 2025, we secured shareholder approval to raise up to ₹750 crore. A Board Committee has been constituted to oversee the process, including a rights issue with promoter participation. A rights issue for ₹400 crore was subsequently launched

between 1st August 2025 and 11th August 2025.

Portfolio rebalancing and regional strategy

We undertook a comprehensive review of portfolio performance across geographies to identify states for growth, consolidation, or scale-back. This has led to a graded reassessment of branch operations, aimed at aligning portfolio quality, market potential, and branch-level productivity. Our regional recalibration efforts are also focused on enhancing loan officer efficiency and ensuring sharper execution across priority markets.

Performance for the year under review

FY25 was a year of strategic consolidation and recalibrated execution. In line with our conservative lending stance and calibrated disbursement approach, total disbursements stood at ₹5,605 crore, reflecting a 48% year-on-year decline. Consequently, our Assets Under Management (AUM) reduced by 43% to ₹6,819 crore. This was a deliberate step to safeguard portfolio quality in a volatile operating environment. With key corrective measures in place, we are confident of resuming growth in FY26.

Our secured lending business under Criss Financial continues to gain traction. AUM in Loan Against Property (LAP) and Nano Enterprise Loans crossed the ₹200 crore milestone for the first time, closing the year at ₹244 crore. Portfolio quality remains strong. We see substantial long-term potential in secured products and plan to scale them steadily.

We continued to maintain a prudent provisioning approach, with coverage at 80%. Our standalone Gross NPA stood at 4.85% for FY25 against 1.43% at the end of March 2024, while Net NPA rose to 0.96% from 0.29%, recorded at the end of March 2024.

The increase reflects the transient impact of broader industry stress, and we are monitoring portfolio behaviour closely while maintaining a conservative buffer.

Our borrowings during the year totalled ₹4,482 crore, aligned with our moderated disbursement plan and liquidity strategy. The marginal cost of borrowing in FY25 was 11.3%, compared to 11.8% in FY24. Banks accounted for 57% of our year-end borrowings, marking progress in strengthening our funding mix.

Net interest income for FY25 was ₹1,228 crore, down 5% from ₹1,289 crore in FY24, largely due to a shrinking loan book and interest reversals on gross slippage and technical write offs during the year. Pre-provision operating profit declined 35% year-on-year to ₹608 crore. Our portfolio yield contracted by 1.7% to 22.5%, while net interest margin declined to 12.8%, reflecting the combined impact of lower yields and conservative liquidity management amid a stressed operating environment.

We reported a net loss of ₹1,035 crore for the year, primarily due to elevated impairment cost. While the external environment remained difficult, we acted decisively to stabilise our operations, protect asset quality, and build the foundation for recovery.

We continue to lend prudently, maintaining a well-diversified portfolio while being conservative on ticket sizes and customer indebtedness. Our capital adequacy remains strong at 37.1%, supported by a liquidity buffer of nearly ₹2,000 crore. With gearing at 2.1x, we have sufficient capacity to fund growth as we transition from consolidation to a more stable and calibrated expansion phase.

Strategic priorities

As we look beyond, our focus remains on executing with discipline,

expanding thoughtfully, and building a resilient and scalable business. Below are the key priorities shaping our forward strategy:

Customer acquisition and credit discipline: Our growth is anchored in disciplined customer acquisition backed by strengthened onboarding protocols. The newly implemented credit rules reinforce this approach, ensuring we onboard quality borrowers while maintaining portfolio integrity.

Geographic diversification: We have made consistent progress in expanding our geographic footprint. North India now contributes 20% to our AUM, a significant increase from 13% in FY22. We remain focused on sustaining and deepening this diversification to balance risk and tap new opportunities.

Weekly collection model: Branches operating under the weekly-only collection model have delivered stronger outcomes, with X-bucket collection efficiency at 99.3% in March 2025 – higher than the overall 98.6%. We will continue to expand this model where appropriate and fine-tune it for scale.

Balanced AUM growth: While the trajectory of AUM growth was affected by FY25 disruptions, our long-term objective remains unchanged. We will pursue growth in new markets cautiously, ensuring alignment with credit discipline and operational readiness.

Operational efficiency and productivity: We are targeting a meaningful improvement in loan officer productivity. Our goal is to increase the average borrower-to-LO span from 208 to 340, and raise average portfolio per loan officer from ₹0.6 crore to ₹1.1 crore by FY26. Over the medium term, we are aiming for AUM range of ₹1.3 to ₹1.5 crore per loan officer, supported by better tools, training, and tracking mechanisms.

Our workforce

Our progress in a challenging year reflects the grit and commitment of every individual at Spandana. From field teams to corporate functions, their dedication, discipline, and focus have been instrumental in navigating uncertainty and laying the foundation for recovery. As we move forward, their role remains central to driving operational excellence, customer trust, and sustainable growth.

Closing words

India continues to offer a stable and promising growth outlook. The early onset of monsoon and forecasts of above-normal rainfall are encouraging signs, particularly for the microfinance sector, as a large part of our customer base resides in rural India and depends on agriculture. These favourable conditions, along with the regulatory guardrails introduced by Self-Regulatory Organisations (SROs), are expected to support a gradual sectoral revival.

We remain optimistic about the road ahead. With macro stability returning and industry fundamentals improving, we believe the foundation for recovery is firmly in place. Supported by the ongoing capital raise, we are well positioned for growth as market conditions stabilise. Our experienced management team brings the strategic insight and operational rigour needed to steer the organisation through this transition. As we move forward, our focus will be on deepening engagement with our existing borrower base, strengthening portfolio quality, and executing with discipline to deliver sustainable and inclusive growth while building a more resilient institution.

Warm regards,

Ashish Kumar Damani
Interim CEO, President and CFO

Customer testimonials

Accelerating the power of possibilities



Driven by a dream, empowered by a credit

Pydisetti Kalyani, a vegetable vendor from Srikakulam, barely made ends meet, earning just ₹300-400 a day. Each day, as she pushed her cart, her heart ached for her children's future and the dream of seeing them achieve higher education. Determined to change their destiny, Kalyani took a bold step, securing a ₹45,000 loan from Spandana and investing her savings to open a kirana shop. With her husband by her side, they worked tirelessly to build a business, transforming their meager earnings into ₹1,200-₹1,300 a day. What started as a dream is now a reality, and with it, the promise of a brighter future for her children.



From hardship to heartwarming brews

Pentamma, once a daily labourer in Tekkali town, worked tirelessly alongside her husband, a truck driver, to give her children, Anil and Bhagya, the gift of education. Despite their modest means, her determination never wavered. When her children finished their studies, they saw an opportunity—a demand for a tea shop in their village. With her savings and a loan from Spandana, Pentamma took a brave step and opened a tea shop. She ran the business along with her children, and within a year, it became a success, generating ₹35,000 per month. Pentamma no longer needed to work as a daily wage labourer, and now, as the family's business grows, they are on the verge of opening another branch in a nearby village.



Empowering circles of hope and threads of change

Sravani Devi, a 35-year-old woman from Gaya, Bihar, knew the struggles of a low-income life. Her husband, the sole breadwinner, worked tirelessly to support their family. But as her three children neared the end of their schooling, Sravani realised they both needed to work to secure their children's future. With little savings and a loan from Spandana, she opened a bangle shop a year ago in her village. Drawing from her teenage tailoring experience, Sravani is now planning to take a second loan and start a tailoring business alongside the bangle shop. Her journey is one of resilience, determination, and an unwavering desire to provide her children with the opportunities she never had.



From struggles to steady streams

Renu Devi, from Halkhorwa, Jagdishpur, faced financial challenges with her husband's traditional farming income barely covering their needs. In search of a better livelihood, they approached Spandana for help. In February 2022, they received a loan of ₹41,752 to start a dairy business. With dedication and hard work, the venture grew, and Renu repaid every installment on time. Encouraged by her success, she took a second loan of ₹65,000 in February 2024 to expand her business. Today, Renu proudly supports her family. Spandana is equally proud of the impact its small loans bring to the lives of Renu and millions of such women borrowers.



Portfolio

Calibrating strategies with future-leaning approach

We stand at a crucial juncture in our journey as FY25 marks a significant inflection point for us. Confronted with evolving market realities, sectoral headwinds, and a strategic shift within our organisation, we are reaffirming our commitment to build a lending business that is quality-focused, secure, and sustainable. While the year has tested us by exposing rising borrower leverage and weakening credit discipline, it has also presented invaluable lessons, shaping the course we will take moving forward.

With a sharper focus on portfolio quality, operational efficiency, and geographic focus, we are pivoting our model to respond with resilience and prudence.

Evolving our microfinance approach

We provide income-generating micro-loans to women from low-income households through the JLG model – a time-tested approach that promotes financial inclusion, distributes credit risk, fosters social cohesion, and supports community development. By unlocking formal credit, the JLG model brings significant socio-economic advancement in underserved regions.

Over the years, our micro-lending business has played a vital role in expanding credit access. However, shifts in borrower behaviour, characterised by rising indebtedness and declining group discipline, have prompted us to adopt a more

balanced and cautious approach. While we continue to actively manage our existing portfolio through stronger collections and deeper engagement, we are deliberately moderating fresh disbursements in this segment temporarily.

As part of our transition into a more responsive weekly-based JLG model, we had 459 branches operating on a weekly repayment cycle in FY25. This gradual shift from monthly to weekly collections is progressing steadily and is aimed at fostering regular interactions and improving repayment discipline. Weekly branches contributed approximately 21% to our disbursements in FY25.

Weekly model performance in FY25

₹1,193 crore

Disbursements through weekly branches

459

Branches operating on a weekly repayment cycle

₹929 crore

AUM under the weekly model



Stringent monitoring

- **Geo-location verification:** Location validation conducted during Compulsory Group Training (CGT), house visits, and Group Recognition Test (GRT) to ensure accurate and traceable customer information.
- **Tele-verification:** Structured pre-disbursement validation using digital checklists and approval workflows to enhance process discipline.
- **Supervisory oversight:** Real-time monitoring enabled through digital tools such as geo-tagged photos, field questionnaires, and automated reporting for greater accountability.
- **Recency verification:** Assessment of identity documents for vintage to confirm borrower eligibility prior to loan approval.

Process improvements

- **Geo-fencing:** Location boundaries digitally set around villages, centres, and member residences to ensure operational accuracy and traceability.
- **Face matching:** Facial verification conducted across official IDs and photos captured during centre meetings to prevent identity fraud.
- **Disbursement controls:** Mandatory presence of group members during both the application and disbursement stages to strengthen process integrity.
- **Liveness checks:** Biometric and visual validations at multiple stages, including enrolment, onboarding, and disbursement to confirm the authenticity of customer interaction.
- **E-Sign:** Seamless digital documentation with integrated identity verification to streamline processing and reduce manual intervention.

Building a secured loans portfolio

We offer through our subsidiary small-ticket Loan Against Property (LAP) solutions that help small entrepreneurs unlock the capital tied in their property. These loans support a vast spectrum of needs, including business expansion, education, healthcare, marriage, and house renovation, enabling borrowers to move forward with clarity.

We deeply respect the significance of property ownership and understand that entrepreneurs seek more than

funding – they look for a trusted partner who safeguards their pledged property and treats them with fairness and respect. Our LAP solutions are designed with this understanding, offering a secure, transparent, and responsible borrowing experience that ensures our customers feel supported throughout their journey.

As we strategically grow our secured lending business, we place a strong emphasis on our Loan Against

Property (LAP) offering. This shift signifies our effort to build a more resilient, stable, and risk-optimised portfolio, aligned with long-term sustainability.

Presence

Balancing reach with resilience

We operate across 20 States and Union Territories in India, harnessing a broad and strategically balanced footprint. To mitigate concentration risk, we have implemented exposure caps at the state, district, and branch levels. This disciplined approach safeguards our portfolio and allows us to remain agile in a dynamic ecosystem.

India's cultural and linguistic diversity presents a significant challenge for many in the industry. However, we strategically turn this obstacle into opportunity by building teams with deep local roots. By blending the familiarity and trust of community-based teams with the power of scalable technology, this unique operational model allows us to reach underserved markets with efficiency and empathy.

We remain firm in our conviction to transform lives through economic shifts and business headwinds. Strengthening this resolve, we are advancing our geographic diversification, with a clear objective to limit AUM concentration in any single state within 12-13%.

We are adopting a more agile and data-led approach to market coverage, guided by real-time

portfolio insights, borrower quality, and regional momentum. Resources are being redeployed from lower-yielding regions to areas demonstrating stronger traction and growth potential. Branch operations are being aligned to performance benchmarks on viability, scalability, and profitability, ensuring that our physical presence evolves with business priorities.

Strengthening processes and efficiency

We are strengthening operational discipline across the organisation by refining credit controls, enhancing borrower engagement frameworks, and bolstering field-level governance. As we realign our product mix and risk profile, we are upskilling our internal teams to support this strategic shift.

After years of expansion through a broad branch-led footprint, we are now prioritising productivity at the unit level. This shift includes consolidating underperforming branches while expanding in high-yield regions. We are committed to ensure that every branch contributes meaningfully to both business volumes and profitability.

Rationalisation of presence to improve operating efficiency

As part of our strategic shift, we are undertaking a calibrated rationalisation of our distribution network and workforce, aligning our footprint with operational efficiency goals and market dynamics.

Borrowers per Loan Officer (LO):

In FY25, our focus on timely collections resulted in a temporary drop in productivity metrics, with borrowers per LO declining from 344 in March 2024 to 208 in March 2025. However, a strong recovery is projected, with the ratio expected to rebound to ~340 by March 2026 (P), reflecting improved productivity post-rationalisation.

AUM per Loan Officer (₹ crore):

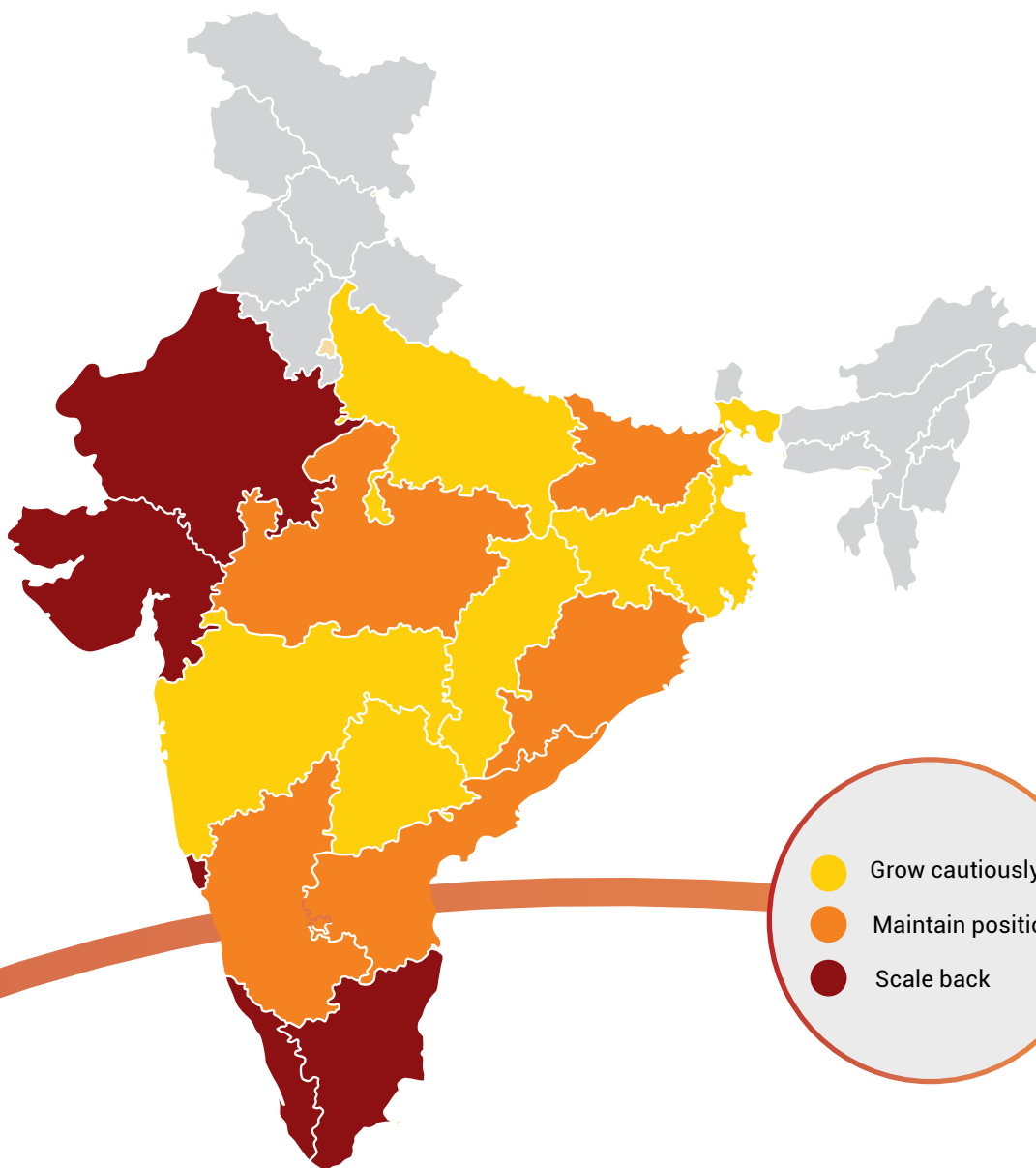
Average AUM per LO stood at ₹0.6 crore in March 2025, down from ₹1.2 crore in March 2024. With a sharper focus on high-performing markets, this is projected to improve to ~₹1.1 crore in March 2026 (P), supported by better quality sourcing and improved field efficiency.



Geographic realignment strategy

To ensure sharper execution and stronger unit economics, we have adopted a region-specific strategy:

- **Grow cautiously** in select focus markets with growth potential, coupled with strong borrower behaviour and portfolio quality
- **Maintain position** in regions where our market presence is significant and optimise efficiencies in these markets
- **Scale back** in underperforming or saturated geographies to contain costs and reallocate resources



This disciplined scale-back approach is expected to support better cost-to-income ratios, improve Loan Officer productivity, and enhance sustainability across business cycles.

Funding profile mix

Diversifying funding for sustainable success

We begin with a clear purpose – to deliver reliable access to quality finance that fuels aspirations and paves the way for sustainable livelihoods. Our approach is rooted in securing adequate funding at competitive rates to augment our lending capacity. To achieve this, we continue to foster long-term partnerships with public and private sector banks, financial institutions, and capital market stakeholders. These enduring relationships drive our financial resilience and empower us to serve communities with consistency.

We continue to diversify our funding base by deepening relationships with existing lenders and onboarding new financial partners. This approach enhances resilience and ensures access to capital across market conditions. We are also expanding our borrowing instruments and optimising tenures to maintain a balanced ALM position, safeguard liquidity, and reduce refinancing risks. To support future growth, the Board has formed a committee to oversee capital raising plans, including a rights issue with promoter participation.

₹4,482 crore

Total funds mobilised during the year

57%

Share of borrowings from banks

37.1%

Capital to Risk Assets Ratio (CRAR) as on 31 March 2025

~24%

Assets maintained in liquid instruments, underscoring a strong liquidity buffer

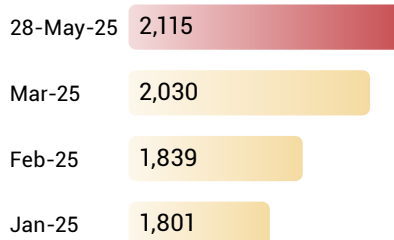
>₹400 crore

Confidence capital being raised through partly paid-up rights issue to fund future growth and strengthen the balance sheet

₹ in crore

Liquidity

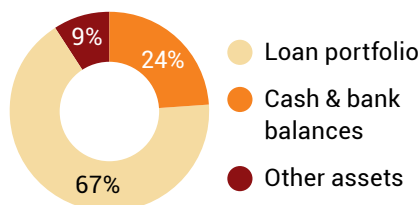
₹2,115



(%)

Asset distribution

(31 March 2025)

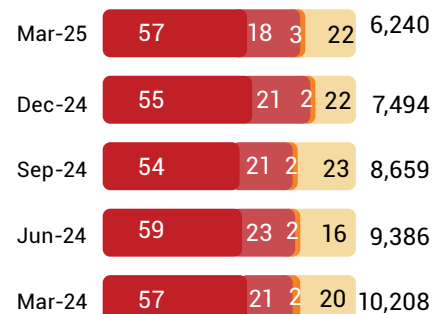


Borrowing profile

We have built a well-diversified funding portfolio comprising borrowings from a wide range of sources, including public and private sector banks, Non-Banking Financial Companies (NBFCs), Development Finance Institutions (DFIs), capital markets, and foreign avenues, such as External Commercial Borrowings (ECBs), Foreign Portfolio Investments (FPIs), and other international lenders. This multi-channel approach augments our financial flexibility and helps mitigate concentration risk, while facilitating uninterrupted access to capital under varying market conditions.

(₹ crore)

Borrowing outstanding



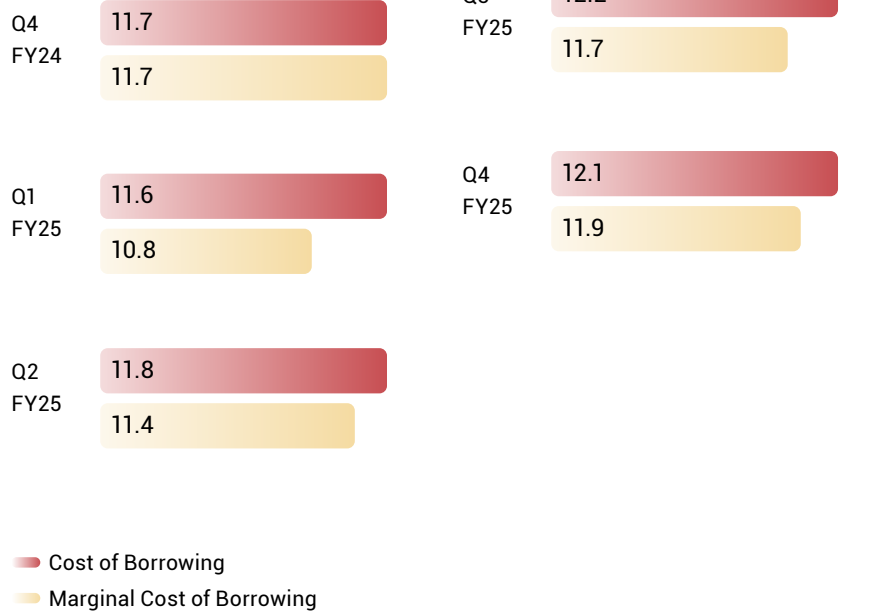
■ Banks
 ■ FPI
 ■ NBFCs
 ■ Capital Markets



Cost of funds

We recognise that maintaining an optimal cost of borrowing is crucial to preserve competitiveness and sustain profitable growth. Throughout the year, we have taken strategic steps to optimise our funding mix and strengthen our lender relationships, leading to a gradual reduction in our marginal cost of borrowing. This downward trajectory reflects the positive impact of improved credit ratings, stronger institutional trust, and proactive capital management strategies. As we look ahead, we continue to prioritise cost-efficient capital sourcing to support our long-term lending objectives and financial resilience.

Cost of Borrowing



Credit ratings snapshot

We take pride in the confidence that leading credit agencies have placed in our financial prudence and sound risk management practices. Although recent sectoral headwinds prompted a comprehensive review of the microfinance industry, we remain confident that, as market conditions stabilise, our credit ratings will strengthen. The credit ratings are critical to enhancing our capital-raising capacity and optimising our borrowing costs. Below is a snapshot of our current ratings across key instruments.

Rating Agency	Rating Instrument	Rating / Outlook
ICRA	Bank Facilities / NCDs	A- / Negative
India Ratings	Bank Facilities / NCDs	A- / Negative
CARE	Bank Facilities / NCDs / CPs	A- / Stable; A2+
CRISIL	Bank Facilities	BBB+ / Stable

IT infrastructure

Building resilience through future-ready technologies

We are charting a strategically aligned IT Roadmap that integrates technology transformation with our long-term business growth objectives. In today's dynamic environment, where agility, scale, and security are essential, our technology agenda is built to deliver sustained impact across the organisation. This roadmap lays out a structured, multi-year plan focused on modernising core platforms, enhancing digital capabilities, embedding data-led decision-making, and fortifying our technology backbone. Each initiative is closely in step with our business imperatives, aiming to augment efficiency, unlock customer value, and future-proof our operations through secure and scalable infrastructure.

Our strategic roadmap for 2023-26 is designed to balance immediate priorities with long-term aspirations. It sets a clear direction for building a resilient, insight-led, and agile enterprise – one that is fully equipped to serve a growing customer base, expand branch footprint, and scale AUM. At every stage of this course, we remain driven by innovation, security, and regulatory integrity.

Key objectives

- **Transform technology landscape:** Modernise core business solutions through digitisation and automation.
- **Increase revenue and profitability:** Leverage analytics to reduce NPAs, minimise credit loss, and boost profitability.
- **Construct stable & scalable infrastructure:** Design scalable systems to support future expansion.
- **Optimise cost:** Deploy transformation solutions to improve cost and process efficiency.
- **Enable insights-driven decision making:** Utilise data insights for upselling / cross-selling and effective risk management.
- **Create a secured environment:** Uphold data protection and regulatory integrity through secure systems.





IT infrastructure

Core transformation

Driving efficiency with a fully digital LOS

We are advancing towards a digitally enabled, system-controlled Loan Origination System (LOS) that reimagines the entire lending journey, encompassing every stage from customer onboarding to final disbursement. Designed to deliver a seamless experience, the proposed LOS embeds robust risk controls and automation at every touchpoint,

significantly amping up efficiency. Moreover, this transformation reduces turnaround time and enables smarter underwriting through AI, API integrations, and analytics-driven decision-making. The LOS integrates multiple capabilities, including paperless processing, real-time identity verification, AI-powered

fraud checks, and scorecard-based underwriting through a centralised data lake, empowering loan officers with faster approvals, while improving borrower experience. This future-ready architecture is geared to accelerate financial access, while ensuring system integrity, regulatory compliance, and information security.

Step 1

Application Capture via Mobile & Devices

- OCR-driven auto-fill, live face detection, and secure digital document capture.
- All devices supported for in-field data entry by loan officers.

Step 2

Identity Verification

- OTP and geo-location tagging, API-based government KYC checks.
- Account aggregator and bank statement validations.

Step 3

Multi-Bureau & Fraud Checks

- Credit bureau integration, AI/ML for fraud detection.
- Triangulation and deduplication using multiple datasets.

Step 6

Digital Loan Agreement & e-Signing

- Auto-generated agreements, eSign integration, X-Sell/Up-Sell options.

Step 5

Scorecard-Based Underwriting

- Data lake-powered rules engine.
- Auto-approval logic based on borrower profile.

Step 4

Enterprise Dedupe System

- Unique borrower ID generation, blacklist/barred list checks (internal/external).

Step 7

Disbursement

- Digital document verification.
- Communication and fund release to the borrower.

Step 8

Records & Reporting

- Loan recorded in LMS, analytics via Data Lake, welcome letters, and payment links.

Outcome

- Paperless process
- TAT reduced from 4-5 days to 1 day
- Stronger risk controls and data integrity
- Empowered field force with real-time systems



HRMS implementation

This marked a significant step forward in fortifying our people operations and employee experience. The HRMS platform saw multiple integrations, including employee transfer workflows, reimbursement modules, and the Chak-De event engagement interface. We also introduced advanced functionalities, such as 5S audit, onboarding workflows, and full HRMS-FIMO integration, bringing greater cohesion across talent acquisition, verification, and disciplinary action processes. Adoption of key features, particularly employee verification workflows and end-to-end onboarding journeys added significant traction to employee lifecycle management.



Access control and identity management

These initiatives continued to bolster the organisation's security posture through the implementation of Privileged Access Management (PAM) and endpoint protection enhancements. We also initiated the launch of Single Sign-On (SSO) systems that commenced with architecture development and is currently undergoing phased rollout. These controls are aligned with the broader objectives of fortifying user identity controls, ensuring operational resilience, and mitigating operational vulnerabilities.

Finance ERP modernisation

This endeavour is in step with our broader digital transformation agenda. During the year, we commenced the transition to a new Dynamics O365-based finance ERP platform, achieving key milestones on the way, including platform evaluation, onboarding of development partners, and the phased implementation of admin-inventory management modules. Adoption efforts are actively underway, supported by backend infrastructure improvements and workflow digitisation.

Compliance systems

These compliance-related upgradations were aimed at building a more responsive and automated environment. The Enterprise AML system was successfully developed and launched, incorporating transaction classification and reporting capabilities. Additional tools for grievance redressal (CIC),

UCIC deduplication, and compliance validation were also rolled out. Collectively, these advancements have elevated our audit readiness, regulatory adherence, and grievance handling efficiency.

Service management platforms

This implementation represents a definitive progress in ramping up customer connect and enhancing service delivery capabilities. The CRM platform was successfully rolled out and adopted across key functions. Customer engagement received an added boost with the launch of a new Customer Service App, while the ITSM tool (IT Service Management) was developed to support backend service delivery. These platforms are designed to ensure greater service visibility, faster response times, and end-to-end ticket resolution.

IT infrastructure

Digitisation and automation

Enterprise Service Bus (ESB)

This initiative focused on strengthening system interoperability and enabling seamless integration across platforms. Significant developments included successful integration of HRMS and other cross-application systems, implementation of CERSAI-cKYC linkage to facilitate real-time customer verification, and the use of social media / WhatsApp channels to broaden communication reach. Development of API layers based on a microservices architecture proceeded steadily across phases, with foundational groundwork completed and progressive modularisation carried forward to strengthen backend orchestration.

DMS, IVR, communication & administration

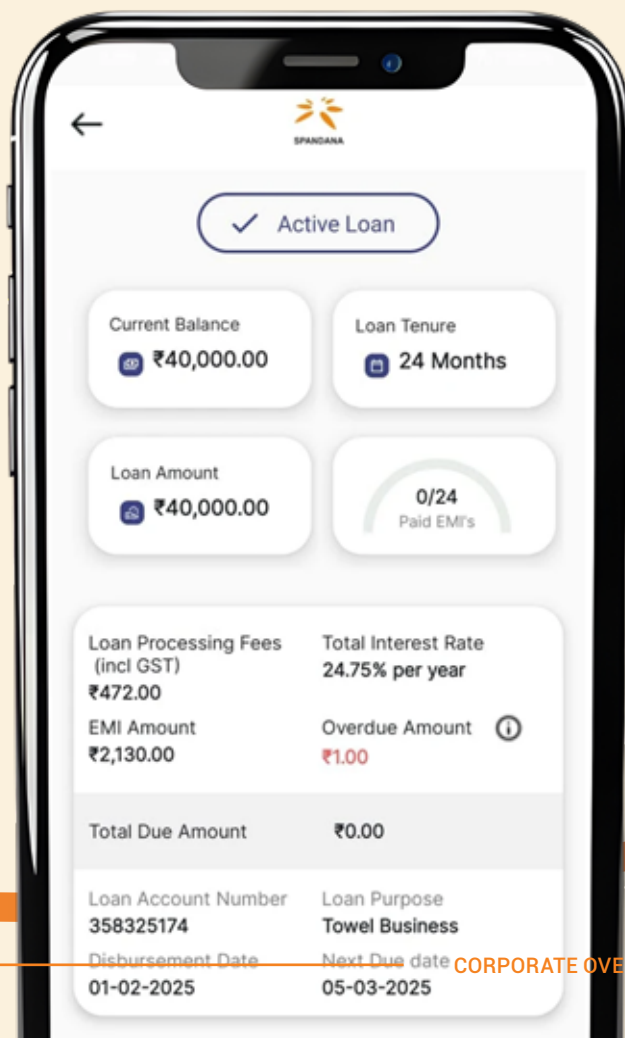
The network infrastructure programme advanced steadily, with Wi-Fi installations across over 700 branches nearing completion. At the same time, device and asset tracking systems were boosted through a consolidated End User Computing (EUC) asset list. Internal capability building was also prioritised through mandatory IT training programmes. Additionally, backend optimisation through document compression and Document Management System (DMS) upgrades is under way to drive better system performance.

Web and mobile app solutions

This suite of user-facing platforms saw tangible development, beginning with the wireframing and backend architecture of the new LOS UI / UX application. CRM systems were developed and successfully deployed to internal teams, enhancing operational efficiency and customer management. A dedicated customer-facing mobile app was piloted with MFIN integration. Considerable ground was also covered in implementing website compliance workflows and deploying select features across branches, with adoption expected to scale post-completion.

Data security, app & network protection

These initiatives are directed towards amplifying cybersecurity framework. The early implementation of the Endpoint Detection and Response (EDR) solution improved threat monitoring. Data Loss Prevention (DLP) policies and Multi-Factor Authentication, Single Sign-On, Privileged Access Management (MFA+SSO+PAM) frameworks were introduced through a phased rollout. These efforts were supported by simulation-based phishing readiness exercises. Together, these multi-layered controls enhance data protection and access security, aligned with regulatory compliance and enterprise resilience.



Data-driven culture

The Data Lake initiative gained traction during the year with foundational approvals and commencement of development efforts. This was supported by the initiation of dashboard and data mart services aimed at building a centralised data backbone. Scorecard alignment and phased enablement of reporting tools are currently underway, turning enterprise-wide visibility into adept decision-making and superior performance. While Phase 1 saw partial enablement, subsequent phases are currently in execution to bring full analytical capabilities online.

Cloud migration and operations

Cloud optimisation remained a core priority, beginning with the early automation of APM reports, followed by phased adoption across tools. Tab distribution programmes were unveiled to amplify field productivity, although initial rollouts experienced some delays. Infrastructure cost management efforts incorporated targeted optimisation of Microsoft SQL licenses and storage within the Cloud environment. A major highlight was the successful launch and adoption of the IT Service Management (ITSM) tool, enabling better IT operations visibility and incident response tracking.

Business Continuity Planning (BCP) & Disaster Recovery (DR)

Significant groundwork was completed to strengthen operational resilience across the enterprise. Major actions included establishing active-active firewall and ISP configurations, alongside the successful conduct of DR drills for eFIMO applications. Policy formulation and instance activation were also initiated to prepare for failover scenarios. These concerted measures reflect the organisation's preparedness to manage operational risks and safeguard continuity in service delivery.

Product improvement – LMS/LOS enhancements

The current LMS-LOS platform saw structured upgrades across multiple tracks during the year. Gaps in CFSS functionality were addressed through four sequential closure phases. API enablement progressed in stages to allow external integrations and auto-EOD processing. Key business rule modifications were made to the New to Credit (NTC) engine. Feature upgrades such as differential interest rate application and borrower-facing online payment links were introduced to improve the platform's customer centricity. Adoption for these upgrades is progressing in phases.



People

Empowering progress through agile architecture

We anchored our people strategy on the pillars of alignment, agility, and empowerment, with a clear focus on enabling growth at every level. Over the years, we pursued strategic talent acquisition, enhanced employee experiences, strengthened policy frameworks, and accelerated digital HR capabilities, collectively bolstering the core of our HR architecture. These integrated efforts have shaped a workplace that is compliant yet compassionate, and future-focused yet inclusive. This connected and performance-driven environment nurtures an ecosystem where employees feel supported, informed, and motivated to grow.



Driving smart and targeted hiring

We closely aligned our recruitment efforts with business priorities to ensure seamless support to field operations and maintain a steady talent pipeline across levels. Guided by a commitment to agility and foresight, we cultivated a more connected and responsive hiring ecosystem. These refinements allowed us to consistently meet operational requirements and fortify the depth and continuity of our leadership pipeline.

We continuously supported our field operations with the right talent, aligned with planned targets, through a focused recruitment strategy that effectively leveraged job portals, online professional networks and employee referrals. Our minimal reliance on external consultants highlighted the strength and maturity of our internal sourcing engine. Campus hiring remained a critical element of our talent strategy, with Management Trainees from leading

B-Schools contributing to a robust, future-ready talent pool.

When it comes to promoting talent within the organisation, our first priority is always our existing employees. We actively encourage internal growth through Internal Job Postings, which helps us fill roles more quickly while also recognising and rewarding the potential within our organisation.

Addressing attrition with empathy and action

We took decisive action to address the growing concern of attrition with an empathetic and proactive engagement approach. The ICARE Meet, a focused initiative, became a critical platform for rebuilding trust and restoring confidence among field teams. Bringing together supervisory staff and senior leadership, including CXOs, who made direct visits to the ground. The meet fostered open candid conversations that were crucial for understanding the obstacles employees face.

The discussions focused on four key themes, including restoring trust, strengthening commitments, addressing field challenges, and retaining talent on notice. Through honest dialogues and structured feedback, we gathered actionable insights. More importantly, these one-on-one connects played a key role in reversing a significant number of resignations at the Branch Manager level.



Following the meet, we launched an eight-point ICARE Commitment. The plan introduced key measures such as mandatory weekly offs, improved system downtime protocols, employee helplines, stricter discipline guidelines, structured monthly team meetings, and a renewed focus on rewards and recognition.

We also set clear expectations for Branch Managers and above, covering hiring discipline, team connects, customer relations, and field conduct. To further strengthen our talent pipeline, a new referral policy, with a one-time flat bonus, was introduced, incentivising internal referrals for quality talent.



People

Strengthening capabilities through structured learning

We finalised and rolled out a comprehensive Competency Framework that defines clear behavioural and functional benchmarks to guide employee development across roles. This framework now serves as the backbone for performance conversations, capability assessment, and long-term growth pathways. Aligned with this, we launched curated corporate training programmes for support functions, with a strong emphasis on digital-first delivery. A significant portion of our learning content was digitalised, enabling teams to access modules in a flexible and self-paced manner.

In parallel, we launched a structured training programme for new field joiners, with customised content and trainer enablement already completed. Enhancements, such as branch-level alignment and mentor

assignment were introduced, that helped create a more supportive and consistent onboarding experience. A Learning Management System was also rolled out for head office employees, further augmenting our digital learning infrastructure.

Capability building was delivered across functions and levels. Corporate teams were equipped with critical workplace skills, including presentation delivery, effective communication, email etiquette, and functional tools. Leadership and operational teams underwent focused training on key business systems, policy updates, and compliance modules through a blend of eLearning and instructor-led formats, ensuring readiness and alignment with evolving business needs.

To support field transformation, targeted learning interventions were initiated in branches with lower process compliance. Branch-wise dashboards were shared with Leadership teams to drive execution and enhance accountability, resulting in a marked improvement in self-audit scores and process adherence in the subsequent quarter.

We also launched thematic training programmes tailored for business roles. Encompassing structured mentoring, refresher sessions, and advanced product and system modules, each of these interventions was designed to be role-relevant and impact-focused. Learning progress was reinforced through assessments and follow-up training to drive long-term retention and application.

Laying the foundation for future-ready talent

We set in motion a transformative shift towards building a future-ready organisation by institutionalising a structured Competency Framework, aimed at fostering a shared understanding of performance expectations across roles and levels. Designed to eliminate bias and clarify behavioural expectations, the framework now supports our capability building and talent development initiatives.

The journey began with strategic leadership engagement at the CXO level, followed by a rigorous partner

evaluation process and the selection of vendor for their proven expertise in the talent space. Through focused interviews, branch visits, and thematic analysis aligned with a universal competency model, we co-developed a tailored framework that is deeply in sync with our values and strategic priorities.

The final framework is built around four thematic pillars – Strategic, Institutional, Business, and People Leadership – supported by six core competencies and 22 behavioural indicators. The competencies include

Growth Mindset, Prudent Risk-Taking, Change and Agility, Process Orientation, Execution Excellence, and Collaboration.

Looking ahead, the focus shifts to identifying high-potential talent through a Development Centre for VPs and SVPs, using a performance-potential matrix. The insights from this exercise will directly feed into a succession pipeline, ensuring a steady, future-leaning leadership bench across CXO and next-in-line roles.



Building connections through meaningful engagement

We continued to nurture a people-centric culture pivoted around recognition, transparency, and holistic well-being. Our long-service awards – launched across the organisation – stood as a tribute to employee loyalty and sustained contribution. To promote financial wellness, a nation-wide webinar on tax planning was organised. In step with our commitment to

open dialogue, we conducted an organisation-wide engagement survey, with insights shared directly with the leadership team through focused walkthroughs, strengthening the feedback loop. In collaboration with Apollo Health, we offered health awareness programmes to promote overall well-being.

We also celebrated key festivals across branches, regional offices, zonal offices, and the head office, creating moments that connect us beyond our roles. The 'Diwali Milan' at the head office brought together employees and their families, bolstering cultural bonds and capturing the spirit of togetherness that defines Spandana.

Strengthening governance through policy enhancements

We continued to advance our people policies to support consistency, clarity, and employee centricity across the organisation. Key frameworks rolled out included the Transfer & Relocation Policy, Working Hours & Leave Policy, and Medical Advance Policy, enhancing transparency around entitlements and support mechanisms. In tandem, we expanded our policy suite with the introduction of the Data Card Policy, Recruitment Policy, Travel Policy, and Promotion Policy. A

Compensation Policy for Key and Senior Management Personnel has also been put in place.

To ensure alignment between roles and performance expectations, we completed a detailed exercise to standardise Job Descriptions across the enterprise. This initiative captured roles, specifications, responsibilities, and competency requirements throughout control functions, field operations, and major business verticals. The mid-year performance appraisal cycle was

concluded successfully, followed by a structured feedback process shared with the leadership team to guide developmental actions. As part of our ongoing commitment to employee well-being, the Group Medical Coverage (GMC) policy was renewed, ensuring continued access to quality healthcare benefits.

Advancing HR through digital integration

We amplified the digitalisation of our HR ecosystem through key system integrations and platform rollouts that improved accuracy, compliance, and employee experience. The HRMS was successfully integrated with core business systems, enabling seamless automation and reliable data flow. Statutory compliance was further streamlined through the full migration of e-TDS processing to the platform.

To support differentiated operational requirements, a dedicated HRMS environment was set up for a key business vertical. We also operationalised Prarambh, our pre-onboarding application, enabling end-to-end digital execution of all pre-joining activities, including KYC verification. This initiative significantly improved onboarding turnaround time.

Further, the travel and reimbursement module was launched, along with the complete integration of payroll and attendance systems, driving efficiency and reducing manual intervention.

Social commitments

Transforming lives through targeted interventions

We deployed our CSR initiatives across four states and 12 locations in FY25, addressing critical community needs with tailored solutions. Through six purpose-driven programmes, we positively impacted over 95,000 lives, with 82% of beneficiaries being women. Focused on inclusion and empowerment, these concerted efforts created enduring value, strengthening our resolve to propel sustainable development and drive meaningful change in underserved regions.

CSR impact

95,508

Total beneficiaries

750

Tailoring training programmes conducted

82%

Of beneficiaries are women

4,894

School transformation programmes completed

51,691

Beneficiaries availed digital dispensary

1,020

Initiatives undertaken to promote clean energy

34,003

Beneficiaries empowered through financial and digital literacy

3,150

Families benefitted through disaster response



Health: Providing health services through the Digital Dispensary

The Digital Dispensary, launched in January 2023, in Odisha's Koraput district played an instrumental role in providing affordable and accessible telemedicine services to underserved communities. The initiative reached over 96,000 individuals in last three years, extending healthcare access through both in-clinic and outreach efforts.



In recognition of its meaningful impact, Digital Dispensary was honoured with the THIT 2025 Award for Outstanding Contribution to Preventive Eye Care at the 12th THIT Conference in Delhi.

Key initiatives

Primary and specialty consultations

Patients receive primary care from general physicians, with access to specialty and super-specialty teleconsultations across disciplines such as General Medicine, Gynaecology, Paediatrics, Orthopaedics, Gastroenterology, Cardiology, and Dermatology, among others.



Advanced diagnostics

The in-house lab enables access to more than 20 essential tests, including CBC, Blood Glucose, Liver Function Tests, and more, improving early diagnosis and treatment.

Free medicines: A pharmacy at the dispensary provides over 60 types of essential generic medicines free of cost based on prescriptions from consulting doctors.



Anaemia eradication programme

Focused on adolescent girls and women, the programme conducts haemoglobin screening, distributes iron and folic acid supplements, and provides therapeutic nutrition kits. Nutrition support for SAM (**Severe Acute Malnutrition**) cases is delivered under expert supervision.

Nutrition kit distribution

Nutritional support kits containing essentials such as *Atta*, *Dal*, *Oil*, and *Ragi* biscuits are distributed to improve the health of anaemic women.

Social health education & awareness

Regular awareness sessions are conducted on a wide range of topics, including diabetes, obesity, hypertension, reproductive health, and menstrual hygiene across villages.

Disability support

Assistive devices, including wheelchairs and hearing aids, are distributed to individuals with disabilities, advancing our inclusion objective.



Menstrual hygiene programme

The programme, conducted in government schools, provides hygiene education, offers one-on-one counselling. After the session, each girl receives a set of sanitary napkins.

Non-communicable disease (NCD) screening

Targeted health screenings for diabetes, hypertension, anaemia, and cholesterol are conducted, with high-risk individuals referred to the dispensary for further treatment.



Ophthalmology camps

Periodic eye screening camps are organised to provide refraction checks, fundus examinations, and cataract detection. Spectacles are provided as needed, and cases requiring advanced care are referred to higher medical centres.

Social commitments

Digital dispensary impact

A total of **51,691** individuals benefitted through a wide range of healthcare services in FY25.

Key Services

Primary Consultation
9,513

Dispensing of Medicines
9,702

Menstrual Hygiene Programme
10,031

Anaemia Screening
6,004

Social Health Education
3,650

Spectacles Distributed
3,106

Non-Communicable Disease Screening
3,411

Basic Diagnostic Services
3,341

Specialty Consultation
1,045

Fundus Screening
1,518

Nutrition Programme
350

Disability Support
20

● Beneficiaries

Case study

Gopal Sisa, a 15-year-old from Bankeiput village, had his education interrupted due to a severe skin infection. His father, a farmer, couldn't afford treatment. Through our Digital Dispensary, he received expert teleconsultations and was diagnosed with Tinea Corporis. With timely care, hygiene education, and follow-ups, Gopal made a full recovery within three visits and returned to school. Gopal's story reflects how access to affordable, timely healthcare can restore health and unlock opportunities.

Case study

Rama, a 50-year-old daily wage earner from Sidaput, endured five years of isolation due to hearing loss. Treatment was beyond her reach, until she connected with our Digital Dispensary through local outreach workers. With guidance and support, she received a free hearing aid, regaining her hearing, rebuilding her confidence, and restoring her connection with family and community. Her story reflects the life-changing impact of accessible healthcare on underserved communities.

Case study

Karan Khilla, a 20-year-old from Katraguda village, lived with polio since birth. Unable to attend school or move independently, he relied entirely on his parents for support. During a village visit, our outreach workers identified his needs. They provided him with a wheelchair through the Digital Dispensary. This simple yet powerful intervention transformed his daily life enhancing his mobility, independence, and ability to engage with those around him. Karan's story reflects how access to assistive support can restore dignity and freedom.



Education: School transformation programme

The School Transformation Programme is designed to create a child-friendly learning environment through holistic infrastructure development and educational enhancement. The programme is currently being implemented in government schools across Kushinagar (Uttar Pradesh) and East Champaran (Bihar).

Key interventions include setting up of smart classrooms equipped with smart boards, large display screens, CPUs, and speakers, along with an engaging curriculum support. Classrooms themselves have undergone vibrant revitalisation, with new desks, benches, and improved learning spaces.



The programme also emphasises hygiene and safety. Dedicated sanitation infrastructure has been created, including separate washrooms for boys and girls, mid-day meal shades and BALA (Building as Learning Aid) paintings across school premises.

Additionally, the initiative integrates Teacher Training and Behaviour Change Communication (BCC) modules to build capacity and foster a supportive learning environment. Since its inception in FY23, the programme has transformed 51 government schools, directly benefiting 13,333 children. In the past year alone, it impacted 14 schools and 4,894 school children.

Case study

Priti Yadav, a 9th grade student at Government High School Saryakhurd (Uttar Pradesh), frequently missed school due to the lack of adequate sanitation facilities, especially during menstruation. Her experience reflected a common challenge faced by many girls at the school.

To address this issue, we implemented a WASH project, installing private toilets, facilitating clean water access, and ensuring

hygiene resources. Within two months, the school recorded increased enrolment of girls and improved attendance. Owing to the upgraded infrastructure, girls like Priti now attend school more confidently and consistently, highlighting how basic WASH access can transform educational outcomes for adolescent girls.



Social commitments

Financial and digital literacy: Financial and digital literacy training programme

A half-day training programme on Financial and Digital Literacy was designed for rural women in Bihar and Uttar Pradesh, blending practical knowledge with everyday financial skills. Launched in FY23, the programme has trained over 78,600 women since, equipping them to confidently manage basic financial transactions and digital payments. The training covers a wide range of topics, including banking basics, savings and investments, and digital safety, while familiarising with financial tools like UPI, PINs, and OTPs. It also inculcated a



better understanding of government schemes and microfinance, while emphasising on the necessity of managing loans, comprehending

interest rates, and maintaining a financial diary. Each participant receives a reference booklet to reinforce learning and support continued usage. By bridging critical knowledge gaps, the programme fosters financial independence, digital inclusion, and informed decision-making among women at the grassroots level. A total of 34,003 women benefitted through a programme in this year.



Case study

Ruma Devi from Balwa, Damodarpur in East Champaran, Bihar, attended a Financial and Digital Literacy session conducted in her village. During the session, she learnt about key financial

concepts, digital safety, and various government schemes. Among them, the Pradhan Mantri Suraksha Bima Yojana (PMSBY) stood out as particularly relevant to her. Motivated by the knowledge gained, Ruma proactively sought more information

and successfully enrolled in the scheme. She expressed her sincere gratitude to us for empowering her with tools and resources that enabled her to take meaningful action towards her financial well-being.



Skill development and livelihood: Tailoring training programme



A three-month tailoring course, designed to promote self-employment and placement opportunities, is being offered to rural women across Bihar, Uttar Pradesh, and Odisha. Aligned with

the Singer India curriculum, the programme includes third-party assessments and certification to ensure quality and credibility. In FY25, 750 women were trained, of these, 598 women have taken up

self-employment, while others have secured wage-based jobs, earning an average monthly income of ₹3,000. To enhance the impact, the programme also integrates Financial and Digital Literacy (FDL) and Entrepreneurship Development Programme (EDP) modules, equipping participants with the skills and mindset needed to run or grow their livelihoods independently.



Case study

Shabana Anjum's journey is one of resilience in the face of adversities. After enduring harassment and the paralysis of her husband, she was forced to relocate to Berhampur where she struggled to support her two children by working as a maid.

Upon discovering a free tailoring course offered by Spandana she seized the opportunity without hesitation. Over three months, she acquired the skills of garment stitching and built the confidence to pursue better prospect. Today,

Shabana earns ₹200 a day at a garment unit – enough to quit domestic work and provide a stable life for her children. Her journey exemplifies the impact of skill training in restoring hope, dignity, and financial independence.

Social commitments

Promoting clean energy: Strengthening local livelihoods using sustainable energy

We successfully implemented a solar-powered livelihood programme focused on empowering women from self-help groups (SHGs). A total of 19 solar energy units were installed across diverse sectors, including pottery, paper plate making, rice hulling, polyhouse farming, millet processing, cafes and poultry. These interventions are helping transform traditional occupations into sustainable micro-enterprises.

Also these women received comprehensive training on the operation, maintenance and efficient use of both the machinery and solar systems. In addition to technical training, participants received forward and backward market linkages to enhance income generation and ensure long-term viability. This initiative has empowered women to independently manage their units, generating consistent earnings and supporting their families with renewed confidence and self-reliance.



Employee volunteering activity

As part of our employee volunteering programme, following impactful activities were conducted during the year. A total of 229 employees contributed 657 volunteering hours.

Visit to MNJ Children's Cancer Hospital, Hyderabad

Organised a magic show and distributed painting supplies to young cancer patients.

Solar lamp making activity

Conducted a solar lamp assembly activity at the Hyderabad Head Office and distributed them to government school children.

Tree plantation & seed ball preparation – Neknampur Lake

Planted 50 trees and prepared seed balls to accelerate afforestation and promote sustainability.

Tactile learning material creation

Developed educational aids for children with deaf-blindness, tailored to their unique sensory needs.

Email etiquette session – Anudip Skilling Centre

Conducted a workshop on professional email communication for students gearing up to join the workforce.

School wall painting – KGBV School, Shankarpally

Painted school walls to create a colourful and inspiring learning environment.





Disaster response

In response to the devastating 2024 floods that impacted over 1,00,000 people across Vijayawada and Khammam districts, a targeted relief effort was undertaken to support affected communities. Grocery kits containing essentials such as rice, oil, pulses, sugar, salt, and spice powders were distributed to provide immediate relief to those in need. The initiative reached 3,150 families across severely impacted areas including Jangareddygudem, Gollapudi, and Jaggaipeta, helping families navigate the aftermath of the disaster.



Risk Management

Fortifying future with risk-aware strategies

We leverage a forward-looking Enterprise Risk Management (ERM) framework to proactively identify and mitigate risks that could disrupt our strategic objectives. Seamlessly integrated with our vision, mission, and stakeholder priorities, the framework strengthens our resilience and supports consistent growth. By navigating uncertainties with foresight, we persistently enhance our reputation, earning the trust and confidence of employees, regulators, borrowers, shareholders, and all other key stakeholders. This approach allows us to maintain a robust foundation for sustainable value creation, even amidst evolving challenges.

With a sharp focus on business outcomes and innovation, we navigate complex challenges with objectives of seamless operations and stakeholder satisfaction. Our structured, enterprise-wide approach fosters a risk-aware culture, defines clear responsibilities, and enables opportunity optimisation, while effectively managing risks across the organisation.



Risk framework

The Board defines the overall risk framework which provides a structural approach to long-term strategy. In alignment with this direction, the Risk Management Committee (RMC) evaluates the operating environment including both competitive and regulatory milieu and guides the management team under

various Board approved policies. The RMC is responsible to assess risks and decide if it is to be accepted, transferred, avoided, or addressed through a blended approach.

The Board sets the risk framework, policy and appetite, while the RMC oversees the implementation of

these governing documents. The management team is responsible for executing RMC directives, ensuring that risk management is seamlessly integrated into operations and remains aligned with the organisation's strategic objectives.

Responsibility profile

The Board

- Establish the risk management framework for Spandana
- Set out the risk appetite for the Company
- Approve risk management policies
- Foster a culture of risk-informed decision-making within the organisation
- Ensure alignment of long-term business plans and strategy with the risk appetite
- Approve a performance-based culture within risk boundaries
- Review a summary of top risks and effectiveness of mitigation strategies
- Define the charter for the Risk Management Committee of the Board

Risk Management Committee

- Comply with the charter provided by the Board
- Offer guidance to the management team regarding risk management framework
- Recommend the risk management policies to the Board for approval
- Monitor the effectiveness of the risk management policy and framework
- Approve changes to risk strategy, key risk limits, and tolerances
- Oversee the development of risk management capabilities, including risk systems
- Ensure identification, measurement, monitoring, and control of risks
- Review periodic risk reports and direct corrective actions
- Support the Chief Risk Officer in fulfilling responsibilities
- Escalate critical risks to the Board
- Ensure compliance by the risk management team with the risk policies and risk appetite
- Review risk management reports, identify emerging risks, and advise management on emerging risk issues

Management Team

- Adhere to the risk management framework, policy, and appetite
- Cultivate a risk-based culture within the organisation
- Monitoring of various threshold for identified risk
- Keep the RMC / Board updated on emerging risks
- Recommend necessary changes to the risk framework, or propose to the RMC / Board based on market factors, regulatory guidelines, or business needs
- Manage risk within functions and departments across various domains
- Monitor and track risk management performance
- Identify and control material risks at the outset of business activities to which the organisation is exposed to
- Report risk metrics and risk registers
- Monitor risk issues through analysis of reports, loss databases, and triggers



Risk Management

Risk monitoring mechanism

We incorporate well-defined thresholds and frequencies into our risk appetite framework in order to monitor risk through a series of processes, checks, and controls. Our methodology involves regional evaluations and early warning signals to facilitate timely interventions. By continuously evaluating and adopting top-tier technologies, we endeavour to improve our supervision capabilities, enabling us to monitor and respond more quickly.

Focusing on analytics-based decisions

We evaluate branch expansion using a robust risk score algorithm that considers credit performance, delinquency trends, and market saturation. Our underwriting process to select customers is powered by a rules-based 'Go / No-Go' credit engine, enabling faster, consistent, and risk-aligned decisions. We continue to refine our collection models through segmentation and behavioural analytics to maximise recoveries while adhering strictly

to our Code of Ethics. Technology plays a key role across the credit lifecycle—enhancing efficiency without compromising standards. Looking ahead, the management is exploring advanced data science and AI-driven tools to introduce greater precision and agility in credit decisioning, supporting sustainable and responsible growth.

Risk governance

Effective risk management is a Board priority and is fulfilled through a dedicated Risk Management Committee. By setting responsibilities, limits and standards, the Board, through the Risk Management Committee aligns risk reward outcomes with business opportunities. Our risk management framework is supported by a robust risk culture and structured around the 'Three lines of defence' model, protecting our operations and governance. These include:

The 1st Line of Defence

(Business Units) bears primary responsibility for daily control execution, policy adherence, and regulatory compliance. Department heads, including front-line business and control functions, are accountable for identifying emerging risks and highlighting them, operating in adherence to laid down policies and procedures to manage existing risks, implementing corrective actions, and maintaining effective internal controls.

The 2nd Line of Defence

(Risk Management & Compliance Support Functions) owns risk management processes, ensures assessment, management, and reporting of risks, monitors risk limits, and provides relevant information to senior management and the Board and its committees. It oversees the maintenance of internal controls and ensures compliance with legal and regulatory requirements.

The 3rd Line of Defence

(Internal Audit) independently evaluates the effectiveness of the institution's internal control framework, including risk control and compliance functions. This function reports to the Board and provides assurance on the robustness of internal controls and the overall efficacy of the risk management framework.

The Chief Risk Officer (CRO) reports to the RMC and supports departmental risk management. Together, the RMC and CRO provide assurance to the Board and stakeholders regarding risk oversight, compliance, and the development of risk-related policies. Internal and external audits further strengthen compliance efforts. The CRO also receives risk reports from various corporate functions.

We examine branch controls using audit digitalisation and active monitoring. This approach efficiently assess branch-level hazards and compliance requirements. This strategy aligns with our risk management philosophy and boosts branch integrity and effectiveness.



Fortifying our information security posture

We implemented a comprehensive suite of Information Security initiatives in FY25, aiming to bolster our cyber defence and mitigate evolving threats. A key milestone was the deployment of an Endpoint Detection and Response (EDR) solution, enabling real-time monitoring, threat detection, and rapid remediation across all endpoints, offering a significantly higher level of protection as compared to traditional antivirus tools.

This was reinforced by the rollout of an Endpoint Management solution, which included sound patch management and browser security controls to ensure all devices are consistently updated and protected against web-based vulnerabilities.

We implemented a Privileged Access Management (PAM) solution, allowing tighter control and monitoring of access to critical systems and data, reducing the risk of insider threats and privilege misuse. We also deployed a Data Loss Prevention (DLP) solution to protect against the unauthorised transmission or exfiltration of sensitive information, whether accidentally or maliciously.

We implemented attack surface management to scan the exposed assets for any vulnerabilities and timely mitigations.

In parallel, we continued to build a security-aware culture through regular Phishing Simulation exercises, helping employees identify

and avoid social engineering threats. Periodic information security risk assessments, VAPT and audits are strictly followed.

We also enhanced Information Security & Cyber Security policies in line with new regulatory guidelines.

In addition, we established well-defined Cyber Crisis Management Plan for faster and structured Cyber Incident Response.

Collectively, these initiatives help us to achieve zero unusual cyber security incidents and significantly enhanced our visibility, control, and resilience across key risk vectors, establishing a secure, compliant, and future-ready information security framework.



Governance

Stewarding growth through principled governance

We are firm in our focus to generate sustainable value for all stakeholders by adhering to the highest standards of ethics and governance. Every interaction with customers, employees, regulators and the wider community is steered by our core values, ensuring transparency and informed decision-making. Prioritising responsibility, integrity, and accountability, we align stakeholder interests, cultivate trust, and bolster our commitment to robust corporate governance at every level. This resolve positions us to navigate future challenges with confidence, creating lasting impact and growth.

Governance philosophy

- Ensure the Board's accountability towards all stakeholders through responsible oversight and leadership
- Uphold the principles of fairness and equitable treatment for all stakeholder groups
- Provide strategic direction and enable effective performance monitoring by the Board
- Safeguard the rights and interests of minority shareholders with integrity and transparency
- Maintain accountability and ensure timely, accurate disclosures in all communications
- Embed a culture of compliance, trust, and ethical conduct across the organisation

Our Board of Directors

Spandana's Board comprises nine accomplished individuals from diverse professional backgrounds, collectively contributing strategic insight, deep industry knowledge, and sound judgement. With more than half of the Board represented by Independent Directors, we ensure objectivity, balanced decision-making, and an external perspective in strategic deliberations.

The Board convenes regularly to review key strategic, operational, and financial matters, critical to the Company's long-term success. Well-defined policies and charters guide the functioning of Board Committees, clearly outlining their roles, responsibilities, composition, and scope of authority.

Driven in the principles of strong corporate governance, the Board remains committed to conducting business with integrity, fairness, and transparency. This includes ensuring full compliance with applicable regulations, making timely disclosures, upholding ethical standards, and remaining accountable to all stakeholders.

Board committees

Our Board has constituted eight specialised committees to fortify governance and support effective decision-making. Each committee operates with clearly defined responsibilities and includes a mix of Board members and domain experts, ensuring a balance of strategic oversight and technical depth.

Functioning within the broader governance framework, these committees play a pivotal advisory role, supporting the Board with insights and recommendations. Committee actions are closely monitored for alignment with organisational objectives. The Chairperson of each committee presents key discussion points to the Board, and minutes from committee meetings are shared regularly for review and transparency.

Governance framework

Our governance framework is both resilient and responsive to evolving industry and regulatory conditions. Rooted in ethical conduct and transparency, our Board, Committees, and Leadership Team are united in their commitment to drive long-term value creation.

Board of Directors

The Board oversees governance standards, provides strategic direction, and evaluates management performance. It plays an active role in policy formulation, while ensuring accountability across the organisation.

Board Committees

Board Committees enable focused supervision on crucial matters. Operating under defined charters, they support effective decision-making through delegated authority from the Board.

Leadership Team

The Leadership Team ensures seamless execution of Board-approved strategies and policies, while maintaining operational alignment with the Company's evolving business priorities.



Transparency and disclosures

We maintain clarity, consistency, and timeliness in our communication with stakeholders, fostering an ecosystem of trust, accountability, and informed engagement. Our disclosure practices are aligned with the best in corporate governance and regulatory compliance. We share regular performance updates through quarterly investor presentations, earnings call transcripts, and timely dissemination of material event-based information. This structured and transparent approach reinforces stakeholder confidence and reflects our dedication to integrity and openness in all business dealings.

Code of Conduct

Our Code of Conduct sets the foundation for ethical behaviour and fairness across the organisation. Applicable to all employees, including senior management and the Board, it outlines clear expectations for professional conduct and accountability. The Code is introduced as part of the employee onboarding process, with every new hire required to affirm their commitment to it. To ensure continued awareness and alignment, we conduct regular communication and training across all levels. Robust oversight mechanisms are in place to ensure adherence and take appropriate action in cases of misconduct. These efforts are integral to nurturing a culture of integrity and responsibility within the organisation.

Stronger policies

We recognise the importance of well-defined policies and codes in promoting ethical conduct and responsible governance. These frameworks serve as essential guides for our Board, senior management, and employees. Our governance architecture is supported by a comprehensive set of policies, including the Code of Conduct for the Board and Senior Management, Whistleblower Policy, Risk Management Policy, Related Party Transactions Policy, Prevention of Sexual Harassment Policy, and the Code on Insider Trading. Each of these plays a vital role in embedding professionalism, transparency, ethical discipline, and compliance centrality across the organisation. To maintain relevance, efficacy, and alignment with dynamic regulatory expectations and industry best practices, we regularly review and update our policies, reinforcing our focus on sustainable value creation.

For a complete list of our policies, please visit: www.spandanaspooorty.com/policies

Board of Directors



Ms. Abanti Mitra
Chairperson and
Independent Director

Ms. 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. 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, ScoreMe Solutions Private Limited, Uma Medicare Limited, Centrum Housing Finance Limited, Kailash Healthcare Limited and Kailash Hospitals Limited. He has been a Director on our Board since August 4, 2022.



Mr. Deepak Calian Vaidya
Independent Director

Mr. 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. 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 Pension Fund Limited, Latent View Analytics

Limited, DFM Foods Limited, AWL Agri Business Limited, Raymond Realty Limited, Welspun Corp Limited, Adani Airport Holdings Limited and Endurance Technologies Limited and also the Chairperson of the Lloyds Technology Centre Board a part of the Lloyds Banking Group's Global Offshore Services. 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. Prasad holds an MBA from The Wharton School, University of Pennsylvania, and has over 30 years of global leadership experience in unsecured lending businesses, fintech, and payments. He is the Founder & CEO of Frog8 Technologies Services Private Limited, a platform innovating in transit and unattended automation. At ICICI Bank and Capital One, he managed multi-billion-dollar unsecured lending

businesses, and at Verifone he led payments businesses across geographies. He also served as CEO & MD of Forbes Technosys, a leading provider of self-service automation and payment technology solutions, and has advised Meta/WhatsApp on digital payments strategy. He has been a Director on our Board since May 2, 2023.

Board of Directors



Mr. Neeraj Swaroop

Non-Executive Nominee Director

Mr. Swaroop is an experienced professional with over 40 years in the FMCG and financial services industry. He has built and led businesses across geographies across India and Asia. Currently,

he is an operating partner at Kedaara Capital and serves on the boards of various other 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 board 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. 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 of Punjab National Bank for five years. Earlier to this, he was Executive Director at Bank of India and Chairman and Managing Director at Allahabad Bank. He was also the Chairman of

the Indian Banks Association for two years. Currently, he serves as the Independent Non Executive Chairman of Niwas Housing Finance Pvt Ltd, and as a Director on the board of PNB MetLife India Insurance Co. Ltd., Coantus Finserve Private Limited, New Opportunity Consultancy Private Limited, Ashimara Housing Private Limited and Manipal Payment and Identity Solutions Limited (formerly known as MCT Cards & Technology Private Limited). He has been a Director on our Board since May 4, 2017.


Ms. Saakshi Gera

Non-Executive Nominee Director

Ms. 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 co-leads the investments in Tech Services. She has also been involved in leading/advising Kedaara on Impetus, ASG, Universal NutriScience, GS Lab-GAVS, and Spandana. Prior to joining Kedaara Capital, Ms. Gera served as an Executive Director at Goldman Sachs, Principal Investing Arm (India office), where she focused on investing in financial services, IT services, and the energy sector. Some of the investments she worked on include, ReNew Power, Max Financial, Noveltech Feeds, and BPL

Medical. Previously, she was part of the investment team at Providence Equity Partners and earlier worked in investment banking at Nomura. Ms. Gera has completed all levels of the CFA program (USA). She earned a BA in Economics from Delhi University, where she was a rank holder. She has been a Director on our Board since May 22, 2024.


Mr. Sunish Sharma

Non-Executive Nominee Director

Mr. Sharma is a seasoned private equity professional with over 28 years of industry experience. He serves as a Non-Executive Director on the Company's Board, bringing deep expertise in investment strategy, business transformation, and value creation across sectors. He holds a Bachelor's Degree in

Commerce (Hons.) from the University of Delhi, is a qualified cost accountant, and earned his MBA as a Gold Medallist from the Indian Institute of Management, Calcutta (Kolkata). His investment experience spans financial service, consumer, business service and technology, health and industrial sector, across both private and public markets.

He is the Founder and Managing Partner of Kedaara Capital, a leading private equity firm in India. The firm advises and manages over \$6bn AUM, partnering with entrepreneurs and management teams to build long-term value in growth-oriented businesses. Prior to founding Kedaara in 2012, Mr. Sharma held senior leadership

positions at General Atlantic (GA) and McKinsey & Co. He currently serves as a Director for Vedant Fashion Limited, Avanse Financial Services Ltd., Spandana Sphoorty Financial Limited and Care Health Insurance Limited.

He has also served on several other boards/led investments in Lenskart, Impetus, Neurealm, Porter, R1, Dairy Day, K12, Purple, Mahindra Logistics, Manjushree, Bill Forge, Hexaware Limited, IndusInd Bank, Jubilant Lifesciences, Cyient Limited and IBS Software Service Limited amongst others. He has been a Director on our Board since March 31, 2017.


Mr. Shalabh Saxena*

Managing Director and CEO

* Till April 23, 2025

Mr. 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 served as the Managing Director & CEO on our Board from March 19, 2022 till April 23, 2025.

Leadership Team



Mr. Ashish Kumar Damani

Interim CEO, President and Chief Financial Officer

Mr. Damani, brings over 25 years of extensive experience in the microfinance industry. He joined Spandana in 2022 as President and Chief Financial Officer, where he has played a pivotal role in raising nearly 20,000 crore in funding and executing several key strategic transactions.

Before joining Spandana, Mr. Damani served as the Chief Financial Officer at Bharat Financial Inclusion Ltd. (BFIL), a subsidiary of IndusInd Bank Ltd. Over his two-decade tenure at BFIL, he progressed through various leadership roles, gaining

deep expertise in the microfinance sector. He was instrumental in steering the organization through multiple industry disruptions and played a leading role in managing a borrowing program of approximately ₹12,000 crore prior to BFIL's merger with IndusInd Bank.

Mr. Damani holds an Advanced General Management Program (AGMP) qualification from IIM Ahmedabad and a Post Graduate Diploma in Business Administration (PGDBA) from Symbiosis, Pune.



Mr. Amit Anand

Chief Risk Officer

Mr. Anand comes with more than two decades of corporate experience ranging over diverse fields of Risk Management, Strategic Planning, Sovereign & Sub-Sovereign Risks, Economic & Financial Risks, Credit Rating & Business development. He has broad based expertise in establishing Risk and Control requirements & Governance

structure; Development, review and implementation of Risk Management Frameworks. Mr. 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. Arvind Murarka

Chief Information Officer

Mr. Murarka comes with over three decades of rich & diversified experience across multiple industries such as Information Technology consulting, healthcare, infrastructure, food processing and retail. He has been responsible for overseeing the IT infrastructure & Application platforms including Core Financial System and manage the Information

Technology team. Prior to joining the Company, he worked with Arohan Financial Services Limited. He holds a Master's degree in business administration from the Institute of Chartered Financial Analysts of India (ICFAI) University, Sikkim and has completed an Advance Programme in Leadership in Digital Era from IIM-Lucknow.



Mr. Prashant Rai
Chief People Officer

Mr. Rai brings over 20 years of extensive experience in Strategic Human Resources, Talent Management, Learning & Development, and Corporate Sustainability. Throughout his

career, he has played a pivotal role in leading organizational and cultural transformations across diverse sectors. His expertise spans across strategic people practices, mergers and acquisitions, implementation of HR technologies, and the establishment of leadership development academies.

Before joining Spandana, He held leadership roles in renowned organizations including Videocon International Limited, Wacker Chemie AG, SREI Infrastructure and Arohan Financial Services Limited. In each of these roles, he demonstrated a strong ability to align HR strategies

with business objectives, foster high-performing cultures, and drive sustainable growth.

Academically, Mr. Rai holds a Post Graduate Diploma in Business Management (HR) from EMPI Business School and an Executive MBA from XLRI, Jamshedpur. He is a certified Six Sigma Black Belt and has completed prestigious certifications such as the Growth Leadership Program by Korn Ferry International. Additionally, he is a certified PPA Assessor (Thomas International) and holds a National Position Evaluation Certification from Mercer.



Mr. Ramesh Periasamy
Chief Compliance Officer

Mr. Periasamy has ~20 years of experience across sectors viz. Financial Services, Retail, 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 has been associated with Spandana since August 2020. Prior to Spandana he was associated with Embassy Office Parks REIT, Manappuram Finance, 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-MFIs and NBFC's including Vistaar Financial Services Limited, RBL Finserv Limited, Bharat Financial Inclusion Limited,

Fullerton India Credit Co Limited and Reliance telecommunications Limited. 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.

Leadership Team



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 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 & compliance systems, managing regulatory and 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

Mr. Sharma has built, managed, and led business and operations teams with over 27 years of experience in the financial services and e-commerce industries. 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.



Mr. Narayana Reddy
Chief Business Officer –
Partnerships, Receivables
& New Initiatives

Mr. Reddy brings with him over 22 years' experience working in microfinance and banking industry. Through his myriad roles across organizations, he has played a key role in business and operational development through initiatives like implementing cashless disbursement, improving collections including NPA recovery & scaling-up of Cross-Sell Business and Insurance operations. Mr. Reddy has gained rich experience through his association with organizations like PRADAN, SKS

Microfinance and BASIX Group companies driving overall business management, leading operations; and has been instrumental in recruiting, and developing talent. In his previous stint as Chief Operating Officer – South Zone at Bharat Financial Inclusion Limited (BFIL), Mr. Reddy was instrumental in streamlining processes and systems with adequate controls, expanding business while building quality portfolio.



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.



Ms. Shilpa Jain
Chief of Reporting and Assurance

Ms. Jain is an accomplished finance leader and the Chief of Financial Reporting & Assurance at Spandana, where she leads Finalization of Financial Statements, Audit, Liability Management, and Investor

Relations with a clear focus on strengthening governance, enhancing transparency, and building stakeholder trust. With over 16 years of progressive experience across Finance Operations, Compliance & Financial Reporting, Audit & Assurance, Financial Planning & Analysis, Business Finance Partnering, Budgeting & Forecasting, Finance Transformation, System Implementation, and both merger and regulatory audits, she combines strategic foresight, analytical rigour, and exceptional organisational skills to streamline complex financial processes, optimise systems, and enable data driven decision making.

Renowned for her ability to bridge operational execution with long term strategic vision, she ensures financial structures remain agile, compliant, and aligned with business objectives to drive sustainable growth.

Her leadership journey includes senior roles at Bharat Financial Inclusion Limited and Shriram Finance. Shilpa holds an MBA, is a qualified Company Secretary (CS), and earned her Bachelor's degree in Commerce.



Mr. Shriraj Vedsen
Chief Business Officer (East)

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

Leadership Team



Mr. Subhrangsu Chakravarty
Chief Financial 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 20 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 base & 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 and Accion International, IFMR Trust. He is an MBA from Institute of Rural Management, Anand (IRMA).

*Acting as Manager (KMP) of Criss Financial Limited, Subsidiary Company w.e.f. August 01, 2024.



Mr. Venkata Ramana Ratnakaram
Chief Information
Security Officer

Mr. Ratnakaram has 25 years of progressive experience in Information Technology and Information Security, holding various leadership roles such as Head of IT for APAC, CISO, and GM Operations Technology, VP of Product. His career spans prestigious organizations including L&T, TATA, SKS Micro Finance, Manappuram, and ARSLAN SRS.

Venkata is a highly acclaimed technology leader with a global reputation for excellence in IT and cybersecurity. He has been honored with several prestigious awards, including NEXT 100 CIO, TOP 200 CIO, TOP 1000 CIO APAC, TOP 100 CISO, and the coveted CISO of the Year title. In addition to these accolades, he holds multiple internationally recognized certifications in Information Security and AI/ML.



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Management Discussion and Analysis

Spandana Sphoorty Financial Limited (Spandana) is a rural-focused non-banking financial company (NBFC) and microfinance institution (MFI) with an extensive footprint across India. Our primary objective is to provide income-generating loans through the joint liability group (JLG) model, focusing on supporting women from low-income rural and semi-urban households. In line with our evolving strategy, we have expanded our offerings to include Loan Against Property (LAP) and Nano loans through our subsidiary.

The microfinance sector in India continues to offer meaningful opportunities for pan-India players. As one of the established participants in this sector, we are approaching our future growth plans with measured optimism. We have maintained a broad distribution network, diversified funding sources, and are continuously investing in technology platforms, supported by a committed workforce. These strengths, alongside ongoing strategic initiatives, underpin our focus on building long-term sustainability and resilience in a dynamic market environment.

We recognise that incremental changes can collectively drive broader impact. Our micro-loans have played a role in supporting financial inclusion and income generation for rural households. Through these efforts, we aim to contribute to the financial well-being of underserved communities, while remaining mindful of the challenges and opportunities that lie ahead.



1. MACRO-ECONOMIC OVERVIEW

In 2024, the global economy grew at a moderate pace of 3.3%, according to the IMF, reflecting a period of relative stability, although growth remained subdued. The global landscape is undergoing significant changes in 2025, driven by countries realigning their policy priorities in response to rising geopolitical tensions and growing economic challenges. The rapid and unpredictable nature of policy shifts has significantly increased economic uncertainty and makes the short-term outlook highly unstable.

As a result of this uncertainty, global headline inflation is expected to decline at a slower rate than previously anticipated. The IMF projects inflation to decrease to 4.3% in 2025 and further to 3.6% in 2026. This adjustment reflects higher inflation expectations for developed nations, somewhat offset by slight reductions in emerging markets and developing economies.

GDP growth trend		(in %)	
Details	2024	2025 (F)	2026 (F)
Global Economy	3.3	2.8	3.0
Advanced Economies	1.8	1.4	1.5
Emerging Markets and Developing Economies	4.3	3.7	3.9

(Source: IMF, World Economic Outlook, April 2025)

Way forward

Despite the challenges that the world economy is currently facing, this time period offers a once-in-a-lifetime opportunity to strengthen resilience and devise a path forward that is more sustainable. Many economies experiencing strain have demonstrated that there is a potential of recovery if the necessary combination of coordinated policies and proactive change is applied.

It is possible for nations to contribute to a global recovery that is more equitable and inclusive if they work together to establish a trading environment that is stable and transparent, make progress towards timely debt resolution, and address structural imbalances.

In order to properly traverse the road that lies ahead, international cooperation will be required. It is conceivable for the global economy to regain its momentum, rebuild its buffers, and open up new opportunities for prosperity across regions provided a coherent plan, strong leadership, and a commitment to shared progress are put into action.

Indian Economy

India's gross domestic product (GDP) grew by 6.5% in the fiscal year 2024-25, positioning the country among the fastest-growing major economies despite global challenges. This achievement was driven by structural

reforms, rapid digital transformation, and sustained infrastructure investments, all of which reinforced the country's economic foundation. Additionally, strong domestic demand and ongoing private sector investments further fueled growth across various industries.

Towards the end of FY25, monetary policy became more accommodative. The Reserve Bank of India (RBI) reduced the repo rate by 25 basis points to 6.25% by March-2025 and further to 5.5% by June-2025, aiming to strike a balance between controlling inflation and boosting credit flow and investment. This supportive stance has enhanced liquidity, fostering corporate growth. India's overall exports rose by approximately 6% year-on-year, reflecting resilience in the face of global challenges. Notably, service exports grew significantly, strengthening India's position as a global leader in services exports.

However, the economy also faced notable headwinds. Both rural and urban unemployment rose over the year, while the Index of Industrial Production declined, signalling a temporary slowdown in manufacturing and mining activity. At the same time, tighter regulatory oversight, particularly on non-banking financial companies and microfinance institutions, constrained credit disbursements to some segments, weighing on lending growth and consumer finance.

Despite these challenges, the interwoven developments in consumption, employment, investment, policy, and trade ultimately created a solid foundation for long-term economic growth. India's ability to navigate a volatile global environment, address emerging domestic vulnerabilities, and foster internal transformation highlighted its growing resilience and readiness to seize future opportunities and confront ongoing challenges.

Indian GDP trend (in %)

FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
(6.6)	8.7	7.0	8.2	6.5

(Source: Government of India)

Way forward

The economic outlook for India in FY 2025-26 remains cautious yet resilient, shaped by the country's inherent strengths amid continuing global uncertainties. Persistent volatility in commodity prices, trade disruptions, and geopolitical tensions present potential risks to growth. However, India's structural stability and robust policy framework are expected to help mitigate these challenges.

Sustaining economic momentum will require continued investment in infrastructure, improvements in the ease of doing business, and policies aimed at strengthening consumer confidence. Additionally, higher private sector investment in strategically important sectors

is critical. Rural demand is also expected to benefit from stable agricultural performance, easing food inflation, and overall macroeconomic stability. These factors are essential to support broad-based, inclusive growth.

Looking ahead, targeted structural reforms and deregulatory initiatives at the grassroots level can significantly enhance India's global competitiveness and lay the groundwork for sustainable, long-term growth. However, their impact will depend critically on strong implementation, effective governance, and close coordination between central and state authorities to ensure that benefits reach all stakeholders.

2. INDUSTRY OVERVIEW

Microfinance has become a critical tool in promoting financial inclusion, especially for underserved populations in India. By providing access to credit, financial education, and entrepreneurial support, microfinance plays a significant role in poverty alleviation and economic development. The ongoing innovation and expansion of these services are essential to achieving comprehensive financial inclusion across the country.

Key contributions of microfinance to financial inclusion

1. **Access to credit for the underserved:** Microfinance institutions (MFIs) extend small, collateral-free loans to individuals from low income households who lack access to traditional banking services. This is especially significant for rural populations, women, and low-income groups who often face barriers such as lack of collateral, credit history, or formal employment.
2. **Empowerment of women:** Microfinance has been a catalyst for women's economic empowerment. By providing women with access to financial resources, it enables them to start businesses, invest in education, and improve their family's well-being. This empowerment leads to greater participation in decision-making processes within households and communities.
3. **Promotion of financial literacy:** MFIs often incorporate financial literacy programs into their services, educating clients on budgeting, saving, and responsible borrowing. This education fosters better financial decision-making and long-term economic stability for borrowers and their families.
4. **Support for micro-entrepreneurship:** Microfinance facilitates the growth of micro-enterprises by providing the necessary capital for small-scale businesses. This support not only boosts local economies but also creates employment opportunities and encourages innovation at the grassroots level.

5. **Integration of technology:** The adoption of digital platforms has enhanced the reach and efficiency of microfinance services. Mobile banking, digital payments, and online loan applications have made financial services more accessible to remote and rural areas, bridging the digital divide.

Interim industry challenges

The microfinance industry is currently navigating a series of challenges that are impacting its operations and growth trajectory. These challenges are related to increasing borrower leverage, weakening borrower discipline, employee retention, and external factors that have influenced the lending environment over the past year. Addressing these issues requires strategic interventions to ensure long-term stability and sustainability.

Increasing borrower leverage: There is a growing trend of borrowers taking loans from multiple lenders owing to easy availability of credit, which has raised concerns about borrower overleverage. To address this, Spandana has adopted a conservative stance by halting new-to-credit customer acquisitions and refraining from issuing loans to borrowers with a history of delinquency. The Company has also implemented stricter checks including lending to borrowers who have only two other microfinance lending relationships apart from Spandana.

Borrower discipline: The industry is facing challenges in restoring discipline in the Joint Liability Group Lending (JLG) model, particularly after the disruptions caused by COVID. Borrowers are showing lower engagement at center meetings, which has resulted in difficulties with collections. Low attendance at center meetings and challenges in door-knock collections have compounded the situation, field stress for employees and increase in attrition.

Attrition: The microfinance industry is dealing with high attrition rates, especially among Loan Officers and Branch Managers. This ongoing challenge highlights the need for people-focused initiatives to enhance employee retention. Spandana has taken multiple steps including increasing bench strength, increasing engagement with employees and roll out of wider employee benefits.

External influence: The industry is also affected by external factors such as local disturbances and debt waiver movements, which have contributed to increased uncertainty in the lending environment. We have been consistently engaging with customers and educating them about the virtues of timely payment of instalments and maintaining clean credit history.

In response to these challenges, the industry is focusing on improving borrower discipline, addressing attrition, and implementing tighter industry level controls to manage borrower leverage and credit risk.

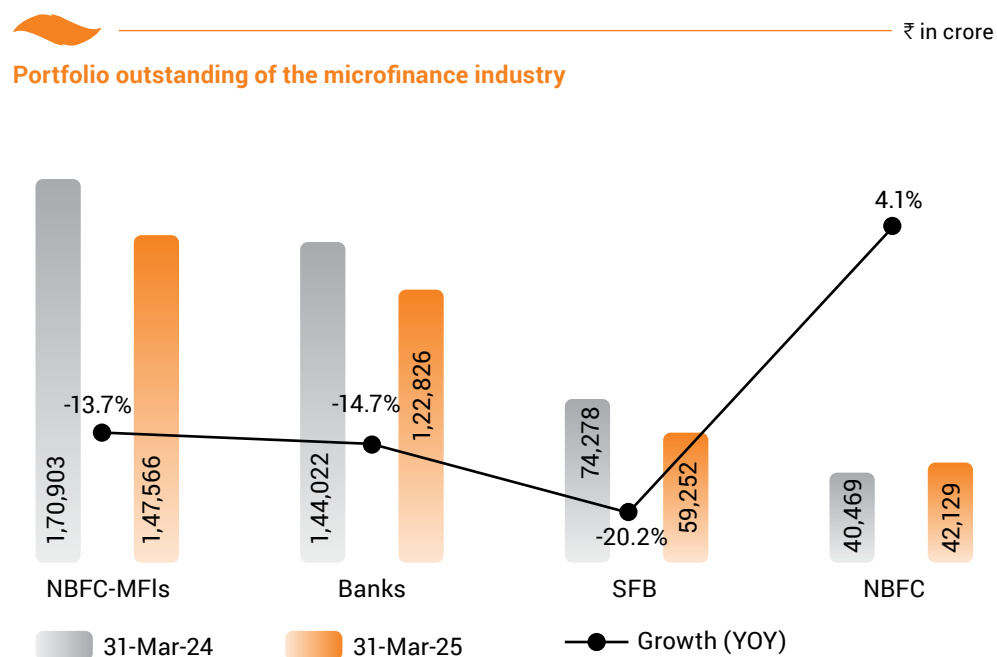
As per the Micrometer Report (May 2025), as of 31 March 2025 India's microfinance sector reported a gross loan portfolio (GLP) of ₹3,75,030 crore, including a DPD 180+ portfolio of ₹42,394 crore. The sector served 13.3 crore active loan accounts, representing 7.8 crore unique borrowers. Compared to the previous year, the GLP declined by 13.5%, reflecting a period of consolidation after a strong growth phase.

NBFC-MFIs continued to lead the sector with an outstanding portfolio of ₹1,47,566 crore (39.3% of the industry's total), followed by banks at ₹1,22,826 crore (32.8%), Small Finance Banks at ₹59,252 crore (15.8%), NBFCs at 11.2%, and other MFIs at 0.9%. Together, NBFC-MFIs and banks comprised over 70% of the total micro-credit universe.

Type of Entity	31-Mar-24				31-Mar-25			
	No. of Entities (All)	Unique Borrowers (Cr) (All)	Active Loan Accounts (Cr) (All)	Portfolio O/s (₹ Cr) (All)	No. of Entities (DPD)	Unique Borrowers (Cr) (DPD)	Active Loan Accounts (Cr) (DPD)	Portfolio O/s (₹ Cr) (DPD)
NBFC-MFIs	87	3.9	6	1,70,903	93	3.7	5.3	1,47,566
Banks	14	3.4	5.2	1,44,022	17	3.2	4.5	1,22,826
SFBs	10	2	2.4	74,278	10	1.9	2.1	59,252
NBFCs	104	1.1	1.3	40,469	92	1.2	1.2	42,129
Others		0.1	0.1	4,026		0.1	0.1	3,256
Total	215	7.85	14.95	4,33,697	212	7.8	13.3	3,75,030
DPD 0 - 179			13.2	3,99,356			11.1	3,32,636

Note: The count of no. of entities are only for regulated entities (REs). The difference in the count of NBFCs is due to tagging which has been corrected by CRIF and March 2025 shows the accurate picture.

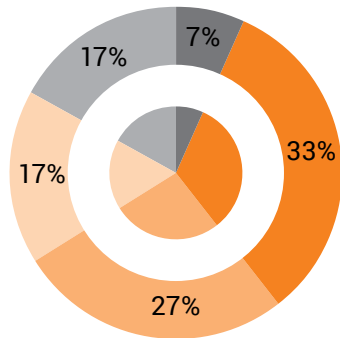
Source: Micrometer Report, May 2025



Source: Micrometer Report, May 2025

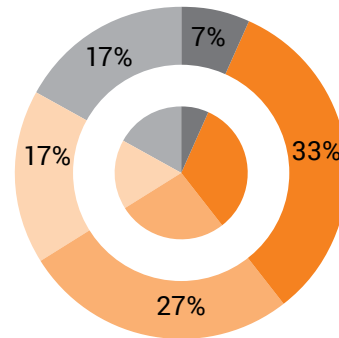
As on 31 March 2025, microfinance operations spanned 718 districts across 29 states and 7 union territories (UTs). The top five states by loan amount outstanding were Bihar, Tamil Nadu, Uttar Pradesh, West Bengal and Karnataka, together accounting for 57.9% of the total assets under management (AUM). The top 10 states cumulatively represented 83.4% of the total loan amount outstanding.

Regional distribution of unique borrowers 31 March 2025



● Central ● East and North East ● South ● North ● West

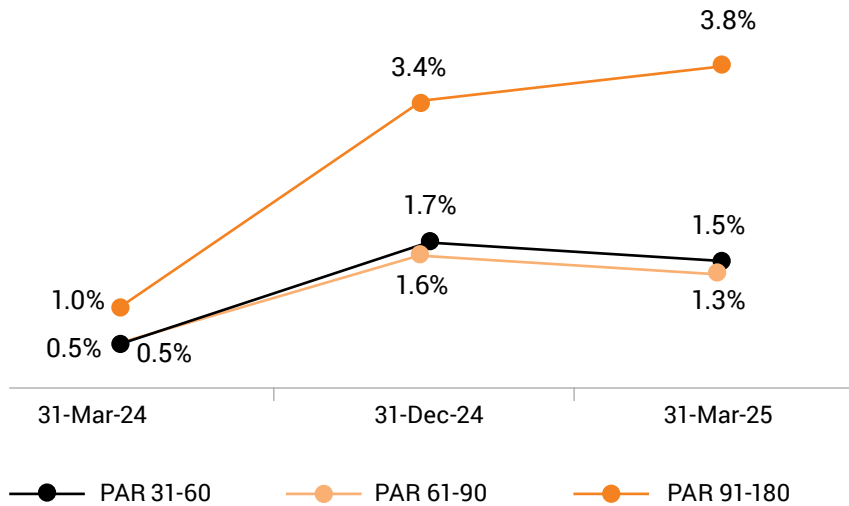
Regional distribution of AUM 31 March 2025



Source: Micrometer Report, May 2025

As on 31 March 2025, the AUM of NBFC-MFIs stood at ₹1,47,279 crore, covering 709 districts across 36 states and union territories. This reflects a 13.7% decline in the portfolio outstanding compared to the same quarter in the previous year. The portfolio health has also weakened, with PAR (31–180 days) rising to 6.6% as of 31 March 2025, up from 2.0% a year earlier

Portfolio quality of NBFC-MF



Source: Micrometer Report, May 2025

In 2024, the industry Self Regulatory Organisation (SRO's) introduced a comprehensive set of guardrails aimed at enhancing lending discipline and mitigating over-indebtedness across the microfinance sector. These measures, developed through wide-ranging consultations with stakeholders, are designed to reinforce borrower protection and ensure the long-term sustainability of the industry.

Key guardrails introduced:

- **Cap on indebtedness:** A borrower's total outstanding loan amounts including microfinance and unsecured retail loans is limited to ₹2 lakh.
- **Lender limit:** The number of microfinance lenders to a single borrower is restricted to three.
- **Exclusion of delinquent borrowers:** Lending is prohibited to borrowers with outstanding dues exceeding ₹3,000 that are overdue for more than 60 days.
- **Transparent pricing:** Emphasis on fair and transparent pricing mechanisms to foster borrower trust. Discontinuation of bundling third-party products along with loans and capping processing fees at 1.5% was introduced.
- **No fresh loan is to be given to the same borrower,** whose existing loan is still continuing as outstanding, before 12 months of disbursement of the existing loan or has not completed 50% repayment of the same

These guardrails mark a significant step forward in promoting customer-centric, accountable, and risk-sensitive lending practices across the microfinance ecosystem.

3. OPERATIONAL GROWTH**Our India presence**

We ended FY25 with a presence of 1,628 branches across 20 states and 414 districts. Our operations remain well-diversified at the branch, district, and state levels, providing a foundation for future growth both within our current footprint and in new markets. This extensive network enables us to tailor our products and services to local needs, leverage cross-selling opportunities, and accelerate customer acquisition through deep community engagement and digital outreach.

Customer base

During the year, we added approximately 3 lakh new borrowers. At the end of FY25, our customer base stood at 23 lakh as of March 2025. Given the external environment and the challenges impacting the industry, our efforts were primarily focused on serving existing customers in rural and semi-urban markets, particularly in tier 3-5 regions.

Disbursement

Our total disbursements in FY25 amounted to ₹ 5,017 crore, compared to ₹ 10,042 crore in FY24. Notably, over 27% of loans disbursed during the year were extended to individuals who were new to Spandana. While we calibrated and slowed down our disbursement during the year, the consistent demand for microfinance continues to reflect the presence of a sizable underserved market within the sector.

Strengthening our technology architecture

We continued to invest in IT infrastructure during the year, focusing on strengthening platform stability, security, and operational efficiency. Efforts included upgrades to core systems, increased automation, and the adoption of analytics to support more informed decision-making. Security and data privacy remained

priorities as we worked to ensure the reliability and safety of our digital platforms.

Asset quality

In FY25, the microfinance industry confronted a series of headwinds, with rising delinquencies persisting for most of the year before easing modestly from December 2024 onward. Mid-year, certain state regulations introduced additional operational constraints that only abated towards the close of Q4FY25. As a leading participant, Spandana felt these pressures acutely: its GNPA rose to 4.85 percent as of March 31, 2025, up from 1.43 percent a year earlier. By tightening credit underwriting standards and enhancing risk monitoring, we anticipate a gradual restoration of asset quality through FY26.

Disbursement trend (Quarter-wise)

(₹ in crore)			
Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
2,123	1,379	1,291	224

Bettering our Collection efficiency (CE)

We actively encourage timely repayments from our customers. While current industry challenges had an impact on the collection efficiency, we continue to lay strong emphasis on staff training, incentive structures that promote adherence to processes and maintain asset quality, as well as our regular client engagement initiatives. For FY25, our average gross collection efficiency was 94.1%, while average net collection efficiency was 91.8%.

Gross CE - quarter-wise (%)			
Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
97.5	93.8	92.5	92.0

Net CE - quarter-wise (%)			
Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
94.1	90.9	90.9	91.4

4. PORTFOLIO MIX

Managing portfolio risks is central to the operations of a lending institution. To mitigate concentration risks, we have diversified our portfolio across various ticket sizes and loan cycles. Our portfolio is strategically balanced, with a substantial portion allocated to advanced loan cycles, reflecting our ability to build and sustain long-term customer relationships.

Ticket size

In FY25, the average loan disbursal size was ₹ 45,400, reflecting a +8% change compared to the previous year. The increase in ticket size was a function of increased focus on serving existing borrowers during the year who were of higher vintage and hence eligible for a relatively larger loan compared to new borrowers. We remain committed to meeting the needs of our borrowers while maintaining strict controls on lending thresholds.

Average Ticket Size

FY23	FY24	FY25
46,256	41,921	45,400

Loan outstanding

In FY25, our Assets Under Management (AUM) declined by 46.2% to ₹6,029 crore, down from ₹11,199 crore at the close of FY24, as we adopted a deliberately cautious disbursement approach in response to industry-wide challenges and deteriorating asset quality. Similarly, the average loan outstanding per borrower fell to ₹26,074 by the end of FY25, compared with ₹35,805 at the end of the previous year.

Growth in AUM

Quarter-wise (₹ in crore)			
Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
10,926	9,742	8,168	6,029

Year-wise (₹ in crore)		
FY23	FY24	FY25
7,980	11,199	6,029

Average AUM per Borrower (₹)

FY23	FY24	FY25
37,527	35,805	26,074

Cycle-wise mix

We maintain a well-diversified loan portfolio that spans across various loan cycles. Our loan products and processes are carefully designed to make borrowing easy and ensure regular repayments for our customers. We are committed to ensuring that our loan offerings continue to meet the evolving needs of our borrowers. Approximately 45% of our borrowers are in their second loan cycle or beyond, highlighting the lasting value they find in our products and services. Through our customer-centric approach, we have built sustainable relationships with our borrowers, creating a strong foundation for new customer connections.

Cycle-wise mix (%)

1st cycle	55%
2nd cycle	18%
3rd cycle and above loans	27%

Maintaining rural focus

Rural India offers considerable potential for microfinance lending, especially with the Government's increased emphasis on rural development. Infrastructure projects designed for rural areas and initiatives supporting medium and small enterprises highlight the growing confidence in microfinance lending within these underserved segments. At Spandana, our loan exposure is split, with 88% in rural

areas and 12% in urban areas, reflecting our strong presence in these regions.

Region-wise mix (%)

AUM mix	
Rural	88%
Urban	12%

5. PRODUCT MIX

We remain focused on supporting women in low-income rural communities by offering a range of loan products tailored to their requirements. One of our core offerings is the Joint Liability Group (JLG) micro-loan, designed specifically for women entrepreneurs. These loans are provided through JLGs to help women start or expand their small businesses, contributing to household income and financial stability.

Our Loan Against Property product, offered through our subsidiary Criss Financial Ltd, is also aimed at small entrepreneurs, offering access to funds that can be used for business needs such as equipment purchase, premises renovation, or working capital. By enabling borrowers to leverage the value of their property, this product provides an additional avenue for business development.

Looking ahead, we plan to broaden our product suite to include affordable housing and home improvement loans. While each offering serves distinct purposes, our overall approach remains focused on providing access to financial solutions that support entrepreneurship and income generation in underserved segments.

6. PORTFOLIO DIVERSIFICATION

The microfinance industry has periodically experienced stress due to external events in various regions, including natural disasters and economic concentration among borrowers. Key risks include customer concentration, particularly where borrowers' livelihoods depend on similar economic activities, and weather-related disruptions such as cyclones and floods. In response, industry participants have increased their focus on geographic and portfolio diversification.

At Spandana, we have adopted portfolio limits at the branch, district, and state levels as a risk mitigation measure. These steps are intended to reduce the potential impact of localised shocks and support greater stability across our operations.

State level

Our loan portfolio is distributed across 19 states and 1 union territory, providing diversified geographic exposure. As of the end of FY25, no single state accounted for more than 15% of our total Assets Under Management (AUM) at the standalone level. To manage concentration risk, we follow internal

benchmarks and limits that guide portfolio monitoring, and we have also established a cap on concentration relative to total POS. State-wise disbursements in FY25 remained within the 15% threshold set for each state. Andhra Pradesh represented the largest share of disbursements at 14.3%, followed by Madhya Pradesh at 12.1%, Odisha at 10.1%, and Bihar at 10%.

District Level

In addition to managing risk concentration at the state level, we have established internal caps at the district level based on the District Risk Index (DRI) as published by the SRO's. No single district exceeds 1.8% of the total Assets Under Management (AUM). As of FY25, 87% of our districts each accounted for less than 0.5% of the overall AUM, indicating a low level of concentration risk. Our exposure to the top 10 districts constituted only 14% of the total AUM, which is comparatively lower than that of larger Microfinance Institutions (MFIs) and Small Finance Banks (SFBs).

Exposure of Districts % Contribution to Gross AUM	As of March, 2025	
	No. of Districts	% of Total Districts
< 0.5%	360	87.0%
0.5% - 1%	46	11.1%
1% - 2%	8	1.9%
>2%	-	-
Total	414	100%

Exposure of Districts Proportion of Total Disbursements	As of March, 2025	
	No. of Districts	% of Total Districts
< 0.5%	358	87.3%
0.5% - 1%	45	11%
1% - 2%	6	1.5%
>2%	1	0.2%
Total	410	100%

Exposure of Districts Buckets	As of March, 2025	
	AUM (₹ crore)	Proportion of Total AUM
Top 5 Districts	512	8.5%
Top 10 Districts	846	14.0%
Top 50 Districts	2,556	42.4%
Other Districts excluding top 50 districts	3,473	57.6%

Branch Level

We have extended our risk management efforts to the branch level, ensuring that no single branch exceeds 1% of the total Portfolio Outstanding (POS) as part of managing concentration risks. With a proactive approach, we have remained vigilant in managing concentration risk while consistently

enhancing performance. Our dynamic and ongoing risk management strategy emphasises the diversification of our loan portfolio. Notably, in FY25, all our branches maintained the exposure cap, thereby maintaining the concentration risk within appetite.

Exposure of Branch in FY25

Proportion of Gross AUM	No. of Branches	Proportion of Total Branches
<0.15%	1586	97.4%
0.15%-0.25%	41	2.5%
0.25%-0.35%	1	0.1%
>0.35%	-	-
Total	1,628	100%

7. PRODUCTIVITY METRICS

We are committed to enhancing productivity across our organisation. As of March 31, 2025, we have a wide presence in India with 1,628 branches, each having an average AUM per branch of ₹3.7 crore. Our opex to AUM ratio was higher at 8.2% in FY25, as against 6.8% in FY24, owing to increased bench strength and lower disbursements during the year.

Looking ahead, we see significant potential for improvements in our opex levels as we focus on increasing AUM per branch and maximising employee productivity. We will focus on building a lean and efficient cost structure, ensuring we can better serve our customers and create sustainable long-term value for our stakeholders.

8. CONSOLIDATED FINANCIAL PERFORMANCE (IND-AS)

During the fiscal year, we raised a total of ₹4,482 crore from a diverse group of lenders, including banks, NBFCs, other institutions, and retail investors in line with funding requirement. Despite navigating a challenging environment, we concluded the year with strong funding access and cash and bank balances totaling ₹1,844 crore. Our average cost of borrowing for the year was 12.0%, which was a marginal change compared to 12.2% in FY24.

Our operating expense ratio, represented by the opex to AUM ratio, was 8.6% in FY25. We are committed to operational excellence and our efforts going forward will be focused on optimising the use of our existing infrastructure.

Fund sources

We have been actively diversifying our borrowing sources and building strong relationships with both existing and new lenders. To meet our current funding needs, we have secured loans from various entities, including public and private banks, financial institutions, and capital markets. By the end of the year, our network included a total of 47 lenders.

9. Key Ratios (Consolidated Basis)

Particulars	FY 2024-25	FY 2023-24	Reason for significant change (i.e more then 25%)
Debtors turnover	NA	NA	NA
Inventory turnover	NA	NA	NA
Interest coverage ratio	(0.5)	1.7	Reduction in Interest coverage ratio due to loss during FY24-25 which results into negative EBIT
Current ratio	NA	NA	NA
Debt-equity ratio	2.1	2.6	NA
Operating Profit Margin	63.5%	74.2%	NA
Net Profit Margin	-42.7%	19.9%	Refer explanation given for change in Return on Net Worth
Others (on standalone basis)			
a) Capital to risk-weighted assets ratio (CRAR)	36.3%	32.0%	NA
b) Tier I CRAR	36.3%	32.0%	NA
c) Tier II CRAR	0.0%	0.0%	NA
d) Provision coverage ratio	80.2%	80.0%	NA
e) Liquidity coverage ratio	800.9%	705.8%	NA
f) Return on network	-33.0%	14.8%	Refer explanation given for change in Return on Net Worth

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

During the financial year ended March 31, 2025, the microfinance industry faced unprecedented challenges due to a combination of external and structural headwinds. These included climatic disruptions, the weakening of the Joint Liability Group (JLG) lending model, deterioration in borrower discipline, elevated levels of borrower indebtedness, and external socio-political influences affecting customer behavior. These factors, which emerged in Q1 and persisted through the year, significantly impacted field operations, disrupted center meetings, and hindered the timely delivery of services to borrowers including timely collections. Our calibrated disbursement strategy resulted in a reduction of the Asset Under Management (AUM) from ₹11,972.91 crore as of March 31, 2024, to ₹6,818.67 crore as of March 31, 2025. Operational stress was further intensified by increased field-level attrition, contributing to higher delinquencies, gross slippages, elevated credit costs, and a resulting in reported loss for the year ended March 31, 2025 and led to negative return on net worth for the year ended March 31, 2025.

11. HUMAN RESOURCE MANAGEMENT

We continue to focus on building diverse and skilled teams to support the long-term sustainability of our business. Our people strategy emphasises alignment with business objectives, agility in processes, and employee empowerment. During the year, we made steady progress across talent acquisition, employee engagement, policy development, digital enablement, and capability building.

Our recruitment approach prioritises targeted hiring through job portals, employee referrals, online professional networks and campus recruitment. This allows us to reduce reliance on external consultants while ensuring consistent and timely support for our field operations.

When it comes to filling in current openings within the organization, our first priority is always our existing employees. We actively encourage internal growth through Internal Job Postings, which helps us fill roles more quickly while also recognising and rewarding the potential within our organisation.

To address attrition, we launched the ICARE Meet, an initiative led by HR team to build employee confidence, provide a clear path forward, and offer meaningful support. These sessions created a safe space for open dialogue, where employees shared their feedback, helping us rebuild trust and retain key talent, particularly at the Branch Manager level and above.

As part of the broader ICARE Commitment, we also introduced important measures such as mandatory weekly offs, system downtime optimisation, and an enhanced rewards and recognition program all focused on improving the overall employee experience.

We implemented a comprehensive Competency Framework to steer employee development and corporate training, placing a stronger emphasis on digital learning. The onboarding process for new field staff was strengthened, and we introduced a Learning Management System at the head office to streamline training initiatives.

We also rolled out several initiatives focused on employee recognition and well-being. These included

regular health check-up camps, long-service awards to honour our dedicated employees, and tax planning sessions. In collaboration with Apollo Health, we offered health awareness programs to promote overall well-being.

To a sense of connection among our diverse workforce, we celebrated major festivals in the office, enhancing cultural ties and bringing everyone together.

We also updated key HR policies to enhance transparency and operational clarity.

During the year, we advanced HR technology by integrating our HRMS with core business systems and launching Prarambh, a pre-onboarding application.

We launched a Talent Management Program to identify high-potential employees (Hi-Pot) in partnership with a global human capital consultant. Through this initiative, we put in place a robust method to support both succession planning and talent development, ensuring we nurtured the right leaders for the future.

As on March 31, 2025, our workforce comprised 16,454 employees, including field staff. The team grew by 3,357 employees during the year, owing to challenging market conditions and the resultant business requirements.

12. CORPORATE SOCIAL RESPONSIBILITY

We are committed to creating meaningful economic and social value for all our stakeholders as a responsible corporate organisation. Our focus is on driving social transformation through impactful, sustainable initiatives that address the most pressing needs of the communities we serve. To achieve this, we have developed a comprehensive strategy that embraces an integrated approach to community development.

In FY25, our CSR efforts reached 4 states and 12 locations, targeting areas where support was most needed. We rolled out six purpose-driven programs that provided local solutions to real challenges, benefiting over 95,000 individuals. With 82% of the beneficiaries being women, our initiatives were centered on inclusion, empowerment, and creating lasting value for underserved populations.

13. Outlook

SWOT analysis

Strengths

- In-depth industry experience
- Presence across India
- Extensive customer base
- Broad-based fund sources
- Technological integration

Weaknesses

- Vulnerability to economic downturns
- Customer base with modest economic background

Opportunities

- Rural India offers immense potential for microfinance lending, with the government emphasising rural development.
- Newer synergic products
- Digital financial services

Threats

- Weakening JLG discipline
- Increasing migration among borrowers
- Rising inflation
- Increasing geopolitical instability
- Competition from other MFIs & local financiers
- Increase in borrowing costs

14. RISK AND MITIGATION

Effective risk management is crucial for protecting stakeholder interests, ensuring regulatory compliance, and securing the long-term sustainability of the organisation. At Spandana, risk management is a core element of our business strategy, focused on minimising the negative impact of adverse events on our objectives through defined risk policies and appetites. With over two decades of market expertise, such risk focussed processes held us to strengthen our viability and improve growth prospects.

We encounter risks specific to our lending activities and operating environment. We consistently identify, assess, and manage existing and emerging risks by implementing comprehensive policies and procedures. The Risk Management Committee regularly reviews and updates our risk management policies to ensure their effectiveness.

Our policies endeavour to encompass all types of risks that the Company is exposed to, notable among which are the following:

- Credit risk
- Operational risk
- Information technology risk
- Financial risk
- ALM risk
- Liquidity risk
- People risk
- Regulatory risk

For each risk, we have corresponding mitigation plans that undergo regular reviews and refinements to ensure their effectiveness as our response to ever evolving business environment.

15. INTERNAL CONTROL SYSTEMS

Strong internal controls are essential in reducing the risk of financial loss and ensuring the accuracy, completeness, and reliability of financial statements. At Spandana, we have implemented internal control measures that are focused on safeguarding our assets, ensuring regulatory compliance, and preventing

fraud and misconduct. By adopting a comprehensive approach to information security, we prioritise the confidentiality, integrity, and availability of both consumer data and company information.

To strengthen our internal control framework, we adopt a multi-faceted approach that includes concurrent internal audits and regular management reviews. Our internal audit department plays a central role in authorising, documenting, overseeing, and ensuring adherence to processes across all branches, while actively identifying potential financial irregularities. Additionally, we maintain robust internal controls related to both financial statements and operational procedures.

With a dedicated team of 171 auditors strategically positioned 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 perform meticulous audits of branches with significant disbursements to ensure compliance with operational standards. Our robust mechanism validates KYC documentation through monthly audits across all branches. Findings are discussed to enhance monitoring and compliance, underscoring our commitment to transparency and operational excellence.

We are also 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 new software will enhance our operational efficiency by providing immediate insights into loan performance, risk indicators, and compliance measures. By leveraging advanced technology, we aim to strengthen our ability to identify and address potential issues promptly, 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 presentation requirements of Division III of Schedule III of the Act (Ind AS compliant Schedule III), as applicable to the Company.

Cautionary Statement

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

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with the audited financial statements for the financial year ended March 31, 2025.

1. FINANCIAL SUMMARY / PERFORMANCE OF THE COMPANY:

The standalone and consolidated financial statements for the financial year ended March 31, 2025 ('FY25'), 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	
	FY24-25	FY23-24	FY24-25	FY23-24
Income from Operations	2,180.72	2,279.52	2,355.16	2,400.57
Other Income	64.47	107.15	68.93	110.21
Profit Before Depreciation, Interest and Tax (PBDIT)	(379.37)	1,543.13	(423.84)	1,617.76
Depreciation	18.92	19.73	22.70	20.41
Financial charges	875.56	897.38	932.26	926.78
Profit Before Tax	(1,273.85)	626.02	(1,378.80)	670.57
Tax expenses	(317.11)	158.14	(343.64)	169.85
Profit/(Loss) After Tax	(956.74)	467.88	(1,035.16)	500.72
Transfer to Statutory Reserves	-	93.58		
Balance carried to Balance sheet	(956.74)	374.30		

During the year under review, the Income from operations of the Company was ₹2,180.72 crore. The Asset Under Management (AUM) of the Company was ₹6,029.08 crore as on March 31, 2025 as compared to ₹ 11,198.72 crore as on March 31, 2024. During the year the Company suffered a loss of ₹1,273.85 crore as compared to profit of ₹ 626.02 crore in FY 2024.

Since the Company has reported a loss for the year ended March 31, 2025, no amount has been transferred to the statutory reserves.

During FY25, the Company disbursements reached ₹5,017.00 crore. As on March 31, 2025 Return on Asset ("RoA") stood at (9.2%), Return on Equity ("RoE") stood at (31.0%) on standalone basis and Capital Adequacy Ratio was at 36.31 % on standalone basis.

Your Company has strong distribution network of 1,628 branches spread across 414 Districts of 19 states and 1 union territory. On portfolio quality, the Collection Efficiency of portfolio was 92.0% for the quarter ended March 31, 2025.

Your Company has AUM concentration norms at state, district & branch level which ensures low impact

from region-specific issues. Detailed information is provided in the Management Discussion and Analysis report.

1.1 Resource Mobilization

Your Company has raised ₹4,078.87 crore of debt during FY25. With the diversified lender base, your Company has raised ₹731.51 crore through issue of debentures, ₹1,510.54 crore through term loan, ₹1,094.90 crore through securitization and ₹741.92 crore through direct assignment. Your Company has a strong funding access with adequate cash and bank balances of ₹ 1,790.80 crore as on March 31, 2025. 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 FY25.

There are no unclaimed dividends pertaining to previous years or the year under review. Accordingly, there is no requirement to transfer any amount to the Investor Education and Protection Fund (IEPF).

3. OPERATIONAL HIGHLIGHTS AND FUNDRAISE:

The operational highlights of your Company are as follows:

(₹ in crore)

Details	Mar-25	Mar-24	Mar-23
No. of States and UT	20	20	18
No. of Branches	1,628	1,559	1,153
No. of Districts	414	408	314
No. of Employees	16,454	13,097	9,674
No. of Borrowers (in million)	2.31	3.13	2.13
Gross Disbursements (₹ in crore)	5,017.00	10,042.14	7,624.21
Loan Portfolio (₹ in crore) on Balance Sheet	5,554.45	10,566.91	7,466.20
Asset Under Management- AUM (₹ in crore)	6,029.08	11,198.72	7,979.59

- During FY25, 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 FY25, the number of borrowers has decreased from 33.19 lakh to 24.94 lakh on a consolidated basis. The number of branches grew from 1,642 to 1,804 across the states on a consolidated basis.
- Total disbursements is ₹5,604.69 crore for FY25 on consolidated basis.

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, 2025, out of total AUM, securitized portfolio was ₹920.40 crore on a standalone basis.

3.2 Direct Assignment :

During the year, your Company has sold loan portfolio of ₹ 824.36 crore through Direct Assignment. Assigned portfolio was ₹ 528.29 crore out of total AUM of ₹ 6,029.08 crore as of March 31, 2025 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, 2025, 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-25	Mar-24	Mar-23
i) CAR – Tier I Capital (%)	36.31	31.95	36.87
ii) CAR – Tier II Capital (%)	-	-	-
Capital Adequacy Ratio	36.31	31.95	36.87

3.5 Statutory Reserve Fund:

As per section 45IC of RBI Act 1934, your Company is not in requirement to transfer any amount towards Statutory Reserve Fund for FY2025.

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 FY25 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 FY25 are given below:

(₹ in crore)

	June 30, 2024	Sep 30, 2024	Dec 31, 2024	March 31, 2025
High Quality Liquid Assets (HQLA) - comprises of cash and bank balances	1,095	1,508	1,635	1,432
Liquidity Coverage Ratio	416%	662%	716%	801%

4. SHARE CAPITAL/DEBENTURES:

During FY25, the Paid-Up Equity Share Capital of the Company has increased from ₹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 to ₹71,30,51,440/- (Rupees seventy-one crore thirty lakh fifty one thousand four hundred and forty) consisting of 7,13,05,144 (Seven crore thirteen lakh five thousand one hundred forty-four) Equity shares of the face value of 10/- each on account of allotment of share pursuant to exercise of ESOPs.

Allotment of shares under Employee Stock Options

Pursuant to the exercise of Employee Stock Options (ESOPs) 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 7,700 (Seven thousand seven hundred) Equity Shares of the face value of ₹10/- each during FY25.

Preferential issue of shares and warrants

During FY25, 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, 2025:

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.	INE572J07414	28-Jul-22	NCD	Exclusive	23.00	23.00	Listed	NSE	01-Aug-28
2.	INE572J07513	29-Dec-22	NCD	Exclusive	100.00	33.16	Listed	BSE	30-Dec-25
3.	INE572J07562	21-Apr-23	NCD	Exclusive	100.00	10.16	Listed	BSE	24-Apr-25
4.	INE572J07588	09-Jun-23	NCD	Exclusive	75.00	9.38	Listed	BSE	12-Jun-25
5.	INE572J07612	01-Sep-23 27-Sep-23 (Reissuance) 25-Oct-23 (Reissuance) 07-Aug-24 (Reissuance)	NCD	Exclusive	30.00 30.00 40.00 50.00	150.00	Listed	BSE	04-Sep-26
6.	INE572J07638	05-Oct-23	NCD	Exclusive	50.00	37.50	Listed	BSE	22-Sep-25
7.	INE572J07653	15-Dec-23 18-Jan-24 (Reissuance)	NCD	Exclusive	100.00 100.00	200.00	Listed	BSE	18-Dec-25
8.	INE572J07661	12-Feb-24	NCD	Exclusive	100.00	50.00	Listed	BSE	13-Aug-25
9.	INE572J07679	06-Mar-24	NCD	Exclusive	70.00	52.50	Listed	BSE	03-Apr-26
10.	INE572J07687	29-Dec-22	NCD	Exclusive	100.00	8.06	Listed	BSE	30-Apr-25
11.	INE572J07695	20-Mar-24	NCD	Exclusive	50.00	50.00	Listed	BSE	21-Dec-26
12.	INE572J07703	27-Mar-24 29-Apr-24 (Reissuance)	NCD	Exclusive	50.00 50.00	100.00	Listed	BSE	02-Apr-26
13.	INE572J07711	27-Jun-24 01-Aug-24 (Reissuance)11-Sep-24 (Reissuance)	NCD	Exclusive	75.00 150.00 100.00	325.00	Listed	BSE	28-Jun-26
14.	INE572J07729	09-Jul-24	NCD	Exclusive	55.00	55.00	Listed	BSE	10-Jul-26
15.	INE572J07737	13-Aug-24 07-Oct-24 (Reissuance)	NCD	Exclusive	50.00 50.00	100.00	Listed	BSE	14-Apr-27
16.	INE572J07745	21-Apr-23	NCD	Exclusive	100.00	6.03	Listed	BSE	24-Apr-26
17.	INE572J07752	04-Sep-24	NCD	Exclusive	50.00	45.45	Listed	BSE	15-Apr-27

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 18th 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](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 21st Annual General Meeting held on July 30, 2024, had appointed BSR & Co. LLP, Chartered Accountants (Firm Registration No101248W/W-100022) as Statutory Auditors of the Company to hold office for a term of three consecutive years from conclusion of the 21st Annual General Meeting till the conclusion of the 24th Annual General Meeting of the Company to be held in the calendar year 2027, subject to their continuity of fulfilment of the applicable eligibility norms.

The Audit Reports given by the Statutory Auditors on the Annual Audited Consolidated and Standalone Financial Statements of the Company for FY25 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 FY25, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3) (ca) of the Act.

6.2 Secretarial Auditors:

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Alwyn Jay & Co., Company Secretaries in Practice, (CP No.6915), were appointed as the Secretarial Auditor of the Company for FY25.

During FY25, 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 Alwyn Jay & Co., Company Secretaries in Practice, 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, 2025, are annexed to this report as “Annexure I and Annexure II” respectively.

During FY25, 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.

Furthermore, Regulation 24(A) of SEBI Listing Regulations provides detailed norms for appointment, re-appointment and removal of secretarial auditor. Pursuant to recent amendments in the SEBI Listing Regulations, a listed entity should appoint or re-appoint a peer reviewed Secretarial auditor firm as a Secretarial auditor for not more than two terms of five consecutive years, with the approval of its Members.

In conformity with above the Board has appointed M/s Alwyn Jay & Co., Company Secretaries in Practice, (Firm Registration No: P2010MH021500) as Secretarial Auditors of the Company to hold office for a consecutive term of 5 years from FY 2025-26 to FY 2029-30, subject to the approval of the Members of the Company. A proposal on the same forms part of the AGM Notice.

6.3 Internal Auditors:

The Company has an independent internal audit department headed by Chief Internal Auditor, Mr. Sunand Sahu. The internal audit department broadly assesses and contribute the overall improvement of the organization’s governance, risk management, and control processes using a systematic and disciplined approach. The internal audit team follows Risk Based Internal Audit which helps the organization to identify the risks and address them accordingly based on the risk priority and direction provided by the Board of Directors. The Internal audit reports are presented to the Audit Committee of the Board on a quarterly basis. Based on the reports of the internal audit team, the process owners undertake corrective action in their respective areas.

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 following subsidiaries as on March 31, 2025:

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 FY25, 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 turnover or net worth exceeds 10% of the consolidated turnover 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 FY25, 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, 2025, 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 shareholders@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 25 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. Deepak Calian Vaidya (DIN: 00337276)	Independent Director
Ms. Dipali Hemant Sheth (DIN: 07556685)	Independent Director
Mr. Vinayak Prasad (DIN: 05310658)	Independent Director
Mr. Kartikeya Dhruv Kaji * (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* (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. 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 in place of Mr. Kartikeya Dhruv Kaji.

**Mr. Shalabh Saxena resigned and ceased to be a Managing Director & Chief Executive Officer with effect from April 23, 2025.

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. Ramachandra Kasargod Kamath and Mr. Neeraj Swaroop Non- Executive Nominee Director of the Company, are liable to retire by rotation at the 22nd Annual

General Meeting and are eligible for reappointment. The Board of Directors at their meeting held on May 28, 2025, recommended the reappointment of Mr. Ramachandra Kasargod Kamath and Mr. Neeraj Swaroop as the Non-Executive Nominee Directors to the Members of the Company.

Brief profile of Mr. Kamath 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 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.

9.3 Change in the Key Managerial Personnel of the Company:

In terms of Section 203 of the Act, the Key Managerial Personnel ('KMPs') the Company as on March 31, 2025, are: -

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

During FY 2025 there has been no change in KMPs of the Company.

Further, Mr. Shalabh Saxena resigned and ceased to be the Managing Director and Chief Executive Officer of the Company with effect from April 23, 2025 and the Board in its Meeting held on April 23, 2025, has appointed Mr. Ashish Kumar Damani as Interim Chief Executive Officer w.e.f April 23, 2025.

9.4 Familiarisation Programme for Independent Directors:

The details of Familiarisation Programme for Independent Directors is elaborated in the Report on Corporate Governance which forms a part of this Report as **Annexure VIII**.

9.5 Board evaluation:

The details of Board evaluation of all the directors, committees, Chairperson of the Board, and the Board as a whole is elaborated in the Report on Corporate Governance which forms a part of this Report.

10. MEETINGS OF THE BOARD OF DIRECTORS:

During FY25, 13 (Thirteen) Board Meetings were convened out of which 01 (One) Board Meeting were convened through Audio-Visual Electronic Communication Means (AVEC), 03 (Three) Board Meetings were convened physically and 09 (Nine) meeting were convened through in-person and AVEC means. The details related to Board Meetings are provided in Corporate Governance Report forming part of this Report as **Annexure VIII**.

The intervening gap between the Board Meetings is 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 Code provides guidance and support needed for ethical conduct of business and compliance of law. The Code reflects 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 <https://www.spandanaspooorty.com/code-of-conduct>.

The Directors and Senior Management Personnel, have affirmed compliance as per Regulation 26(3) of the SEBI Listing Regulations. A declaration signed by the Company's Interim Chief Executive Officer 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://spandanaspooorty.com/policies> and the details of various CSR initiatives taken by the Company have been disclosed on the website of the Company at <https://www.spandanaspooorty.com/programs-impact-latest>

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 focus 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 function 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 M/s. Alwyn Jay & Co., Company Secretaries in Practice, 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 Annual Report.

16. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

In pursuance of Regulation 34 of SEBI Listing Regulations, the Business Responsibility and Sustainability Report for FY25 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, 2025 is available on the website of the Company at the link: <https://spandanaspooorty.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, 2025, 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 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 ₹ 19.46 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 shareholders@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 FY25, 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 as **Annexure VIII**.

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.CEPD.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 2023- 24 was ₹2,533.95 crore and accordingly, the limit applicable to the Company is ₹ 253.39 crore ('applicable threshold for Material RPTs').

Accordingly, during FY25, 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: +9122-49220590/ Extn-587/537 ComplianceCTL-Mumbai@ctltrustee.com

Website: www.catalysttrustee.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 FY25, two complaints were received by the Committee under the aforesaid Act. One was duly closed during the year as on March 31, 2025, and another was closed during the month of April 2025. No complaints were pending for a period more than 90 days. 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, 2025; 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. 3 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, 2025 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, 2025 have been prepared on a going concern basis;
- e. 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; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. CREDIT RATING (INCLUDING REVISION):

During FY25, your Company has obtained credit ratings for Bank facilities and debt instruments. The details of the same as on March 31, 2025, are provided below:

Instrument	Rating Agency	Rating Action	Rated Amount (₹ Crore)
Bank Facilities	CARE Ratings Limited	CARE A; Negative	1,500.00
	ICRA Limited	[ICRA]A/Negative	2,105
	CRISIL Ratings Limited	CRISIL A -/ Stable	3,500
	India Rating and Research	IND A/ Negative	1,500
Non- Convertible Debentures	CARE Ratings Limited	CARE A; Negative	700
	ICRA Limited	[ICRA]A/Negative	423
	India Rating and Research	IND A/ Negative	1,720
Commercial Paper	CARE Ratings Limited	CARE A1	100
Securitisation	CARE Ratings Limited	CARE AA-(SO)	141.44
	CARE Ratings Limited	CARE AA-(SO)	99.43
	CARE Ratings Limited	CARE AA-(SO)	157.47
	CARE Ratings Limited	CARE AA-(SO)	84.96
	CRISIL Ratings Limited	CRISIL AA+(SO)	197.32
	India Rating and Research	India Rating AA-(SO)	93.19
	ICRA Limited	ICRA AA+(SO)	68.98
	ICRA Limited	ICRA AA(SO)	74.59
	ICRA Rating	ICRA AA-(SO)	138.62
	ICRA Rating	ICRA AA-(SO)	38.90

During the year revision in rating by ICRA from A/positive to A/Negative, by CARE ratings from A+/Stable to A/Negative, by India Ratings from A/Stable to A/Negative and By CRISIL A/Positive to A-/Stable.

35. APPLICATION UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

The Company has not made any application under the Insolvency and Bankruptcy Code, 2016 during FY 25.

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 25.

37. OTHER DISCLOSURES:

- The Company has not revised Financial Statements as mentioned under Section 131 of the Act during FY25.
- 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.
- During the FY 25, the Company has received approval from stock exchanges viz. BSE Limited and National Stock Exchange of India Limited for reclassification of Ms. Padmaja Gangireddy and Mr. Vijaya Sivarami Reddy Vendidandi, from "Promoter" and "Promoter Group" category of shareholders to 'Public' Category of shareholders.
- Details of Penalty or Strictures are disclosed in Corporate Governance Report forming part of this Report.
- There has been no change in the nature of business of the Company during FY25.

- During the FY 25, the Company has complied with provisions relating to the Maternity Benefit Act 1961.
- Information on Gender Wise Composition of Employees has been provided in the Business Responsibility and Sustainability report as annexed to this report as **Annexure-IX**.

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 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
Spandana Sphoorty Financial Limited**

Abanti Mitra
Chairperson and
Independent Director
DIN: 02305893

Ashish Kumar Damani
Interim Chief Executive Officer,
President & Chief Financial
Officer

Place: Mumbai
Date: August 8, 2025

Place: Hyderabad
Date: August 8, 2025

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

[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,
Spandana Sphoorty Financial Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Spandana Sphoorty Financial Limited (CIN: L65929TG2003PLC040648) (hereinafter called the "Company") for the financial year ended March 31, 2025.

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 statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and 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, 2025 complied with the statutory provisions listed hereunder and also that the Company has followed 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, 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable for the review period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") as amended from time to time:
 - (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable to the Company during the period under review;
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable for the review period;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable for the review period;
- (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other specific business/industry related laws applicable to the Company:

The management has identified and confirmed the following law as specifically applicable to the Company:

The Company has complied with the Reserve Bank of India Act, 1934, Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 including RBI directions and guidelines as applicable to NBFCs and the other applicable general laws, rules, regulations and guidelines.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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 matter as specified in Appendix-1 forming part of this report.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/ Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairperson of the Meeting.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communications received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, following important resolutions passed or major events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.:

1. The Company on August 8, 2024, paid an amount of ₹ 38,12,160/- (Thirty-Eight Lakh Twelve Thousand One Hundred Sixty Only) as settlement fees to SEBI.

Subsequent to Company's payment, SEBI vide its Settlement Order No. SO/BM/RK/2024-25/7685 dated August 21, 2024, passed the Settlement Order. Therefore, in view of the acceptance of the settlement terms and the receipt of settlement amount by SEBI, the instant adjudication proceedings initiated against Applicant vide SCN dated January 04, 2024, is disposed of in terms of Section 15JB of the SEBI Act read with Regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.

2. The Company issued and allotted a total of 63,000 Secured, Senior, Redeemable, Transferable, Listed, Rated Non-Convertible Debentures having face value of ₹ 1,00,000/- each on private placement basis.
3. The Company has issued and allotted 7,700 Equity shares under various Employee Stock Option Plan and Scheme.

For ALWYN JAY & Co.
Company Secretaries

Alwyn D'Souza
Partner

Place: Mumbai
Date: May 30, 2025

FCS. 5559 C.P No. 5137
UDIN: F005559G000508028

Note: This report is to be read with our letter of even date which is annexed as

Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
Spandana Sphoorty Financial Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Spandana Sphoorty Financial Limited (hereinafter called "the Company") is the responsibility of the Management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the Management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and

corporate conduct. Further, part of the verification was done on the basis of electronic data provided to us by the Company on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
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.

Appendix-1

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

Sl. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory / Clarification / Fine / Show Cause Notice / Warning, etc.	Details of Violation	Fine Amount (₹)	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
	Delayed intimation for payment made during December 2024 for ISIN: INE572J07513	Regulation 57(1) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulation, 2015.	Delayed intimation for payment made during December 2024 for ISIN: INE572J07513	BSE Limited	Fine	Delayed intimation for payment made during December 2024 for ISIN: INE572J07513	2,360/-	Delayed intimation for payment made during December 2024 for ISIN: INE572J07513 under Regulation 57(1) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulation, 2015. The Company has paid the Fine.	The delay in filing of intimation by one day was due to oversight. The Company paid the fine of ₹ 2,360/- to BSE Limited.	Nil

Secretarial Compliance Report of Spandana Sphoorty Financial Limited for the year ended March 31, 2025

[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 have examined:

- (a) all the documents and records made available to us and explanation provided by Spandana Sphoorty Financial Limited (hereinafter called the "Company"),
- (b) the filings/submissions made by the Company to the stock exchanges,
- (c) Website of the Company,
- (d) any other documents/filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2025 ("Review Period") in respect of compliance with 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 Contract (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circular, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI").

The specific Regulations, as amended from time to time, 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) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable for the Review Period)
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021,
- (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021,
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not applicable to the Company during the Review Period.
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,
- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable for the Review Period)
- (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, and circulars/guidelines issued thereunder.

And based on the above examination, we hereby report that during the Review Period:

(a) The Company has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder including except in respect of the matters specified below:

Sr. 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
1.	Delay in submission of notice of record date ISIN: INE572J07687	Regulation 60(2) of the SEBI (Listing Obligations and Disclosures Requirements), 2015	Delay in submission of notice of record date for ISIN: INE572J07687	BSE Limited	Fine	Delayed submission of the notice of Record Date for ISIN: INE572J07687	11,800/-	Delay in submission of the notice of Record Date for INE572J07687 under Regulation 60(2) of the SEBI (Listing Obligations and Disclosures Requirements), 2015. However, the Company has applied for Waiver of fine to BSE Limited on 30 th April, 2024.	The Company had initially issued partly paid Non-Convertible Debentures (NCDs) under ISIN: INE572J07539, which were subsequently converted into fully paid NCDs. As a result, these NCDs were mapped with a new ISIN: INE572J07687. The Company had applied for listing of the new ISIN with BSE Limited on March 10, 2024, which were admitted for listing by the BSE Limited on March 11, 2024. However, due to "under process" status for the ISIN change on BSE listing portal, the Company was unable to file the Intimation of record date notice for ISIN: INE572J07687 and the Company prudently intimated the same to BSE Limited through its email dated March 11, 2024, to ensure compliance with SEBI Regulations. Given that the inability to file the record date intimation was purely technical and beyond the Company's control, and considering its diligent effort to comply by submitting the necessary disclosure through email, the Company submitted a representation on April 30, 2024, requesting a waiver of the fines imposed. Upon consideration, BSE Limited vide its letter dated August 14, 2024, reversed the fines levied on the Company in this regard.	Based on submissions made by the Company, wherein the Company was not at fault, BSE Limited has reversed the fines levied on the Company in this regard.

Sr. 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
2.	Delay in submission of statement on Redressal of investor Grievances for the quarter ended March 31, 2024.	Regulation 13 of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements), 2015	Delay in submission of statement detailing the Redressal of investor Grievances within the period prescribed.	National Stock Exchange of India Limited (NSE)	Fine	Delayed submission of statement detailing the Redressal of investor Grievances within the period prescribed.	1,180/-	Delay in submission of statement detailing the Redressal of investor Grievances within the period prescribed under Regulation 13 of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements), 2015. However, the Company has applied for Waiver of fine to NSE on 31 st May, 2024.	The Company vide its letter dated May 31, 2024, submitted to NSE that the submission in this regard was successfully filed in BSE Limited's portal within prescribed timelines. However, the same reflected in draft section of NSE listing portal due to technical issue/oversight. The Company submitted a representation on May 31, 2024 to NSE, requesting a waiver of the fines imposed. Accordingly, NSE vide its letter dated August 14, 2024, reversed the fines levied on the Company in this regard.	Based on submissions made by the Company, wherein the Company has reversed the fines levied on the Company in this regard.
3.	Delay in intimation for payment made during the quarter ended September 2024 for ISIN: INE572J07323	Regulation 57(1) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements), 2015	Delayed intimation for payment made during the quarter ended September 2024 for ISIN: INE572J07323	National Stock Exchange of India Limited (NSE)	Fine	Delayed intimation for payment made during the quarter ended September 2024 for ISIN: INE572J07323	1,13,280/-	Delayed interest intimation for ISIN INE572J07323 under Regulation 57(1) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements), 2015. However, the Company has applied for Waiver of fine to NSE on 04 th November, 2024.	The Company, vide its email dated November 4, 2024, informed NSE that the Non-Convertible Debentures (NCDs) issued under ISIN: INE572J07323 were redeemed on March 12, 2024, following the exercise of the Call Option. Consequently, the ISIN was extinguished, rendering all subsequent interest and principal payment dates inapplicable, and requested a waiver of the imposed fines. Accordingly, the NSE, via its letter dated January 27, 2025, reversed the fines levied on the Company in this regard.	Based on submissions made by the Company, wherein the Company has reversed the fines levied on the Company in this regard.

Sr. 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
4.	Delay in submission of notice of record date for ISIN: INE572J07562, INE572J07745	Regulation 60(2) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulation, 2015	Delay in submission of notice of record date for ISIN: INE572J07562, INE572J07745	BSE Limited	Fine	Delayed submission of the notice of Record Date for ISIN: INE572J07562, INE572J07745	23,600/-	Delay in submission of the notice of record date for ISIN: INE572J07562, INE572J07745 under Regulation 60(2) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulation, 2015. However, the Company has applied for Waiver of fine to BSE Limited on 03rd January, 2025,	The Company vide its email dated December 31, 2024, informed BSE regarding the said intimation in relation to the record date for captioned ISINs in compliance with Regulation 60(2) and further clarified that there was no delay, as stated by BSE Limited. The Company submitted a representation on January 3, 2025, to BSE, requesting a waiver of the fines imposed. Response from BSE is awaited in this regard.	Based on submissions made by the Company, wherein the Company was not at fault, it was not required to pay any penalty. However, communication from BSE Limited is awaited.
5.	Delay in submission of interest intimation for month ended December 2024 for ISIN: INE572J07513	Regulation 57(1) of Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulation, 2015	Delay in submission of interest intimation for month ended December 2024 for ISIN: INE572J07513	BSE Limited	Fine	Delayed submission of interest intimation for Month ended December 2024 for ISIN: INE572J07513	2,360/-	Delay in intimation for payment of interest for month ended December 2024 under ISIN: INE572J07513	The Company had inadvertently delayed intimation of interest payment by one working day. A fine of ₹ 2,360/- was paid to BSE Limited.	N.A.

(b) The Company has taken the following actions to comply with the observation made in previous reports:

Sr. No.	Observations/ Remarks of the Practicing Company Secretary (PCS) in the previous reports)	Observations made in the Secretarial Compliance report for the year ended 31st March, 2024 (The years are to be mentioned)	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Details of violation / Deviations and actions taken /penalty imposed, if any, on the Company	Remedial actions, if any, taken by the Company	Comments of the PCS on the actions taken by the Company
1.	National Stock Exchange of India Limited has levied fine of ₹ 10,000/- for the delay in submission of notice of Record Date	Delay in submission of the notice of Record Date for ISIN: INE572J07455 for the period ended 31 st October, 2023	Regulation 60(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Notice of Record Date	Delay in submission of the notice of Record Date for ISIN: INE572J07455 for the period ended 31 st October, 2023	The Company has paid the required fine amount.	The Company has paid the fine amount.
2.	National Stock Exchange of India Limited has levied fine of ₹ 10,000/- for the delay in submission of notice of Record Date	Delay in submission of the notice of Record Date for ISIN: INE572J07489 for the period ended 31 st October, 2023	Regulation 60(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Notice of Record Date	Delay in submission of the notice of Record Date for ISIN: INE572J07489 for the period ended 31 st October, 2023	The Company has paid the required fine amount.	The Company has paid the required fine amount.

Further, we hereby confirm the following for the Review Period:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1.	Secretarial Standards: The compliances of the Company are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).	Yes	Not Applicable
2.	Adoption and timely updation of the Policies: All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the Company. All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/ circulars/ guidelines issued by SEBI.	Yes	Not Applicable
3.	Maintenance and disclosures on Website: - The Company is maintaining a functional website - Timely dissemination of the documents/ information under a separate section on the website - Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website	Yes	Not Applicable
4.	Disqualification of Director: None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	Not Applicable
5.	To examine details related to Subsidiaries of the Company: (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries	Not Applicable	The Company does not have any material subsidiary during the review period
6.	Preservation of Documents: The Company 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	Not Applicable

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
7.	Performance Evaluation: The Company has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	Not Applicable
8.	Related Party Transactions: (a) The Company has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the Company shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/ rejected by the Audit committee.	Yes	Not Applicable
9.	Disclosure of events or information: The Company 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	Not Applicable
10.	Prohibition of Insider Trading: The Company is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	Not Applicable
11.	Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the Company/ 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	Please refer table (a) above.	Please refer table (a) above.
12.	Resignation of statutory auditors from the Company or its material subsidiaries: In case of resignation of statutory auditor from the Company or any of its material subsidiaries during the financial year, the Company and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	Not Applicable	Not Applicable
13.	Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulation/ circular/ guidance note etc.	Not Applicable	Not Applicable

We further, report that the Company is in compliance with the disclosure requirements of Employee Benefit Scheme Documents in terms of regulation 46(2) (za) of the LODR Regulations.

Assumptions & Limitation of scope and Review:

1. Compliance with the applicable laws and ensuring the authenticity of documents and information furnished are the responsibilities of the Management of the Company.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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 ALWYN JAY & Co.
Company Secretaries

Alwyn D'Souza
Partner

Place: Mumbai
Date: May 27, 2025

FCS. 5559 C.P No. 5137
UDIN: F005559G000461291

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

PART A: SUBSIDIARIES

(₹ in Crore)

Sl. No	Particulars	Caspian Financial Services Limited	Criss Financial Limited
1.	CIN/ any other registration number	U65999TG2017PLC120042	U65993TG1992PLC014687
2.	Date when subsidiary was acquired	October 13, 2017	December 27, 2018
3.	Provisions of the Act, pursuant to which the Company has become the subsidiary	Section 2(87)(ii)	Section 2 (87) (ii)
4.	Share Capital	2.00	15.67
5.	Reserves & Surplus	(1.73)	292.13
6.	Total Assets	0.27	806.40
7.	Total Liabilities (Other than Net worth)	-	498.60
8.	Investments	-	-
9.	Turnover	-	190.73
10.	Profit before taxation	(0.01)	(106.95)
11.	Provision for taxation	-	(26.53)
12.	Profit after taxation	(0.01)	(80.42)
13.	Proposed Dividend	-	-
14.	% of shareholding	100%	99.92%

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

Place: Mumbai

Date: August 8, 2025

Ashish Kumar DamaniInterim Chief Executive Officer,
President & Chief Financial Officer

Place: Hyderabad

Date: August 8, 2025

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 2024-25.

Ashish Kumar Damani

Interim Chief Executive Officer,
President & Chief Financial Officer

Place: Hyderabad

Date: August 8, 2025

The Annual Report on CSR Activities to be Included in the Board's Report for Financial Year April 01, 2024, to March 31, 2025

1. Brief outline on CSR Policy of the Company.

The Company is 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.

In alignment with the Companies Act, 2013, our Company pledges to allocate 2% of our annual Net Profit Before Tax towards Corporate Social Responsibility (CSR) initiatives. We focus on empowering marginalized communities through various programs in skill development and livelihoods, education, health, disaster response, promoting clean energy and enhancing financial and digital literacy. This approach contributes to sustainable development in the communities we serve.

2. Composition of CSR Committee:

S. No.	Name of Director	Category	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ramachandra Kasargod Kamath	Chairperson	4	4
2.	Neeraj Swaroop	Member	4	4
3.	Dipali Hemant Seth	Member	4	3
4.	Shalabh Saxena*	Member	4	4

* Mr. Shalabh Saxena, Member of the Committee has resigned w.e.f April 23, 2025 and accordingly, he ceases to be a member of the Committee.

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.spandanasphoorty.com/board-committees>

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

CSR Project Weblink: <https://www.spandanasphoorty.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.

The Company was not liable for the mandatory Impact Assessment. However, the Impact Assessment study was undertaken voluntarily to evaluate the outcomes of the CSR initiatives for the Financial Year 2024. The assessment focused on the following programs:

1. Financial and Digital Literacy Program
2. School Transformation Program
3. Digital Dispensary Program
4. Tailoring Training Program

Reports pertaining to Impact Assessment is available on the Company website at <https://www.spandanasphoorty.com/programs-impact-latest>

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 ₹ 35,97,533

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

- a. Two percent of average net profit of the Company as per section 135(5) – ₹ 4,72,57,066.
- b. Surplus arising out of the CSR projects, programmes, or activities of the previous financial years. - NIL
- c. Amount required to be set off for the financial year, if any – ₹ 35,97,533.
- d. Total CSR obligation for the financial year (7a+7b-7c) - ₹ 4,36,59,533.

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

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

(b) Details of CSR amount spent against ongoing projects for the financial year:

1.	2.	3.	4.		5.	6.	7.	8.	9.	10.	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area		Location of the project.	Project duration.	Amount allocated for the project (₹ in crore)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in crore)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in crore)	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:

Amount Unspent (₹ in crore)					
Total Amount Spent for the Financial Year. (₹ in crore)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in crore)	Date of transfer	Name of the Fund	Amount	Date of transfer
4.62	0	NA	NA	NA	NA

(d) Amount spent in Administrative overheads – ₹ 0.22 crore

(e) Amount spent on Impact Assessment, if applicable – ₹ 0.08 crore

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 4.92 crore

(g) Excess amount for set off, if any - ₹ 0.19 Crore

Sl. No.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the Company as per section 135(5)	4.73
(ii)	Total amount spent for the Financial Year	4.92
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.19
(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)]	0.19

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

Amount (₹ in crore)

S. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount	Date of transfer	
1	2022-23	0	0	NA	NA	NA	NA
2	2023-24	0	0	NA	NA	NA	NA
3	2024-25	0	0	NA	NA	NA	NA
Total		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 (₹ in crore)	Amount spent on the project in the reporting Financial Year (₹ in crore)	Cumulative amount spent at the end of reporting Financial Year. (₹ in crore)	Status of the project Completed /Ongoing
-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-

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

- (a) Date of creation or acquisition of the capital asset(s). Not Applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset. Not Applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

Not Applicable

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

Chairperson – CSR Committee

DIN: 01715073

Ashish Kumar DamaniInterim Chief Executive Officer,
President & Chief Financial Officer

Date: May 30, 2025

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;	The ratio of remuneration of Mr. Shalabh Saxena is 1:370 Non - Executive Directors (Including Independent Directors)* 1:15
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 2024-25;	Shalabh Saxena (MD& CEO): 10.00% Ashish Damani (President & CFO): 20.00% Vinay Prakash Tripathi (Company Secretary w.e.f. January 22, 2024): 0.00%
3.	The Percentage Increase in the Median Remuneration of Employees in the Financial Year;	13.98%
4.	The number of permanent employees on the rolls of the Company (as of March 31, 2025)	16,454
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 25 stand at 13.64% whereas average percentile increased in the remuneration of managerial personnel stands at 13.22%. Further, there were no exceptional circumstances for increase in the managerial remuneration during the FY25.
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

*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

Place: Mumbai

Date: August 8, 2025

Ashish Kumar Damani

Interim Chief Executive Officer,
President & Chief Financial Officer

Place: Hyderabad

Date: August 8, 2025

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)	CIN	U65993TG1992PLC014687
(b)	Name(s) of the related party and nature of relationship:	Criss Financial Limited (CFL), Subsidiary Company
(c)	Nature of contracts/arrangements/ transactions:	Inter-corporate advances
(d)	Duration of the contracts / arrangements/ transactions:	FY 24-25 (One Year)
(e)	Salient terms of the contracts or arrangements or transactions including the value, if any:	143.10 Crore (Gross) 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' growth plan by providing financial support from time to time through Inter-Corporate Advances. 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. 34 of the Standalone Financial Statements.
(f)	Date of approval by the Board	February 15, 2024
(g)	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

Place: Mumbai

Date: August 8, 2025

Ashish Kumar Damani

Interim Chief Executive Officer,
President & Chief Financial Officer

Place: Hyderabad

Date: August 8, 2025

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 an organisation. At Spandana, we strongly believe in the practice of conducting business activities with unwavering ethical standards, ensuring a high level of accountability and trust for all our stakeholders. Our commitment is to create and sustaining long-term, sustainable value through ethically driven business processes.

Our principles 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 emphasize 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 a company. Keeping commitment to the principle of integrity and transparency in business operations for good corporate governance, a Company's policy should have an appropriate blend of independent and non-independent directors to maintain 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.

Mr. Shalabh Saxena resigned from office of the Managing Director & Chief Executive Officer of the Company with effect from April 23, 2025 and Mr. Ashish Kumar Damani, President & Chief Financial Officer was appointed as Interim Chief Executive Officer of the Company. The Board has delegated the operational conduct of day to day affairs of the Company to Interim CEO.

a) Board Composition:

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-Independent 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 comprises of nine (9) Directors drawn from diverse fields/ professions. Out of nine Directors, five (5) are Independent

Directors and four (4) Non-Executive Directors. The Chairperson of the Board is an Independent Director. The profile of Directors is available at <https://www.spandanaspooorty.com/board-of-director>.

During financial year 2024-25 (FY25), 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, 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.

Further, during the financial year 2025-26, till the date of this report, Mr. Shalabh Saxena (DIN: 08908237), resigned from the office of Managing Director and Chief Executive Officer of the Company with effect from April 23, 2025, for pursuing opportunities outside the Company. The Company appointed Mr. Ashish Kumar Damani, President and Chief Financial Officer of the Company as the Interim Chief Executive Officer with effect from April 23, 2025.

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 of the Company. None of the Independent Directors resigned before the expiry of their respective tenures during FY25. As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ('RBI Master Directions'), none of the Independent Directors are on the Board of more than three NBFCs. Further, all the Directors of the Company meet the "fit & proper" criteria as stipulated by RBI. 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 policies 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 Notices of Board/Committee Meetings are given well in advance to all the Directors. The agenda of the Board/Committee Meetings are 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 from 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 a confidential nature or contains unpublished price sensitive information, the same is circulated separately or tabled at the meeting, as the case may be. In special and exceptional circumstances, consideration of any additional agenda item is taken up with the permission of the Chairperson and with the consent of majority of Directors present at the meeting. Approval from the Board is obtained for circulating the agenda items with shorter notice for businesses that form part of the Board and Committee agenda and are considered to be in the nature of Unpublished Price Sensitive Information.

The agenda includes an action taken report comprising of actions emanating from the previous Board/ Committee Meetings and status updates thereof. Agenda for the Board and Committee Meetings covers items set out as per the Act, various SEBI Regulations and RBI Master Directions, to the extent it is relevant and applicable. The agenda for the Board and Committee Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision. The Company also provides its directors, an option to participate through audio/video conference at each of the Board/Committee meeting.

At the Board Meetings, presentations are made by the Senior Management covering 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 the 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, to the extent possible. 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 through 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 directorship 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 (7) listed companies and independent directorship in more than Seven (7) listed companies. Further, pursuant to Regulation 26 of the SEBI Listing Regulations, none of the Directors serves 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. Furthermore, pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based

Regulation) Directions, 2023 ('RBI Master Directions'), none of the Independent Directors are on the Board of more than three NBFCs. For more information on the same, refer the table under the next section i.e. 'Meeting and attendance'.

d) Meeting and attendance:

During FY25, a total of thirteen (13) Board Meetings were held on April 29, 2024, June 04, 2024, July 04, 2024, July 27, 2024, August 01, 2024, October 28, 2024, November 08, 2024, November 13, 2024, December 05, 2024, December 24, 2024, January 23, 2025, January 29, 2025, and March 20, 2025. The meetings are generally held at the Registered Office of the Company situated at Hyderabad. The meetings were held at least once in a quarter and the gap between two meetings have been not more than one hundred and twenty days. The required quorum was present at all the abovementioned meetings. During the year, the Board also transacted some of the businesses 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 / Chairpersonship of Committees held by them as on March 31, 2025, 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##	Chairpersonship (s) of Committees of other Companies##
Independent Director						
Ms. Abanti Mitra	02305893	04-05-2017	4,247	4	3	3
Mr. Animesh Chauhan	02060457	04-08-2022	-	6	5	1
Mr. Deepak Calian Vaidya	00337276	06-06-2018	-	4	3	1
Ms. Dipali Hemant Sheth	07556685	02-05-2023	-	7	5	-
Mr. Vinayak Prasad	05310658	02-05-2023	-	1	-	-
Non-Executive Nominee Directors						
Mr. Neeraj Swaroop	00061170	04-08-2022	-	3	3	1
Mr. Ramchandra Kasargod Kamath	01715073	04-05-2017	-	5	3	1
Mr. Sunish Sharma	00274432	31-03-2017	-	3	1	-
Ms. Saakshi Gera	08737182	22-05-2024	-	6	-	-
Managing Director and Chief Executive Officer						
Mr. Shalabh Saxena*	08908237	19-03-2022	-	2	1	-

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

* Resigned and ceased to be Managing Director and Chief Executive Officer with effect from April 23, 2025.

Sr. No.	Name of the Directors	Category of Directorship	April 29, 2024	June 04, 2024	July 04, 2024	July 27, 2024	August 01, 2024	October 28, 2024	November 08, 2024	November 13, 2024	December 05, 2024	December 24, 2024	January 23, 2025	January 29, 2025	March 20, 2025	Attendance	Whether attended the Annual General Meeting held on July 31, 2024
1	Ms. Abanti Mitra	Chairperson & Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	12/13	Yes
2	Mr. Animesh Chauhan	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	12/13	No
3	Mr. Deepak Calian Vaidya	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13/13	Yes
4	Ms. Dipali Hemant Sheth	Independent Director	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	11/13	Yes
5	Mr. Vinayak Prasad	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13/13	Yes
6	Mr. Kartikeya Dhruv Kaji*	Non-Executive Nominee Director	No	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0/1	NA
7	Mr. Neeraj Swaroop	Non-Executive Nominee Director	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	10/13	Yes
8	Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12/13	Yes
9	Mr. Sunish Sharma	Non-Executive Nominee Director	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	11/13	Yes
10	Ms. Saakshi Gera**	Non-Executive Nominee Director	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	11/12	Yes
11	Mr. Shalabh Saxena#	Managing Director & Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13/13	Yes

Note: Leave of absence was granted to the Director(s) who could not attend respective meeting(s), if any.

* 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.

#Resigned and ceased to be Managing Director and Chief Executive Officer with effect from April 23, 2025.

The details pertaining to the directorships held by the Directors in listed companies other than Spandana Sphoorty Financial Limited as on March 31, 2025, are as follows:

Name of the Director	Name of the listed entity	Nature of Directorship
Ms. Abanti Mitra	Vedant Fashions Limited	Independent Director
Ms. Dipali Hemanth Sheth	Welspun Corporation Limited	Independent Director
	AWL Agri Business Limited	
	Latent View Analytics Limited	
Mr. Neeraj Swaroop	SBFC Finance Limited	Independent Director
Mr. Ramachandra Kasargod Kamath	Aavas Financiers Limited	Non-Executive- Nominee Director
Mr. Sunish Sharma	Vedant Fashions Limited	Non-Executive- Nominee 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 April 29, 2024 during FY2025. 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 Programme 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 Directors are 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.spandanaspooorty.com/investors>.

g) Board Diversity and skills/expertise/ competencies:

The 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 provide 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	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Sunish Sharma	✓	-	✓	✓	✓	-	✓	✓	✓
Ms. Saakshi Gera**	✓	-	✓	✓	✓	✓	✓	✓	-
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.

*** Resigned and ceased to be Managing Director and Chief Executive Officer with effect from April 23, 2025.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board Committee(s) 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 such 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 RBI Master Directions, 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

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 the 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 RBI Master Directions.

All the 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, Head Internal Auditor 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.	Mr. Deepak Calian Vaidya	Independent Director	Member
4.	Ms. Saakshi Gera	Non- Executive Nominee Director	Member

Terms of Reference

During the financial year 2024-25 the terms of reference of the Audit Committee were revised w.e.f. January 23, 2025. The revised terms of reference inter alia, include the following:

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor, internal auditor, cost auditor and secretarial auditor;
- c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;
- d) Approving payments to the statutory auditors, internal auditor, cost auditor and secretarial auditor, for any other services rendered by them;
- e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Act;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;

- (vi) Disclosure of any related party transactions; and
- (vii) Qualifications and modified opinions in the draft audit report.
- f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) Scrutiny of inter-corporate loans and investments;
- h) Valuation of undertakings or assets of the Company, wherever it is necessary;
- i) Evaluation of internal financial controls and risk management systems;
- j) Approval or any subsequent modification of transactions of the Company with related parties;
Explanation: The term "Related Party Transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Act.
- k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutional placement, 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 issue or rights issue or preferential issue or qualified institutional placements, 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) Reviewing the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- v) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- w) Carrying out any other functions as provided under the Act, the SEBI Listing Regulations and other applicable laws;
- x) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
- y) To review the financial statement with respect to its subsidiaries, if any, in particular investments made by the unlisted subsidiaries;
- z) To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement;
- aa) 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.);
- bb) 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;

- cc) 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;
- dd) To monitor and review all frauds that may have occurred in the Company involving an amount of ₹ 0.1 million and above or as decided from time to time;
- ee) 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;
- ff) 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;
- gg) 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;
- hh) 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;
- ii) Reviewing and recommending to the board of directors of the Company potential risks involved in any new business plans and processes;
- jj) 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

- kk) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable laws.

The audit committee shall mandatorily review the following information:

- a) management discussion and analysis of financial condition and results of operations;
- b) management letters / letters of internal control weaknesses issued by the statutory auditors;
- c) internal audit reports relating to internal control weaknesses;
- d) the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee; and
- e) statement of deviations:
 - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Meetings and Attendance:

The Audit Committee met seven (7) times during financial year 2024-25. The required quorum was present in all the Audit Committee Meetings. The gap between two meetings was less than one hundred and twenty (120) days. The attendance of the Directors at the said Meetings was as follows:

Date of meetings	Name of Members				
	Mr. Animesh Chauhan	Ms. Abanti Mitra	Mr. Deepak Calian Vaidya	Mr. Kartikeya Dhruv Kaji*	Ms. Saakshi Gera**
April 29, 2024	Yes	Yes	Yes	No	NA
July 27, 2024	Yes	Yes	Yes	NA	Yes
August 01, 2024	Yes	Yes	Yes	NA	Yes
October 07, 2024	Yes	Yes	Yes	NA	No
October 28, 2024	Yes	Yes	Yes	NA	Yes
December 20, 2024	Yes	Yes	Yes	NA	Yes
January 23, 2025	Yes	Yes	Yes	NA	No

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

**Appointed as a Non-Executive Nominee Director with effect from May 22, 2024. Pursuant to change in Directors, the Committee was reconstituted with effect from May 22, 2024, and Ms. Gera was elected as the Member 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 RBI Master Directions.

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

During the financial year 2024-25 the terms of reference of the Nomination and Remuneration Committee were revised w.e.f. January 23, 2025. The revised terms of reference inter alia, include the following:

- a) For the purpose of identifying suitable candidates, the Committee may:
 - i) use the services of an external agencies, if required;
 - ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii) consider the time commitments of the candidates
- d) Devising a policy on Board diversity;
- e) 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;
- f) To recommend to the board, all remuneration, in whatever form, payable to senior management;
- g) 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.

- h) 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;
- i) To finalise top tier organization structure including top field level functionaries and direct reportees on a periodical basis or as and when required;
- j) 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);
- k) To recommend to the Board a policy, relating to remuneration for the Directors and Key Managerial Personnel;
- l) 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;
- m) 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:
 - n) administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes (the "Schemes");
 - o) delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;
 - p) formulating detailed terms and conditions for the Schemes including provisions specified by the Board of Directors of the Company in this regard;
 - q) determining the eligibility of employees to participate under the Schemes;
 - r) granting options to eligible employees and determining the date of grant;
 - s) determining the number of options to be granted to an employee;
 - t) determining the exercise price under of the Schemes; and
 - u) 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.

- v) 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;

- w) 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;
- x) and 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.

Meetings and Attendance:

The NRC met three (3) times during the financial year 2024-25. The required quorum was present for all the NRC Meetings. The attendance of the Directors at the said meetings was as follows:

Date of meetings	Name of Members			
	Ms. Dipali Hemant Sheth	Mr. Deepak Calian Vaidya	Mr. Kartikeya Dhruv Kaji*	Mr. Sunish Sharma**
April 23, 2024	Yes	Yes	Yes	NA
April 29, 2024	Yes	Yes	No	Yes
January 16, 2025	Yes	Yes	NA	Yes

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

**Pursuant to change in Directors, the Committee was re-constituted with effect from May 22, 2024, and Mr. Sunish Sharma was elected as the Member of the Nomination and Remuneration 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 2024-25 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, Board Committees, Non-Executive Directors and Independent Directors was conducted through separate structured questionnaires, one each for Independent and Non-Executive Directors, Board Chairperson, Board Committees and the Board as a whole. These questionnaires were uploaded into an online platform, 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 exercises were carried out to evaluate the performance of

Directors on parameters, inter-alia, such as attendance, contribution and independent judgment.

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 has 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 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.spandanasphoorty.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 & SMP as recommended by the NRC.

Details of remuneration paid to Directors for FY 2024-25

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.spandanaspfoorty.com/investors>.

(i) Remuneration paid to Non-Executive Directors including Independent Directors for FY2024-25:

Name of the Directors	Salary, Perquisite & Pension	Remuneration	Commissions	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	-	30,00,000	-	-	30,00,000
Mr. Vinayak Prasad	-	30,00,000	-	-	30,00,000
Mr. Neeraj Swaroop	-	30,00,000	-	-	30,00,000
Mr. Ramachandra Kasargod Kamath	-	30,00,000	-	-	30,00,000
Ms. Saakshi Gera	-	-	-	-	-
Mr. Sunish Sharma	-	-	-	-	-

(i) Criteria for 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.spandanaspfoorty.com/policies>.

(ii) Remuneration paid to Executive Directors for FY 2024-25 along with details of fixed components and performance linked incentives along with the Performance Criteria:

Remuneration to Mr. Shalabh Saxena, MD & CEO for FY24-25:

Short-term employee benefits	Other longterm benefits	Share-based payment*	Total
6,05,00,000	28,00,000	4,08,00,000	10,41,00,000

*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.

(iii) 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 months' pay upon termination of the Employment Agreement by the Board. The service contract and the notice period are as per the terms of agreement entered into by him with the Company.

Mr. Saxena had been appointed as the Managing Director and Chief Executive Officer w.e.f. March 19, 2022. He resigned from the position of Managing Director and Chief Executive Officer effective April 23, 2025.

Share Allotment Committee

The Share Allotment Committee has been constituted for approval, issue and allotment of shares pursuant to exercise of options allotted 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 Personnel(s) have been provided under 'Leadership Team' section of the Annual Report.

Further, Mr. Arvind Murarka was appointed as the Chief Information Officer (CIO) w.e.f. March 03, 2025 in place of Mr. Dharmvir Kumar Singh who resigned w.e.f. February 17, 2025.

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	Non-Executive Nominee Director	Chairperson
2.	Ms. Dipali Hemant Sheth	Independent Director	Member
3.	Mr. Neeraj Swaroop	Non-Executive Nominee Director	Member

Terms of Reference

The broad terms of reference of the CSR, inter alia, include 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 2024-25. The required quorum was present for all the CSR meetings. The attendance of the Directors at the said meetings was as follows:

Date of meetings	Name of Members			
	Mr. Ramchandra Kasargod Kamath	Mr. Shalabh Saxena*	Ms. Dipali Hemant Sheth	Mr. Neeraj Swaroop
April 26, 2024	Yes	Yes	No	Yes
August 01, 2024	Yes	Yes	Yes	Yes
October 24, 2024	Yes	Yes	Yes	Yes
January 16, 2025	Yes	Yes	Yes	Yes

*Resigned and ceased to be Managing Director and Chief Executive Officer with effect from April 23, 2025.

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	Non-Executive Nominee Director	Chairperson
2.	Mr. Vinayak Prasad	Independent Director	Member
3.	Mr. Deepak Calian Vaidya	Independent Director	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 2024-25. The required quorum was present for all the SRC meetings.

The attendance of the Directors at the said meetings was as follows:

Date of meetings	Name of Members			
	Mr. Ramchandra Kasargod Kamath	Mr. Vinayak Prasad	Mr. Deepak Calian Vaidya	Mr. Shalabh Saxena*
April 29, 2024	Yes	Yes	Yes	Yes
August 01, 2024	Yes	Yes	Yes	Yes
October 28, 2024	Yes	Yes	Yes	Yes
January 23, 2025	Yes	Yes	Yes	Yes

* Resigned and ceased to be Managing Director and Chief Executive Officer with effect from April 23, 2025.

Details of Investor Grievances:

Mr. Vinay Prakash Tripathi, Company Secretary is the Compliance Officer for resolution of Shareholders' /Investors grievances. During the financial year 2024-25, 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 minimization 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

Terms of Reference:

During the financial year 2024-25 the terms of reference of the Risk Management Committee were revised w.e.f. January 23, 2025. The revised terms of reference inter alia, include the following:

- a) To formulate a detailed risk management policy which shall include:
 - i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii) Business continuity plan.
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- g) To coordinate its activities with other committees, in instances where there is any overlap with activities of the other committees, as per the framework laid down by the board of directors;
- h) To review Company's risk management policies in relation to various risks (credit, market, liquidity, operational and reputation risk);
- i) 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; and
- j) To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to apprise the Board of the Company on a periodic basis.

Meetings and Attendance:

The RMC met four (4) times during the financial year 2024-25. The required quorum was present for all the RMC meetings. The attendance of the Directors at the said meetings was as follows:

Date of meetings	Name of Members				
	Mr. Neeraj Swaroop	Mr. Animesh Chauhan	Ms. Saakshi Gera**	Mr. Shalabh Saxena#	Mr. Kartikeya Dhruv Kaji*
April 26, 2024	Yes	Yes	NA	Yes	No
July 31, 2024	Yes	Yes	Yes	Yes	NA
October 25, 2024	Yes	Yes	Yes	Yes	NA
January 22, 2025	Yes	Yes	Yes	Yes	NA

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

**Appointed as a Non-Executive Nominee Director with effect from May 22, 2024. Pursuant to change in Directors, the Committee was re-constituted with effect from May 22, 2024, and Ms. Gera was elected as the Member of the RMC.

#Resigned and ceased to be the Managing Director and Chief Executive Officer from April 23, 2025.

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.	Mr. Ramachandra Kasargod Kamath*	Non-Executive Nominee Director	Member
3.	Ms. Saakshi Gera	Non-Executive Nominee Director	Member
4.	Mr. Ashish Damani	Interim Chief Executive Officer, President and Chief Financial Officer	Member
5.	Mr. Arvind Murarka	Chief Information Officer	Member

*Inducted as Member of the Committee with effect from July 18, 2025.

Meetings and Attendance:

The Committee met four (4) times during the financial year 2024-25. The required quorum was present for all the meetings. The attendance of the Directors at the said meetings was as follows:

Date Of Meetings	Name of Members						
	Mr. Vinayak Prasad	Ms. Saakshi Gera**	Mr. Shalabh Saxena#	Mr. Ashish Damani	Mr. Dharmvir Kumar Singh##	Mr. Arvind Murarka###	Mr. Kartikeya Dhruv Kaji*
April 23, 2024	Yes	NA	Yes	Yes	Yes	NA	Yes
July 26, 2024	Yes	Yes	Yes	Yes	Yes	NA	NA
October 24, 2024	Yes	No	Yes	Yes	Yes	NA	NA
January 20, 2025	Yes	Yes	Yes	Yes	Yes	NA	NA

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

**Appointed as a Non-Executive Nominee Director with effect from May 22, 2024. Pursuant to change in Directors, the Committee was reconstituted with effect from May 22, 2024, and Ms. Gera was elected as the Member of the Committee.

resigned and ceased to be the Managing Director and Chief Executive Officer w.e.f April 23, 2025.

##Resigned as the Chief Information Officer (CIO) w.e.f. February 17, 2025.

Appointed as Member of the Committee with effect from March 3, 2025.

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.

Terms of Reference:

The terms of reference of the IT Strategy Committee, inter-alia, includes the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; and
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

Current Composition:

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

Terms of Reference:

The terms of reference, 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 Period, the nature of security etc. for the purpose of raising funds in its absolute discretion as deemed fit and to do all such acts, deeds and things as may be required necessary in this regard;
- d. to 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 thirty-six (36) times during the financial year 2024-25. The required quorum was present for all the MC meetings.

h) Asset Liability Management (ALM) Committee:

The ALM Committee has been constituted pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, consisting of Senior Management of the Company.

Current Composition

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

Terms of Reference

The terms of reference for the ALM, inter alia, includes the following:

- 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;
- 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;

- 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.
- To articulate the interest rate view of the Company and decide the pricing methodology for advances in line with extant regulatory guidelines;
- 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;
- 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
- To forecast and analyse the 'What if scenario' and preparation of contingency plan.

Meetings and Attendance

The ALM Committee met five (5) times during the financial year 2024-25. The required quorum was present for all the meetings. The attendance of the Directors at the said meetings was as follows:

Date of Meetings	Name of Members				
	Mr. Shalabh Saxena*	Ms. Abanti Mitra	Mr. Ashish Damani	Mr. Subhrangsu Chakravarty	Mr. Amit Anand
April 26, 2024	Yes	Yes	Yes	Yes	Yes
July 31, 2024	Yes	Yes	Yes	Yes	Yes
October 25, 2024	Yes	Yes	Yes	Yes	Yes
November 13, 2024	Yes	Yes	Yes	No	No
January 22, 2025	Yes	Yes	Yes	Yes	Yes

*Resigned and ceased to be the Managing Director and Chief Executive Officer with effect from April 23, 2025.

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
19 th Annual General Meeting	Day: Wednesday Date: September 21, 2022 Time: 3:00 P.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	1. Issue of Non-Convertible Debentures (NCDs) on Private Placement Basis. 2. Re-appointment of Ms. Abanti Mitra (DIN: 02305893) as an Independent Director of the Company for the second term. 3. Appointment of Mr. Animesh Chauhan (DIN: 02060457) as an Independent Director of the Company.
20 th Annual General Meeting	Day: Tuesday Date: August 01, 2023 Time: 3:30 P.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	1. Issue of Non-Convertible Debentures (NCDs) on Private Placement Basis. 2. Appointment of Ms. Dipali Hemant Sheth (DIN: 07556685) as an Independent Director of the Company. 3. Appointment of Mr. Vinayak Prasad (DIN: 05310658) as an Independent Director of the Company. 4. 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. 5. To approve payment of remuneration to Non-Executive Director (including Independent Directors) of the Company.
21 st Annual General Meeting	Day: Tuesday Date: July 30, 2024 Time: 3:00 P.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility	1. Issue of Non-Convertible Debentures (NCDs) on Private Placement Basis.

ii. The details of Business transacted through Postal Ballot during the Financial Year 2024-25:

During the Financial Year 2024-25, the Company has passed the following special businesses through Postal Ballot on September 15, 2024 and March 02, 2025 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:

Details of special business passed through Postal Ballot on September 15, 2024:

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.	To approve the request received from Ms. Padmaja Gangireddy along with persons acting in concert, belonging to the promoter and promoter group of the Company, for reclassification from the "promoter and promoter group" category to "public" category of shareholder.	Ordinary Resolution	4,87,40,663	4,81,94,323	98.88	5,46,340	1.12
2.	To approve the amendments to the Articles of Association of the Company.	Special Resolution	4,87,40,713	4,81,95,522	98.88	5,45,191	1.12

Details of special business passed through Postal Ballot on March 02, 2025:

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.	To approve raising of funds by way of qualified institutional placement and/or other permissible mean(s) to eligible investors through issuance of securities of the Company, in one or more tranches:	Special Resolution	4,70,67,136	4,65,02,040	98.80	5,65,096	1.20

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, Circular No: 09/2024 dated September 19, 2024 (collectively the 'MCA Circulars'), resolutions were proposed to be passed by means of Postal Ballot, to transact the aforesaid special business by passing Ordinary/Special 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 ballots have been placed on the Company's website and can be accessed at <https://www.spandanasphoorty.com/investors>.

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

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://spandanasphoorty.com/investors>

Website:

The Company's website viz., www.spandanasphoorty.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.

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 shareholders@spandanasphoorty.com exclusively for the investors to communicate their grievances to the Company.

Shareholders/ Investors may write to the Company Secretary at the following address:

Registered office address:

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

Email: shareholders@spandanasphoorty.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 Sphoorty Financial Limited) Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana.

Email ID 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/isrforms.aspx>

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, 2025, 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.

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.

General Shareholder Information

22nd Annual General Meeting

Day and Date	September 16, 2025
Time	03:00 PM
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 22 nd AGM.
Financial Year	2024-25
Dividend Payment Date	NA
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s).	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, 5th 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 2024-25 and financial year 2025-2026 to the Stock Exchanges and Depositories.

Tentative Schedule for the Meetings for the financial year 2025-26:

Particulars	Period
For consideration of unaudited/ Audited Financial Results	
First quarter ending June 30, 2025 (Unaudited)	On or before August 14, 2025
Second quarter and half year ending September 30, 2025 (Unaudited)	On or before November 14, 2025
Third quarter and nine months ending December 31, 2025 (Unaudited)	On or before February 14, 2026
Fourth quarter and financial year ending March 31, 2026 (Audited)	On or before May 30, 2026

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

Distribution of Shareholding as on March 31, 2025:

Category	Shareholders		Equity Shares	
	Number	Percentage	Number	Percentage
1 - 5,000	12,3314	95.78	7660606	10.74
5,001 - 10,000	3,067	2.38	2307656	3.24
10,001 - 20,000	1,328	1.03	19,22,080	2.70
20,001 - 30,000	382	0.30	9,55,294	1.34
30,001 - 40,000	177	0.14	6,27,859	0.88
40,001 - 50,000	110	0.09	5,10,795	0.72
50,001 - 100,000	215	0.17	15,51,552	2.18
100,001 & above	160	0.12	5,57,69,302	78.21
Total	1,28,753	100.00	7,13,05,144	100.00

Categories of Shareholders as on March 31, 2025:

Category	No. of shareholders	No. of Equity Shares	Holding in Equity Share Capital (%)
(A) Promoter and Promoter Group			
Indian	1	50,13,295	7.03
Foreign	1	2,93,03,172	41.10
Total Shareholding of Promoter and Promoter Group	2	3,43,16,467	48.13
(B) Public Shareholding			
Institutions	22	45,99,989	6.45
Institutions (Foreign)	58	1,41,40,957	19.83
Non-Institutions	1,22,919	1,82,47,731	25.59
Total Shareholding of Public	1,22,999	3,69,88,677	51.87
Total of (A & B)	1,23,001	7,13,05,144	100.00

List of top ten public shareholders as on March 31, 2025:

S. No.	Name of Shareholders	No. of Shares	Percentage (%)
1	Kangchenjunga Limited	2,93,03,172	41.10
2	Kedaara Capital Fund III LLP	50,13,295	7.03
3	Goldman Sachs Funds - Goldman Sachs India Equity Portfolio	26,83,121	3.76
4	SG India Alpha Holdings LLC	25,44,954	3.57
5	Valiant Mauritius Partners Offshore Limited	24,11,606	3.38
6	Valiant Mauritius Partners FDI Limited	17,87,889	2.51
7	ICICI Prudential Life Insurance Company Limited	17,41,969	2.44
8	ACM Global Fund VCC	10,05,725	1.41
9	Valiant Mauritius Partners Limited	8,57,578	1.20
10	JM Financial India Trust II-JM Financial India Fund	6,82,313	0.96

c) 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, 2025, are as under:

Particular	No. of Shareholders	No. of Shares	Holding in Equity Share Capital (%)
Held in dematerialised form with NSDL	32,223	6,02,88,364	84.55
Held in dematerialised form with CDSL	95,530	1,10,16,780	15.45
Physical	-	-	-
Total	1,27,753	71305144	100.00

- d) **Credit Rating of the Company:** The details of the Credit Ratings along with revisions thereto have been provided in the Board's Report.
- e) **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.spandanaspchoorty.com/policies>.
- f) **Disclosure on Material Related Party Transactions:** There were no material related party transactions entered by the Company during the financial year 2024-25 which may have potential conflict with the interest of the Company. The details of related party transactions have been provided in the Directors' Report.

g) Penalty or Strictures imposed on the Company by the stock exchanges or SEBI or any statutory authorities on any matter related to capital markets during the last three years 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 (₹)	Status
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.			
FY 2024-25								
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 INE572J07562 & INE572J07745	23,600	Based on submissions made by the Company, wherein the Company was not at fault, it was not required to pay any penalty. The Company has filed an application for waiver, however communication from BSE Limited is awaited.
2.	SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015- Intimation for Interest Payment	Regulation 57(1)	Delay in submission of certificate of interest intimation	BSE Limited	Fine	Delay in submission of certificate of interest intimation for INE572J07513	2,360	The Company had inadvertently delayed intimation of interest payment by one working day. A fine of ₹ 2,360/- was paid to BSE Limited.
FY 2023-24								
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	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 Company had inadvertently delayed intimation of notice of the record date A fine of 10,000/- was paid to NSE Limited.
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	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 Company had inadvertently delayed intimation of notice of the record date A fine of 10,000/- was paid to NSE Limited.
FY 2022-23								

For details on penalties and strictures, please refer page no 140-141 of the Annual report of FY 2022-23 available on the website of the Company at <https://spandanaspooorty.com/investors?id=2>.

h) Breach of Covenants: The Company was in breach of a few specific covenant with respect to Non-Convertible Debt Securities issued by the Company. Details regarding Breach of Covenants are covered under Note No. 51 of the Notes to Financial Statements.

i) 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 behavior, 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>.

- j) **Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:** Foreign currency transactions are fully hedged to limit the risks of adverse exchange rate movement. For more details refer note no 6 and 48 to the Notes to the financial statements.
- k) **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, 2025, 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.
- l) **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 2024-25 is stated in notes to financial statements, which forms part of this Annual Report.
- m) **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.

- n) **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.
- o) **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, 2025.
- p) **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.
- q) **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).** - During the year, the Company has not issued any share through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).
- r) **Details of material subsidiaries:** None of our subsidiaries is a material subsidiary as per the thresholds laid down under the SEBI Listing Regulations.
- s) 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 M/s. Alwyn Jay & Co., Company Secretaries in Practice, forms part of this report as **Annexure A**.
- t) **Disclosures with respect to demat suspense account/ unclaimed suspense account -** Not applicable, as there are no shares held in the demat suspense account or unclaimed suspense account during the reporting period.
- u) The Company has not entered into any agreement requiring disclosure under clause 5A of paragraph A of Part A of Schedule III of SEBI Listing Regulations.

For Spandana Sphoorty Financial Limited

Abanti Mitra

Chairperson and Independent Director
DIN: 02305893

Place: Mumbai

Date: August 8, 2025

Ashish Kumar Damani

Interim Chief Executive Officer,
President and Chief Financial Officer

Place: Hyderabad

Date: August 8, 2025

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members

SPANDANA SPHOORTY FINANCIAL LIMITED

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

Hyderabad Knowledge City, TSIIIC, Raidurg Panmaktha,

Hyderabad – 500081.

1. We have examined the compliances of the conditions of Corporate Governance by **SPANDANA SPHOORTY FINANCIAL LIMITED** (the “Company”) for the financial year ended **March 31, 2025**, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub- regulation (2) of regulation 46 and paras C, D and E of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 (‘Listing Regulations’).
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanation given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
4. 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 ALWYN JAY & Co.
Company Secretaries

Alwyn D’Souza

Partner

FCS. 5559 C.P No. 5137

UDIN:F005550G000508105

Place: Mumbai

Date: May 30th, 2025

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) read with sub-clause (10)(i) of Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Spandana Sphoorty Financial Limited
Galaxy, Wing B, 16th Floor, Plot No.1,
Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg, Panmaktha, Rangareddi,
Hyderabad, Telangana, India, 500081

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Spandana Sphoorty Financial Limited having CIN: L65929TG2003PLC040648 and having registered office at Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg, Panmaktha, Rangareddi, Hyderabad, Telangana, India, 500081 (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 Sub-clause 10(i) of Clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, We hereby certify that none of the Directors of the Company holding directorship on the Board of the Company during financial year ending March 31, 2025 have been debarred or disqualified from being appointed or continuing as director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Designation	Date of appointment
1	Shalabh Saxena ⁽¹⁾	08908237	Managing Director	19/03/2022
2	Sunish Sharma	00274432	Nominee Director	31/03/2017
3	Neeraj Swaroop	00061170	Nominee Director	04/08/2022
4	Animesh Chauhan	02060457	Director	04/08/2022
5	Abanti Mitra	02305893	Director	04/05/2017
6	Deepak Calian Vaidya	00337276	Director	06/06/2018
7	Ramchandra Kasargod Kamath	01715073	Nominee Director	04/05/2017
8	Saakshi Gera ⁽²⁾	08737182	Nominee Director	22/05/2024
9	Dipali Hemant Sheth	07556685	Director	02/05/2023
10	Vinayak Prasad	05310658	Director	02/05/2023
11	Kartikeya Kaji ⁽³⁾	07641723	Nominee Director	21/05/2024

Note:

1. Mr. Shalabh Saxena resigned w.e.f. 23/04/2025
2. Ms. Saakshi Gera was appointed w.e.f. 22/05/2024
3. Mr. Kartikeya Kaji resigned w.e.f. 21/05/2024

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For ALWYN JAY & Co.
Company Secretaries

Alwyn D'Souza
Partner

Place: Mumbai
Date: May 30th, 2025

FCS. 5559 C.P No. 5137
UDIN: F005559G000508061

COMPLIANCE CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER FOR THE FINANCIAL YEAR 2024 25

(Pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part B of Schedule –II)

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - 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:
 - a. significant changes in internal control over financial reporting during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Spandana Sphoorty Financial Limited

Ashish Kumar Damani

Interim Chief Executive Officer,
President and Chief Financial Officer

Date: May 30, 2025
Place: Hyderabad

Business Responsibility & Sustainability Report 2024-25

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 th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg, Panmaktha, Rangareddy, Hyderabad, Telangana, India, 500081
5.	Corporate address	Galaxy, Wing B, 16 th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg, Panmaktha, Rangareddy, Hyderabad, Telangana, India, 500081
6.	E-mail	shareholders@spandanasphoorty.com
7.	Telephone	+9140-45474750
8.	Website	www.spandanasphoorty.com
9.	Financial year for which reporting is being done	01 April 2024 to 31 March 2025
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE); and National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital	71,30,51,440
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 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 Ltd. 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 aim to improve livelihoods and uplift communities.	100%

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

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Microfinance	64990	100%

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	1628	5	1633
International	0	0	0

19. Markets served by the entity:**a. Number of locations**

Locations	Number
National (No. of States and Union Territories)	20
International (No. of Countries)	0

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

0.0%

c. A brief on the types of customers

We serve the low-income and financially 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	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1	Permanent (D)	16454	15974	97%	480	3%
2	Other than Permanent (E)	Not Applicable				
3	Total Employees (D+E)	16454	15974	97%	480	3%
WORKERS						
4	Permanent (F)	Not Applicable				
5	Other than Permanent (G)					
6	Total workers (F+G)					

b. Differently abled Employees and workers:

S. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1	Permanent (D)	0	0	0	0	0
2	Other than Permanent (E)	Not Applicable				
3	Total Employees (D+E)	0	0	0	0	0
WORKERS						
4	Permanent (F)	Not Applicable				
5	Other than Permanent (G)					
6	Total workers (F+G)					

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 2025			FY 2024			FY 2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	56.87%	43.02%	56.53%	48.49%	31.39%	48.14%	50.98%	55.27%	51.09%
Permanent Workers	Not Applicable								

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 Ltd	Wholly owned subsidiary company	100.0%	Yes
2.	Criss Financial Ltd (formerly Criss Financial Holdings Ltd)	Subsidiary company	99.92%	Yes

VI. CSR DETAILS

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes
(ii) Turnover (in ₹): ₹ 2,245.19 Crore
(iii) Net worth (in ₹): ₹ 2,622.77 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 2024-25 Current Financial Year			FY 2023-24 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 https://spandanasphoorty.com/customer-support	0	0	No complaint received	0	0	No complaint received
Investors (other than shareholders)	Yes https://spandanasphoorty.com/customer-support	0	0	No complaint received	0	0	No complaint received
Shareholders	Yes https://spandanasphoorty.com/customer-support	0	0	No complaint received	0	0	No complaint received
Employees	Yes https://spandanasphoorty.com/customer-support	1310	44	Out of the 44 tickets, 40 are already closed during the 1st Quarter of FY 2025-26, and currently 4 tickets are in process.	1802	31	31 tickets closed during 1st quarter of FY 2024-25
Customers	Yes https://spandanasphoorty.com/customer-support	1303	20	All 20 complaints are resolved during 1st Quarter in the month of April, 2025	1821	8	Complaints resolved during 1st Quarter of FY 2024-25
Value Chain Partners	Yes https://spandanasphoorty.com/customer-support	0	0	No complaint received	0	0	No complaint received
Others (please specify)		0	0	No complaint received	0	0	No complaint received

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.

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)
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.
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 underserved 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	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
Policy and Management Processes									
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.	The Company acknowledges its role in creating a positive impact by focusing on investor awareness and corporate social responsibility (CSR). 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. The Company continuously takes measures to align its processes and controls with the principles of sustainable business practices. We are currently engaged in developing our required objectives, obligations, or assessment methodology for all policies. We continuously work towards improving processes, establish protocols to monitor & efficiently utilize resources such as water, paper, and electricity consumption.								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	The Company actively monitors and assesses the implementation of its action plan to ensure strict compliance with established norms. We meticulously track and record key parameters within our policies as part of a continuous learning and development process, with the objective of continually improving and enhancing our policies.								

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).

At Spandana, we recognize that sustainability is not just a regulatory requirement—it is a strategic imperative that strengthens our long-term resilience and reinforces our commitment to inclusive growth. As one of India's leading microfinance institutions, our core mission has always been to serve the financial needs of underserved communities. In recent years, we have broadened this mission to include a stronger focus on environmental stewardship, social responsibility and robust governance.

Guided by our ICARE values—Integrity, Collaboration, Agility, Receptiveness, and Empathy—we remain deeply committed to ethical conduct, stakeholder transparency and the well-being of our employees and communities. These principles are embedded into our governance frameworks, daily operations, and long-term business strategy.

During FY24, we laid the foundation for our ESG journey by codifying our commitments through the adoption of key policies such as the ESG Governance Framework, Environment and Social Policy, and the Policy on Environment and Social Management Systems.

In FY25, we advanced this journey by institutionalizing sustainability further across the organization. We established a formal ESG Committee, mapped ESG-related Key Performance Indicators (KPIs), and conducted enterprise-wide training programs to build awareness and capacity around sustainability and ESG principles. These steps are not just symbolic—they reflect our intent to integrate ESG considerations into the heart of our decision-making and operational planning.

The Board of Directors, its committees and the executive leadership team review our sustainability performance to ensure alignment with our strategic priorities and regulatory expectations. We are committed to continuous improvement and transparency in our disclosures, including those under the Business Responsibility and Sustainability Report (BRSR) framework.

As we move ahead, Spandana will continue to innovate, adapt and lead with purpose—empowering women and communities across India, while contributing positively to the planet and future generations

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Mr. Ashish Damani, Interim CEO, President and CFO, Telephone number: 040-45474750 E-mail address: shareholders@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 identified initiatives, set targets and manages sustainability risks and opportunities. The Board of Directors oversees 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 drives and oversee sustainability related actions and progress on key performance indicators. The Sustainability Working Group consists 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)	Not Applicable								
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)									

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 & SEBI Regulations, RBI Master Directions & Circulars on NBFCs, Outsourcing of Information Technology Services, Fair Lending Practices, Risk Management	100%
Key Managerial Personnel	4		100%
Employees other than BoD and KMPs	5		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	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 2024-25 (Current Financial year)	FY 2023-24 (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 2024-25 (Current Financial year)		FY 2023-24 (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 24-25.

8. Number of days of accounts payable ((Accounts payable *365) / Cost of goods and services procured) in the following format:

	FY 2024-25	FY 2023-24
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

Parameter	Metrics	FY 2024-25	FY 2023-24
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	23.57	73.60
	ii) Total loans & advances	5578.02	10640.51
	iii) Loans & advances given to related parties as % of Total loans & advances	0.42%	0.69%
	d. i) Investments in related parties	315.00	217
	ii) Total Investments made	424.75	328.78
	iii) Investments in related parties as % of Total Investments made	74.16%	66.00%

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 24-25.

- 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	₹ 6.28 crore	₹ 11.54 crore	IT Capex

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)
Yes
- b. If yes, what percentage of inputs were sourced sustainably?
100%
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.
We have a properly documented and audited process for the E-waste of all IT assets
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.
No

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,

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)
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 2024-25 Current Financial Year	FY 2023-24 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 2024-25			FY 2023-24		
	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)
Permanent Employees											
Male	15974	15974	100%	15974	100%	-	-	15974	100%	0	-
Female	480	480	100%	480	100%	480	100%	-	-	-	-
Total	16454	16454	100%	16454	100%	480	3%	15974	97%	0	-
Other than Permanent Employees											
Male	Not Applicable										
Female											
Total											

- 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)
Permanent Employees											
Male	Not Applicable										
Female											
Total											
Other than Permanent Employees											
Male	Not Applicable										
Female											
Total											

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format.

	FY 2024-25	FY 2023-24
Cost incurred on well-being measures as a % of total revenue of the Company	₹8.23 crore	₹5.16 Crore

2. Details of retirement benefits for the current and previous financial year.

Category	FY 2024-25			FY 2023-24		
	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%	Not Applicable	Y	100%	Not Applicable	Y
Gratuity	100%		No employee deduction; employer deposits directly with the authority.	100%		Y
ESI	100%		Y	100%		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>

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%		
Total	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 (https://spandanasphoorty.com/policies).
Other than Permanent Employees	Not Applicable

7. Membership of employees and worker in association(s) or Unions recognized by the entity.

Category	FY 2024-25 (Current Financial Year)			FY 2023-24 (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)
Total Permanent Employees	16454	0	-	13097	0	-
Male	15974	0	-	12852	0	-
Female	480	0	-	245	0	-
Total Permanent Workers	Not Applicable			Not Applicable		
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2024-25 Current Financial Year					FY 2023-24 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	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees	16454	15382	93.48%	10578	64.29%	13097	11465	87.54%	8397	64.11%
Male	15975	15165	94.93%	10404	65.13%	12852	11357	88.37%	8313	64.68%
Female	480	217	45.21%	174	36.25%	245	108	44.08%	84	34.29%
Workers	Not Applicable					Not Applicable				
Male										
Female										

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

Category	FY 2024-25 (Current Financial Year)			FY 2023-24 (Previous Financial Year)		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	15974	10,771	67.43%	12852	9,968	77.56%
Female	480	239	49.79%	245	203	82.86%
Total	16,454	11,010	66.91%	13097	10,171	77.66%
Workers						
Male	Not Applicable			Not Applicable		
Female						
Total						

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 2024-25	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	Not applicable	Not applicable
Total recordable work-related injuries	Employees	0	0
	Workers	Not applicable	Not applicable
No. of fatalities	Employees	0	0
	Workers	Not applicable	Not applicable
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	Not applicable	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 2024- 2025			FY 2023-24		
	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 24-25 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 24-25

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 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)	FY 2024-25 (Current Financial Year)	FY 2023-24 (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 24-25.

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	- Evaluating employee performance and offering incentives, - providing opportunities for professional growth and skill enhancement, - implementing measures to promote employee health and safety - Feedback and suggestions - Employee rewards and recognitions - Updates on Company's performance and future plans
Customers	No	SMS, Website, Phone, Center Meetings, Branches		- Distribution of products - Providing excellent customer service throughout the entire customer journey - ensuring continuous awareness of product features, advantages, and potential drawbacks - Address customer queries and complaints - Promoting financial literacy
CSR Partners	No	Email, SMS, Phone, Meetings		- Community development initiatives - Environment preservation - Volunteering activities in local communities
Receiver of CSR initiatives	Yes	Meetings, Phone		
Investors & Analysts	No	Meetings, Calls, Website, Newspaper, Email		- Updating on business performance and outlook, - Timely update of financial results, - Industry developments, - Addressing key issues & concerns - Updates on key changes in regulatory and operational environment
Lenders, Media, Rating agencies and other business partners	No	Meetings, Calls, Website, Newspaper, Email		- Updating on business performance and outlook, - Timely update of financial results, - Industry developments, - Addressing key issues & concerns - Updates on key changes in regulatory and operational environment

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
Government & Regulatory bodies	No	Meetings, Calls, Website, Newspaper, Email		• Compliance with all applicable laws and communication of required updates • Implementation of Governance frameworks & assistance in inspections • Payment of all applicable taxes • Updating on business performance and outlook, • Timely update of financial results, • Addressing key issues & concerns

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.

- 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.
- 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 750 women across 05 tailoring centres in FY 2024-25. As a result of Spandana's efforts, 598 women have successfully become self-employed while 11 women have secured job placements. In addition, we have also provided financial and digital literacy training to more than 34003 women during the year.
- 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

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

Category	FY 2024- 2025			FY 2023-24		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (A)	No. of employees/ workers covered (B)	% (B/A)
Employees						
Permanent	16454	16004	97.27%	13097	12830	97.96%
Other than permanent	NA					
Total	16454	16004	97.27%	13097	12830	97.96%
Workers						
Permanent	Not Applicable			Not Applicable		
Other than permanent						
Total						

- Details of minimum wages paid to employees and workers, in the following format.

Category	FY 2024- 2025 Current Financial Year					FY 2023-24 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)
Employees										
Permanent	16454	0	0%	16454	100%	13097	0	0%	13097	100%
Male	15974	0	0%	15974	100%	12852	0	0%	12852	100%
Female	480	0	0%	480	100%	245	0	0%	245	100%
Other than Permanent	Not Applicable					Not Applicable				
Male										
Female										
Workers										

Category	FY 2024- 2025 Current Financial Year					FY 2023-24 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)
Permanent	Not Applicable					Not Applicable				
Male										
Female										
Other than Permanent										
Male										
Female										

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	5,78,16,000		
Employees other than BoDs and KMP	15971	1,96,210	480	2,12,319
Workers	Not Applicable			

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024-25	FY 2023-24
Gross wages paid to females	11,87,77,567	71381984
Total wages	3,99,74,97,995	3,25,34,22,001
Gross wages paid to females (Gross wages paid to females as % of total wages)	2.97%	2.19%

3. 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.

4. 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.

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

Category	FY 2024- 2025			FY 2023-24		
	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	2	1	Reported Case closed in the month of April-2025	0	0	No such cases reported
Discrimination at the workplace	0	0	No such cases reported	0	0	No such cases reported
Child Labor	0	0	No such cases reported	0	0	No such cases reported
Forced Labor/ Involuntary Labor	0	0	No such incidents reported	0	0	No such incidents reported
Wages	0	0	No such cases reported	0	0	No such cases reported
Other human rights related issues	0	0	No such incidents reported	0	0	No such incidents reported

6. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2024- 2025	FY 2023-24
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	2	0
Complaints on POSH as a % of female employees/workers	0.45%	0.00%
Complaints on POSH upheld	2	0

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

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

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

The Company while onboarding the Service Provider(s)/Third Party Vendors ensure that the relevant clauses are captured explicitly by giving reference to the Company's Code of Conduct which broadly refers to the aspects protecting the Human rights

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labor	100%
Forced/Involuntary Labor	100%
Sexual Harassment	100%
Discrimination at Workplace	100%
Wages	100%
Others- please specify	-

10. 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 24-25.

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. In certain locations separate restrooms are provisioned to accommodate the special needs of wheelchair users. The organization is committed to respecting human rights, creating inclusive environment & safe work conditions, and conducting its business ethically.

4. Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
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 24-25.

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 2024- 2025 Current Financial Year	FY 2023- 2024 Previous Financial Year
From renewable sources		
Total Electricity Consumption (A)	0	-
Total Fuel Consumption (B)	0	-
Energy Consumption through other sources (C)	0	-
Total Energy Consumed from renewable sources (A+B+C)	0	-
From non-renewable sources		
Total Electricity Consumption (D)	17843.55 GJ	13738.05 GJ
Total Fuel Consumption (E)	1913 GJ	2514.14 GJ
Energy Consumption through other sources (F)	0	0
Total Energy consumed through non-renewable energy sources (D+E+F) *	19756.55 GJ	16252.19 GJ
Total Energy consumed (A+B+C+D+E+F)	19756.55 GJ	16252.19 GJ

Parameter	FY 2024- 2025 Current Financial Year	FY 2023- 2024 Previous Financial Year
Energy Intensity per rupee of turnover* (Total energy consumed/Revenue from operations)	0.88 KJ/₹	0.67 KJ/₹
Energy Intensity per rupee of turnover adjusted from Purchasing Power Parity (Total energy consumed/Revenue from operations adjusted for PPP)	Not Applicable	Not Applicable
Energy intensity in terms of physical output	Not Applicable	Not Applicable
Energy intensity (optional)- the relevant metric may be selected by the entity	1.20 GJ/FTE	1.24 GJ/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

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 2024- 2025 Current Financial Year	FY 2023- 2024 Previous Financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface Water	0	0
(ii) Groundwater	*489.43 KL	*655.26 KL
(iii) Third party water	0	0
(iv) Seawater/desalinated water	0	0
(v) Others (Drinking Water)	3831.14 KL	2737.93 KL
Total volume of water withdrawal (i + ii + iii + iv + v)	4320.57 KL	3393.19 KL
Total volume of water consumption (in kilolitres)	4320.57 KL	3393.19 KL
Water intensity per rupee of Turnover (Total water consumption / Revenue from operations)	1.92 KL/Crore ₹	1.41 KL/Crore ₹
Water Intensity per rupee of turnover adjusted from Purchasing Power Parity (Total water consumption/Revenue from operations adjusted for PPP)	Not Applicable	Not Applicable
Water intensity in terms of physical output	Not Applicable	Not Applicable
Water intensity (optional)- the relevant metric may be selected by the entity	0.26 KL/FTE	0.25 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 2025- 2024 Current Financial Year	FY 2023-24 Previous Financial Year
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface Water	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		
(ii) To Groundwater		
- No treatment		
- With treatment- please specify the level of treatment		
(iii) Sent to Third parties		
- No treatment		
- With treatment- please specify the level of treatment		
(iv) To Seawater		
- No treatment		
- With treatment- please specify the level of treatment		
(v) Others		
- No treatment		
- With treatment- please specify the level of treatment		
Total water discharged (in kilolitres)		

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

NA

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:

Parameter	Please specify unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (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) & its intensity.

Parameter	Unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tonnes of CO ₂ equivalent	186.53 tCO ₂ e • CO ₂ : 172.34 • Methane: 6.05 • N ₂ O: 2.96 Refrigerants: 5.195*	178.165 tCO ₂ e • CO ₂ : 168.76 • Methane: 2.056 • N ₂ O: 2.155 Refrigerants: 5.195*
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs SF ₆ , NF ₃ , if available)	tonnes of CO ₂ equivalent	3603.40 tCO ₂ e**	3140.67 tCO ₂ e**
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Gram/₹	0.1688-gram CO ₂ e/ ₹	0.125-gram CO ₂ e/ ₹
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	Not Applicable
Total Scope 1 and Scope 2 emission intensity in terms of physical output		Not Applicable	Not Applicable
Total Scope 1 and Scope 2 emission intensity (optional)- the relevant metric may be selected by the entity	Tonnes CO ₂ e/FTE	0.230 tCO ₂ e/FTE	0.2534 tCO ₂ e/FTE

* Assumptions:

- The leakage factor of refrigerant from air conditioners is based on 255 working days, with 8 hours of daily operation.
- 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:

- Emissions from electricity Consumption: 3262.25 tCO₂e
- Emissions from electricity Consumption for Airconditioners: 341.16 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 24-25.

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

Parameter	FY 2024- 2025 Current Financial Year	FY 2023-24 Previous Financial Year
Total waste generated (in metric tonnes)		

Parameter	FY 2024- 2025 Current Financial Year	FY 2023-24 Previous Financial Year
Plastic Waste (A)		-
E-waste (B)		-
Biomedical waste (C)		-
Construction and demolition waste (D)		
Battery waste (E)		
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)		
Total (A+B+C+D+E+F+G+H)		-
Waste intensity per rupee of 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)		-
Waste intensity in terms of physical output		-
Waste intensity (optional)- the relevant metric may be selected by the entity		-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled		-
(ii) Re-used		-
(iii) Other Recovery operations		-
Total		
Category of Waste		
(i) Incineration		
(i) Landfilling		
(i) Other disposal operations		
Total		

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)
	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:

(i) **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.

(ii) **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.

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

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface Water	0	0
(ii) Groundwater	*489.43 KL	655.26*KL
(iii) Third party water	0	0
(iv) Seawater/desalinated water	0	0
(v) Others (Drinking Water)	3831.14 KL	2737.93 KL
Total volume of water withdrawal (in kilolitres)	4320.57 KL	3393.19 KL
Total volume of water consumption (in kilolitres)	4320.57 KL	3393.2 KL
Water intensity per rupee of turnover (water consumed/ turnover)	1.92 KL/Crore ₹	1.41 KL/ Crore ₹
Water intensity (optional)- the relevant metric may be selected by the entity	0.26 KL/FTE	0.25 KL/FTE
Water discharge by destination and level of treatment (in kilolitres)		

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
(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		
Total water discharged (in kilolitres)		

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 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ 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.	- Reduction in energy consumption - Reduction in Scope-2 GHG Emissions
2	The Company replaced plastic water bottles with glass or steel bottles.	- Reduction in Single Use Plastic (SUPs) consumption - Reduction in overall plastic waste
3	The Company emphasizes more on digitalization to minimize paper waste.	Reduction in paper consumption

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?

No

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, https://mfinindia.org/	National
2	Sa-Dhan, https://www.sa-dhan.net/	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
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 24-25.		

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
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 Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
School Transformation Program –Wash infrastructure and Smart classroom provided in govt schools	NA	NA	Yes	Yes	https://spandan-asphoorty.com/assets/docs/Impact_Assessment_Final_Report.pdf
Telehealth services through the digital dispensary- Digital dispensary established to provide affordable & accessible health care facilities to the rural community					
Tailoring Training Program- 3 months Training on tailoring skills provided to the rural women					
Financial & Digital Dispensary Program – Half day training on Financial & digital Literacy provided to the rural women					

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 ₹)
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://spandanasphoorty.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 2024- 2025 Current Financial Year	FY 2023-24 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 2024- 2025 Current Financial Year	FY 2023-24 Previous Financial Year
Rural	13133	7634
Semi-urban	0	18
Urban	3321	5445
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
No negative social impacts identified in the social impact assessment study.	

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	1,09,67,280
2.	Bihar	Nawada	11,83,167
3.	Bihar	Jamui	28,94,488

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 24-25.		

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	750	100%
2	Thematic area: Health Digital Dispensary to facilitate Telehealth services to the rural citizen	51691	100%
3	Thematic area: Education School transformation program	4894	100%
4	Thematic area: Financial and Digital Literacy Training on Financial and digital literacy to rural women	34003	100%
5	Thematic area: Promoting Clean Energy Strengthening local livelihoods in Koraput District (Odisha) using sustainable energy.	1020	100%
6	Thematic area- Disaster Response Distribution of grocery kits to the flood affected area families	3150	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://spandanasphoorty.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 2024- 2025 Current Financial Year			FY 2023-24 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.	1303	20	All 20 complaints are resolved during 1st Quarter in the month of April-25 of FY 2025-26	1821	8	8 complaints resolved during Q1 of FY24 - 25

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

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 24-25.

7. Provide the following information relating to data breaches:

- Number of instances of data breaches: 0
- Percentage of data breaches involving personally identifiable information of customers: 0
- 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://spandanasphoorty.com/products.php>
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 standalone financial statements of Spandana Sphoorty Financial Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2025, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Impairment loss allowance on loans

Refer to the accounting policies in "Note 3 (j) to the standalone financial statements: Impairment of financial assets".

Note 2 (d) to the standalone financial statements: Material Accounting Policies - use of estimates and judgments", "Note 7 and Note 51 to the standalone financial statements: Loans

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone 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 on the standalone financial statements.

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 standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Impairment loss allowance on loans of ₹ 540.80 crores as at 31 March 2025 Allowance charged to statement of profit and loss: ₹ 1,769.66 crores for the year ended 31 March 2025 Under Ind AS 109, Financial Instruments, impairment loss allowance is determined using expected credit loss ("ECL") model. Recognition and measurement of impairment loss allowance on loans involves significant judgement and estimates. The key areas where increased levels of audit focus in the Company's estimation of impairment loss allowance on loans are: a) Data inputs - The application of ECL model requires several data inputs. This increases the risk of irrelevant data used to create assumptions in the model.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient audit evidence: Testing of design and operating effectiveness of controls: Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of impairment loss allowance on loans. Testing the relevant manual, general IT and application controls over key systems used in the impairment of loss allowance on loans. Key aspects of our testing of the design, implementation and operating effectiveness involves the following: a) Testing the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. b) Testing the key governance controls over evaluation, implementation and model monitoring. c) Testing the key controls over the application of the staging criteria.

The key audit matter	How the matter was addressed in our audit
b) Model estimations - Inherently judgmental models are used to estimate impairment loss allowance on loans which involves determining Probabilities of Default, Loss Given Default, and Exposures at Default. The Probabilities of Default and the Loss Given Default are the key drivers of estimation complexity in ECL model and hence are considered the most significant judgmental aspect of the Company's modelling approach. c) Economic scenario: Ind AS 109 requires the Company to measure impairment loss allowance on loans in an unbiased forward- looking basis reflecting a range of future economic scenarios. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them. d) Post model adjustments / additional provision / technical write offs: Adjustments to the model-driven ECL results as additional charge are recorded by the Company to address risks not captured by models for specific exposures and accelerated technical write offs made on prudential basis. Significant judgement is involved in estimating additional charge. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Disclosure The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key estimates, judgements and inputs used in Impairment loss allowance on loans. Given the size of loan portfolio relative to the balance sheet and the impact of impairment loss allowance on the financial statements we have considered this as a key audit matter.	d) Testing the key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. e) Testing the key controls operating over the information used in the computation of impairment loss allowance on loans including system access, change management, program development and computer operations. f) Testing management's controls over authorisation and computation of post model adjustments and additional provision and accelerated technical write off. g) Testing the Company's controls on compliance with Ind AS 109 disclosures related to impairment loss allowance on loans. Test of details: Key aspects of our testing includes: a) Assessing the Company's rationale for determination of criteria for significant increase in credit risk. b) Testing of sample over key inputs, data and assumptions impacting ECL model to assess relevance of data, economic forecasts, weights, and model assumptions applied. c) Testing computation of model driven impairment loss allowance on loans through re-performance on a sample basis. d) Assessing adequacy of disclosures included in the financial statements in respect of expected credit losses. e) Assessing the Company's rationale for determination of criteria for accelerated technical write offs. f) Testing details of post model adjustments/additional provision as well as the accelerated technical write offs recorded. Involvement of specialists We involved financial risk modelling specialists for the following: a) Evaluating the Company's Ind AS 109 impairment methodologies and assumptions used. b) Evaluating the relevance of inputs used in the model for computation of impairment loss allowance on loans.

Information Technology systems and controls

The key audit matter	How the matter was addressed in our audit
Information Technology ('IT') systems and controls The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems. There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, use of system generated reports in management controls and the complexity of the IT architecture. Further, it impacts on the overall financial reporting process and regulatory expectation on automation.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient audit evidence for scoped in applications by involving our IT specialist: a) Evaluating and testing the design, implementation and operating effectiveness of IT applications controls relevant to the accuracy of system computations, and the consistency of data transmission relating to significant accounts. b) Evaluating and testing the design, implementation and operating effectiveness of key General IT Controls. This includes controls on Access management, Change management and Computer Operations. c) Testing the design and operating effectiveness of key controls over user access management. This includes access authentication through password configuration management, granting or modification of user access, creating new users, deactivating user access for exiting users, user access and privileged access examination basis their role and function. d) Testing the design, implementation and operating effectiveness of the IT automated controls which are relevant to the accuracy of system computations impacting balances in significant accounts.

The key audit matter	How the matter was addressed in our audit
	e) Testing the controls over changes to applications including access to configure changes, approvals required to deploy the changes, segregation of environment and segregation of duties in change management. f) Testing the design and operating effectiveness of audit trail (edit log) feature for the in-scope applications i.e. where books of accounts are maintained in an electronic mode using an accounting software. g) Testing the controls over computer operations including controls over backup of data, controls on operating system and database viz. authorized access, password management and changes. For the identified gaps in the internal control system with respect to GITCs, we altered our audit approach and performed additional substantive procedures for relevant account balances in order to obtain additional audit evidence.

Deferred tax assets

Refer to the accounting policies in Note 3 (e) to the standalone financial statements: Income taxes and Note 11 to the standalone financial statements: Deferred tax assets (net)

The key audit matter	How the matter was addressed in our audit
Deferred tax assets (net) of ₹ 437.97 crores as at 31 March 2025 Under Ind AS 12 – Income taxes, the Company is required to reassess recognition of the deferred tax assets at each reporting date. The Company has deferred tax assets in respect of unused tax loss for the current year and other temporary differences. The Company's deferred tax assets are based on the projected profitability. This is to be determined on the basis of approved business plans and availability of sufficient taxable income to utilize such unused tax losses. We have identified recognition of deferred tax assets as a key audit matter because of the related complexity and subjectivity of the assessment process. The assessment process is based on assumptions affected by expected future market and other relevant conditions.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient audit evidence: a) Evaluating the design and testing the operating effectiveness of controls over assessment of deferred tax balances and underlying data. b) Evaluating the approved business plans and the basis for projections of future taxable profits. c) Testing the underlying data and assumptions used in the profitability projections and performing sensitivity analysis. d) Assessing the recoverability of deferred tax assets based on projected profits based on Company's forecasts and sensitivity analysis and other relevant conditions. e) Evaluating the adequacy of the Company's disclosures on deferred tax.

Other Information

The Company's Management and 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 financial statements and auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements 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

- a. The standalone financial statements of the Company for the year ended 31 March 2024 were audited by the predecessor auditor who had expressed an unmodified opinion on 29 April 2024.

Report on Other Legal and Regulatory Requirements

1. 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.

- 2 A. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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 matter stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - The matter described in the Basis for Qualified Opinion paragraph in "Annexure B" with respect to adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Company, in our opinion, may have an adverse effect on the functioning of the Company.
 - On the basis of the written representations received from the directors as on 1 April 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.
 - The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its standalone financial statements

- Refer Note 35 to the standalone financial statements.

- The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 53 (m) to the standalone financial statements.
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 45 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in 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 on behalf of the Ultimate Beneficiaries.
 - The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 46 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- The Company has neither declared nor paid any dividend during the year.
- Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of accounts, which have a feature of recording audit trail (edit log) facility and the same has operated throughout

the year for all relevant transactions recorded in the respective softwares except that the feature of recording of audit trail (edit log) facility was not enabled at the database level for the accounting software used for maintaining general ledger for the period from 1 April 2024 to 13 May 2024, to log any direct data changes. Further, where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting softwares, we did not come across any instance of the audit trail feature being tampered with.

Additionally, the audit trail (edit log) facility in respect of the previous year has been preserved by the Company as per the statutory requirements for record retention, except for the instance mentioned below:

- (a) in case of accounting software used for maintaining general ledger, the audit trail is not preserved for the database level; and
- (b) in case of accounting software used for maintaining the books of account relating to payroll, we are unable to comment whether the audit trail has been preserved by the Company.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Kapil Goenka

Partner

Place: Hyderabad

Date: 30 May 2025

Membership No.: 118189

ICAI UDIN:25118189BMLJVQ9189

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (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 a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) 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 revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering loans to the borrowers. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) 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 made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following:

Extent of delay #	Count of loans	Amount (₹ in crores)	Due date
1 to 30 days	70,591	14.10	Various due dates
31 to 60 days	1,37,956	57.35	Various due dates
61 to 90 days	94,355	59.28	Various due dates
91 days and above	1,60,797	148.40	Various due dates

Extent of delay is based on days past due status of loans as on 31 March 2025.

Having regard to the nature of Company's business and the volume of information involved, it is not practicable to furnish the item-wise listing of loan assets where delinquencies in the repayment of principal and interest have been identified.

For the following cases, where there is no stipulation of schedule of repayment of principal, we are unable to comment on the regularity of repayment of principal:

Name of Entity	Amount as at 31 March 2025 (₹ in crores)	Remarks
Criss Financial Limited	23.57	There is no stipulation of schedule of repayment of principal, however the interest are received on regular basis.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of ₹ 123.10 crores (principal

amount) and ₹ 25.30 crores (interest) overdue for more than ninety days as at 31 March 2025. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest.

- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	All Parties	Promoters	Related parties (₹ in crores)
Aggregate of loans / advances in nature of loan	-	-	23.57
- Repayable on demand (A)			
- Agreement does not specify any terms or period of repayment (B)			
Total (A+B)	-	-	23.57
Percentage of loans / advances in nature of loan to the total gross loans	-	-	0.42%

- (iv) 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 given any loans, or provided any guarantee or security as specified under section 185 of the Companies Act, 2013 (the 'Act'). In respect of the investments made by the Company, in our opinion the provisions of section 186 (1) of the Act have been complied with. The remaining provisions related to section 186 of the Act do not apply to the Company as it is an NBFC registered with the Reserve Bank of India (the 'RBI').
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value

added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund and Employees State Insurance.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount under dispute (₹ in crores)*	Amount deposited under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service tax	2.94	0.20	Financial year (F.Y.) 2011-12	Customs, Excise and Service Tax Appellate Tribunal
		3.97	0.07	F.Y. 2007 - 08 to F.Y. 2010 - 11	Customs, Excise and Service Tax Appellate Tribunal
		0.57	0.12	December 2004 - September 2009	High Court of Telangana
The Goods and Services Tax Act, 2017	Goods and Services Tax	13.41	-	F.Y. 2018-19 to F.Y. 2022-23	Commissioner of CGST & Central Excise (Appeals)
		4.93	0.21	July 2017- March 2018	Additional Commissioner of Commercial Taxes, Karnataka
		0.34	0.02	July 2017- March 2018	The Joint Commissioner (Appeals), Odisha
		0.45	-	F.Y. 2020 - 2021	Deputy Commissioner of State Tax, Madhya Pradesh
		0.09	-	F.Y. 2020 - 2021	Assistant Commissioner, Rajasthan
		1.82	-	F.Y. 2020 - 2021	Assistant Commissioner, Telangana
		0.27	-	F.Y. 2021 - 2022	Deputy Commissioner of State Tax, Madhya Pradesh
The Income Tax Act, 1961	Income Tax	0.002	-	Assessment year (A.Y.) 2009-10	High Court of Telangana
		9.79	2.28	A.Y. 2011-12	High Court of Telangana
		28.78	6.92	A.Y. 2017-18	Commissioner of Income Tax (A)

*Amount is inclusive of interest and penalty.

- (viii) 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 surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) 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 defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (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 been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, other than funds which remain unutilised as at 31 March 2025 as these were received towards the financial year ended 31 March 2025. The Company has temporarily parked such unutilised balance in cash and cash equivalents as at 31 March 2025.
- (d) According to the information and explanations given to us and on an overall examination of the Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025 standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (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 or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except we have been informed that the branch employees of the Company have misappropriated funds of ₹ 41.79 crores (gross) in the current financial year. Investigations are in progress and the employees have been terminated.
- (b) According to the information and explanations given to us, 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 the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has reported cash losses amounting to ₹ 1,081.63 crores in the current financial year; however no cash losses were recorded in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) We draw attention to Note 51 to the standalone financial statements which explains that the Company has incurred loss before tax of ₹ 1,273.85 crores in current year primarily on account of significant impairment losses (including write offs) arising from credit deterioration of loans to customers amounting ₹ 1,863.40 crores. The Company's cautious and calibrated disbursement strategy resulted in a

reduction of the loan book from ₹ 10,566.91 crores as of March 31, 2024, to ₹ 5,554.45 crores as of March 31, 2025. Consequently, the Company has not achieved the minimum requirement of Qualifying Assets ratio as at 31 March 2025. The decline in operational performance has led to breach of certain covenants with respect to its borrowing facilities. These events or conditions cast significant doubts on the Company's ability to continue as going concern.

Management has considered above indicators based on which it has carried out an assessment of its going concern assumption. It has concluded that going concern assumption is appropriate for the preparation of financial statements. To arrive at such judgement, factors considered by the management inter-alia includes -

- (a) Waiver received from the Reserve Bank of India for breach of Qualifying Assets ratio as of 31 March 2025.
- (b) Waiver received from the certain lenders in relation borrowings where the Company had breached respective loan covenants. Further, in cases where waivers were not received, the Company has not received any demands for repayment of the respective borrowings.
- (c) Expectation of necessary financial support from the promoter shareholders.
- (d) Capital to Risk Weighted Assets Ratio ('CRAR') of 36.31% as of 31 March 2025 along with Tier 1 capital amounting ₹ 1,672.74 crores.
- (e) Projections of future cash flows

On the basis of the above and according to the information and explanations given to us, on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on

our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the 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.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Kapil Goenka
Partner

Place: Hyderabad
Date: 30 May 2025

Membership No.: 118189
ICAI UDIN: 25118189BMLJVQ9189

Annexure B to the Independent Auditor's Report on the standalone financial statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualified Opinion

We have audited the internal financial controls with reference to financial statements of Spandana Sphoorty Financial Limited (the 'Company') as of 31 March 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, except for the effects of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements, and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended 31 March 2025 and the material weaknesses does not affect our opinion on the standalone financial statements of the Company.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2025:

1. In the absence of segregation of duty controls for the deployment of changes in the IT application between the test and the production environments, the general IT controls relating to an IT application system did not operate effectively for the period from 1 April 2024 to 17 February 2025 (remediated w.e.f. 18 February 2025) and accordingly, the IT application controls also did not operate effectively for the said period. Consequent to the above, the reports generated from the IT application system and the internal financial controls (reliant on such system reports) relating to certain elements of business process of loans to customers did not operate effectively throughout the year. Further, the Company did not have an appropriate internal control system for recording the date of collection on loan cards. This could potentially lead to material misstatements in

balances relating loans to customers and provision for expected credit loss on such loans.

2. As explained in Note 52 to the standalone financial statements, the Company's internal control system relating to end of day processing at branches did not operate effectively which resulted in material adjustments (on account of increased instances of fraud and cash embezzlement) being identified and recorded in the standalone financial statements during the year in respect of balances relating to loans to customers and cash.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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.

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 included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

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.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Kapil Goenka

Partner

Place: Hyderabad

Date: 30 May 2025

Membership No.: 118189

ICAI UDIN: 25118189BMLJVQ9189

Standalone Balance Sheet

as at March 31, 2025

(₹ in crores unless otherwise stated)

	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,206.97	1,385.55
Bank balances other than cash and cash equivalents	5	583.83	462.39
Derivative financial instruments	6	2.47	-
Loans	7	5,037.22	10,343.84
Investments	8	424.75	328.78
Other financial assets	9	135.33	104.73
Total financial assets		7,390.57	12,625.29
Non-Financial assets			
Current tax assets (net)	10	110.03	47.64
Deferred tax assets (net)	11	437.97	122.18
Property, plant and equipment	12	23.34	27.83
Other intangible assets	12A	2.59	4.35
Other non-financial assets	13	43.48	42.29
Total non-Financial assets		617.41	244.29
Total Assets		8,007.98	12,869.58
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	14		
Trade Payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		7.31	7.64
Other Payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	15	1,934.93	3,867.66
Borrowings (other than debt securities)	15	3,261.71	5,124.50
Subordinated liabilities	15	-	20.00
Other financial liabilities	16	127.32	236.24
Total financial liabilities		5,331.27	9,256.04
Non-Financial liabilities			
Current tax liabilities (net)	17	5.35	5.59
Provisions	18	24.62	16.60
Other non-financial liabilities	19	23.97	35.36
Total non-financial liabilities		53.94	57.55
EQUITY			
Equity share capital	20	71.31	71.30
Other equity	21	2,551.46	3,484.69
Total equity		2,622.77	3,555.99
Total liabilities and equity		8,007.98	12,869.58

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

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Standalone statement of profit and loss

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

	Notes	For year ended March 31, 2025	For year ended March 31, 2024
Revenue from operations			
Interest income	22	2,021.43	2,117.05
Net gain on fair value changes	23	75.96	68.52
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	24	83.33	93.95
Total revenue from operations		2,180.72	2,279.52
Other income	25	64.47	107.15
Total income		2,245.19	2,386.67
Expenses			
Finance costs	26	875.56	897.38
Impairment on financial instruments	27	1,863.40	243.02
Employee benefits expenses	28	555.44	450.94
Depreciation and amortization	29	18.92	19.73
Others expenses	30	205.72	149.58
Total expenses		3,519.04	1,760.65
(Loss) / profit before tax		(1,273.85)	626.02
Tax expense:	31		
Current tax		-	92.88
Deferred tax		(317.11)	65.26
Total tax expense		(317.11)	158.14
(Loss) / profit for the year		(956.74)	467.88
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		0.50	(4.49)
Income tax relating to items that will not be reclassified to profit or loss		(0.13)	1.13
Items that will be reclassified to profit or loss			
Effective portion of cashflow hedges		(4.09)	-
Fair value change on loans measured through FVOCI		(1,783.13)	(148.98)
Fair value change on loans measured through FVOCI reclassified to profit or loss		1,792.00	159.38
Income tax relating to items that will be reclassified to profit or loss		(1.20)	(2.62)
Other comprehensive income		3.95	4.42
Total comprehensive income for the year		(952.79)	472.30
Earnings per equity share	32		
Nominal value per equity share (₹)		10.00	10.00
Basic (₹)		(134.18)	65.81
Diluted (₹)		(134.18)	64.84

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

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Place: Hyderabad
Date: May 30, 2025

Place: Hyderabad
Date: May 30, 2025

Standalone statement of cash flows

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Cash flow from operating activities		
(Loss) / profit before tax	(1,273.85)	626.02
Adjustments for:		
Interest income	(2,021.43)	(2,117.05)
Net gain on fair value changes	(75.96)	(68.52)
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	(83.33)	(93.95)
Finance costs	874.47	896.12
Interest on lease liabilities	1.09	1.26
Share based payment to employees	19.12	26.09
Provision reversal on indirect tax matter	(12.32)	0.71
Depreciation and amortization	18.92	19.73
Profit on sale of property, plant and equipment	0.01	(0.15)
Impairment on financial instruments	332.59	177.05
Operating loss before working capital changes	(2,220.69)	(532.69)
Operational cash flows from interest		
Interest received on loans	1,996.47	2,026.29
Finance costs paid	(938.81)	(966.50)
	1,057.66	1,059.80
Working capital change		
Changes in trade payable	(0.33)	4.28
Changes in other financial liabilities	(107.53)	80.06
Changes in other non-financial liabilities	(11.39)	(1.01)
Change in provision	8.52	5.90
Change in Derivative financial instruments	(2.47)	-
Changes in loans	5,058.14	(2,859.68)
Changes in other financial assets	52.56	43.68
Changes in other non financial assets	11.14	(26.76)
Cash generated from/ (used in) operations	5,008.63	(2,753.53)
Income taxes paid	(62.63)	(100.71)
Net cash generated from / (used in) operating activities (A)	3,782.97	(2,327.13)
Cash flow from investing activities		
Net placement of bank balances other than cash and cash equivalents	(120.61)	(281.92)
Interest on deposits with banks and financial institutions	34.00	11.01
Interest on inter corporate advances	12.79	24.12
Purchase of property, plant and equipment	(13.01)	(22.79)
Proceeds from derecognition of property, plant and equipment	0.37	0.35
Investment in subsidiary	(100.00)	(100.00)
Investment in security receipts	(1.42)	-
Proceeds from redemption of security receipts	5.34	43.55
Investment in Government Securities	(30.82)	-
Purchase of mutual funds	(9,663.06)	(12,085.00)
Redemption of mutual funds	9,676.21	12,153.52
Net cash used in investing activities (B)	(200.21)	(257.16)

Standalone statement of cash flows

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	0.44	14.43
Long-term borrowings availed	3,330.44	9,164.25
Long-term borrowings repaid	(7,088.40)	(6,015.81)
Interest payment of lease liabilities	(1.09)	(1.26)
Principal payment of lease liabilities	(2.73)	(2.13)
Net cash generated (used in) / from financing activities (C)	(3,761.34)	3,159.48
Net change in cash and cash equivalents (A + B + C)	(178.58)	575.19
Cash and cash equivalents at the beginning of the year	1,385.55	810.36
Cash and cash equivalents at the end of the year	1,206.97	1,385.55
Components of cash and cash equivalents as at the end of year		
Cash on hand	6.49	7.16
Balance with banks - in current accounts	1,175.43	788.07
Bank deposits with original maturity of three months or less	25.05	590.32
Total cash and cash equivalents	1,206.97	1,385.55

The accompanying notes are an integral part of these standalone financial statements

The above Statement of cash flows has been prepared under the indirect method as set out in Ind AS-7

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended on March 31, 2025

(₹ in crores unless otherwise stated)

A. Equity Shares

Equity Share of ₹10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
As at April 1, 2023	7,09,83,269	70.98
Issue of equity share capital during the year ended March 31, 2024 (refer note 20)	3,14,175	0.32
As at March 31, 2024	7,12,97,444	71.30
Issue of equity share capital during the year ended March 31, 2025 (refer note 20)	7,700	0.01
As at March 31, 2025	7,13,05,144	71.31

B. Other Equity

Particulars	Reserves & Surplus						Other items of comprehensive income		Total Equity	
	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve	Capital Redemption Reserve	Share options outstanding reserve	Balance	Fair valuation on loans		Effective portion of cashflow hedges
Balance as at April 01, 2023	2,218.51	242.70	11.03	361.55	152.69	44.72	3,031.20	(59.01)	-	2,972.19
Total comprehensive income for the year ended March 31, 2024										
Profit for the year	-	467.88	-	-	-	-	467.88	-	-	467.88
Other comprehensive income for the year		(3.36)					(3.36)	7.78	-	4.42
Total comprehensive income for the year	-	464.52	-	-	-	-	464.52	7.78	-	472.30
Transactions with owners of the Company										
Contributions and distributions										
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)
Total Contributions and distributions	21.92	(93.58)	0.84	93.58	-	17.44	40.20	-	-	40.20

Standalone Statement of Changes in Equity

for the year ended on March 31, 2025

(₹ in crores unless otherwise stated)

Particulars	Reserves & Surplus						Other items of comprehensive income		Total Equity	
	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve	Capital Redemption Reserve	Share options outstanding reserve	Balance	Fair valuation on loans		Effective portion of cashflow hedges
Balance as at March 31, 2024	2,240.43	613.64	11.87	455.13	152.69	62.16	3,535.92	(51.23)	-	3,484.69
Total comprehensive income for the year ended March 31, 2025										
Profit for the year	-	(956.74)	-	-	-	-	(956.74)	-	-	(956.74)
Other comprehensive income for the year		0.37					0.37	6.64	(3.06)	3.95
Total comprehensive income for the year	-	(956.37)	-	-	-	-	(956.37)	6.64	(3.06)	(952.79)
Transactions with owners of the Company										
Contributions and distributions										
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	0.65	-	-	-	-	-	0.65	-	-	0.65
Add: Share based payment to employees	-	-	-	-	-	19.12	19.12	-	-	19.12
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	3.84	-	-	(4.06)	(0.21)	-	-	(0.21)
Total Contributions and distributions	0.65	-	3.84	-	-	15.07	19.56	-	-	19.56
Balance as at March 31, 2025	2,241.08	(342.73)	15.71	455.13	152.69	77.23	2,599.11	(44.59)	(3.06)	2,551.46

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

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ 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 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, as amended 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, 16th floor, Plot No.1, SY no 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Hyderabad Rangareddy, Telangana, India.

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.

2. Basis of preparation

a) Statement of compliance

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 presentation requirements of Division III of Schedule III of the Act (Ind AS compliant Schedule III), as applicable to the Company.

These standalone financial statements are approved for issue by the Company's Board of Directors on May 30, 2025.

b) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, net defined benefit (asset) / liability, derivative financial instruments and financial assets and liabilities designated at FVTPL, all of which have been measured at fair value.

c) Functional and presentation currency

These standalone financial statements are presented in Indian rupees ("₹"), which is also the Company's functional currency. All amounts are rounded off to nearest crores, unless otherwise stated.

d) Use of judgements and estimates

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. 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3 (h): lease term: whether the Company is reasonably certain to exercise extension options.
- Note 3 (i): classification of financial assets: assessment of business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 36: Determination of the fair value of financial instruments with significant unobservable inputs;
- Note 7: Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Loss ('ECL');
- Note 44: Share based payments;
- Note 39: Measurement of defined benefit obligations: key actuarial assumptions;
- Note 11: Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carry forward can be utilized;

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

- Note 3 (l & m) and Note 35: Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3 (f & g): useful life of property, plant, equipment and intangibles.

e) 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 accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

f) 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. Financial

assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Material accounting policy

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) Foreign Currency Transactions

Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings to the extent not capitalized

are regarded as a cost of borrowing and presented under Finance cost.

b) Revenue from contracts with customers

The Company 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 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 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 (over the time) by rendering of services underlying the contract with third party customers.

c) Employee benefits

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Defined contribution plan - gratuity

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.

Share based payments

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 share options outstanding account in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Defined benefit plans

The Company has defined benefit gratuity plan. The Company's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future

contributions to the plan ('the asset ceiling'). To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability / (asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) by applying the discount rate, used to measure the net defined liability / (asset) as determined at the start of the financial year after taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. Remeasurements are not reclassified to profit and loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits - compensated absences

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the statement of profit and loss.

d) 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 and expense is recognized using the effective interest method (EIR). 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

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

appropriate, a shorter period, to the gross carrying amount of the financial asset or financial 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 III', 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 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 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.

e) 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. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date. Current income tax relating to items recognized outside statement of profit and loss are recognized either in other comprehensive income or in other equity.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised

amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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.

Deferred tax relating to items recognized outside profit or loss are recognized either in other comprehensive income or in other equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Current and deferred taxes are recognized as income tax benefits or expenses in the statement of profit and loss 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.

f) Property, plant and equipment (PPE)

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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 accumulated 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.

Leasehold improvements are amortized on straight line basis over the lease term or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

Depreciation

Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management. Depreciation on assets sold during the year is charged to the statement of profit and loss to the date of sale. 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

g) Intangible assets

Intangible assets that are acquired by the Company are measured initially at cost and are stated at cost less accumulated depreciation as adjusted for impairment, if any. Any gain on disposal of intangible asset is recognised in the statement of profit and loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Amortization

Amortisation is calculated to write-off the cost of intangible asset using the 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. The estimated useful life used for computation of depreciation is five years

h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognized as and when due.

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 marketplace (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 Company 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

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

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 interest income in the statement of profit and loss. The losses arising from impairment are recognized under the head 'impairment on financial instruments' 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(j)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL.

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are mandatorily measured at fair value with all changes recognized 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 of financial assets and financial liabilities

The company de-recognises a financial asset when the contractual right to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognises an associated liability as collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in OCI, and accumulated in equity is recognized in OCI and accumulated in equity is recognized in the statement of profit and loss.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

Securitization and direct 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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Net gain on derecognition of financial instruments measured at FVOCI

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS is based on the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

Derivatives and hedging activities

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including cross currency interest rate swaps and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Hedge accounting

The Company designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as 'cash flow hedges'). The Company documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including

whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

j) Impairment on financial assets

Overview of principles for measuring expected credit loss ('ECL')

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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

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:

- a) 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).
- b) 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.
- c) 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 (Refer Note 51)

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 statement of profit and loss. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

k) Impairment of 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.

l) 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.

m) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

n) Earnings per equity share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 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.

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) Statements of cash flows

The standalone statement of cash flows from operating activities is prepared in accordance with the Indirect method as per Ind AS 7. Standalone statement of cash

flows 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) Offsetting financial instruments

Financial assets and financial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the company intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

r) Proposed dividend

As per Ind AS -10, 'Events after the Reporting period', the Company disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements. The liability to pay dividend is recognized when the declaration of dividend is approved by the shareholders.

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, 2025, 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, 2025

(₹ in crores unless otherwise stated)

4: Cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Cash on hand	6.49	7.16
Balances with banks in current accounts	1,175.43	788.07
Bank deposits with original maturity of three months or less	25.05	590.32
	1,206.97	1,385.55

5: Bank balances other than cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Bank deposits with original maturity of more than three months	85.67	12.66
Restricted bank balance	0.00	0.03
Deposits held as margin money or security against the borrowings	498.16	449.70
	583.83	462.39

6: Derivative financial instruments

	As at 31 March 2025		As at 31 March 2024	
	Notional amounts*	Fair Value Assets	Notional amounts	Fair Value Assets
Part I				
(i) Interest rate derivatives:				
Cross Currency Interest Rate swaps	164.60	2.47	-	-
	164.60	2.47	-	-
Part II				
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:				
(i) Cash flow hedging:				
- Currency derivatives	164.60	2.47	-	-
	164.60	2.47	-	-

* The notional amounts are not indicative of either the market risk or credit risk.

Hedging activities and derivatives

The Company is exposed to currency risk on its outstanding foreign currency borrowing amounting to ₹164.60 crores which is primarily mitigated using derivative financial instruments. Refer note 48 (d) for foreign currency risk disclosures.

Impact of hedging activities

Disclosure of effects of hedge accounting on financial performance:

Type of hedge	Change in the value of hedging instrument recognised in Other comprehensive income		Hedge ineffectiveness recognised in the statement of profit and loss		Amount reclassified from cash flow hedging reserve to the statement of profit and loss	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Cash flow hedge						
Foreign currency & interest rate risk						
a. Cross currency interest rate swap	(4.09)	-	-	-	-	-
	(4.09)	-	-	-	-	-

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

7: Loans

	As at March 31, 2025	As at March 31, 2024
(a) Term Loans (at fair value through OCI)	5,554.45	10,566.91
(b) Loans repayable on demand - Inter corporate advances to related parties - (at amortized cost)	23.57	73.60
Total - Gross	5,578.02	10,640.51
Less: Impairment loss allowance (Refer Note iii)	(540.80)	(296.67)
Total - Net	5,037.22	10,343.84
Break-up of loans		
(a) Secured by tangible assets	0.56	2.21
(b) Unsecured	5,577.46	10,638.30
Total - Gross	5,578.02	10,640.51
Less: Impairment loss allowance	(540.80)	(296.67)
Total - Net	5,037.22	10,343.84
(a) Public sector		
(b) Others	5,578.02	10,640.51
Total - Gross	5,578.02	10,640.51
Less: Impairment loss allowance	(540.80)	(296.67)
Total - Net	5,037.22	10,343.84
(a) Within India	5,578.02	10,640.51
(b) Outside India	-	-
Total - Gross	5,578.02	10,640.51
Less: Impairment loss allowance	(540.80)	(296.67)
Total - Net	5,037.22	10,343.84

Note (i): 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.

Note (ii): The table below discloses the credit quality of the Company exposures on loan portfolio (excluding inter-corporate advances) as at the reporting date:

Gross loan portfolio movement for the year ended March 31, 2025

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount at the beginning of the year ^	10,227.81	171.03	168.07	10,566.91
New assets originated or purchased	5,017.00	-	-	5,017.00
Asset derecognised or repaid (excluding write offs) #	(8,394.57)	(50.35)	(38.02)	(8,482.94)
Assets written off during the year ^			(1,555.39)	(1,555.39)
Inter-stage movements				-
Stage I	0.42	(0.37)	(0.05)	-
Stage II	(568.70)	568.72	(0.02)	-
Stage III	(1,595.70)	(123.82)	1,719.52	-
Fair Value on loans	12.44	(3.57)	-	8.87
Gross carrying amount at the end of the year	4,698.70	561.64	294.11	5,554.45

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

7: 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 ^	7,242.58	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
Gross carrying amount at the end of the year	10,227.81	171.03	168.07	10,566.91

Movement of impairment allowance (ECL) for the year ended March 31, 2025

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	78.15	84.06	134.46	296.67
Provision made/ (reversed) during the year #	(17.22)	234.91	1,581.83	1,799.52
Inter-stage movements				
Stage I	0.22	(0.18)	(0.04)	-
Stage II	(5.07)	5.09	(0.02)	-
Stage III	(14.23)	(60.68)	74.91	-
Write off	-	-	(1,555.39)	(1,555.39)
Balances as at the end of the year	41.85	263.20	235.75	540.80

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)	-
Stage III	(1.27)	(9.41)	10.68	-
Write off	-	-	(95.50)	(95.50)
Balances as at the end of the year	78.15	84.06	134.46	296.67

Represents balancing figure

Details of amount overdue	As at March 31, 2025		As at March 31, 2024	
Particulars	No. of loans	Amount	No. of loans	Amount
Stage I (1 - 30 days)	70,591	14.06	48,565	9.82
Stage II (31 - 60 days)	1,37,956	57.31	32,443	13.56
Stage II (61 - 90 days)	94,355	59.17	22,441	15.19
Stage III (GNPA)	1,60,797	148.35	62,824	95.87

Note (iii): No impairment allowance has been recognized on the outstanding inter-corporate advances to related parties as at March 31, 2025 and March 31, 2024.

Note (iv): The Company product programme guideline allowed disbursement to borrowers which are in SMA buckets subject to fulfilment of other eligibility criteria as applicable. While product guidelines allowed such disbursement, the decision to disburse to these specific clients (by preclosing existing loan and give top-up loans) were taken based on inputs received

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

7: Loans (Contd.)

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 based on their latest repayment schedule as at respective period end and in the respective stage buckets. Further, the company has discontinued disbursement to delinquent (30+) borrowers w.e.f January 1, 2025.

8: Investments

	As at March 31, 2025	As at March 31, 2024
Mandatorily measured at amortized cost		
Government securities	30.82	-
Mandatorily measured at fair value through profit and loss		
Mutual Fund	62.81	-
Security Receipts	141.78	145.70
Less: Impairment loss allowance - Security Receipts	(125.76)	(34.02)
Investment in subsidiaries at cost		
2,000,000 (March 31, 2024: 2,000,000) equity shares of ₹ 10 each fully paid up in Caspian Financial Services Limited, representing 100% stake in the entity	2.00	2.00
Less: Impairment loss allowance - Investment	(2.00)	-
1,56,59,389 (March 31, 2024: 1,16,59,389) equity shares of ₹ 10 each fully paid up in Criss Financial Limited, representing 99.92% stake in the entity	315.00	215.00
Equity instruments at cost (unquoted)		
100,000 (March 31, 2024: 100,000) equity shares of ₹ 10 each fully paid up in Alpha Micro Finance Consultants Private Limited	0.10	0.10
	424.75	328.78

Note: All investments are held within India.

9: Other financial assets

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Security deposits	6.87	6.23
Deposits with other Financial institutions	93.03	22.06
Retained interest on direct assignment	28.55	50.32
Less: Impairment loss allowance - Retained interest on direct assignment	(2.25)	-
Receivable from advertisement income	4.11	19.71
Receivable from insurance company	4.31	6.15
Other receivables *	0.71	0.26
	135.33	104.73
Unsecured, considered doubtful		
Receivable from insurance company	0.25	-
Provision for doubtful debts - claims	(0.25)	-
	135.33	104.73

*Comprises of float amount with insurance company and receivable from Asset reconstruction Company

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

10: Current Tax Assets (net)

	As at March 31, 2025	As at March 31, 2024
Advance income tax (net of provision)	110.03	47.64
	110.03	47.64

11: Deferred tax assets (net)

	As at March 31, 2025	As at March 31, 2024
Effects of deferred tax assets / (liabilities):		
Impairment loss allowance and other provision	176.60	94.16
Tax losses	224.28	-
Property, plant and equipment	7.18	5.94
Share options outstanding account (ESOP)	19.43	15.64
Financial assets at fair value through OCI	12.73	14.96
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	(7.19)	(12.66)
Provision for employee benefits	3.90	4.09
Effective portion of cashflow hedges	1.03	-
Fair value impact for Market linked debentures	-	0.05
	437.97	122.18

Refer note 51 (e) for assessment on recognition of deferred tax assets.

11.1: Deferred tax assets (net)

Movement in deferred tax balances for the year ended March 31, 2025

Particulars	Net Balance April 1, 2024	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2025
Deferred tax assets / (liabilities)				
Impairment loss allowance and other provision	94.16	82.44	-	176.60
Tax losses	-	224.28	-	224.28
Property, plant and equipment	5.94	1.24	-	7.18
Share options outstanding account (ESOP)	15.64	3.79	-	19.43
Financial assets at fair value through OCI	14.96	-	(2.23)	12.73
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	(12.66)	5.47	-	(7.19)
Provision for employee benefits	4.09	(0.06)	(0.13)	3.90
Effective portion of cashflow hedges	-	-	1.03	1.03
Fair value impact for Market linked debentures	0.05	(0.05)	-	-
Net Deferred tax assets / (liabilities)	122.18	317.11	(1.33)	437.97

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

11.1: Deferred tax assets (net) (contd.)

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
Deferred tax assets / (liabilities)				
Impairment loss allowance and other provision	69.28	24.88	-	94.16
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 instruments measured at fair value through other comprehensive income	(11.02)	(1.64)	-	(12.66)
Provision for employee benefits	2.26	0.70	1.13	4.09
Fair value impact for Market linked debentures	0.95	(0.90)	-	0.05
Net Deferred tax assets / (liabilities)	188.93	(65.26)	(1.49)	122.18

12: Property, plant and equipment

Particulars	Building*	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Right of use asset	Total
Gross carrying amount								
At April 1, 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
Addition	-	-	2.23	3.17	-	6.28	1.33	13.01
Disposals	-	-	(0.02)	(0.04)	(0.75)	(6.23)	-	(7.04)
At March 31, 2025	0.20	8.20	16.68	14.47	4.71	27.78	15.17	87.21
Depreciation								
At April 1, 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
Charge for the year	0.01	1.39	2.37	2.76	0.72	6.91	3.00	17.15
Disposals	-	-	(0.02)	(0.03)	(0.65)	(5.99)	-	(6.69)
At March 31, 2025	0.07	7.39	14.46	9.82	3.18	21.39	7.57	63.88
Net carrying amount								
At March 31, 2024	0.14	2.20	2.36	4.25	2.35	7.26	9.27	27.83
At March 31, 2025	0.13	0.81	2.22	4.65	1.53	6.39	7.61	23.34

* 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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

12A: Other Intangible assets

Particulars	Computer software	Total
Gross carrying amount		
At April 1, 2023	17.93	17.93
Addition	2.25	2.25
Disposal	(9.97)	(9.97)
At March 31, 2024	10.21	10.21
Addition	-	-
Disposal	-	-
At March 31, 2025	10.21	10.21
Amortization		
At April 1, 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
Charge for the year	1.76	1.76
Disposal	-	-
At March 31, 2025	7.62	7.62
Net carrying amount		
At March 31, 2024	4.35	4.35
At March 31, 2025	2.59	2.59

13: Other non-financial assets

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Prepaid expenses	38.49	33.81
Capital advances	0.65	0.07
Other advances *	4.34	8.41
	43.48	42.29
Unsecured, considered doubtful		
Amounts deposited with courts	0.56	0.62
Less: Impairment loss allowance	(0.56)	(0.62)
	-	-
	43.48	42.29

*Comprises of input GST, excess CSR expenses

14: Trade payables

	As at March 31, 2025	As at March 31, 2024
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	7.31	7.64
	7.31	7.64

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

14: Trade payables (contd.)

Trade payables ageing schedule as at March 31, 2025

Particulars	Outstanding for following periods from due dates of transaction						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	7.31	-	-	-	-	7.31
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2024

Particulars	Outstanding for following periods from due dates of transaction						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	7.64	-	-	-	-	7.64
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Note 14.1: Dues to the micro enterprises and small enterprises:

Particulars	As at March 31, 2025	As at March 31, 2024
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	-	-

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
(i) Debentures (Secured)					
11.50% Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. November 9, 2022 in 6 Quarterly installments	-	494	0.10	-	8.28
11.15% 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. November 22, 2022 in 1 Bullet installment	-	2,000	0.10	-	229.97
11.15% Secured, Senior, 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	0.10	-	230.19
14.80% Secured, Senior, 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 in 1 Bullet repayment	-	2,000	0.01	-	32.13
12.60% Secured, Rated, Un-listed, Redeemable, Transferable, Non-convertible Debentures, redeemable at par at the end of Twenty four months from the date of allotment i.e. June 16, 2022 in 8 quarterly installments	-	400	0.10	-	5.16
11.35% Secured, Senior, Redeemable, Transferable, Listed, Rated, 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	0.10	-	27.71
12.00% Secured, Rated, Listed, Redeemable, Transferable, 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	0.10	-	22.39
10.50% Secured, senior, redeemable, transferable, listed, rated, 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	0.10	-	62.04
10.10% Secured, senior, redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 20, 2023 in 8 quarterly installments	-	12,500	0.01	-	77.38
11.50% Secured, senior, redeemable, transferable, listed, rated, 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	0.10	-	48.66

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
10.25% Secured, Senior, Redeemable, Transferable, rated, listed, 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
12.50% Rated, Unlisted, Senior, Transferable redeemable, taxable, non convertible Debentures in 3 annual installments for Series A and 1 bullet installment for Series B	-	2,500	0.01	-	28.32
10.60% Secured, listed, rated, senior, transferable, Redeemable, 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	-	53.61
10.43% Secured, senior, Redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. September 07, 2023 in 2 Installments	-	10,000	0.01	-	99.32
10.75% Secured, Senior, Redeemable, listed, rated, transferable, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. October 06, 2023 in 1 bullet installment.	-	7,500	0.01	-	74.73
11.85% Secured, rated, Listed, Redeemable, Transferable, 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	0.10	-	35.06
11.10% Secured, Senior, Redeemable, Listed, Rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. April 24, 2023 in 8 quarterly installments	8,128	10,000	0.01	10.18	62.23
11.35% Secured, Senior, Redeemable, rated, Listed, Non-convertible Debentures, redeemable at par at the end of Twenty eight months from the date of allotment i.e. December 30, 2022 in 5 installments	403	1,000	0.10	8.06	99.24
10.00% Secured, senior, redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 12, 2023 in 8 quarterly installments	7,500	7,500	0.01	9.38	46.36
10.75% Secured, Senior, redeemable, transferable, Listed, rated, 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	10,000	0.01	50.54	100.21
10.75% Secured, Senior, Redeemable, listed, rated, transferable, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. October 06, 2023 in last 4 quarterly installments	5,000	5,000	0.01	37.68	49.72
10.11% Secured, senior, Redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 18, 2023 in 1 Bullet repayment	20,000	20,000	0.01	198.53	195.43

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
11.35% Secured, senior, redeemable, listed, rated, 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	829	978	0.10	32.97	77.31
9.81% Secured, Senior, Redeemable, Transferable, Listed, Rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. March 28, 2024 in 1 bullet repayment	10,000	5,000	0.01	98.56	48.52
10.75% Secured, Listed, Redeemable, Transferable, Unsubordinated, rated, Non-convertible Debentures, redeemable at par at the end of Twenty five from the date of allotment i.e. March 07, 2024 in 4 half yearly installments	7,000	7,000	0.01	53.62	69.71
11.10% Secured, senior, redeemable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e. April 24, 2023 in 7 Quarterly Installments	844	10,000	0.01	5.94	4.96
9.84% Secured, Senior, Redeemable, Transferable, Rated, Listed, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 28, 2024 in 1 Bullet repayment	32,500	-	0.01	320.54	-
10.75% Secured, Senior, rated, Listed, Redeemable, Taxable, Transferable, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. July 10, 2024 in 1 Bullet repayment	5,500	-	0.01	54.89	-
10.75% Secured, Senior, Listed, Rated, transferable, redeemable Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 04, 2023 in 1 Bullet repayment	15,000	10,000	0.01	157.44	103.18
10.75% Secured, Senior, redeemable, transferable, rated, Listed, Non convertible debentures at par at the end of Thirty Three months from the date of allotment i.e. March 21, 2024 in 1 bullet repayment	5,000	5,000	0.01	49.41	49.01
10.50% Secured, Senior, Redeemable, Transferable, Listed, Rated, Non-convertible Debentures, redeemable at par at the end of Thity two months from the date of allotment i.e. August 14, 2024 in 1 Bullet repayment	10,000	-	0.01	99.21	-
10.75% Secured, Listed, Rated, Unsubordinated, Redeemable, Transferable, Non-convertible Debentures, redeemable at par at the end of Thirty one months from the date of allotment i.e. September 05, 2024 in 11 Quarterly repayment	5,000	-	0.01	46.27	-
12.29% Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures, redeemable at par at the end of Seventy two months from the date of allotment i.e. August 01, 2022 in 1 Bullet repayment	230	230	0.10	23.44	23.46
Sub - Total				1,256.66	1,989.52

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
(ii) Borrowing under securitisation arrangement (secured)					
From Banks				488.52	1,083.38
From non-banking financial companies				189.75	794.76
Sub - Total				678.27	1,878.14
Total Debt Securities				1,934.93	3,867.66
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					
Out of the above debt securities					
Debt securities in India				1,934.93	3,867.66
Debt securities outside India				-	-
Total				1,934.93	3,867.66
(b) Borrowings (Other than Debt Securities)					
(i) Secured, measured at amortised cost					
Term loan from banks				2,049.14	4,121.73
Term loan from other parties				1,212.57	1,002.77
Total				3,261.71	5,124.50
Out of the above					
Borrowings in India				3,090.58	4,949.13
Borrowings outside India				171.13	175.37
Total				3,261.71	5,124.50

Nature of security

Borrowings (other than debt securities) are secured by the way of hypothecation of book debts and margin money deposits.

Refer Note 15A for terms of principal repayment and the applicable interest rate on the borrowings (other than debt securities) and borrowing under securitisation arrangement (secured)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
(c) Subordinated Liabilities (at amortised cost)					
Unsecured term loan					
Term loan from banks				-	20.00
Total Subordinated Liabilities				-	20.00
Secured borrowings				-	-
Unsecured borrowings				-	20.00
Net amount				-	20.00
Out of the above					
Borrowings in India				-	20.00
Borrowings outside India				-	-
Total				-	20.00

Subordinate debt is unsecured and carries an interest rate @ 15% per annum. The Subordinate debt was due for maturity on June 08, 2024.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than Debentures, secured)

(i) As at March 31, 2025

Original maturity of loan	Frequency of repayment	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
			No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Borrowings (Other than Debt Securities)									
1-3 years	Monthly	6.50%-10.00%	211	828.39	13	13.00	-	-	841.39
		10.01%-12.00%	700	1,565.77	189	416.19	-	-	1,981.95
		12.01%-13.50%	36	91.26	-	-	-	-	91.26
	Quarterly	10.00%-12.00%	170	477.74	62	177.02	15	31.83	686.60
		12.01%-13.00%	-	-	-	-	-	-	-
	Half Yearly	10.50%-13.30%	236	109.53	79	65.46	-	-	174.99
	Bullet payment	13.30%	2	164.60	-	-	-	-	164.60
Total				3,237.29		671.67		31.83	3,940.79
Impact of EIR									(11.04)
Interest accrued on borrowings									10.23
Total									3,939.98

(ii) 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	
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
Total				4,703.38		2,053.00		252.86	7,009.24
Impact of EIR									(38.13)
Interest accrued on borrowings									31.53
Total									7,002.64

15B. Instances of breach of covenant of loan availed or debt securities issued during year ended March 31, 2025 (Refer Note 51)

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15C. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2024	Cash flows	Others	As at March 31, 2025
Debt securities	3,867.66	(1,868.89)	(63.84)	1,934.93
Borrowings (other than debt securities)	5,124.50	(1,869.07)	6.27	3,261.71
Subordinated liabilities	20.00	(20.00)	0.00	-
	9,012.16	(3,757.96)	(57.57)	5,196.64

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
	5,934.20	3,148.34	(70.38)	9,012.16

* Represents change in liabilities due to amortization of finance cost and interest accruals

16: Other Financial liabilities

	As at March 31, 2025	As at March 31, 2024
Employee benefits payable	26.90	41.66
Lease liability	9.15	10.54
Refund of excess interest collected (Refer Note 49)	23.13	23.36
Assignment and other payables	68.14	160.68
	127.32	236.24

17: Current Tax Liabilities (net)

	As at March 31, 2025	As at March 31, 2024
Provision for tax (net of advance tax)	5.35	5.59
	5.35	5.59

18: Provisions

	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Gratuity, net of contribution (Refer note 39)	13.09	10.11
Leave encashment	11.53	6.49
	24.62	16.60

19: Other Non-Financial liabilities

	As at March 31, 2025	As at March 31, 2024
Service tax liability [net of amount paid under protest ₹ 0.39 crores]	6.53	18.26
Statutory dues payable	11.96	16.90
Other payables	5.48	0.20
	23.97	35.36

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

20: Share capital

	As at March 31, 2025	As at March 31, 2024
Authorized		
900,000,000 (March 31, 2024: 900,000,000) equity shares of ₹ 10 each	900.00	900.00
1,250,000,000 (March 31, 2024: 1,250,000,000) preference shares of ₹ 10 each	1,250.00	1,250.00
	2,150.00	2,150.00
Issued, subscribed and paid-up		
71,305,144 (March 31, 2024: 71,297,444) equity shares of ₹ 10 each fully paid up	71.31	71.30
	71.31	71.30

(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, 2025		As at March 31, 2024	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	7,12,97,444	71.30	7,09,83,269	70.98
Issued during the year - Exercise of employee stock options	7,700	0.01	3,14,175	0.32
Outstanding at the end of the year	7,13,05,144	71.31	7,12,97,444	71.30

Note:

- (i) During the year, the Company has allotted 7,700 equity shares (FY23-24: 3,14,175 equity shares) to eligible employees under Employee stock option plan.

(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, 2025		As at March 31, 2024	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of ₹ 10 each				
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.10%
Padmaja Gangireddy	-	0.00%	81,73,938	11.46%

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

20: Share capital (Contd.)

Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.03%
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(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2025		As at March 31, 2024		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	-	0.00%	81,73,938	11.46%	(11.46%)
Vijaya Sivarami Reddy Vendidand	-	0.00%	1,09,151	0.15%	(0.15%)
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.10%	0.00%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.03%	0.00%

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%)

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 44.

(f) Issue of bonus shares or buyback of shares

The Company has not issued/ allotted any shares pursuant to contracts without payment being received in cash, nor issued any bonus shares nor there has been any buyback of shares during five years immediately preceding March 31, 2025.

(g) Dividend

The Company has not paid any dividend during the financial year ended March 31, 2025 and March 31, 2024.

Nature of instrument / convertible security	No of convertible securities	No of equity shares issued upon conversion

21: Other Equity

	As at March 31, 2025	As at March 31, 2024
Securities premium	2,241.08	2,240.43
General reserve	15.71	11.87
Capital redemption reserve	152.69	152.69
Share options outstanding account	77.23	62.16
Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934]	455.13	455.13
Retained earnings	(342.73)	613.64
Fair valuation on loans through other comprehensive income	(44.59)	(51.23)
Effective portion of cashflow hedges	(3.06)	-
Total other equity	2,551.46	3,484.69

For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2025.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

21: Other Equity (contd.)

Nature and purpose of other equity

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve

Amount set aside from retained profits as a general reserve to be utilised in accordance with provisions of the Companies Act, 2013.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Company had transferred an amount equivalent of the nominal value of Optionally convertible cumulative redeemable preference shares 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 Section 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.

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.

Effective portion of cashflow hedges

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

22: Interest Income

	For year ended March 31, 2025	For year ended March 31, 2024
Measured at fair value through OCI		
Interest on loans	1,976.88	2,071.74
Measured at amortised cost		
Interest on inter corporate advances	11.66	23.29
Interest on deposits with banks	30.88	22.02
Other interest income	2.01	-
	2,021.43	2,117.05

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

23: Net gain on fair value changes

	For year ended March 31, 2025	For year ended March 31, 2024
On trading portfolio	75.96	68.52
	75.96	68.52
Fair value changes		
- Realised	75.51	68.52
- Unrealised	0.45	-
	75.96	68.52

24: Net gain on derecognition of financial instruments measured at FVTOCI

	For year ended March 31, 2025	For year ended March 31, 2024
Gain on derecognition of loans designated at FVTOCI	83.33	93.95
	83.33	93.95

25: Other income

	For year ended March 31, 2025	For year ended March 31, 2024
Advertisement income	56.51	103.70
Profit on sale of property, plant and equipment	-	0.15
Miscellaneous income	7.96	3.30
	64.47	107.15

26: Finance cost

On financial liabilities measured at amortised cost

	For year ended March 31, 2025	For year ended March 31, 2024
Interest on debt securities	342.80	479.71
Interest on borrowings (other than debt securities)	511.38	402.55
Interest on subordinated liabilities	0.56	3.03
Interest on commercial paper	-	2.89
Interest on lease liabilities	1.09	1.26
Other finance cost	19.73	7.94
	875.56	897.38

27: Impairment on financial instruments

	For year ended March 31, 2025	For year ended March 31, 2024
a) Measured at fair value through OCI		
Impairment allowance	236.61	73.17
Technical write-offs (Refer Note 51)	1,555.39	86.21
Impairment allowance - Retained interest on direct assignment	2.25	-
Recovery of loans written-off	(24.59)	(20.24)

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

27: Impairment on financial instruments (contd.)

	For year ended March 31, 2025	For year ended March 31, 2024
b) Measured at fair value through profit or loss		
Impairment allowance (Security Receipts)	91.74	34.02
c) Measured at cost		
Impairment allowance (Investment)	2.00	-
d) Measured at amortized cost		
Amount receivable from assignment of portfolio charged off	-	69.86
	1,863.40	243.02

Impairment allowance on loans excludes impairment of ₹7.52 crores (March 31, 2024: ₹7.98 crores) relating to interest on credit impaired assets, which is netted off from interest income in accordance with Ind AS 109 of Financial Instrument.

28: Employee benefits expenses

	For year ended March 31, 2025	For year ended March 31, 2024
Salaries, wages and bonus	474.37	379.31
Contribution to provident and other funds	38.74	27.95
Gratuity benefits (Refer Note 39)	3.51	3.10
Leave benefits	6.98	6.30
Share based payments to employees (Refer Note 44)	19.12	26.09
Staff welfare expenses	12.72	8.19
	555.44	450.94

29: Depreciation and amortization

	For year ended March 31, 2025	For year ended March 31, 2024
On property, plant and equipment	14.16	14.38
On right of use assets	3.00	2.77
On intangible assets	1.76	2.58
	18.92	19.73

30: Other expenses

	For year ended March 31, 2025	For year ended March 31, 2024
Rent	31.27	25.39
Rates and taxes	1.61	2.76
Bank charges	3.62	2.57
Insurance	10.36	6.15
Office maintenance	10.98	8.83
Computers and network maintenance	24.84	18.07
Electricity charges	3.38	2.25
Travelling Expenses	67.32	50.31
Communication expenses	2.74	2.09
Printing and stationery	5.16	4.35
Legal and professional charges	10.71	11.64

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

30: Other expenses (contd.)

	For year ended March 31, 2025	For year ended March 31, 2024
Directors Remuneration	2.29	2.29
Auditors' remuneration (refer note 30.1 below)	1.64	1.22
Recruitment and training	0.13	0.13
Losses on account of fraud / rejected claim	36.09	6.94
Provision reversal on indirect tax matter	(12.32)	0.71
Loss on sale of property, plant and equipment	0.01	-
Donations	-	0.05
Corporate social responsibility expenditure (CSR) [refer note 30.2 below]	4.73	1.74
Miscellaneous Expenses	1.17	2.09
	205.72	149.58

30.1 Details of payments to auditors:

	For year ended March 31, 2025	For year ended March 31, 2024
Audit fees	1.47	1.13
Certification fees	0.02	0.08
Out of pocket expenses	0.15	0.01
	1.64	1.22

30.2 Details of CSR expenditure:

	For year ended March 31, 2025	For year ended March 31, 2024
Gross amount required to be spent during the year	4.73	1.74
Amount approved by the Board to be spent during the year	4.92	2.10
Amount spent during the year		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	4.92	2.10
Shortfall / (excess) at the end of the year	(0.19)	(0.36)
Total of previous years shortfall	-	-
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	Nil	Nil
Provision made during the year	-	-

Disclosure under section 135 (5) of the Companies Act, 2013

Particulars

Opening balance	(0.36)	-
Amount required to be spent during the year	4.73	1.74
Amount spent during the year	4.92	2.10
Closing balance	(0.19)	(0.36)

The Company has spent ₹0.19 crores ((March 31, 2024 ₹0.36 crores) 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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

31: Tax expense

	For year ended March 31, 2025	For year ended March 31, 2024
Current tax	-	92.88
Deferred tax (attributable to origination and reversal of temporary differences)	(317.11)	65.26
Total tax charge	(317.11)	158.14
Reconciliation of tax expense and the accounting (loss) / profit multiplied by India's tax rate		
Accounting profit before tax	(1,273.85)	626.02
Expected tax expense at the Indian tax rate 25.168%	(320.60)	157.57
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Effect of expenses not deductible under the Income tax Act, 1961	3.49	0.57
Others	-	-
Tax expense reported in the statement of profit and loss	(317.11)	158.14

32: Earning per Share

	For year ended March 31, 2025	For year ended March 31, 2024
Net profit after tax as per statement of profit and loss	(956.74)	467.88
Net profit as above for calculation of basic EPS and diluted EPS	(956.74)	467.88
Weighted average number of equity shares in calculating basic EPS	7,13,04,406	7,10,91,838
Stock options granted under ESOP	-	10,65,730
Weighted average number of equity shares for diluted EPS	7,13,04,406	7,21,57,567
Basic earnings per share (₹)	(134.18)	65.81
Diluted earnings per share (₹)	(134.18)	64.84

Note: For the year ended March 31, 2025, 4,72,139 employee stock options granted under ESOP were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

33: Operating segment

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, 2025 or March 31, 2024.

34: Related party disclosures (As per Ind AS 24)

(a) Name of related parties and nature of relationship

I. Subsidiary Companies

- Caspian Financial Services Limited
- Criss Financial Limited

II. Key Management Personnel ("KMP")

- Mr. Shalabh Saxena - Managing Director and Chief Executive Officer (resigned w.e.f April 23, 2025)
- Mr. Ashish Damani - Interim CEO, President and Chief Financial Officer (Interim CEO w.e.f. April 23, 2025)
- Mr. Ramesh Periasamy - Company Secretary and 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, 2025

(₹ in crores unless otherwise stated)

34: Related party disclosures (As per Ind AS 24) (contd.)

III. Directors

- a) Ms. Abanti Mitra - Non-Executive Chairperson and Independent Director
- b) Mr. Deepak Vaidya - Independent Director
- c) Mr. Animesh Chauhan - Independent Director
- d) Mrs. Dipali Sheth - 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) Ms. Saakshi Gera - Nominee Director (w.e.f May 22, 2024)
- h) Mr. Ramachandra Kasargod Kamath - Nominee Director
- i) Mr. Neeraj Swaroop - Nominee Director
- j) Mr. Kartikeya Dhruv Kaji - Nominee Director (upto May 21, 2024)
- k) Mr. Bharat Shah - Independent Director (upto April 16, 2023)
- l) Mr. Jagdish Capoor - Independent Director (upto June 05, 2023)
- m) Mrs. Padmaja Gangireddy - Non-Executive Director (upto May 27, 2023)

IV. Entity having significant influence

- a) Kangchenjunga Limited
- b) Kedaara Capital Fund III LLP

(b) Transactions with related parties

	For the year ended	
	March 31, 2025	March 31, 2024
(i) Criss Financial Limited		
Interest income on Inter corporate advances	11.66	23.11
Rental income	0.06	0.11
Rental expense	0.23	0.26
Inter-corporate advances granted (gross)	143.10	417.01
Inter-corporate advances repaid	192.00	566.80
Investments made	100.00	100.00
Cashflow settlement (outflow)	1.59	3.15
Consideration pursuant to Corporate gurantee provided by Holding Company	-	0.30
Expense reimbursements claimed by the Company	0.26	0.31
(ii) Caspian Financial Services Limited		
Interest income on Inter corporate advances	-	0.18
Rental income	-	0.01
Inter-corporate advances repaid	-	5.39
Cashflow settlement (outflow)	-	0.28
Expense reimbursements claimed by the Company	-	0.00
Commission expense	-	0.14
Reimbursement of stock written off	-	0.82
Staff welfare expenses	-	0.17
Disbursement proceeds transferred	-	0.16

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

34: Related party disclosures (As per Ind AS 24) (contd.)

(iii) Key Management Personnel	For year ended March 31, 2025		
	(a) short-term employee benefits	(b) other long-term benefits	(c) share-based payment ^
Mr. Shalabh Saxena	6.05	0.28	4.08
Mr. Ashish Damani	4.58	0.25	2.05
Mr. Vinay Prakash Tripathi	0.65	0.02	0.32

Key Management Personnel	For year ended March 31, 2024		
	(a) short-term employee benefits	(b) other long-term benefits	(c) share-based payment ^
Mr. Shalabh Saxena	7.35	0.20	5.30
Mr. Ashish Damani	5.26	0.16	2.80
Mr. Ramesh Periasamy	0.99	0.07	0.60
Mr. Vinay Prakash Tripathi	0.29	0.00	0.05

^ 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) Transactions with Non-Executive Directors (Annual fees) ^	For the year ended	
	March 31, 2025	March 31, 2024
Mr. Deepak Vaidya	0.30	0.30
Mr. K R Kamath	0.30	0.30
Ms. Abanti Mitra	0.30	0.30
Mr. Animesh Chauhan	0.30	0.30
Mr. Neeraj Swaroop	0.30	0.30
Mrs. Deepali Seth	0.30	0.28
Mr. Vinayak Prasad	0.30	0.28
Mr. Jagdish Capoor	-	0.05

^The above amounts are exclusive of GST

(c) Balance receivable / (payable)

	As at	
	March 31, 2025	March 31, 2024
Loans		
Criss Financial Limited	23.57	73.60
Investment in subsidiaries at cost		
Criss Financial Limited	315.00	215.00
Caspian Financial Services Limited	2.00	2.00
Less: Impairment loss allowance - Investment	(2.00)	-
Other financial liabilities		
Mr. Shalabh Saxena	-	(1.65)
Mr. Ashish Damani	-	(1.20)
Mr. Ramesh Periasamy	-	(0.25)
Mr. Vinay Prakash Tripathi	-	(0.05)
(d) Corporate Guarantee for the term loans availed by Criss Financial Limited	75.15	156.10

Notes:

- (a) All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

35: Contingent liabilities and commitments

a. Claims against the Company not acknowledged as debt:

Particulars	March 31, 2025	March 31, 2024
Service tax	0.56	0.56
Goods and service tax	21.31	18.68
Income tax	28.78	52.81
Total	50.65	72.05

The Company's pending litigations primarily relate to matters under direct Tax and indirect tax. These have been reviewed in detail, and appropriate provisions have been made wherever required. Contingent liabilities have been disclosed, wherever applicable, in accordance with accounting standards. The amounts involved are based on management's best estimates, and no material liability is expected to arise from these matters. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

b. Guarantee excluding financial guarantee

Particulars	March 31, 2025	March 31, 2024
Corporate Guarantee for the term loans availed by Criss Financial Limited	75.15	156.10
Total	75.15	156.10

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.

36: 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 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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

37: Fair Value Hierarchy of assets and liabilities

Fair value measurement

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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
Financial assets measured at fair value as at March 31, 2025			
Derivative financial instruments	-	2.47	-
Term Loans (at fair value through OCI)	-	5,013.65	-
Investments in mutual funds (measured at FVTPL)	62.81	-	-
Investments in security receipts (measured at FVTPL)	-	-	16.02
Retained interest on direct assignment	-	26.30	-
	62.81	5,042.42	16.02
Financial assets measured at fair value as at March 31, 2024			
Term Loans (at fair value through OCI)	-	10,270.24	-
Investments in security receipts (measured at FVTPL)	-	-	111.68
Retained interest on direct assignment	-	50.32	-
	-	10,320.56	111.68

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
Financial assets measured at fair value as at March 31, 2025				
Loans repayable on demand - Inter corporate advances to related parties - (at amortized cost) *	23.57	-	23.57	-
Investments in Government Securities (measured at amortized cost)	30.82	30.82	-	-
Investments in equity shares (measured at cost)	0.10	-	-	0.10
Investment in subsidiaries at cost *	315.00	-	-	315.00
	369.49	30.82	23.57	315.10
* Fair value considered to be equivalent to cost				
Financial assets measured at fair value as at March 31, 2024				
Loans repayable on demand - Inter corporate advances to related parties - (at amortized cost)	73.60	-	73.60	-
Investments in equity shares (measured at cost)	0.10	-	-	0.10
Investment in subsidiaries at cost	217.00	-	-	293.03
	290.70	-	73.60	293.13

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

37: Fair Value Hierarchy of assets and liabilities (contd.)

III. The following table shows an analysis of financial liabilities that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
Liabilities measured at fair value as at March 31, 2025				
Debt securities	1,934.93	-	1,946.49	-
Borrowings (other than debt securities)	3,261.71	-	3,258.66	-
Lease Liabilities	9.15		9.15	
	5,205.79	-	5,214.30	-
Liabilities measured at fair value as at March 31, 2024				
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	-
	9,022.70	-	9,067.33	-

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 Term 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 II) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage III loans are assumed as carrying value less provision for impairment loss allowance.

For investment in mutual funds

For investments, the Company has assessed the fair value on the basis of the NAV (Net Asset Value) declared by the mutual fund houses.

For investment in security receipts

The expected recoveries are discounted at yield to arrive at the present value of the recoveries. Fair value of cash flows are assumed as carrying value less provision for impairment loss allowance.

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, 2025 and March 31, 2024.

38: Capital Management (Refer Note 51)

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

38: Capital Management (Refer Note 51) (contd.)

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital

Particulars	March 31, 2025	March 31, 2024
Tier I Capital	1,672.74	2,846.80
Tier II Capital	-	-
Total Capital	1,672.74	2,846.80
Risk weighted assets	4,607.30	8,909.23
Tier I CRAR	36.31%	31.95%
Tier II CRAR	0.00%	0.00%
Total CRAR	36.31%	31.95%

39: 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.

Investment risk

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest rate risk

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates

If actual withdrawal rates are higher than assumed withdrawal rate assumption, then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 20,00,000, raising accrual rate from 15/26 etc.).

Inflation Risk

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1062, this generally reduces ALM risk.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

39: Defined Benefit Gratuity Plan (contd)

Concentration Risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low.

Life expectancy

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Movement in defined benefit obligations

Particulars	March 31, 2025	March 31, 2024
Defined benefit obligation as at the beginning of the year	11.81	5.65
Current service cost	2.78	2.70
Interest on defined benefit obligation	0.85	0.41
Remeasurements- Actuarial (gain) / loss	(0.52)	4.57
Benefits paid	(1.60)	(1.52)
Defined benefit obligation as at the end of the year	13.32	11.81

Movement in plan assets

Particulars	March 31, 2025	March 31, 2024
Fair value of plan assets as at the beginning of the year	1.70	0.13
Actual return on plan assets	0.10	0.09
Employer contributions	0.02	3.00
Benefits paid	(1.60)	(1.52)
Fair value of plan assets as at the end of the year	0.22	1.70

The Company expects to contribute ₹4.00 crores (March 31, 2024 ₹3.89 crores) to gratuity in the next financial year.

Reconciliation of net liability/ asset

Particulars	March 31, 2025	March 31, 2024
Net defined benefit liability as at the beginning of the year	10.11	5.52
Expense charged to statement of profit and loss	3.51	3.10
Amount recognised in other comprehensive income	(0.50)	4.49
Employer contributions	(0.02)	(3.00)
Net defined benefit liability as at the end of the year	13.10	10.11

Expenses charged to the statement of profit and loss

Particulars	March 31, 2025	March 31, 2024
Current service cost	2.78	2.70
Interest cost	0.73	0.40
Total	3.51	3.10

Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2025	March 31, 2024
Actuarial Gain / (Loss) on Liabilities		
-due to change in financial assumptions	(0.37)	(0.03)
-due to change in demographic assumptions	2.74	(0.92)
-due to experience variance	(1.85)	(3.62)

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

39: Defined Benefit Gratuity Plan (contd)

Total -A	0.52	(4.57)
Particulars	March 31, 2025	March 31, 2024
Actuarial Gain / (Loss) on assets		
-Expected Interest Income	0.12	0.01
-Actual Income on Plan Asset	0.10	0.09
Total -B	(0.02)	0.08
Amount recognised under OCI (A+B)	0.50	(4.49)

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, 2025	March 31, 2024
Fund managed by Insurer	100%	100%
Total	100%	100%

Summary of Actuarial Assumptions

Particulars	March 31, 2025	March 31, 2024
Discount rate	6.55%	7.18%
Return on plan assets	7.18%	7.30%
Rate of Increase in compensation levels	7.50%-12.50%	7.50%-12.50%
Retirement age (years)	58	58
Withdrawal rate / Attrition rate	40%	25%
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.

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, 2025	March 31, 2024
Discount rate (+0.5%)	(0.13)	(0.21)
Discount rate (-0.5%)	0.14	0.22
Salary Inflation (+1%)	0.26	0.42
Salary Inflation (-1%)	(0.25)	(0.40)
Withdrawal Rate (+5%)	(0.69)	(0.67)
Withdrawal Rate (-5%)	0.79	0.76

Projected plan cash flow

Particulars	March 31, 2025	March 31, 2024
Year 1	3.62	1.80
Year 2	3.07	1.80
Year 3	2.49	1.91
Year 4	2.00	1.80
Year 5	1.54	1.72
After year 5	2.72	6.99

The weighted average duration of the defined benefit obligation of Company is ~ 5 years

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

40: 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 the statement of profit and loss:

Particulars	March 31, 2025	March 31, 2024
Depreciation expense of right-of-use assets	3.00	2.77
Interest expense on lease liabilities	1.09	1.26
Expense relating to short-term leases	31.27	25.39
Total amount recognised in the statement of profit and loss	35.36	29.42

Particulars	March 31, 2025	March 31, 2024
Total commitments for short term leases	13.81	13.15

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	March 31, 2025	March 31, 2024
Balances as at the beginning of the year	9.27	12.04
Addition	1.33	-
Deletion	-	-
Depreciation	(3.00)	(2.77)
Balances as at the end of the year	7.61	9.27

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

Particulars	March 31, 2025	March 31, 2024
Balances as at the beginning of the year	10.54	12.67
Addition	1.33	-
Accretion of interest	1.09	1.26
Deletion	-	-
Payments	(3.82)	(3.39)
Balances as at the end of the year	9.15	10.54

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	March 31, 2025	March 31, 2024
Less than one year	4.14	3.55
One to five years	6.35	9.04
More than five years	-	-
Total	10.49	12.59

The total cash outflow for leases is ₹35.41 crores (March 31, 2024: ₹28.78 crores), including cash outflow for short term leases

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

41: 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.

Particulars	March 31, 2025	March 31, 2024
1. the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
2. the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
4. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
5. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance or a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

42: 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 line of business and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers all types of risks that the Company is exposed to. 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 scenarios and 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.

42.1 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 for the lender. 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 securities, balances with banks and other receivables.

Financial instruments that are subject to concentration of credit risk principally consist of investments, bank deposits and other financial assets. The policies of the Company are framed in a manner that ensure that none of the financial instruments where the Company has invested result in material concentration of credit risk.

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at March 31, 2025 and March 31, 2024. 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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

42: Risk Management and financial objectives (contd.)

Loans

Credit risk is the risk of loss that may occur from defaults by our borrowers under our loan agreements. In order to address this 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 offers 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, the results of our 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.

The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3 (j) of the material 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.

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:

Particulars	March 31, 2025	March 31, 2024
Madhya Pradesh	13.35%	13.38%
Odisha	12.65%	14.08%
Bihar	11.49%	11.65%
Andhra Pradesh	11.00%	9.92%
Karnataka	10.17%	10.19%
Maharashtra	8.23%	8.85%

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

42: Risk Management and financial objectives (contd.)

Particulars	March 31, 2025	March 31, 2024
West Bengal	6.46%	2.31%
Uttar Pradesh	5.49%	6.28%
Jharkhand	5.42%	5.87%
Chhattisgarh	5.04%	5.09%
Rajasthan	3.55%	4.97%
Gujarat	3.21%	3.87%
Telangana	1.45%	1.55%
Others ^	2.49%	1.98%
Total	100.00%	100.00%

^ comprises of Goa, Hayana, Himachal Pradesh, Kerala, Pondicherry, Tamilnadu and Uttarakhand

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.

42.1.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.

42.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

Maturity pattern of financial liabilities:

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Upto 1 month	349.30	468.39	71.17	197.63
1 to 2 months	383.37	985.60	5.78	8.10
2 to 3 months	878.66	733.74	3.60	2.26
3 to 6 months	990.38	1,683.96	16.53	3.73
6 months to 1 year	1,610.92	2,775.88	2.10	1.81
1 to 3 years	1,394.68	3,170.78	29.79	31.02
3 to 5 years	10.98	45.66	0.39	1.39
Over 5 years	-	-	-	-
Total	5,618.29	9,864.01	129.36	245.94

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities and includes interest payable as per agreed repayment schedule

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

42.2 Liquidity Risk (contd.)

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, 2025			March 31, 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,206.97	-	1,206.97	1,385.55	-	1,385.55
Bank balances other than cash and cash equivalents	540.41	43.42	583.83	228.78	233.61	462.39
Derivative financial instruments	2.47	-	2.47	-	-	-
Loans	4,215.93	821.29	5,037.22	7,251.64	3,092.20	10,343.84
Investments	107.81	316.94	424.75	61.50	267.28	328.78
Other financial assets	94.05	41.28	135.33	96.77	7.96	104.73
Total financial assets	6,167.63	1,222.94	7,390.57	9,024.24	3,601.05	12,625.29
Non-Financial assets						
Current tax assets (net)	-	110.03	110.03	22.53	25.11	47.64
Deferred tax assets (net)	-	437.97	437.97	-	122.18	122.18
Property, plant and equipment	-	23.34	23.34	-	27.83	27.83
Other intangible assets	-	2.59	2.59	-	4.35	4.35
Other non-financial assets	-	43.48	43.48	-	42.29	42.29
Total non-Financial assets	-	617.41	617.41	22.53	221.76	244.29
Total Assets	6,167.63	1,840.35	8,007.98	9,046.77	3,822.81	12,869.58
LIABILITIES						
Financial liabilities						
Payables	7.31	-	7.31	7.64	-	7.64
Debt securities	1,276.04	658.89	1,934.93	3,011.75	855.91	3,867.66
Borrowings (other than debt securities)	2,604.22	657.49	3,261.71	3,010.42	2,114.08	5,124.50
Subordinated liabilities	-	-	-	20.00	-	20.00
Other financial liabilities	98.36	28.96	127.32	204.89	31.35	236.24
Total financial liabilities	3,985.93	1,345.34	5,331.27	6,254.70	3,001.34	9,256.04
Non-Financial liabilities						
Current tax liabilities (net)	-	5.35	5.35	-	5.59	5.59
Provisions	8.10	16.52	24.62	3.42	13.18	16.60
Other non-financial liabilities	17.44	6.53	23.97	16.90	18.46	35.36
Total non-financial liabilities	25.54	28.40	53.94	20.32	37.23	57.55
Total Liabilities	4,011.47	1,373.74	5,385.21	6,275.02	3,038.57	9,313.59
Net	2,156.16	466.61	2,622.77	2,771.75	784.24	3,555.99

42.3 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:

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

42.3a 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 and equity is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2025	March 31, 2024
0.50 % Increase	(25.98)	(25.28)
0.50 % Decrease	25.98	25.28

42.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

42.3c 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 interest rate swaps.

Particulars	March 31, 2025		March 31, 2024	
	Amount in USD	Amount in ₹	Amount in USD	Amount in ₹
Borrowings (other than debt securities)	2,00,00,000	164.60	2,00,00,000	164.60
Derivative financial instruments	2,00,00,000	2.47	2,00,00,000	-

The carrying amount of the Company's foreign currency denominated monetary items in ₹ as at March 31, 2025 and March 31, 2024 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, 2025

(₹ in crores unless otherwise stated)

43: 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, 2025	March 31, 2024
Carrying amount of assets	920.40	2,115.63
Carrying amount of associated liabilities	678.27	1,878.14
Fair value of assets	946.39	2,128.81
Fair value of associated liabilities	679.57	1,887.39

The shortfall of fair value of associated liabilities over fair value of assets is ₹ Nil (March 31, 2024: ₹ 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, 2025	March 31, 2024
Carrying amount in respect of financial assets derecognised since April 1, 2022 [^]	528.29	686.12
Gain/(loss) from derecognition during the year	83.33	93.95

[^] excluding carrying amount in respect of financial assets derecognised prior to March 31, 2022 where contracts with borrowers are matured and expired.

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

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(₹ in crores unless otherwise stated)

44: 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.

Particulars	Grant I	Grant II	Grant IV	Grant V	Grant IX	Grant XII ESOP Plan 2018 and ESOP Scheme 2021	Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of grant	13-Aug-18	13-Aug-18	28-Jan-20	28-Jan-20	31-Aug-20	14-Aug-21	2-Nov-21	30-Mar-22	11-Jul-22
Date of Board / Compensation/ Committee Approval	13-Aug-18	13-Aug-18	28-Jan-20	28-Jan-20	31-Aug-20	14-Aug-21	2-Nov-21	30-Mar-22	11-Jul-22
Number of options granted	3,38,854	8,17,500	90,500	3,36,500	28,000	12,28,000	1,23,000	16,60,000	2,15,000
Exercise price	263.35	263.35	1,077.37	1,077.37	608.74	636.46	521.66	371.07	415.59
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 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	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	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	1,60,000	50,000	6,38,000	1,50,000	60,000	10,000	7,000	1,87,135	
Exercise price	554.88	553.1	569.18	567.02	582.96	849.38	1,192.56	970.92	
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	
Vesting period	20 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	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.								
Name of the plan	ESOP Plan 2021 and ESOP Scheme 2021-Series A								

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

44: Employee Stock Option Plan (ESOP) (Contd.)

Particulars	Grant XVIII ESOP Plan 2018 and ESOP Scheme 2021	Grant XIX ESOP Plan 2018 and ESOP Scheme 2021	Grant XX ESOP Plan 2018 and ESOP Scheme 2021	Grant XXI ESOP Plan 2018 and ESOP Scheme 2021
Date of grant	23-Apr-24	2-Nov-24	16-Jan-25	5-Mar-25
Date of Board / Compensation/ Committee Approval	23-Apr-24	2-Nov-24	16-Jan-25	5-Mar-25
Number of options granted	60,000	10,000	7,000	67,000
Exercise price	881.76	446.93	408.98	283.85
Method of settlement	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 2018 and ESOP Scheme 2021			

b) The details of all grants in operation during financial year 2024-25 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	Exercisable at the end of the year	Weighted average remaining contractual life of options (in years)
Grant I	13-Aug-18	263.35	2,600	-	-	1,000	1,600	1,600	2.36
Grant II	13-Aug-18	263.35	18,650	-	-	5,100	13,550	13,550	2.36
Grant IV	28-Jan-20	1,077.37	18,800	-	-	5,800	13,000	13,000	3.82
Grant V	28-Jan-20	1,077.37	1,48,700	-	-	29,200	1,19,500	1,19,500	3.82
Grant IX	31-Aug-20	608.74	8,000	-	-	-	8,000	4,000	4.42
Grant XII Scheme 2021	14-Aug-21	636.46	6,55,350	-	1,500	1,11,800	5,42,050	3,35,450	5.37
Grant I Plan 2021 Series A	2-Nov-21	521.66	59,100	-	1,200	14,400	43,500	18,900	5.59
Grant II Plan 2021 Series A	30-Mar-22	371.07	15,00,000	-	-	-	15,00,000	11,25,000	5.99
Grant III Plan 2021 Series A	11-Jul-22	415.59	52,000	-	-	15,000	37,000	18,500	6.28
Grant IV Plan 2021 Series A	8-Sep-22	554.88	1,00,000	-	-	-	1,00,000	40,000	6.44
Grant V Plan 2021 Series A	17-Oct-22	553.10	47,500	-	-	-	47,500	22,500	6.55
Grant VI Plan 2021 Series A	31-Jan-23	569.18	5,79,250	-	5,000	55,000	5,19,250	2,35,250	6.84
Grant XIII Scheme 2021	25-Apr-23	567.02	1,40,000	-	-	-	1,40,000	35,000	7.07
Grant XIV Scheme 2021	2-May-23	582.96	60,000	-	-	-	60,000	15,000	7.08
Grant XV Scheme 2021	3-Nov-23	849.38	10,000	-	-	-	10,000	2,500	7.59
Grant XVI Scheme 2021	20-Jan-24	1,192.56	7,000	-	-	-	7,000	1,750	7.81
Grant XVII Scheme 2021	17-Feb-24	970.92	1,85,844	-	-	16,582	1,69,262	57,847	7.88
Grant XVIII Scheme 2021	23-Apr-24	881.76	-	60,000	-	-	60,000	-	8.06
Grant XIX Scheme 2021	2-Nov-24	446.93	-	10,000	-	-	10,000	-	8.59
Grant XX Scheme 2021	16-Jan-25	408.98	-	7,000	-	-	7,000	-	8.80
Grant XXI Scheme 2021	5-Mar-25	283.85	-	67,000	-	-	67,000	-	8.93
Total			35,92,794	1,44,000	7,700	2,53,882	34,75,212	20,59,347	

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

44: Employee Stock Option Plan (ESOP) (Contd.)

c) 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	Exercisable 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	2,600	3.36
Grant II	13-Aug-18	263.35	1,39,997	-	1,08,975	12,372	18,650	18,650	3.36
Grant IV	28-Jan-20	1,077.37	27,200	-	1,200	7,200	18,800	16,000	4.82
Grant V	28-Jan-20	1,077.37	1,67,100	-	-	18,400	1,48,700	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	2,59,950	6.37
Grant I Plan 2021 Series A	2-Nov-21	521.66	87,000	-	26,400	1,500	59,100	7,800	6.59
Grant II Plan 2021 Series A	30-Mar-22	371.07	15,00,000	-	-	-	15,00,000	7,50,000	6.99
Grant III Plan 2021 Series A	11-Jul-22	415.59	57,000	-	5,000	-	52,000	9,250	7.28
Grant IV Plan 2021 Series A	8-Sep-22	554.88	1,60,000	-	20,000	40,000	1,00,000	10,000	7.44
Grant V Plan 2021 Series A	17-Oct-22	553.10	50,000	-	2,500	-	47,500	10,000	7.55
Grant VI Plan 2021 Series A	31-Jan-23	569.18	6,38,000	-	58,750	-	5,79,250	1,00,750	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
Total			36,85,797	4,14,135	3,14,175	1,92,963	35,92,794	13,33,700	

The expense recognised for employee services received during the year is ₹19.12 crs. (March 31, 2024: ₹ 26.09 crs)

d) The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2025

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
Date of Grant	23-Apr-24	2-Nov-24	16-Jan-25	5-Mar-25
No of ESOPs	60,000	10,000	7,000	67,000
Stock Price on the date of grant (₹)	881.74	426.13	433.00	278.19
Exercise Price (₹)	881.76	446.93	408.98	283.85
Expected Volatility	52.41%	51.12%	53.41%	53.57%
Dividend Yield	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	7.08% - 7.09%	6.69% - 6.73%	6.66% - 6.68%	6.54% - 6.6%
Fair value of option				
Vest-1	476.79	219.12	240.69	148.85
Vest-2	498.49	228.43	248.35	153.91
Vest-3	518.59	238.40	257.82	160.08
Vest-4	537.36	247.68	266.75	166.08
Weighted average fair value	507.81	233.41	253.40	157.23

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

44: Employee Stock Option Plan (ESOP) (Contd.)

e) 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	1,156.30	970.92
Exercise Price (₹)	567.02	582.96	849.38	1,192.56	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%
Fair value of option					
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	
Weighted average fair value	286.53	292.18	414.90	532.47	469.87

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')

45: 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 or entity, 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.

46: The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

47: 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, 2025		March 31, 2024	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
1) Liabilities side:				
Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	1,256.66	-	1,989.52	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	3,261.71	-	5,144.50	-
(d) Inter-Corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans - Borrowing under securitisation arrangement (secured)	678.27	-	1,878.14	-

Particulars	March 31, 2025	March 31, 2024
	Amount outstanding	Amount outstanding
2) Assets side:		
Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured	0.48	1.73
(b) Unsecured	5,036.74	10,342.11
3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	7.61	9.27
(ii) Stock on hire including hire charges under sudry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
4) Break-up of Investments:		
Current Investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	62.81	-
(iv) Government Securities	30.82	-

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

47: 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, 2025	March 31, 2024
	Amount outstanding	Amount outstanding
(v) Others (please specify)	-	-
2. Unquoted:		
(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)	-	-
Long Term Investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity	315.10	217.10
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Security receipts	16.02	111.68

5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	March 31, 2025			March 31, 2024		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	23.57	23.57	-	73.60	73.60
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	0.48	5,013.17	5,013.65	1.73	10,268.51	10,270.24
Total	0.48	5,036.74	5,037.22	1.73	10,342.11	10,343.84

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

47: 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.)

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	March 31, 2025		March 31, 2024	
	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	315.00	315.00	293.03	217.00
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	78.93	78.93	111.78	111.78
Total	393.93	393.93	404.81	328.78

7) Other Information

Particulars	March 31, 2025	March 31, 2024
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	294.11	168.07
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	58.36	33.62
(iii) Assets acquired in satisfaction of debt	-	-

48: 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: Corporate Governance

NBFCs shall put up to the Board of Directors, at regular intervals, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC.

The Company has put in place a risk management policy and periodic updates are presented to the Risk Management Committee.

NBFCs shall put up to the Board of Directors, at regular intervals, conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc. The Company has put up to the Board of Directors' conformity with corporate governance standards compliance.

B.Capital to risk assets ratio ('CRAR')

Particulars	March 31, 2025	March 31, 2024
CRAR (%)	36.31%	31.95%
CRAR-Tier I Capital (%)	36.31%	31.95%
CRAR-Tier II Capital (%)	-	-
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

C. Investments:

Particulars	March 31, 2025	March 31, 2024
1. Value of investments		
(i) Gross value of investments		
(a) In India	552.51	362.80
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	127.76	34.02
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	424.75	328.78
(b) Outside India	-	-
2. Movement of provisions held towards depreciation		
Opening balance	34.02	-
Add: Provision made during the year	93.74	34.02
Less: Write off/ write back	-	-
Closing balance	127.76	34.02

D. Derivatives:

Forward Rate Agreement/Interest Rate Swap

Particulars	March 31, 2025	March 31, 2024
(i) The notional principal of swap agreements	164.60	164.60
(ii) Gain / (losses) which would be incurred if counterparties failed to fulfil their obligations under the agreements	2.47	(1.37)
(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	(4.09)	-

The Company has entered into derivative contracts with scheduled commercial banks

Exchange Traded Interest Rate (IR) Derivatives

The Company has not traded in Interest Rate Derivative during the financial year ended March 31, 2025 (March 31, 2024: Nil).

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company manages various risks associated with the lending business, including liquidity risk, foreign exchange risk, interest rate risk and counterparty risk. To manage these risks, the Company has Board approved policies and framework, including the Risk Management Policy and ALM Policy, which sets limits for exposures on currency, interest rates and other parameters. The Company manages its currency risk and enters in to derivative contracts in accordance with the guidelines prescribed therein.

Liquidity risk and Interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk and interest rate risk on borrowings is actively managed mainly through derivative financial instruments by entering in to forward contracts and cross currency interest rate swaps. Counter party risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits fixed by the Risk Management Committee.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

B. Quantitative Disclosure

The Company has sourced External Commercial Borrowing in foreign currency. The same has been hedged as required by RBI. Details of Risk Management policy pertains to derivatives have been provided above. Further, quantitative details are given below:

Particulars	March 31, 2025	March 31, 2024
Derivatives (Notional Principal amount) for hedging	164.60	164.60
Marked to market positions		
Asset (+)	2.47	(1.37)
Liability (-)	-	-
Credit Exposure	Nil	Nil
Unhedged Exposure	Nil	Nil

E. Asset liability management - Maturity Pattern of certain items of assets and liabilities:

Maturity pattern	March 31, 2025				March 31, 2024			
	Assets		Liabilities		Assets		Liabilities	
	Loans	Investments	Borrowings	Foreign currency liabilities	Loans	Investments	Borrowings	Foreign currency liabilities
0-7 Days	324.56	-	57.76	-	472.85	-	62.92	-
8-14 Days	144.14	-	54.97	-	224.70	2.87	55.13	-
15-30/31 Days	58.85	63.56	215.02	-	57.92	-	315.78	-
Over 1 month to 2 months	429.38	31.23	346.09	-	614.54	3.32	912.14	-
Over 2 months upto 3 months	439.17	1.00	840.18	-	611.43	3.77	663.48	-
Over 3 months to 6 months	1,167.92	3.00	879.83	-	1,882.84	16.13	1,496.09	-
Over 6 months to 1 year	1,651.91	9.02	1,315.27	171.13	3,387.35	35.41	2,536.63	-
Over 1 year to 3 years	762.92	1.84	1,307.20	-	3,061.22	52.18	2,758.87	175.37
Over 3 years to 5 years	58.37	-	9.19	-	30.89	-	35.75	-
Over 5 years	-	315.10	-	-	0.10	215.10	-	-
Total	5,037.22	424.75	5,025.51	171.13	10,343.84	328.78	8,836.79	175.37

Note:

- The Company does not have deposits (public) and foreign currency assets as of March 31, 2025 and March 31, 2024
- The maturity pattern of certain asset and liability items has been classified into different time buckets based on the underlying cash flows and assumptions considered by the Company
- The individual bucket wise mismatch will be met by the surplus in cash and cash equivalents and other bank balances including fixed deposits.
- Borrowings exclude foreign currency liabilities

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

F. Exposure to real estate sector

Category	March 31, 2025	March 31, 2024
A. Direct exposure		
I. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	0.56	2.21
II. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
III. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	-	-
Commercial Real Estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total	0.56	2.21

G. The Company has no exposure to capital market during current and previous year.

Particulars	March 31, 2025	March 31, 2024
Direct investment in equity shares (Alpha Micro Finance Consultants Private Limited)	0.10	0.10

H. The Company does not have any parent company, hence disclosure relating to product financed by parent company is not applicable.

I. 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.

J. Unsecured Advances – Refer note 7

K. 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).

L. Disclosure of Penalties imposed by RBI and Other Regulators:

For the year ended March 31, 2025: No penalty imposed by RBI and other Regulators

For the year ended March 31, 2024: No penalty imposed by RBI and other Regulators

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

M. Disclosure under Master Direction - Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021

Particulars	March 31, 2025	March 31, 2024
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year	10	32
2. Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date	678.27	1,876.20
3. Total amount of exposures retained to comply with minimum retention requirement ('MRR')		
a) On balance sheet exposures		
- First loss (MRR)	255.57	459.74
- Others	-	-
4. Amount of exposures to securitization transactions other than MRR:		
a) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	137.54	263.55
- 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.

N. 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, 2025	March 31, 2024
Number of Loans	2,43,508	2,50,362
Aggregate pool amount (In crores)	824.36	948.42
Sale consideration (In crores)	741.92	853.58
Number of transactions	5	7
Weighted average remaining maturity (in months)	17	16
Weighted average holding period after origination (in months)	7	8
Retention of beneficial economic interest (MRR) (In crores)	82.44	94.84
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 in note 48 N (ii) below.

(b) The Company has not acquired any loans through assignment.

(c) The Company has not acquired any stressed loan.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

(ii) The details of stressed loans transferred and Investment made in Security Receipts during year ended March 31, 2025 to ARCs as as under.

Particulars	To ARC	To Permitted transferes	To Other transferes
i) No. of accounts	1,27,698	-	-
ii) Aggregate principal outstanding of loans transferred (In crores) ^	304.41	-	-
iii) Weighted average residual tenor of the loans transferred (months)	6.95	-	-
iv) Net book value of loans transferred (at the time of transfer)	40.09	-	-
v) Aggregate consideration	16.74	-	-
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	-	-	-
viii) Investment in Security Receipts (SR) #	1.42	-	-

^ includes written-off loans aggregating to ₹ 103.98 crs for the year ended March 31, 2025

The Company had not transferred any stressed loans to ARC's during the year ended March 31, 2024.

Details of recovery rating assigned for security receipts:

Recovery Rating Scale	March 31, 2025		March 31, 2024	
	Implied recovery	Book Value (₹ in Crs)	Implied recovery	Book Value (₹ in Crs)
RR1+	75% to 100%	0.78	NA	-
RR3	50% to 75%	45.35	75% to 100%	50.06
RR4	25% to 50%	95.64	50% to 75%	95.64
Total		141.78		145.70

Total carrying amount of SRs held by the Company is ₹16.02 crs, (Gross book value: ₹141.78 crs, impairment allowance: ₹125.76 crs) as on March 31, 2025 (March 31, 2024: ₹111.68 crs, Gross book value: ₹145.70 crs, impairment allowance: ₹34.02 crs) as on March 31, 2024).

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	3-Feb-25	CARE A/Negative	Note 1	1,500.00
2		ICRA Limited	3-Feb-25	ICRA A/Negative		2,105.00
3		CRISIL Ratings Limited	10-Feb-25	CRISIL A-/Stable		3,500.00
4		India Rating	12-Feb-25	IND A/ Negative		1,500.00
5	Non convertible debentures	CARE Ratings Limited	3-Feb-25	CARE A/Negative		700.00
6		ICRA Limited	3-Feb-25	ICRA A/Negative		423.00
7		India Rating	12-Feb-25	IND A/Negative		1,720.00
8	Commercial Paper	CARE Ratings Limited	3-Feb-25	CARE A1		100.00

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
9	Securitisation	CARE Ratings Limited	28-May-24	CARE AA-(SO)	15-Jan-26	141.44
10		CARE Ratings Limited	31-May-24	CARE AA-(SO)	15-Jan-26	99.43
11		CARE Ratings Limited	30-May-24	CARE AA-(SO)	13-Jan-26	157.47
12		CARE Ratings Limited	26-Jun-24	CARE AA-(SO)	17-Feb-26	84.96
13		CRISIL Ratings Limited	28-Jun-24	CRISIL AA+(SO)	16-Feb-26	197.32
14		India Rating	29-Jul-24	IND AA-(SO)	17-Mar-26	93.19
15		ICRA Limited	26-Nov-24	ICRA AA+(SO)	17-Jul-26	68.98
16		ICRA Limited	30-Dec-24	ICRA AA(SO)	17-Sep-26	74.59
17		ICRA Rating	22-Jan-25	ICRA AA-(SO)	13-Oct-26	138.62
18		ICRA Rating	5-Feb-25	ICRA AA-(SO)	17-Oct-26	38.90

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

Note 2: Revision of rating by ICRA,INDIA rating and CARE from A+/ Negative to A/Negative and by CRISIL from CRISIL A/ Stable to A-/Stable

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	CARE Ratings Limited	8-Apr-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	8-Apr-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	8-Apr-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

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

Sr. No.	Instrument	Rating agency	Date of Rating	Rating assigned	Valid up to	Borrowing limit
18	Securitisation	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	IND AA(SO) and IND 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	IND 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	IND AA(SO)	19-May-25	152.89
31		India Rating	22-Nov-23	IND A+ and A-(SO)	17-Mar-25	53.44
32		India Rating	29-Nov-23	IND AA-(SO)	17-Jul-25	75.00
33		India Rating	22-Dec-23	IND AA(SO) and IND A-(SO)	10-Aug-25	49.94
34		India Rating	27-Dec-23	IND AA(SO) and IND 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	IND AA-(SO)	17-Sep-25	76.66
37		India Rating	19-Feb-24	IND AA-(SO)	17-Sep-25	50.00
38		CRISIL Ratings Limited	29-Feb-24	CRISIL AA+(SO)	12-Nov-25	100.00
39		CARE Ratings Limited	10-Mar-24	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	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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

P. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2025	March 31, 2024
Provision for income tax (net)	(317.11)	158.14
Provision for non-performing assets (impairment allowance on stage III loans)	101.29	16.80
Provision for standard assets (impairment allowance on stage I and stage II loans)	135.32	56.37
Provision for security receipts	91.74	34.02
Provision for investment in subsidiaries	2.00	-
Provision for indirect tax matter	(12.32)	0.71
Provision for gratuity	3.51	3.10
Provision for leave benefits	6.98	6.30

Contingencies

Particulars	March 31, 2025	March 31, 2024
Service tax	0.56	0.56
Goods and service tax	21.31	18.68
Income tax	28.78	52.81
Total	50.65	72.05

Guarantee

Particulars	March 31, 2025	March 31, 2024
Corporate Guarantee for the term loans availed by Criss Financial Limited	75.15	156.10
Total	75.15	156.10

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, 2025	March 31, 2024
Concentration of Advances		
Total advances to twenty largest borrowers #	0.51	1.04
(%) of advances to twenty largest borrowers to total advances	0.01%	0.01%
Concentration of Exposures		
Total exposure to twenty largest borrowers #	0.53	1.12
(%) of exposure to twenty largest borrowers to total exposure	0.01%	0.01%
Concentration of NPAs *		
Total exposure to top four NPA accounts	0.04	0.37

excludes inter-corporate deposits extended to related parties

* Represents stage III loans including interest

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

S. Sector wise NPAs

Sector	Percentage of NPAs to total advances in that sector *	
	As at March 31, 2025	As at March 31, 2024
Agriculture and allied activities	4.39%	1.33%
MSME	6.37%	1.60%
Corporate borrowers	0.00%	0.00%
Services	0.00%	0.00%
Unsecured personal loans	3.75%	2.68%
Auto Loans	0.00%	0.00%
Other personal loans	0.00%	19.33%

* 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.

T. Movement of NPAs*

Particulars	March 31, 2025	March 31, 2024
Net NPAs to net advances (%)	1.16%	0.32%
Movement of NPAs (gross)		
1. Opening balance	168.07	156.68
2. Additions during the year ^	1,719.45	126.81
3. Reductions/ write off during the year	(1,593.41)	(115.42)
4. Closing balance	294.11	168.07
Movement of Net NPAs		
1. balance	33.61	47.01
2. Additions during the year ^	62.77	6.53
3. Reductions/ write off during the year	(38.01)	(19.92)
4. Closing balance	58.36	33.61
Movement of provision for NPAs		
1. Opening balance	134.46	109.67
2. Additions during the year ^	1,656.68	120.28
3. Reductions/ write off during the year	(1,555.39)	(95.50)
4. Closing balance	235.75	134.46

* 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 7).

^The above do not include NPAs identified and upgraded during the year.

U. Overseas assets

The Company does not have any subsidiary / joint venture abroad.

V. Off Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have SPVs sponsored (which are required to be consolidated as per accounting norms).

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

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, 2025	3,393	39.64	5.20	34.44
Cash Embezzlement - For the year ended March 31, 2024	1,654	10.79	2.77	8.02

*Includes recoveries in respect of frauds reported in earlier years

X. Sectoral Exposure*

Sectors	Current Year (As at March 31, 2025)			Previous Year (As at March 31, 2024)		
	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	4,180.75	183.39	4.39%	7,021.19	93.72	1.33%
Industry (Micro and small)	1,290.58	82.15	6.37%	3,476.12	55.50	1.60%
Personal Loans	29.46	1.08	3.68%	15.29	0.76	4.98%
Total	5,500.79	266.62	4.85%	10,512.60	149.98	1.43%

* Represents amount of principal outstanding

Sectors	Current Year (As at March 31, 2025)			Previous Year (As at March 31, 2024)		
	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	4,276.68	201.91	4.72%	7,141.91	104.80	1.47%
Industry (Micro and small)	1,325.15	91.06	6.87%	3,542.63	62.41	1.76%
Personal Loans	29.96	1.14	3.79%	15.65	0.86	5.51%
Total	5,631.79	294.11	5.22%	10,700.19	168.07	1.57%

Y. Intra-group exposures

Particulars	March 31, 2025	March 31, 2024
(i) Total amount of intra-group exposures	23.57	73.60
(ii) Total amount of top 20 intra-group exposures	23.57	73.60
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.42%	0.69%

Z. Related party transactions – Refer note 34.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

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, 2025	March 31, 2024
	Complaints received by the Company from its customers		
1.	No. of complaints pending at the beginning of the year	8	53
2.	No. of complaints received during the year	1,303	1,821
3.	No. of complaints disposed during the year	1,291	1,866
3.1	Of Which, no. of complaints rejected during the year	26	1
4.	No. of complaints pending at the end of the year	20	8
	Maintainable complaints received from Office of Ombudsman		
5.	No. of maintainable complaints received from Office of Ombudsman	-	-
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	-	-
5.3	Of 5, no. of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6.	No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-

(ii) Top five grounds of complaints received by the Company from customers

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
Current year					
Ground - 1: Instalment and overdue related	8	701	(37%)	17	
Ground - 2: Insurance claim settlements	-	408	47%	2	
Ground - 3: New loan request	-	183	(8%)	1	
Ground - 4: Interest related enquiries	-	-	(100%)	-	
Others	-	11	(95%)	-	
Total	8	1,303		20	-
Previous year					
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%)	-	-
Total	53	1,821		8	-

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

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, 2025:

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowances (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions as per IRACP norms #	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	4,698.70	41.85	4,656.84	18.79	23.07
	Stage 2	561.64	263.20	298.44	2.15	261.05
Subtotal		5,260.34	305.05	4,955.28	20.94	284.12
Non Performing Assets (NPA)						
Substandard	Stage 3	291.82	233.47	58.36	109.57	123.90
Doubtful - up to 1 year	Stage 3	2.28	2.28	-	2.00	0.28
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		2.28	2.28	-	2.00	0.28
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		294.11	235.75	58.36	111.57	124.18
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	4,698.70	41.85	4,656.84	18.79	23.07
	Stage 2	561.64	263.20	298.44	2.15	261.05
	Stage 3	294.11	235.75	58.36	111.57	124.18
		5,554.45	540.80	5,013.64	132.51	408.30

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

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
Performing Assets						
Loans	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
Subtotal		10,398.84	162.21	10,236.64	41.46	120.75
Non Performing Assets (NPA)	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	-	-	-	-	-
Subtotal for Doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		168.07	134.46	33.62	86.94	47.51
Other provisions		-	-	-	-	-
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	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
	Total	10,566.91	296.67	10,270.25	128.40	168.26

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.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

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 period ended March 31, 2025 is as under:

Sr. No.		Q1FY24-25		Q2FY24-25		Q3FY24-25		Q4FY24-25	
		Total unweighted value @	Total weighted value (average) #	Total unweighted value @	Total weighted value (average) #	Total unweighted value @	Total weighted value (average) #	Total unweighted value @	Total weighted value (average) #
High Quality Liquid Assets									
	Cash and bank balances	268.37	268.37	313.39	313.39	271.06	271.06	245.60	245.60
	Liquid Debt Mutual Fund	826.25	826.25	1,194.35	1,194.35	1,363.58	1,363.58	1,182.86	1,182.86
	Investment in Government Securities	-	-	-	-	-	-	3.77	3.77
1	Total High Quality Liquid Assets (HQLA)	1,094.62	1,094.62	1,507.74	1,507.74	1,634.64	1,634.64	1,432.22	1,432.22
	Cash outflows	-	-	-	-	-	-	-	-
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	14.11	16.23	10.12	11.64	3.24	3.73	0.01	0.01
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	861.69	990.94	745.69	857.54	753.89	866.97	586.21	674.14
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	861.69	990.94	745.69	857.54	753.89	866.97	586.21	674.14
6	Other contractual funding obligations	38.91	44.74	36.32	41.76	36.75	42.26	35.76	41.12
7	Other Contingent Funding Obligations	-	-	-	-	-	-	-	-
8	Total cash outflows	914.71	1,051.91	792.12	910.94	793.88	912.97	621.97	715.27
	Cash inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	1,023.29	767.47	1,054.83	791.12	972.33	729.25	750.40	562.80
11	Other cash inflows	174.05	130.53	51.60	38.70	199.30	149.48	127.05	95.29
12	Total cash inflows	1,197.33	898.00	1,106.43	829.82	1,171.63	878.73	877.46	658.09
13	Total HQLA		1,094.62		1,507.74		1,634.64		1,432.22
14	Total net cash outflow		262.98		227.74		228.24		178.82
15	Liquidity coverage ratio (%)		416%		662%		716%		801%

@ Unweighted values is calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

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, 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)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	826.17	826.17	1,462.15	1,462.15	1,243.11	1,243.11	1,385.55	1,385.55
	Cash outflows	-	-	-	-	-	-	-	-
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
i	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	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	-	-	-	-	-	-	-	-
8	Total cash outflows	423.69	487.24	222.52	255.90	436.30	501.75	682.83	785.25
	Cash inflows								
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
12	Total cash inflows	558.78	419.09	721.65	541.24	725.09	543.82	848.12	636.10
13	Total HQLA		826.17		1,462.15		1,243.11		1,385.55
14	Total net cash outflow		121.81		63.97		125.44		196.31
15	Liquidity coverage ratio (%)		678%		2286%		991%		706%

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

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

Number of significant counterparties	March 31, 2025	March 31, 2024
30 (Thirty)	4,493.50	7,095.99
% of Total Liabilities	83.44%	76.19%

- Top 20 Large Deposits : Not Applicable**

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

48: 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. (contd.)

3. Top 10 borrowings

	March 31, 2025	March 31, 2024
Amount of top 10 borrowings Amount	2,762.64	3,898.78
% of Total Borrowings	53.16%	43.26%

4. Funding concentration based on significant instrument/product

Name of Instrument/product	March 31, 2025		March 31, 2024	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term Loans	3,261.71	60.57%	5,124.50	55.02%
Borrowings under securitization arrangement	678.27	12.60%	1,878.14	20.17%
Non convertible Debentures	1,256.66	23.34%	1,989.52	21.36%
Total Liabilities	5,385.21		9,313.59	

5. Stock Ratios

Particulars	March 31, 2025	March 31, 2024
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	93.12%	69.63%
Other Short Term Liabilities to Total Liabilities	89.86%	67.37%
Other Short Term Liabilities to Total Assets	60.43%	48.76%

6. Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

Notes:

- Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
- Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.
- Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

49: 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, 2025, the Company had refunded ₹ 2.14 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 ₹ 23.13 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, 2025	March 31, 2024
Refund of excess interest collected (Liabilities)	23.36	38.87
Less: Amount refunded / adjusted to credit of borrowers ^	0.23	15.51
Amount to be refunded to borrowers	23.13	23.36

^ includes an adjustment of ₹1.92 crore to the liability balance for clients where excess payment being made in past period

50: 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 Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end previous year i.e. March 31, 2024 (A)	B Of (A), aggregate debt that slipped into NPA during the year @	C Of (A) amount written off during the year	D Of (A) amount paid by the borrowers during the year	E Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year i.e. March 31, 2025
Personal Loans					
Corporate persons					
Of which, MSMEs					
Others *	0.03	0.02	0.02	0.01	-

* 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.

51 (a): During the financial year ended March 31, 2025, the microfinance industry faced unprecedented challenges due to a combination of external and structural headwinds. These included climatic disruptions, the weakening of the Joint Liability Group (JLG) lending model, deterioration in borrower discipline, elevated levels of borrower indebtedness, and external socio-political influences affecting customer behavior. These factors, which emerged in Q1 and persisted through the year, significantly impacted field operations, disrupted center meetings, and hindered the timely delivery of services to borrowers including timely collections. Operational stress was further intensified by increased field-level attrition, contributing to higher delinquencies, gross slippages, elevated credit costs, and a resulting in reported loss for the quarter and year ended March 31, 2025.

As a prudent and conservative accounting measure, the Company has recognized technical write-offs amounting to ₹646.81 crores for the quarter ended March 31, 2025 and ₹1,555.39 crores for the year ended March 31, 2025. These accelerated write-offs also contributed to elevated credit costs and a reported loss for both the quarter and the financial year ended March 31, 2025. The selection of accounts for write-off was based on objective

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

criteria, including loan ageing and persistent non-repayment behaviour as of the reporting date. The Company remains focused on strengthening on-ground recovery initiatives and is confident of driving improved collection performance going forward. Any recoveries from these technically written-off assets will be recognized in the statement of profit and loss in the period in which they are realized.

Owing to the reasons outlined above, the Company was non-compliant with certain covenants related to portfolio at risk (PAR) 30, PAR 60, Gross non-performing assets, non-performing loans, tangible net worth, and quarterly / annual profitability as of and for the year ended March 31, 2025. The Company has obtained waivers in respect of such non-compliant covenants from few of the lenders.

The Company has been in constant communication with its lenders and is confident that no demand for immediate repayment of borrowed funds will be made due to non-compliance with the covenants. As on the date of these financial results, none of the lenders have intimated about the same.

- (b) The Company, being an NBFC–MFI, is required to deploy a minimum of 75% of its total assets toward “microfinance loans” in accordance with paragraph 5.1.21 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time. As of March 31, 2025, the Company’s qualifying assets (i.e., microfinance loans to total assets) stand at 65.51%. Pursuant to the Company’s request dated January 18, 2025, the RBI, vide its communication dated February 6, 2025, has granted an extension of time until June 30, 2025 to meet the qualifying asset requirement of 75%. The Company will take the necessary steps including continued disbursement of microfinance loans in the normal course of business to fully comply with the qualifying asset criteria by June 30, 2025.
- (c) The Company’s cautious and calibrated disbursement strategy resulted in a reduction of the loan book from ₹10,566.91 crores as of March 31, 2024, to ₹5,554.45 crores as of March 31, 2025. The Company continues to maintain a strong capital position, with Tier I capital of ₹1,672.74 crores and a healthy Capital to Risk-Weighted Assets Ratio (CRAR) of 36.31%, well above the regulatory minimum requirement.

The Company’s healthy CRAR has the ability to support current operations and much of its future growth projections. Further, the Company has a strong nationwide presence with a large and engaged borrower base, including over 23–24 lakh active customers and an additional pool of dormant borrowers with fresh credit demand. Some of these borrowers maintain a primary lending relationship with the Company, reinforcing customer loyalty and demand visibility. With the implementation of industry guardrails, the broader ecosystem is expected to become more credit-disciplined, contributing to sustainable improvements across key performance metrics. Backed by a healthy liquidity position and an upcoming proposed equity infusion as confidence capital, approved by the Board and shareholders, the Company is well-positioned to meet future growth requirements while maintaining operational continuity and financial resilience.

- (d) Considering the factors outlined in Notes 51 (a), (b) and (c), management has carried out an assessment of its going concern assumption and concluded that going concern assumption is appropriate for the preparation of financial statements. Management is of the view that the Company will be able to realise all its assets and discharge all its liabilities in the normal course of business. There are no material uncertainties on the Company’s ability to continue as a going concern. Accordingly, the standalone financial statements for the year ended March 31, 2025, have been prepared on a going concern basis.
- (e) The Company has recognized a deferred tax asset of ₹437.97 crores to the extent it is considered recoverable, based on probable future taxable income supported by approved business plans and budgets. The losses for the current year were mainly due to significant impairment losses (including technical write offs) arising from credit deterioration of loans to customers (as stated in Note 51 (a)) and this will be improved going forward by strengthening on-ground recovery and implementation of industry guardrails. Accordingly, the Company expects to generate sufficient taxable profits to fully utilize the losses.

52. The Company maintains its records through an integrated software application that encompasses both the financial accounting and loan management modules. This application was historically managed and updated by the Original Equipment Manufacturer (OEM). During the financial year 2024–25, the Company transitioned the control of further system enhancements and deployments in-house, thereby mitigating operational risks associated with third-party dependency.

In FY 2024–25, the Company faced operational challenges particularly in field operations because of elevated attrition at the branch level. This resulted in discontinuity & disruption at branch-level controls such as increased instances of fraud [refer note 48 (w)], delays in end-of-day (EOD) processing & operational monitoring. The financial impact of these events has been fully recognized and appropriately accounted for in the financial statements.

Notes to the Standalone Financial Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

To prevent recurrence and strengthen operational oversight, the Company has implemented corrective measures including deploying additional monitoring layer in form of Branch Quality Manager (BQM) at the branches, increased its frequency of branch monitoring by supervisory levels, customer engagement & tightening measures of operational control through technology.

53: 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, 2025 and March 31, 2024.
- 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 statements of current assets filed by the Company with banks or financial institutions with respect to its borrowings including debt securities and working capital limits on a quarterly basis are in agreement with the books of accounts.
- 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 except as disclosed below:

Name of the struck off company	Nature of transactions	Balance outstanding	Relationship with the struck off Company
Chinni Beverages Pvt Ltd	Supply of Water	Nil	Vendor

- 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 been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during the year.
- The Company has availed borrowings from banks and financial institutions and has applied the funds for the specific purposes for which they were sanctioned, as at the balance sheet date. Any unutilized funds as at March 31, 2025 and March 31, 2024 have been temporarily deployed in investments and bank deposits, pending their intended utilization.
- The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. The Company reviews and ensures that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of account. There were no such contracts for which there were any material foreseeable losses for the year ended March 31, 2025.

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

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 consolidated financial statements of Spandana Sphoorty Financial Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2025, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2025, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Impairment loss allowance on loans

Refer to the accounting policies in "Note 3 (j) to the consolidated financial statements: Impairment of financial assets".

"Note 2 (d) to the consolidated financial statements: Material Accounting Policies - use of estimates and judgments", "Note 7 and Note 49 to the consolidated financial statements: Loans".

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, 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.

The key audit matter	How the matter was addressed in our audit
Impairment loss allowance on loans of ₹ 540.80 crores as at 31 March 2025. Allowance charged to statement of profit and loss: ₹ 1,769.66 crores for the year ended 31 March 2025. Under Ind AS 109, Financial Instruments, impairment loss allowance is determined using expected credit loss ("ECL") model. Recognition and measurement of impairment loss allowance on loans involves significant judgement and estimates. The key areas where increased levels of audit focus in the Holding Company's estimation of impairment loss allowance on loans are: a) Data inputs - The application of ECL model requires several data inputs. This increases the risk of irrelevant data used to create assumptions in the model.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient audit evidence: Testing of design and operating effectiveness of controls: Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of impairment loss allowance on loans. Testing the relevant manual, general IT and application controls over key systems used in the impairment of loss allowance on loans. Key aspects of our testing of the design, implementation and operating effectiveness involves the following: a) Testing the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. b) Testing the key governance controls over evaluation, implementation and model monitoring.

The key audit matter	How the matter was addressed in our audit
b) Model estimations - Inherently judgmental models are used to estimate impairment loss allowance on loans which involves determining Probabilities of Default, Loss Given Default, and Exposures at Default. The Probabilities of Default and the Loss Given Default are the key drivers of estimation complexity in ECL model and hence are considered the most significant judgmental aspect of the Holding Company's modelling approach. c) Economic scenario: Ind AS 109 requires the Holding Company to measure impairment loss allowance on loans in an unbiased forward-looking basis reflecting a range of future economic scenarios. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them. d) Post model adjustments / additional provision / technical write offs: Adjustments to the model-driven ECL results as additional charge are recorded by the Holding Company to address risks not captured by models for specific exposures and accelerated technical write offs made on prudential basis. Significant judgement is involved in estimating additional charge. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Holding Company. Disclosure The disclosures regarding the Holding Company's application of Ind AS 109 are key to explaining the key estimates, judgements and inputs used in impairment loss allowance on loans. Given the size of loan portfolio relative to the balance sheet and the impact of impairment loss allowance on the consolidated financial statements we have considered this as a key audit matter.	c) Testing the key controls over the application of the staging criteria. d) Testing the key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. e) Testing the key controls operating over the information used in the computation of impairment loss allowance on loans including system access, change management, program development and computer operations. f) Testing management's controls over authorisation and computation of post model adjustments and additional provision and accelerated technical write off. g) Testing the Holding Company's controls on compliance with Ind AS 109 disclosures related to impairment loss allowance on loans. Test of details: Key aspects of our testing includes: a) Assessing the Holding Company's rationale for determination of criteria for significant increase in credit risk. b) Testing of sample over key inputs, data and assumptions impacting ECL model to assess relevance of data, economic forecasts, weights, and model assumptions applied. c) Testing computation of model driven impairment loss allowance on loans through re-performance on a sample basis. d) Assessing adequacy of disclosures included in the consolidated financial statements in respect of expected credit losses. e) Assessing the Holding Company's rationale for determination of criteria for accelerated technical write offs. f) Testing details of post model adjustments / additional provision as well as the accelerated technical write offs recorded. Involvement of specialists We involved financial risk modelling specialists for the following: a) Evaluating the Holding Company's Ind AS 109 impairment methodologies and assumptions used. b) Evaluating the relevance of inputs used in the model for computation of impairment loss allowance on loans.

Information Technology systems and controls

The key audit matter	How the matter was addressed in our audit
Information Technology ('IT') systems and controls The Holding Company's key financial accounting and reporting processes are dependent on the automated controls in information systems. There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, use of system generated reports in management controls and the complexity of the IT architecture. Further, it impacts on the overall financial reporting process and regulatory expectation on automation.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient audit evidence for scoped in applications by involving our IT specialist: a) Evaluating and testing the design, implementation and operating effectiveness of IT applications controls relevant to the accuracy of system computations, and the consistency of data transmission relating to significant accounts. b) Evaluating and testing the design, implementation and operating effectiveness of key General IT Controls. This includes controls on Access management, Change management and Computer Operations. c) Testing the design and operating effectiveness of key controls over user access management. This includes access authentication through password configuration management, granting or modification of user access, creating new users, deactivating user access for exiting users, user access and privileged access examination basis their role and function.

The key audit matter	How the matter was addressed in our audit
	d) Testing the design, implementation and operating effectiveness of the IT automated controls which are relevant to the accuracy of system computations impacting balances in significant accounts. e) Testing the controls over changes to applications including access to configure changes, approvals required to deploy the changes, segregation of environment and segregation of duties in change management. f) Testing the design and operating effectiveness of audit trail (edit log) feature for the in-scope applications i.e. where books of accounts are maintained in an electronic mode using an accounting software. g) Testing the controls over computer operations including controls over backup of data, controls on operating system and database viz. authorized access, password management and changes. For the identified gaps in the internal control system with respect to GITCs, we altered our audit approach and performed additional substantive procedures for relevant account balances in order to obtain additional audit evidence.

Deferred tax assets

Refer to the accounting policies in Note 3 (e) to the consolidated financial statements: Income taxes and Note 11 to the consolidated financial statements: Deferred tax assets (net)

The key audit matter	How the matter was addressed in our audit
Deferred tax assets (net) of ₹ 437.97 crores as at 31 March 2025 Under Ind AS 12 – Income taxes, the Company is required to reassess recognition of the deferred tax assets at each reporting date. The Company has deferred tax assets in respect of unused tax loss for the current year and other temporary differences. The Holding Company's deferred tax assets are based on the projected profitability. This is to be determined on the basis of approved business plans and availability of sufficient taxable income to utilize such unused tax losses. We have identified recognition of deferred tax assets as a key audit matter because of the related complexity and subjectivity of the assessment process. The assessment process is based on assumptions affected by expected future market and other relevant conditions.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient audit evidence: a) Evaluating the design and testing the operating effectiveness of controls over assessment of deferred tax balances and underlying data. b) Evaluating the approved business plans and the basis for projections of future taxable profits. c) Testing the underlying data and assumptions used in the profitability projections and performing sensitivity analysis. d) Assessing the recoverability of deferred tax assets based on projected profits based on the Holding Company's forecasts and sensitivity analysis and other relevant conditions. e) Evaluating the adequacy of the Holding Company's disclosures on deferred tax.

Description of key audit matter of subsidiary company - Criss Financial Limited (CFL) as provided by the statutory auditors of CFL

The key audit matter	How the matter was addressed in our audit
"Provisioning based on Expected Credit Loss model (ECL) under IND AS 109". Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement are involved and therefore audit focus is more in the Company's estimation of ECL.	During the course of their audit, the statutory auditors of Criss Financial Limited performed the following procedures: Our Audit Procedures - Examined the policy approved by the board for methodology to be adopted for ECL. - Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, - Assessed the reliability of management information, which included overdue reports.

The key audit matter	How the matter was addressed in our audit
Probabilities of Default ("PD"), Loss Given Default ("LGD") are the key drivers of estimation of ECL provision and as a result are considered the most significant judgmental aspect of the Company's modelling approach..	- Understood management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals - Tested controls over measurement of provisions. Substantive verification Verified key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data. Disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the annual report of the Holding Company, but does not include the financial statements and auditor's report thereon. The annual report of the Holding Company is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the state of affairs, profit/ loss and other comprehensive loss, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and 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 the assets of each Company and for preventing and detecting frauds

and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such 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 the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors,

such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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

- a. The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by the predecessor auditor who had expressed an unmodified opinion on 29 April 2024.
- b. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 807 crores as at 31 March 2025, total revenues (before consolidation adjustments) of ₹ 191 crores and net cash flows (before consolidation adjustments) amounting to ₹ 16 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 is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. 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.
- 2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid 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 matter stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the Ind AS specified under Section 133 of the Act.
 - e. The matter described in the Basis for Qualified Opinion paragraph in "Annexure B" with respect to adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Company, in our opinion, may have an adverse effect on the functioning of the Holding Company.
 - f. On the basis of the written representations received from the directors of the Holding Company as on 1 April 2025 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.
 - g. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, 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 of the subsidiaries, as noted in the "Other Matters" paragraph:
 - a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2025 on the consolidated financial position of the Group. Refer Note 35 to the consolidated financial statements.
 - b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 51 to the consolidated financial statements in respect of such items as it relates to the Group.
 - c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2025.
 - d
 - (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in 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 Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief,

as disclosed in the Note 46 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Holding Company and its subsidiary companies incorporated in India has neither declared nor paid any dividend during the year.
- f. Based on our examination which included test checks and that performed by the respective auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary companies have used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit, for the periods where audit trail (edit log) facility was enabled and operated, we and respective auditors of such subsidiary companies did not come across any instance of audit trail feature being tampered with.
- i) In respect of the Holding Company, the feature of recording of audit trail (edit log) facility was not enabled at the database level for the accounting software used

for maintaining general ledger for the period from 1 April 2024 to 13 May 2024, to log any direct data changes.

- ii) In respect of one subsidiary, the feature of recording of audit trail (edit log) facility was not enabled at the database level for the accounting software used for maintaining general ledger for the period from 1 April 2024 to 28 July 2024, to log any direct data changes.

Additionally, the audit trail (edit log) facility in respect of the previous year has been preserved by the Holding Company and its subsidiary companies as per the statutory requirements for record retention, except for the instance mentioned below with respect to the Holding Company:

- (a) in case of accounting software used for maintaining general ledger, the audit trail is not preserved for the database level; and
- (b) in case of accounting software used for maintaining the books of account relating to payroll, we are unable to comment whether the audit trail has been preserved by the Holding Company.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Kapil Goenka
Partner

Place: Hyderabad
Date: 30 May 2025

Membership No.: 118189
ICAI UDIN:25118189BMLJVR1841

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Spandana Sphoorty Financial Limited	L65929TG2003 PLC040648	Holding Company	iii (c), iii (d), iii (f), vii (b), xi (a), xvii and xix (a)
2	Criss Financial Limited	U65993TG1992 PLC014687	Subsidiary	vii (a), vii (b) and xi (a)

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189
ICAI UDIN:25118189BMLJVR1841

Place: Hyderabad
Date: 30 May 2025

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Spandana Sphoorty Financial Limited for the year ended 31 March 2025

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualified Opinion

In conjunction with our audit of the consolidated financial statements of Spandana Sphoorty Financial Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion and based on the consideration of reports of other auditors on internal financial controls with reference to financial statements of subsidiary companies as were audited by other auditors, except for the effects of the material weaknesses described below on the achievement of the objectives of the control criteria, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company for the year ended 31 March 2025 and the material weaknesses does not affect our opinion on the consolidated financial statements of the Holding Company.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2025:

1. In the absence of segregation of duty controls for the deployment of changes in the IT application between the test and the production environments, the general IT controls relating to an IT application system did not operate effectively for the period from 1 April 2024 to 17 February 2025 (remediated w.e.f. 18 February 2025) and accordingly, the IT application controls also did not operate effectively for the said period. Consequent to the above, the reports generated from the IT application system and the internal financial controls (reliant on such system reports) relating to certain elements

of business process of loans to customers did not operate effectively throughout the year. Further, the Holding Company did not have an appropriate internal control system for recording the date of collection on loan cards. This could potentially lead to material misstatements in balances relating loans to customers and provision for expected credit loss on such loans.

2. As explained in note 50 to the consolidated financial statements, the Holding Company's internal control system relating to end of day processing at branches did not operate effectively which resulted in material adjustments (on account of increased instances of fraud and cash embezzlement) being identified and recorded in the consolidated financial statements during the year in respect of balances relating to loans to customers and cash.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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.

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 included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

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.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Kapil Goenka
Partner

Place: Hyderabad
Date: 30 May 2025

Membership No.: 118189
ICAI UDIN: 25118189BMLJVR1841

Consolidated Balance Sheet

as at March 31, 2025

(₹ in crores unless otherwise stated)

	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,235.97	1,398.29
Bank balances other than cash and cash equivalents	5	607.81	473.78
Derivative financial instruments	6	2.47	-
Loans	7	5,708.40	11,014.30
Investments	8	109.75	111.78
Other financial assets	9	137.61	106.20
Total financial assets		7,802.01	13,104.35
Non-financial assets			
Current tax assets (net)	10	117.88	49.27
Deferred tax assets (net)	11	475.03	132.72
Property, plant and equipment	12	31.24	29.99
Goodwill		17.39	17.39
Other intangible assets	12A	2.98	5.00
Other non-financial assets	13	47.00	43.82
Total non-Financial assets		691.52	278.19
Total Assets		8,493.53	13,382.53
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	14		
Trade Payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		8.97	8.44
Other Payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	15	2,264.49	4,064.21
Borrowings (other than debt securities)	15	3,391.14	5,340.40
Subordinated liabilities	15	-	20.00
Other financial liabilities	16	137.43	244.45
Total financial liabilities		5,802.03	9,677.50
Non-financial liabilities			
Current tax liabilities (net)	17	5.35	5.59
Provisions	18	26.67	17.23
Other non-financial liabilities	19	26.19	37.32
Total non-financial liabilities		58.21	60.14
EQUITY			
Equity share capital	20	71.31	71.30
Other equity	21	2,561.74	3,573.30
Equity attributable to owner of the Parent		2,633.05	3,644.60
Non controlling interest		0.23	0.29
Total equity		2,633.29	3,644.89
Total liabilities and equity		8,493.53	13,382.53

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Place: Hyderabad
Date: May 30, 2025

Place: Hyderabad
Date: May 30, 2025

Consolidated Statement of Profit and Loss Statement

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

	Notes	For year ended March 31, 2025	For year ended March 31, 2024
Revenue from operations			
Interest income	22	2,194.32	2,238.10
Net gain on fair value changes	23	77.51	68.52
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	24	83.33	93.95
Total revenue from operations		2,355.16	2,400.57
Other income	25	68.93	110.21
Total income		2,424.09	2,510.78
Expenses			
Finance costs	26	932.26	926.78
Impairment on financial instruments	27	1,986.33	259.41
Employee benefits expenses	28	631.77	473.23
Depreciation and amortization	29	22.70	20.41
Others expenses	30	229.83	160.38
Total expenses		3,802.89	1,840.21
(Loss) / profit before tax		(1,378.80)	670.57
Tax expense:	31		
Current tax		-	107.14
Deferred tax		(343.64)	62.71
Total tax expense		(343.64)	169.85
(Loss) / profit for the year		(1,035.16)	500.72
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		0.56	(4.52)
Income tax relating to items that will not be reclassified to profit or loss		(0.14)	1.15
Items that will be reclassified to profit or loss			
Effective portion of cashflow hedges		(4.09)	-
Fair value change on loans measured through FVOCI		(1,783.13)	(148.98)
Fair value change on loans measured through FVOCI reclassified to profit or loss		1,792.00	159.38
Income tax relating to items that will be reclassified to profit or loss		(1.20)	(2.62)
Other comprehensive income		4.00	4.41
Total comprehensive income for the year		(1,031.16)	505.13
(Loss) / profit attributable to Non controlling interest			
Owners of the company		(1,035.10)	500.66
Non-controlling interests		(0.06)	0.06
		(1,035.16)	500.72
Other comprehensive income for the year attributable to:			
Owners of the company		4.00	4.41
Non-controlling interests		-	-
		4.00	4.41
Total comprehensive income for the year attributable to :			
Owners of the company		(1,031.10)	505.07
Non-controlling interests		(0.06)	0.06
		(1,031.16)	505.13
Earnings per equity share	32		
Basic (₹)		(145.17)	70.42
Diluted (₹)		(145.17)	69.38
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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Consolidated Statement of cash flows

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Cash flow from operating activities		
(Loss) / profit before tax	(1,378.80)	670.76
Adjustments for:		
Interest income	(2,194.32)	(2,261.39)
Net gain on fair value changes	(77.51)	(68.52)
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	(83.33)	(93.95)
Finance costs	930.92	948.58
Interest on lease liabilities	1.34	1.31
Share based payment to employees	19.12	26.09
Provision reversal on indirect tax matter	(12.32)	0.71
Depreciation and amortization	22.71	20.41
Profit on sale of property, plant and equipment	0.01	(0.15)
Impairment on financial instruments	396.58	187.93
Operating loss before working capital changes	(2,375.60)	(568.22)
Operational cash flows from interest		
Interest received on loans	2,178.24	2,173.86
Finance costs paid	(1,008.27)	(1,022.18)
	1,169.97	1,151.68
Working capital change		
Changes in trade payable	0.53	4.28
Changes in other financial liabilities	(108.78)	85.45
Changes in other non-financial liabilities	(11.13)	(0.40)
Change in provision	9.94	6.40
Change in Derivative financial instruments	(2.47)	-
Changes in loans	4,994.03	(3,258.75)
Changes in other financial assets	51.74	43.72
Changes in other non financial assets	9.16	(27.69)
Cash generated from/ (used in) operations	4,943.03	(3,147.00)
Income taxes paid	(68.87)	(115.14)
Net cash generated from / (used in) operating activities (A)	3,668.53	(2,678.67)
Cash flow from investing activities		
Net placement of bank balances other than cash and cash equivalents	(132.38)	(293.27)
Interest on deposits with banks and financial institutions	34.50	11.26
Interest on inter corporate advances	12.79	24.12
Purchase of property, plant and equipment	(22.30)	(26.03)
Proceeds from derecognition of property, plant and equipment	0.39	0.35
Investment in security receipts	(1.42)	-
Proceeds from redemption of security receipts	5.34	43.55
Investment in Government Securities	(30.82)	-
Purchase of mutual funds	(10,046.31)	(12,085.00)
Redemption of mutual funds	10,061.00	12,153.52
Net cash used in investing activities (B)	(119.21)	(171.50)

Consolidated Statement of cash flows

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	0.44	14.43
Long-term borrowings availed	3,733.87	9,587.72
Long-term borrowings repaid	(7,445.03)	(6,164.34)
Interest payment of lease liabilities	(1.34)	(1.31)
Principal payment of lease liabilities	0.43	(1.67)
Net cash generated (used in) / from financing activities (C)	(3,711.63)	3,434.83
Net change in cash and cash equivalents (A + B + C)	(162.31)	584.66
Cash and cash equivalents at the beginning of the year	1,398.29	813.63
Cash and cash equivalents at the end of the year	1,235.97	1,398.29
Components of cash and cash equivalents as at the end of year		
Cash on hand	6.61	7.47
Balance with banks - in current accounts	1,203.47	800.49
Bank deposits with original maturity of three months or less	25.89	590.32
Total cash and cash equivalents	1,235.97	1,398.29

The accompanying notes are an integral part of these consolidated financial statements

The above Statement of cash flows has been prepared under the indirect method as set out in Ind AS-7

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

A. Equity Shares

Equity Share of ₹10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
As at April 1, 2023	7,09,83,269	70.98
Issue of equity share capital during the year (refer note 20)	3,14,175	0.32
As at March 31, 2024	7,12,97,444	71.30
Issue of equity share capital during the year (refer note 20)	7,700	0.01
As at March 31, 2025	7,13,05,144	71.31

B. Other Equity (Note 21)

Particulars	Reserves & Surplus					Other items of comprehensive income		Other Equity attributable to owners of the Parent	Non-Controlling Interest	Total Equity
	Securities premium	Retained earnings	General reserve	Statutory reserve	Capital redemption reserve	Share options outstanding account	Fair valuation on loans	Effective portion of cashflow hedges		
Balance as at April 01, 2023	2,218.51	290.24	11.03	369.85	152.69	44.72	(59.00)	-	0.23	3,028.27
Total comprehensive income for the year ended March 31, 2024	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	500.66	-	-	-	-	-	-	0.06	500.72
Other comprehensive income for the year	-	(3.37)	-	-	-	-	7.78	-	-	4.41
Total comprehensive income for the year	-	497.28	-	-	-	-	7.78	-	0.06	505.12
Transactions with owners of the Company										
Contributions and distributions										
Transfer to Statutory Reserve	-	(100.28)	-	100.28	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	21.92	-	-	-	-	-	-	-	-	21.92
Add: Share based payment to employees	-	-	-	-	-	26.09	-	-	-	26.09
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	0.84	-	-	(8.65)	-	-	-	(7.81)
Total Contributions and distributions	21.92	(100.28)	0.84	100.28	-	17.44	(51.22)	-	-	40.20
Balance as at March 31, 2024	2,240.43	687.24	11.87	470.13	152.69	62.16	(51.22)	-	0.29	3,573.59

Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Particulars	Reserves & Surplus				Other items of comprehensive income			Other Equity attributable to owners of the Parent	Non-Controlling Interest	Total Equity
	Securities premium	Retained earnings	General reserve	Statutory reserve	Capital redemption reserve	Share options outstanding account	Fair valuation on loans	Effective portion of cashflow hedges		
Total comprehensive income for the year ended March 31, 2025										
Profit for the year	-	(1,035.10)	-	-	-	-	-	-	(0.06)	(1,035.16)
Other comprehensive income for the year	-	0.41	-	-	-	-	6.64	(3.06)	3.99	3.99
Total comprehensive income for the year	-	(1,034.68)	-	-	-	-	6.64	(3.06)	(1,031.10)	(1,031.16)
Transactions with owners of the Company										
Contributions and distributions										
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-
Premium on issue of equity shares, net of issue expenses	0.65	-	-	-	-	-	-	-	0.65	0.65
Add: Share based payment to employees	-	-	-	-	-	19.12	-	-	19.12	19.12
Less: Transfer on allotment / cancellation pursuant to ESOP scheme	-	-	3.84	-	-	(4.06)	-	-	(0.22)	(0.22)
Total Contributions and distributions	0.65	-	3.84	-	-	15.06	-	-	19.55	19.55
Balance as at March 31, 2025	2,241.08	(347.44)	15.71	470.13	152.69	77.22	(44.58)	(3.06)	0.23	2,561.98

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer

Place: Hyderabad
Date: May 30, 2025

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ 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, as amended issued by the RBI, the Holding 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, 16th 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 Holding Company is primarily engaged in the business of lending, providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

Caspian Financial Services Limited ('CFSL') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. CFSL was engaged in the business of marketing consumer products. However, due to the cessation in operations and the losses incurred over the previous years and inability to revive the business, the management has concluded that the business will be wound up as soon as possible.

Criss Financial Limited ('CFL') is a public Company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act') on August 20, 1992. CFL is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). CFL is engaged in the business of finance by providing Individual Loans, Small Business Loans and Loan Against Property Loans. The registered office of CFL is located at Galaxy, Wing B, 16th Floor, Plot No .1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg Panmaktha, Hyderabad, Telangana - 500081

CFSL and CFL have been collectively referred to as "the Subsidiaries". These consolidated financial statements

comprise the Holding Company and its subsidiaries for the year ended March 31, 2025.

2. Basis of preparation

a) Statement of compliance

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 presentation requirements of Division III of Schedule III of the Act (Ind AS compliant Schedule III), as applicable to the Group.

These consolidated financial statements are approved for issue by the Holding Company's Board of Directors on May 30, 2025.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, net defined benefit (asset) / liability, derivative financial instruments and financial assets and liabilities designated at FVTPL, all of which have been measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (₹), which is also the Group's functional currency. All amounts are rounded off to nearest crores, unless otherwise stated.

d) Use of judgments and estimates

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. 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

- Note 3 (j): classification of financial assets: assessment of business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding;
- Note 3 (k): lease term: whether the group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 36: Determination of the fair value of financial instruments with significant unobservable inputs;
- Note 7: Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Loss ('ECL');
- Note 44: Share based payments;
- Note 39: Measurement of defined benefit obligations: key actuarial assumptions;
- Note 11: recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carry forward can be utilized;
- Note 3 (n & o): recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3 (g & h): useful life of property, plant, equipment and intangibles.

e) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-

hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments - include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

f) Presentation of the 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. Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Material accounting policy

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) Basis of Consolidation

The consolidated financial statements incorporate the standalone financial statements of the Holding 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the Holding Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Holding Company.

The Holding 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 Holding Company obtains control over the subsidiary and ceases when the Holding 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 Holding Company gains control until the date the Holding Company ceases to control the subsidiary.

The consolidated financial statements include results of the subsidiaries of Spandana Sphoorty Financial Limited (the '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, 2025)	Proportion of ownership as at (March 31, 2024)	Consolidated as
Criss Financial Limited	India	99.92%	99.90%	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 Holding Company 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 Holding Company's investment in each subsidiary and the Holding Company'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 Holding 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 standalone financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intracompany assets, liabilities, equity, income, expenses and cash flows relating to

transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interest

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

b) Foreign Currency Transactions

Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings to the extent not capitalized

are regarded as a cost of borrowing and presented under Finance cost.

c) 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

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 (over the time) by rendering of services underlying the contract with third party customers.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

Defined contribution plan

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.

Share based payments

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 share options outstanding account 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.

Defined benefit plans - Gratuity

The Group has defined benefit gratuity plan. The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability / (asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) by applying the discount rate, used to measure the net defined liability / (asset) as determined at the start of the financial year after taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits - compensated absences

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the statement of profit and loss.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

e) 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. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date. Current income tax relating to items recognized outside the statement of profit and loss are recognized either in other comprehensive income or in other equity.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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.

Deferred tax relating to items recognized outside profit or loss are recognized either in other comprehensive income or in other equity. Deferred tax items are

recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred taxes are recognized as income tax benefits or expenses in the statement of profit and loss 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.

f) 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 and expense is recognized using the effective interest method (EIR). 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 financial 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 III', 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 payable to arrangers and other

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

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.

g) Property, plant and equipment (PPE)

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

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 accumulated 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.

Leasehold improvements are amortized on straight line basis over the lease term or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

Depreciation

Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the statement of profit and loss to the date of sale. 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

h) Intangible assets

Intangible assets that are acquired by the Group are measured initially at cost and are stated at cost less accumulated depreciation as adjusted for impairment, if any. Any gain on disposal of intangible asset is recognised in the statement of profit and loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortization

Amortisation is calculated to write-off the cost of intangible asset using the 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. The estimated useful life used for computation of depreciation is five years

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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost,

as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit and loss. The losses arising from impairment are recognized under the head 'impairment on financial instruments' 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(j)).

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 mandatorily measured at fair value with all changes recognized 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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

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Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition of financial assets and financial liabilities

The Group de-recognises a financial asset when the contractual right to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises an associated liability as collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in OCI, and accumulated in equity is recognized in OCI and accumulated in equity is recognized in the statement of profit and loss.

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 direct 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 Group 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.

Net gain on derecognition of financial instruments measured at FVOCI

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS is based on the scheduled cash flows on execution of the transaction, discounted at the applicable rate

entered into with the assignee is recorded upfront in the statement of profit and loss.

Derivatives and hedging activities

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including cross currency interest rate swaps and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and nature of the hedge item.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host and accordingly, are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Hedge accounting

The Group designates foreign currency forward derivative contracts as hedges of foreign exchange risk associated with the cash flows of foreign currency risks associated with the borrowings denominated in foreign currency (referred to as 'cash flow hedges'). The Group documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedge items including whether the hedging instrument is expected to offset changes in the cash flows of hedge items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship.

j) Impairment on financial assets

Overview of principles for measuring expected credit loss ('ECL')

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

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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:

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 (Refer Note 49)

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 statement of profit and loss. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which

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it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognized as and when due.

I) Business combination and Goodwill

Goodwill is initially recognized at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to group's single cash generating unit i.e.,

investment in Criss Financial Limited that is expected to benefit from the synergies of the combination. Cash generating unit to which goodwill has been allocated is 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.

m) Impairment of 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.

n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate" for accounting policy of provisions.

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o) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not have any contingent assets in the financial statements.

p) Earnings per equity share (EPS)

The Group reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

r) Statement of cash flows

The consolidated statement of cash flows from operating activities is prepared in accordance with the indirect method as per Ind AS 7. Consolidated statement of cash flows 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.

s) Offsetting financial instruments

Financial assets and financial liabilities are offset when it currently has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the Group intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

t) Proposed dividend

As per Ind AS -10, 'Events after the Reporting period', the Group disclose the dividend proposed by board of directors after the balance sheet date in the notes to these consolidated financial statements. The liability to pay dividend is recognized when the declaration of dividend is approved by the shareholders.

u) 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, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

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4: Cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Cash on hand	6.61	7.47
Balances with banks in current accounts	1,203.47	800.50
Bank deposits with original maturity of three months or less	25.89	590.32
	1,235.97	1,398.29

5: Bank balances other than cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Bank deposits with original maturity of more than three months	85.66	12.66
Restricted bank balance	0.00	0.03
Deposits held as margin money or security against the borrowings	522.15	461.09
	607.81	473.78

6: Derivative financial instruments

	As at 31 March 2025		As at 31 March 2024	
	Notional amounts*	Fair Value Assets	Notional amounts	Fair Value Assets
Part I				
(i) Interest rate derivatives:				
Cross Currency Interest Rate swaps	164.60	2.47	-	-
	164.60	2.47	-	-
Part II				
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:				
(i) Cash flow hedging:				
- Currency derivatives	164.60	2.47	-	-
	164.60	2.47	-	-

* The notional amounts are not indicative of either the market risk or credit risk.

Hedging activities and derivatives

The Company is exposed to currency risk on its outstanding foreign currency borrowing amounting to ₹164.60 crores which is primarily mitigated using derivative financial instruments. Refer note 42.3 (c) for foreign currency risk disclosures.

Impact of hedging activities

Disclosure of effects of hedge accounting on financial performance:

Type of hedge	Change in the value of hedging instrument recognised in Other comprehensive income		Hedge ineffectiveness recognised in the statement of profit and loss		Amount reclassified from cash flow hedging reserve to the statement of profit and loss	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Cash flow hedge						
Foreign currency & interest rate risk						
a. Cross currency interest rate swap	(4.09)	-	-	-	-	-
	(4.09)	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

7: Loans

	As at March 31, 2025	As at March 31, 2024
(a) Term Loans (at fair value through OCI)	5,554.45	10,566.91
(b) Term Loans (at amortized cost)	806.61	784.80
Total - Gross	6,361.06	11,351.71
Less: Impairment loss allowance	(652.66)	(337.41)
Total - Net	5,708.40	11,014.30
Break-up of loans		
(a) Secured by tangible assets	195.19	73.35
(b) Unsecured	6,165.87	11,278.36
Total - Gross	6,361.06	11,351.71
Less: Impairment loss allowance	(652.66)	(337.41)
Total - Net	5,708.40	11,014.30
(a) Public sector	-	-
(b) Others	6,361.06	11,351.71
Total - Gross	6,361.06	11,351.71
Less: Impairment loss allowance	(652.66)	(337.41)
Total - Net	5,708.40	11,014.30
(a) Within India	6,361.06	11,351.71
(b) Outside India	-	-
Total - Gross	6,361.06	11,351.71
Less: Impairment loss allowance	(652.66)	(337.41)
Total - Net	5,708.40	11,014.30

Note (i): 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 (ii): The table below discloses the credit quality of Group exposures on loan portfolio (excluding inter-corporate advances) as at the reporting date:

Gross loan portfolio movement for the year ended March 31, 2025

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount at the beginning of the year ^	10,977.65	183.60	190.46	11,351.71
New assets originated or purchased	5,604.69	-	-	5,604.69
Asset derecognised or repaid (excluding write offs) #	(8,888.53)	(56.03)	(42.04)	(8,986.61)
Assets written off during the year ^	-	-	(1,617.61)	(1,617.61)
Inter-stage movements	-	-	-	-
Stage I	0.47	(0.40)	(0.07)	-
Stage II	(611.29)	611.31	(0.02)	-
Stage III	(1,730.01)	(130.80)	1,860.81	-
Fair Value on loans	12.44	(3.57)	-	8.87
Gross carrying amount at the end of the year	5,365.42	604.11	391.53	6,361.06

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

7: 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)	-
Stage III	(126.51)	(26.58)	153.09	-
Fair Value on loans	10.72	(0.32)	-	10.40
Gross carrying amount at the end of the year	10,977.65	183.60	190.46	11,351.71

Movement of impairment allowance (ECL) for the year ended March 31, 2025

Particulars	Stage I	Stage II	Stage III	Total
Balances as at the beginning of the year	96.59	88.87	151.94	337.41
Provision made/ (reversed) during the year #	(3.76)	244.22	1,692.40	1,932.86
Inter-stage movements				
Stage I	0.24	(0.19)	(0.05)	-
Stage II	(6.67)	6.69	(0.02)	-
Stage III	(19.27)	(62.88)	82.15	-
Write off	-	-	(1,617.61)	(1,617.61)
Balances as at the end of the year	67.13	276.71	308.81	652.66

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)	0.00
Stage II	(2.01)	2.42	(0.41)	-
Stage III	(1.50)	(10.56)	12.06	-
Write off	-	-	(105.33)	(105.33)
Balances as at the end of the year	96.59	88.87	151.94	337.41

Represents balancing figure

Note (iii): The Holding company product programme guideline allowed disbursement to borrowers which are in SMA buckets subject to fulfilment of other eligibility criteria as applicable. While product guidelines allowed such disbursement, the decision to disburse to these specific clients (by preclosing existing loan and give top-up loans) were 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 based on their latest repayment schedule as at respective period end and in the respective stage buckets. Further, the company has stopped disbursement to delinquent (30+) borrowers w.e.f January 1, 2025.

Notes to the Consolidated Financial Statements

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8: Investments

	As at March 31, 2025	As at March 31, 2024
Mandatorily measured at amortized cost		
Government Securities	30.82	-
Mandatorily measured at fair value through profit and loss		
Mutual Fund	62.81	-
Security Receipts	141.78	145.70
Less: Impairment loss allowance - Security Receipts	(125.76)	(34.02)
Equity instruments at cost (unquoted)		
100,000 (March 31, 2024: 100,000) equity shares of ₹ 10 each fully paid up in Alpha Micro Finance Consultants Private Limited	0.10	0.10
	109.75	111.78

Note: All investments are held within India.

9: Other financial assets

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Security deposits	7.85	6.64
Deposits with other Financial institutions	93.03	22.06
Retained interest on direct assignment	28.55	50.32
Less: Impairment loss allowance - Retained interest on direct assignment	(2.25)	-
Receivable from advertisement income	4.35	19.79
Receivable from insurance company	5.31	7.04
Other receivables *	0.77	0.35
	137.61	106.20
Unsecured, considered doubtful		
Receivable from insurance company	0.25	-
Provision for doubtful debts - claims	(0.25)	-
	137.61	106.20

*Comprises of float amount with insurance company and receivable from ARC.

10: Current Tax Assets (net)

	As at March 31, 2025	As at March 31, 2024
Advance income tax (net of provision)	117.88	49.27
	117.88	49.27

11: Deferred tax assets (net)

	As at March 31, 2025	As at March 31, 2024
Effects of deferred tax assets / (liabilities):		
Impairment loss allowance and other provision	204.75	104.41
Tax losses	232.20	-
Property, plant and equipment	7.64	6.06

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11: Deferred tax assets (net) (contd.)

	As at March 31, 2025	As at March 31, 2024
Share options outstanding account (ESOP)	19.43	15.64
Financial assets at fair value through OCI	12.73	14.96
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	(7.19)	(12.66)
Provision for employee benefits	4.43	4.25
Effective portion of cashflow hedges	1.03	-
Fair value impact for Market linked debentures	-	0.06
	475.03	132.72

Refer note 49 (e) for assessment on recognition of deferred tax assets.

11.1: Deferred tax assets (net)

Movement in deferred tax balances for the year ended March 31, 2025

Particulars	Net Balance April 1, 2024	(Charge) / credit in profit & loss	Recognised in OCI	Net Balance March 31, 2025
Deferred tax assets / (liabilities)				
Impairment loss allowance and other provision	104.41	100.33	-	204.75
Tax losses	-	232.20	-	232.20
Property, plant and equipment	6.06	1.58	-	7.64
Share options outstanding account (ESOP)	15.64	3.79	-	19.43
Financial assets at fair value through OCI	14.96	-	(2.23)	12.73
Net gain on derecognition of financial instruments measured at fair value through other comprehensive income	(12.66)	5.47	-	(7.19)
Provision for employee benefits	4.25	0.32	(0.14)	4.43
Effective portion of cashflow hedges	-	-	1.03	1.03
Fair value impact for Market linked debentures	0.06	(0.05)	-	-
Net Deferred tax assets / (liabilities)	132.72	343.64	(1.34)	475.03

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
Deferred tax assets / (liabilities)				
Impairment loss allowance and other provision	76.66	27.77	0.01	104.41
Tax losses	94.91	(94.91)	-	-
Property, plant and equipment	4.30	1.75	-	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 instruments measured at fair value through other comprehensive income	(11.02)	(1.64)	-	(12.66)
Provision for employee benefits	2.28	0.84	1.15	4.25
Fair value impact for Market linked debentures	0.95	(0.90)	-	0.06
Net Deferred tax assets / (liabilities)	196.91	(62.71)	(1.47)	132.72

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

12: Property, plant and equipment

Particulars	Building*	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Vehicles	Computers	Right of use asset	Total
Gross carrying amount								
At April 1, 2023	0.20	7.76	10.61	7.16	4.37	20.40	13.84	64.34
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)
At March 31, 2024	0.20	8.20	15.51	11.88	5.46	29.33	14.36	84.94
Addition	-	0.21	3.02	3.82	-	10.48	4.75	22.28
Disposals	-	-	(0.02)	(0.04)	(0.75)	(6.23)	-	(7.04)
At March 31, 2025	0.20	8.41	18.51	15.65	4.71	33.58	19.11	100.17
Depreciation								
At April 1, 2023	0.05	2.29	9.10	5.30	2.83	18.09	1.80	39.45
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)
At March 31, 2024	0.06	6.00	12.66	7.43	3.11	21.03	4.66	54.95
Charge for the year	0.01	1.45	2.88	3.05	0.72	9.14	3.43	20.68
Disposals	-	-	(0.02)	(0.03)	(0.65)	(5.99)	-	(6.69)
At March 31, 2025	0.07	7.45	15.53	10.45	3.18	24.18	8.09	68.94
Net carrying amount								
At March 31, 2024	0.14	2.20	2.84	4.45	2.35	8.30	9.71	29.99
At March 31, 2025	0.13	0.96	2.98	5.20	1.53	9.40	11.03	31.24

* 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.

12A: Other Intangible assets

Particulars	Computer software	Total
Gross carrying amount		
At April 1, 2023	18.08	18.08
Addition	2.92	2.92
Disposal	(9.97)	(9.97)
At March 31, 2024	11.03	11.03
Addition	-	-
Disposal	-	-
At March 31, 2025	11.03	11.03
Amortization		
At April 1, 2023	13.40	13.40
Charge for the year	2.60	2.60
Disposal	(9.97)	(9.97)
At March 31, 2024	6.03	6.03
Charge for the year	2.02	2.02
Disposal	-	-
At March 31, 2025	8.05	8.05
Net carrying amount		
At March 31, 2024	5.00	5.00
At March 31, 2025	2.98	2.98

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

13: Other non-financial assets

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Prepaid expenses	40.26	34.38
Capital advances	0.81	0.07
Other advances *	5.93	9.36
	47.00	43.82
Unsecured, considered doubtful		
Amounts deposited with courts	0.56	0.62
Less: Impairment loss allowance	(0.56)	(0.62)
	-	-
	47.00	43.82

*Comprises of input GST, excess CSR expenses

14: Trade payables

	As at March 31, 2025	As at March 31, 2024
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	8.97	8.44
	8.97	8.44

Trade payables ageing schedule as at March 31, 2025

Particulars	Outstanding for following periods from due dates of transaction						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	8.97	-	-	-	-	8.97
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2024

Particulars	Outstanding for following periods from due dates of transaction						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(II) Others	-	8.44	-	-	-	-	8.44
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

Note 14.1: Dues to the micro enterprises and small enterprises:

Particulars	As at March 31, 2025	As at March 31, 2024
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
(i) Debentures (Secured)					
11.50% Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. November 9, 2022 in 6 Quarterly installments	-	494	0.10	-	8.28
11.15% 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. November 22, 2022 in 1 Bullet installment	-	2,000	0.10	-	229.97
11.15% Secured, Senior, 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	0.10	-	230.19
14.80% Secured, Senior, 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 in 1 Bullet repayment	-	2,000	0.01	-	32.13
12.60% Secured, Rated, Un-listed, Redeemable, Transferable, Non-convertible Debentures, redeemable at par at the end of Twenty four months from the date of allotment i.e. June 16, 2022 in 8 quarterly installments	-	400	0.10	-	5.16
11.35% Secured, Senior, Redeemable, Transferable, Listed, Rated, 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	0.10	-	27.71
12.00% Secured, Rated, Listed, Redeemable, Transferable, 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	0.10	-	22.39
10.50% Secured, senior, redeemable, transferable, listed, rated, 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	0.10	-	62.04
10.10% Secured, senior, redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 20, 2023 in 8 quarterly installments	-	12,500	0.01	-	77.38
11.50% Secured, senior, redeemable, transferable, listed, rated, 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	0.10	-	48.66
10.25% Secured, Senior, Redeemable, Transferable, rated, listed, 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 the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
12.50% Rated, Unlisted, Senior, Transferable redeemable, taxable, non convertible Debentures in 3 annual installments for Series A and 1 bullet installment for Series B	-	2,500	0.01	-	28.32
10.60% Secured, listed, rated, senior, transferable, Redeemable, 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	-	53.61
10.43% Secured, senior, Redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Eighteen months from the date of allotment i.e. September 07, 2023 in 2 Installments	-	10,000	0.01	-	99.32
10.75% Secured, Senior, Redeemable, listed, rated, transferable, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. October 06, 2023 in 1 bullet installment.	-	7,500	0.01	-	74.73
11.85% Secured, rated, Listed, Redeemable, Transferable, 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	0.10	-	35.06
11.10% Secured, Senior, Redeemable, Listed, Rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. April 24, 2023 in 8 quarterly installments	8,128	10,000	0.01	10.18	62.23
11.35% Secured, Senior, Redeemable, rated, Listed, Non-convertible Debentures, redeemable at par at the end of Twenty eight months from the date of allotment i.e. December 30, 2022 in 5 installments	403	1,000	0.10	8.06	99.24
10.00% Secured, senior, redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 12, 2023 in 8 quarterly installments	7,500	7,500	0.01	9.38	46.36
10.75% Secured, Senior, redeemable, transferable, Listed, rated, 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	10,000	0.01	50.54	100.21
10.75% Secured, Senior, Redeemable, listed, rated, transferable, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. October 06, 2023 in last 4 quarterly installments	5,000	5,000	0.01	37.68	49.72
10.11% Secured, senior, Redeemable, transferable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. December 18, 2023 in 1 Bullet repayment	20,000	20,000	0.01	198.53	195.43
11.35% Secured, senior, redeemable, listed, rated, 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	829	978	0.10	32.97	77.31

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at March 31, 2025	As at March 31, 2024
	March 31, 2025	March 31, 2024			
9.81% Secured, Senior, Redeemable, Transferable, Listed, Rated, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. March 28, 2024 in 1 bullet repayment	10,000	5,000	0.01	98.56	48.52
10.75% Secured, Listed, Redeemable, Transferable, Unsubordinated, rated, Non-convertible Debentures, redeemable at par at the end of Twenty five from the date of allotment i.e. March 07, 2024 in 4 half yearly installments	7,000	7,000	0.01	53.62	69.71
11.10% Secured, senior, redeemable, listed, rated, Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e. April 24, 2023 in 7 Quarterly Installments	844	10,000	0.01	5.94	4.96
9.84% Secured, Senior, Redeemable, Transferable, Rated, Listed, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. June 28, 2024 in 1 Bullet repayment	32,500	-	0.01	320.54	-
10.75% Secured, Senior, rated, Listed, Redeemable, Taxable, Transferable, Non-convertible Debentures, redeemable at par at the end of Twenty Four months from the date of allotment i.e. July 10, 2024 in 1 Bullet repayment	5,500	-	0.01	54.89	-
10.75% Secured, Senior, Listed, Rated, transferable, redeemable Non-convertible Debentures, redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 04, 2023 in 1 Bullet repayment	15,000	10,000	0.01	157.44	103.18
10.75% Secured, Senior, redeemable, transferable, rated, Listed, Non convertible debentures at par at the end of Thirty Three months from the date of allotment i.e. March 21, 2024 in 1 bullet repayment	5,000	5,000	0.01	49.41	49.01
10.50% Secured, Senior, Redeemable, Transferable, Listed, Rated, Non-convertible Debentures, redeemable at par at the end of Thirty two months from the date of allotment i.e. August 14, 2024 in 1 Bullet repayment	10,000	-	0.01	99.21	-
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.	5,000	5,000	0.01	73.39	50.02
10.75% Secured, Listed, Rated, Unsubordinated, Redeemable, Transferable, Non-convertible Debentures, redeemable at par at the end of Thirty one months from the date of allotment i.e. September 05, 2024 in 11 Quarterly repayment	5,000	-	0.01	46.27	-
12.29% Secured, Rated, Listed, Redeemable, Transferable Non-convertible Debentures, redeemable at par at the end of Seventy two months from the date of allotment i.e. August 01, 2022 in 1 Bullet repayment	230	230	0.10	23.44	23.46
10.50% Secured rated listed Non-convertible Debentures each redeemable at par at the end of twenty four months from the date of allotment i.e. August 29, 2024	7,500	-	0.01	50.02	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15: (a) Debt Securities (at amortised cost) (Contd.)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at	As at
	March 31, 2025	March 31, 2024		March 31, 2025	March 31, 2024
Sub - Total				1,380.06	2,039.54
(ii) Borrowing under securitisation arrangement (secured)					
From Banks				488.52	1,083.38
From non-banking financial companies				395.91	941.29
Sub - Total				884.43	2,024.67
Total Debt Securities				2,264.49	4,064.21

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

	No. of debentures outstanding		Face Value (₹ in Crs)	As at	As at
	March 31, 2025	March 31, 2024		March 31, 2025	March 31, 2024
Out of the above debt securities					
Debt securities in India				2,264.49	4,064.21
Debt securities outside India				-	-
Total				2,264.49	4,064.21
(b) Borrowings (Other than Debt Securities)					
(i) Secured, measured at amortised cost					
Term loan from banks				2,066.01	4,166.11
Term loan from other parties				1,325.13	1,174.29
Total				3,391.14	5,340.40
Out of the above					
Borrowings in India				3,220.01	5,165.03
Borrowings outside India				171.13	175.37
Total				3,391.14	5,340.40

Nature of security

Borrowings (other than debt securities) are secured by the way of hypothecation of book debts and margin money deposits.

Refer Note 15A for terms of principal repayment and the applicable interest rate on the borrowings (other than debt securities) and borrowing under securitisation arrangement (secured)

	No. of debentures outstanding		Face Value (₹ in Crs)	As at	As at
	March 31, 2025	March 31, 2024		March 31, 2025	March 31, 2024
(c) Subordinated Liabilities (at amortised cost)					
Unsecured term loan					
Term loan from banks				-	20.00
Total Subordinated Liabilities				-	20.00
Out of the above					
Borrowings in India				-	20.00
Borrowings outside India				-	-
Total				-	20.00

Subordinate debt is unsecured and carries an interest rate @ 15% per annum. The Subordinate debt was due for maturity on June 08, 2024.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

15A. Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than Debentures, secured)

(i) As at March 31, 2025

Original maturity of loan	Frequency of repayment	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
			No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Borrowings (Other than Debt Securities)									
1-3 years	Monthly	6.50%-10.00%	211	828.39	13	13.00	-	-	841.39
		10.01%-12.00%	775	1,750.52	196	434.58	6	5.55	2,190.66
		12.01%-13.50%	215	166.71	32	16.67	-	-	183.38
		13.01%-14.00%	18	8.87	-	-	-	-	8.87
		14.00% - 15.45%	-	-	-	-	-	-	-
	Quarterly	10.00%-12.00%	170	477.74	62	177.02	15	31.83	686.60
		12.01%-13.00%	-	-	-	-	-	-	-
		13.00% to 13.50%	12	20.00	1	5.00	-	-	25.00
	Half Yearly	10.50%-13.30%	236	109.53	79	65.46	-	-	174.99
	Bullet payment	13.30%	2	164.60	-	-	-	-	164.60
Total				3,526.36		711.73		37.38	4,275.49
Impact of EIR									(11.86)
Interest accrued on borrowings									11.94
Total									4,275.57

(ii) 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	
Borrowings (Other than Debt Securities)									
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
Total				4,970.65		2,143.62		257.86	7,372.13
Impact of EIR									(39.42)
Interest accrued on borrowings									32.36
Total									7,365.07

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

- 15B.** (i) Instances of breach of covenant of loan availed or debt securities issued by the Holding Company during year ended March 31, 2025 - Refer Note 49 (a)
- (ii) During the year ended March 31, 2025, the Criss Financial Limited was in non-compliance with certain specified covenants related to a few of its borrowings. These covenants primarily pertain to GNPA within specified limits, annual profitability and a cap on the sum of net Stage III provisions and gross loan write-offs during the year, expressed as a percentage of Tier I capital, as outlined in the relevant Debenture Trust Deeds. Following discussions with the respective lenders, the Company remains confident that no adverse actions such as an increase in interest rates or demands for accelerated repayment—will be undertaken as a consequence of these non-compliance.

As of March 31, 2025, the Company held cash and cash equivalents of ₹28.73 crores and reported no cumulative mismatches across any ALM buckets, thereby maintaining a stable liquidity position. The Company has consistently met all its debt servicing obligations in a timely manner. Accordingly, based on management's assessment and lender interactions, no adjustments have been considered necessary in the financial statements for the year ended March 31, 2025.

15 C. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2024	Cash flows	Others	As at March 31, 2025
Debt securities	4,064.21	(1,735.12)	(64.58)	2,264.49
Borrowings (other than debt securities)	5,340.40	(1,956.05)	6.77	3,391.14
Subordinated liabilities	20.00	(20.00)	0.00	-
	9,424.61	(3,711.17)	(57.81)	5,655.63

Particulars	As at March 31, 2023	Cash flows	Others	As at March 31, 2024
Debt securities	3,368.79	768.15	(72.74)	4,064.21
Borrowings (other than debt securities)	2,685.50	2,655.82	(0.91)	5,340.40
Subordinated liabilities	19.98	-	0.02	20.00
	6,074.27	3,423.97	(73.63)	9,424.61

* Represents change in liabilities due to amortization of finance cost and interest accruals

16: Other Financial liabilities

	As at March 31, 2025	As at March 31, 2024
Employee benefits payable	31.16	43.44
Lease liability	12.76	11.00
Refund of excess interest collected (Refer Note 48 (A))	23.13	23.36
Assignment and other payables	70.38	166.65
	137.43	244.45

17: Current Tax Liabilities (net)

	As at March 31, 2025	As at March 31, 2024
Provision for tax (net of advance tax)	5.35	5.59
	5.35	5.59

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

18: Provisions

	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Gratuity, net of contribution (Refer Note 39)	13.73	10.36
Leave encashment	12.94	6.87
	26.67	17.23

19: Other Non-Financial liabilities

	As at March 31, 2025	As at March 31, 2024
Service tax liability [net of amount paid under protest ₹ 0.39 crores]	6.53	18.26
Statutory dues payable	13.77	18.29
Other payables	5.89	0.77
	26.19	37.32

20: Share capital

	As at March 31, 2025	As at March 31, 2024
Authorized		
900,000,000 (March 31, 2024: 900,000,000) equity shares of ₹ 10 each	900.00	900.00
1,250,000,000 (March 31, 2024: 1,250,000,000) preference shares of ₹ 10 each	1,250.00	1,250.00
	2,150.00	2,150.00
Issued, subscribed and paid-up		
71,305,144 (March 31, 2024: 71,297,444) equity shares of ₹ 10 each fully paid up	71.31	71.30
	71.31	71.30

(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, 2025		As at March 31, 2024	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	7,12,97,444	71.30	7,09,83,269	70.98
Issued during the year - Exercise of employee stock options	7,700	0.01	3,14,175	0.32
Outstanding at the end of the year	7,13,05,144	71.31	7,12,97,444	71.30

Note:

(i) During the year, the Holding Company has allotted 7,700 equity shares (FY23-24: 3,14,175 equity shares) to eligible employees under Employee stock Option Plan.

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for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

20: Share capital (contd.)

(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, 2025		As at March 31, 2024	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of ₹ 10 each				
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.10%
Padmaja Gangireddy	-	0.00%	81,73,938	11.46%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.03%

(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:

Promoter name	As at March 31, 2025		As at March 31, 2024		% Change during the year
	No. of Shares	%	No. of Shares	%	
Padmaja Gangireddy	-	0.00%	81,73,938	11.46%	(11.46%)
Vijaya Sivarami Reddy Vendidand	-	0.00%	1,09,151	0.15%	(0.15%)
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	41.10%	0.00%
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	7.03%	0.00%

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	14.91%	(3.44%)
Vijaya Sivarami Reddy Vendidand	1,09,151	0.15%	1,16,933	0.72%	(0.57%)
Kangchenjunga Limited	2,93,03,172	41.10%	2,93,03,172	42.41%	(1.31%)
Kedaara Capital Fund III LLP	50,13,295	7.03%	50,13,295	4.57%	2.46%

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer Note 44.

(f) Issue of bonus shares or buyback of shares

The Company has not issued/ allotted any shares pursuant to contracts without payment being received in cash, nor issued any bonus shares nor there has been any buyback of shares during five years immediately preceding March 31, 2025.

(g) Dividend

The Company has not paid any dividend during the financial year ended March 31, 2025 and March 31, 2024.

21: Other Equity

	As at March 31, 2025	As at March 31, 2024
Securities premium	2,241.08	2,240.43
General reserve	15.71	11.87
Capital redemption reserve	152.69	152.69
Share options outstanding account	77.22	62.16
Statutory reserve [as required by Section 45-IC of Reserve Bank of India Act, 1934]	470.13	470.13
Retained earnings	(347.44)	687.24
Fair valuation on loans through other comprehensive income	(44.58)	(51.22)
Effective portion of cashflow hedges	(3.06)	-
Total other equity	2,561.75	3,573.30

For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2025.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

21: Other Equity (contd.)

Nature and purpose of other equity

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve

Amount set aside from retained profits as a general reserve to be utilised in accordance with provisions of the Companies Act, 2013.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Company had transferred an amount equivalent of the nominal value of Optionally convertible cumulative redeemable preference shares 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 Section 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.

Effective portion of cashflow hedges

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

22: Interest Income

	For year ended March 31, 2025	For year ended March 31, 2024
Measured at fair value through OCI		
Interest on loans	1,976.88	2,071.74
Measured at amortised cost		
Interest on loans	183.23	144.09
Interest on inter corporate advances	-	-
Interest on deposits with banks	30.88	22.02
Other interest income	3.33	0.25
	2,194.32	2,238.10

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

23: Net gain on fair value changes

	For year ended March 31, 2025	For year ended March 31, 2024
On trading portfolio	77.51	68.52
	77.51	68.52
Fair value changes		
- Realised	77.51	68.52
- Unrealised	-	-
	77.51	68.52

24: Net gain on derecognition of financial instruments measured at FVTOCI

	For year ended March 31, 2025	For year ended March 31, 2024
Gain on derecognition of loans designated at FVTOCI	83.33	93.95
	83.33	93.95

25: Other income

	For year ended March 31, 2025	For year ended March 31, 2024
Advertisement income	57.13	104.32
Sale of traded goods	-	0.39
Profit on sale of property, plant and equipment	-	0.15
Miscellaneous income	11.80	5.35
	68.93	110.21

26: Finance cost

	For year ended March 31, 2025	For year ended March 31, 2024
On financial liabilities measured at amortised cost		
Interest on debt securities	375.87	489.09
Interest on borrowings (other than debt securities)	534.00	422.53
Interest on subordinated liabilities	0.56	3.03
Interest on commercial paper	-	2.89
Interest on lease liabilities	1.34	1.31
Other finance cost	20.49	7.94
	932.26	926.78

27: Impairment on financial instruments

	For year ended March 31, 2025	For year ended March 31, 2024
a) Measured at fair value through OCI		
Impairment allowance ^	236.61	73.17
Technical write-offs (Refer Note 49)	1,555.39	86.21
Impairment allowance - Retained interest on direct assignment	2.25	
Recovery of loans written-off	(24.59)	(20.24)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

27: Impairment on financial instruments (contd.)

	For year ended March 31, 2025	For year ended March 31, 2024
b) Measured at fair value through profit or loss		
Impairment allowance (Security Receipts)	91.74	34.02
c) Measured at amortized cost		
Impairment allowance ^	65.99	10.88
Technical write-offs	62.22	8.44
Recovery of loans written-off	(3.28)	(2.93)
Amount receivable from assignment of portfolio charged off	-	69.86
	1,986.33	259.41

^ Impairment allowance on loans excludes impairment of ₹12.66 crores (March 31, 2024: ₹8.55 crores) relating to interest on credit impaired assets, which is netted off from interest income in accordance with Ind AS 109 of Financial Instrument.

28: Employee benefits expenses

	For year ended March 31, 2025	For year ended March 31, 2024
Salaries, wages and bonus	542.83	399.39
Contribution to provident and other funds	43.56	29.45
Gratuity benefits (refer note 39)	4.07	3.25
Leave benefits	8.17	6.69
Share based payments to employees (refer note 44)	19.12	26.09
Staff welfare expenses	14.02	8.36
	631.77	473.23

29: Depreciation and amortization

	For year ended March 31, 2025	For year ended March 31, 2024
On property, plant and equipment	17.25	14.95
On right of use assets	3.43	2.86
On intangible assets	2.02	2.60
	22.70	20.41

30: Other expenses

	For year ended March 31, 2025	For year ended March 31, 2024
Rent	34.27	27.06
Purchase of traded goods	-	0.57
Rates and taxes	2.08	3.00
Bank charges	3.96	2.87
Insurance	10.36	6.15
Office maintenance	12.22	9.34
Computers and network maintenance	26.29	18.48
Electricity charges	3.72	2.38
Travelling Expenses	73.54	52.45
Communication expenses	3.20	2.12

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

30: Other expenses (contd.)

	For year ended March 31, 2025	For year ended March 31, 2024
Printing and stationery	5.94	4.63
Legal and professional charges	15.55	13.49
Directors Remuneration	2.29	2.29
Auditors' remuneration (refer note 30.1 below)	1.75	1.31
Recruitment and training	0.13	0.13
Losses on account of fraud / rejected claim	39.74	9.50
Provision reversal on indirect tax matter	(12.32)	0.71
Loss on sale of property, plant and equipment	0.01	-
Donations	-	0.05
Corporate social responsibility expenditure (CSR) [refer note 30.2 below]	5.25	1.74
Miscellaneous expenses	1.85	2.11
	229.83	160.38

30.1 Details of payments to auditors:

	For year ended March 31, 2025	For year ended March 31, 2024
Audit fees	1.55	1.21
Certification fees	0.02	0.08
Taxation matters	0.01	0.01
Out of pocket expenses	0.16	0.01
	1.74	1.31

30.2 Details of CSR expenditure:

	For year ended March 31, 2025	For year ended March 31, 2024
Gross amount required to be spent during the year	5.25	1.74
Amount approved by the Board to be spent during the year	5.54	2.48
Amount spent during the year		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	5.54	2.48
Shortfall / (excess) at the end of the year	(0.29)	(0.74)
Total of previous years shortfall	-	-
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	Nil	Nil
Provision made during the year	-	-
Disclosure under section 135 (5) of the Companies Act, 2013		
Particulars		
Opening balance	(0.74)	-
Amount required to be spent during the year	5.25	1.74
Amount spent during the year	5.54	2.48
Closing balance	(0.29)	(0.74)

The Group has spent ₹0.29 crores ((March 31, 2024 ₹0.74 crores) 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

31: Tax expense

	For year ended March 31, 2025	For year ended March 31, 2024
Current tax	-	107.14
Deferred tax (attributable to origination and reversal of temporary differences)	(343.64)	62.71
Total tax Charge	(343.64)	169.85
Reconciliation of tax expense and the accounting (loss) / profit multiplied by India's tax rate		
Accounting profit before tax	(1,378.80)	670.57
Expected tax expense at the Indian tax rate 25.168%	(347.51)	168.84
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Effect of expenses not deductible under the Income tax Act, 1961	3.87	1.01
Others	-	-
Tax expense reported in the statement of profit and loss	(343.64)	169.85

32: Earning per Share

	For year ended March 31, 2025	For year ended March 31, 2024
Net profit after tax as per Statement of Profit and Loss	(1,035.10)	500.66
Net profit as above for calculation of basic EPS and diluted EPS	(1,035.10)	500.66
Weighted average number of equity shares in calculating basic EPS	7,13,04,406	7,10,91,838
Stock options granted under ESOP	-	10,65,730
Weighted average number of equity shares for diluted EPS	7,13,04,406	7,21,57,567
Basic earnings per share (₹)	(145.17)	70.42
Diluted earnings per share (₹)	(145.17)	69.38

Note: For the year ended March 31, 2025, 4,72,139 employee stock options granted under ESOP were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

33: Operating segment

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 Group's total revenue during the year ended March 31, 2025 or March 31, 2024.

34: Related party disclosures (As per Ind AS 24)

(a) Name of related parties and nature of relationship

I. Key Management Personnel ("KMP")

- Mr. Shalabh Saxena - Managing Director and Chief Executive Officer (resigned w.e.f April 23, 2025)
- Mr. Ashish Damani - Interim CEO, President and Chief Financial Officer (Interim CEO w.e.f. April 23, 2025)
- Mr. Ramesh Periasamy - Company Secretary and Chief Compliance Officer (KMP upto January 22, 2024)
- Mr. Vinay Prakash Tripathi - Company Secretary (w.e.f. January 23, 2024)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

34: Related party disclosures (As per Ind AS 24) (contd.)

II. Directors

- a) Ms. Abanti Mitra - Non-Executive Chairperson and Independent Director
- b) Mr. Deepak Vaidya - Independent Director
- c) Mr. Animesh Chauhan - Independent Director
- d) Mrs. Dipali Sheth - 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) Ms. Saakshi Gera - Nominee Director (w.e.f May 22, 2024)
- h) Mr. Ramachandra Kasargod Kamath - Nominee Director
- i) Mr. Neeraj Swaroop - Nominee Director
- j) Mr. Kartikeya Dhruv Kaji - Nominee Director (upto May 21, 2024)
- k) Mr. Bharat Shah - Independent Director (upto April 16, 2023)
- l) Mr. Jagdish Capoor - Independent Director (upto June 05, 2023)
- m) Mrs. Padmaja Gangireddy - Non-Executive Director (upto May 27, 2023)

III. Entity having significant influence

- a) Kangchenjunga Limited
- b) Kedaara Capital Fund III LLP

(b) Transactions with related parties

(i) Key Management Personnel	For year ended March 31, 2025		
	(a) short-term employee benefits	(b) other long-term benefits	(c) share-based payment [^]
Mr. Shalabh Saxena	6.05	0.28	4.08
Mr. Ashish Damani	4.58	0.25	2.05
Mr. Vinay Prakash Tripathi	0.65	0.02	0.32
Key Management Personnel	For year ended March 31, 2024		
	(a) short-term employee benefits	(b) other long-term benefits	(c) share-based payment [^]
Mr. Shalabh Saxena	7.35	0.20	5.30
Mr. Ashish Damani	5.26	0.16	2.80
Mr. Ramesh Periasamy	0.99	0.07	0.60
Mr. Vinay Prakash Tripathi	0.29	0.00	0.05
[^] 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.			
(ii) Transactions with Non-Executive Directors (Annual fees) [^]	For the year ended		
	March 31, 2025	March 31, 2024	
Mr. Deepak Vaidya	0.30	0.30	
Mr. K R Kamath	0.30	0.30	
Ms. Abanti Mitra	0.30	0.30	
Mr. Animesh Chauhan	0.30	0.30	
Mr. Neeraj Swaroop	0.30	0.30	
Mrs. Deepali Seth	0.30	0.28	
Mr. Vinayak Prasad	0.30	0.28	
Mr. Jagdish Capoor	-	0.05	

[^]The above amounts are exclusive of GST

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

34: Related party disclosures (As per Ind AS 24) (contd.)

(c) Balance receivable / (payable)

	As at	
	March 31, 2025	March 31, 2024
Other financial liabilities		
Mr. Shalabh Saxena	-	(1.65)
Mr. Ashish Damani	-	(1.20)
Mr. Ramesh Periasamy	-	(0.25)
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.

35: Contingent liabilities and commitments

a. Claims against the Company not acknowledged as debt:

Particulars	March 31, 2025	March 31, 2024
Service tax	0.56	0.56
Goods and service tax	23.33	20.70
Income tax	30.65	54.69
Total	54.54	75.95

The Group's pending litigations primarily relate to matters under direct Tax and indirect tax. These have been reviewed in detail, and appropriate provisions have been made wherever required. Contingent liabilities have been disclosed, wherever applicable, in accordance with accounting standards. The amounts involved are based on management's best estimates, and no material liability is expected to arise from these matters. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

b. Guarantee excluding financial guarantee

Particulars	March 31, 2025	March 31, 2024
Corporate Guarantee for the term loans availed by Criss Financial Limited	75.15	156.10
Total	75.15	156.10

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.

36: 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 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.

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for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

36: Fair Value (contd)

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

1. Fair values of investments held under FVTPL have been determined under level 1 using quoted Net Asset Value of the underlying instruments;
2. Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and selling the loans are measured at FVOCI. The fair value of these loans has been determined under level 2.

37: Fair Value Hierarchy of assets and liabilities

Fair value measurement

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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
Financial assets measured at fair value as at March 31, 2025			
Derivative financial instruments	-	2.47	-
Term Loans (at fair value through OCI)	-	5,013.65	-
Investments in mutual funds (measured at FVTPL)	62.81	-	-
Investments in security receipts (measured at FVTPL)	-	-	16.02
Retained interest on direct assignment	-	26.30	-
	62.81	5,042.42	16.02
Financial assets measured at fair value as at March 31, 2024			
Term Loans (at fair value through OCI)	-	10,270.24	-
Investments in security receipts (measured at FVTPL)	-	-	111.68
Retained interest on direct assignment	-	50.32	-
	-	10,320.56	111.68

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
Financial assets measured at fair value as at March 31, 2025				
Investments in Government Securities (measured at amortized cost)	30.82	30.82	-	-
Investments in equity shares (measured at cost)	0.10	-	-	0.10
Term Loans (at amortized cost)	806.61	-	800.09	-
	837.53	30.82	800.09	0.10
Financial assets measured at fair value as at March 31, 2024				
Investments in equity shares (measured at cost)	0.10	-	-	0.10
Term Loans (at amortized cost)	784.80	-	788.83	-
	784.90	-	788.83	0.10

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

37: Fair Value Hierarchy of assets and liabilities (contd.)

III. The following table shows an analysis of financial liabilities that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
Liabilities measured at fair value as at March 31, 2025				
Debt securities	2,264.49	-	2,280.24	-
Borrowings (other than debt securities)	3,391.14	-	3,411.62	-
Lease Liabilities	12.76		12.76	
	5,668.39	-	5,704.62	-
Liabilities measured at fair value as at March 31, 2024				
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	-
	9,435.61	-	9,498.19	

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 Term 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 II) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage III loans are assumed as carrying value less provision for impairment loss allowance.

For investment in Mutual funds

For investments, the Company has assessed the fair value on the basis of the NAV (Net Asset Value) declared by the mutual fund houses.

For investment in security receipts

The expected recoveries are discounted at yield to arrive at the present value of the recoveries. Fair value of cash flows are assumed as carrying value less provision for impairment loss allowance.

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, 2025 and March 31, 2024.

38: 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

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38: Capital Management (Refer Note 51) (contd.)

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, 2025	March 31, 2024
Tier I Capital	1,672.74	2,846.80
Tier II Capital	-	-
Total Capital	1,672.74	2,846.80
Risk weighted assets	4,607.30	8,909.23
Tier I CRAR	36.31%	31.95%
Tier II CRAR	0.00%	0.00%
Total CRAR	36.31%	31.95%

Criss Financial Holdings Limited. (Subsidiary Company)

Particulars	March 31, 2025	March 31, 2024
Tier I Capital	206.54	244.43
Tier II Capital	-	-
Total Capital	206.54	244.43
Risk weighted assets	539.18	737.30
Tier I CRAR	38.31%	33.15%
Tier II CRAR	0.00%	0.00%
Total CRAR	38.31%	33.15%

39: 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 crores 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.

Investment risk

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Interest rate risk

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates

If actual withdrawal rates are higher than assumed withdrawal rate assumption, then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 20,00,000, raising accrual rate from 15/26 etc.).

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39: Defined Benefit Gratuity Plan (contd)

Inflation Risk

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1062, this generally reduces ALM risk.

Concentration Risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low.

Life expectancy

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Movement in defined benefit obligations

Particulars	March 31, 2025	March 31, 2024
Defined benefit obligation as at the beginning of the year	12.06	5.72
Current service cost	3.32	2.85
Interest on defined benefit obligation	0.87	0.41
Remeasurements- Actuarial (gain) / loss	(0.58)	4.60
Benefits paid	(1.60)	(1.52)
Defined benefit obligation as at the end of the year	14.06	12.06

Movement in plan assets

Particulars	March 31, 2025	March 31, 2024
Fair value of plan assets as at the beginning of the year	1.70	0.13
Actual return on plan assets	0.10	0.09
Employer contributions	0.12	3.00
Benefits paid	(1.60)	(1.52)
Fair value of plan assets as at the end of the year	0.33	1.70

The Group expects to contribute ₹ 4.62 crores (March 31, 2024 ₹ 4.07 crores) to gratuity in the next financial year.

Reconciliation of net liability/ asset

Particulars	March 31, 2025	March 31, 2024
Net defined benefit liability as at the beginning of the year	10.36	5.59
Expense charged to statement of profit and loss	4.07	3.25
Amount recognised in other comprehensive income	(0.56)	4.52
Employer contributions	(0.13)	(3.00)
Net defined benefit liability as at the end of the year	13.73	10.36

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39: Defined Benefit Gratuity Plan (contd)

Expenses charged to the statement of profit and loss

Particulars	March 31, 2025	March 31, 2024
Current service cost	3.32	2.85
Interest cost	0.74	0.40
Total	4.07	3.25

Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2025	March 31, 2024
Actuarial Gain / (Loss) on Liabilities		
-due to change in financial assumptions	(0.32)	(0.10)
-due to change in demographic assumptions	2.98	(0.92)
-due to experience variance	(2.07)	(3.58)
Total -A	0.59	(4.60)
Actuarial Gain / (Loss) on assets		
-Expected Interest Income	0.12	0.01
-Actual Income on Plan Asset	0.10	0.09
Total -B	(0.02)	0.08
Amount recognised under OCI (A+B)	0.57	(4.52)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2025	March 31, 2024
Fund managed by Insurer	100%	100%
Total	100%	100%

Summary of Actuarial Assumptions - Holding Company

Particulars	March 31, 2025	March 31, 2024
Discount rate	6.55%	7.18%
Return on plan assets	7.18%	7.30%
Rate of Increase in compensation levels	7.50%-12.50%	7.50%-12.50%
Retirement age (years)	58	58
Withdrawal rate / Attrition rate	40%	25%
Mortality rate	100% of IALM 2012-14	

Summary of Actuarial Assumptions - Criss Financial Limited

Particulars	March 31, 2025	March 31, 2024
Discount rate	6.71%	7.18%
Return on plan assets	0.00%	0.00%
Rate of Increase in compensation levels	5.00%	12.50%
Retirement age (years)	58	58
Withdrawal rate / Attrition rate	20%	13%
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.

Return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

Notes to the Consolidated Financial Statements

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(₹ in crores unless otherwise stated)

39: Defined Benefit Gratuity Plan (contd)

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2025	March 31, 2024
Discount rate (+0.5%)	(0.16)	(0.22)
Discount rate (-0.5%)	0.16	0.23
Salary Inflation (+1%)	0.31	0.44
Salary Inflation (-1%)	(0.30)	(0.42)
Withdrawal Rate (+5%)	(0.82)	(0.71)
Withdrawal Rate (-5%)	0.95	0.81

Projected plan cash flow

Particulars	March 31, 2025	March 31, 2024
Year 1	3.64	1.81
Year 2	3.10	1.81
Year 3	2.52	1.92
Year 4	2.06	1.82
Year 5	1.70	1.75
After year 5	3.66	7.43

The weighted average duration of the defined benefit obligation of Company is ~ 5 years

40: 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

Amounts recognised in the statement of profit and loss:

Particulars	March 31, 2025	March 31, 2024
Depreciation expense of right-of-use assets	3.43	2.86
Interest expense on lease liabilities	1.34	1.31
Expense relating to short-term leases	34.27	27.05
Total amount recognised in the statement of profit and loss	39.04	31.22

Particulars	March 31, 2025	March 31, 2024
Total commitments for short term leases	16.18	14.36

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	March 31, 2025	March 31, 2024
Balances as at the beginning of the year	9.71	12.04
Addition	4.75	0.52
Deletion	-	-
Depreciation	(3.43)	(2.86)
Balances as at the end of the year	11.03	9.71

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(₹ in crores unless otherwise stated)

40: Leases (contd.)

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

Particulars	March 31, 2025	March 31, 2024
Balances as at the beginning of the year	11.00	12.67
Addition	4.75	0.52
Accretion of interest	1.34	1.31
Deletion	-	-
Payments	(4.34)	(3.50)
Balances as at the end of the year	12.75	11.00

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	March 31, 2025	March 31, 2024
Less than one year	4.63	3.62
One to five years	9.12	9.43
More than five years	0.36	-
Total	14.11	13.05

The total cash outflow for leases is ₹35.41 crores (March 31, 2024: ₹28.78 crores), including cash outflow for short term leases

41: 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.

Particulars	March 31, 2025	March 31, 2024
1. the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
2. the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
4. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
5. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance or a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

42: Risk Management and financial objectives

Risk is an integral part of the Group business and sound risk management is critical to the success. As a financial intermediary, the Group is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness

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(₹ in crores unless otherwise stated)

42: Risk Management and financial objectives (contd.)

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.

42.1 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, 2025 and March 31, 2024. 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(k) of the material 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 III 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.

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42: Risk Management and financial objectives (contd.)

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:

Particulars	Holding Company		Subsidiary Company (Criss Financial Limited)	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Madhya Pradesh	13.35%	13.38%	5.51%	0.57%
Odisha	12.65%	14.08%	0.00%	0.00%
Bihar	11.49%	11.65%	0.00%	0.00%
Andhra Pradesh	11.00%	9.92%	56.23%	70.47%
Karnataka	10.17%	10.19%	2.93%	5.17%
Maharashtra	8.23%	8.85%	0.00%	0.00%
West Bengal	6.46%	2.31%	0.00%	0.00%
Uttar Pradesh	5.49%	6.28%	0.00%	0.00%
Jharkhand	5.42%	5.87%	0.00%	0.00%
Chhattisgarh	5.04%	5.09%	0.00%	0.00%
Rajasthan	3.55%	4.97%	11.91%	0.11%
Gujarat	3.21%	3.87%	0.00%	0.00%
Telangana	1.45%	1.55%	18.88%	23.53%
Others [^]	2.49%	1.98%	4.55%	0.15%
Total	100.00%	100.00%	100.00%	100.00%

[^] comprises of Goa, Hayana, Himachal Pradesh, Kerala, Pondicherry, Tamilnadu and Uttarakhand

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.

42.2 Liquidity Risk

Liquidity risk refers to the risk that the Group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

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42: Risk Management and financial objectives (contd.)

Maturity pattern of financial liabilities:

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Upto 1 month	392.26	501.60	74.53	206.49
1 to 2 months	417.31	1,010.21	5.81	8.12
2 to 3 months	913.71	769.15	6.81	2.27
3 to 6 months	1,084.51	1,782.93	16.65	3.76
6 months to 1 year	1,730.28	2,937.94	2.36	2.14
1 to 3 years	1,573.98	3,308.68	31.09	31.30
3 to 5 years	10.98	16.10	1.86	1.57
Over 5 years	-	-	0.36	-
Total	6,123.03	10,326.61	139.48	255.65

*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, 2025			March 31, 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,235.97	-	1,235.97	1,398.29	-	1,398.29
Bank balances other than cash and cash equivalents	564.34	43.47	607.81	240.17	233.61	473.78
Derivative financial instruments	2.47	-	2.47	-	-	-
Loans	4,659.37	1,049.03	5,708.40	7,641.87	3,372.43	11,014.30
Investments	107.81	1.94	109.75	61.50	50.28	111.78
Other financial assets	96.33	41.28	137.61	98.24	7.96	106.20
Total financial assets	6,666.29	1,135.72	7,802.01	9,440.07	3,664.28	13,104.35
Non-financial assets						
Current tax assets (net)	7.85	110.03	117.88	24.16	25.11	49.27
Deferred tax assets (net)	0.00	475.03	475.03	-	132.72	132.72
Property, plant and equipment	-	31.24	31.24	-	29.99	29.99
Other intangible assets	-	2.98	2.98	-	5.00	5.00
Goodwill	-	17.39	17.39	-	17.39	17.39
Other non-financial assets	1.69	45.31	47.00	0.01	43.81	43.82
Total non-Financial assets	9.55	681.97	691.52	24.17	254.02	278.19
Total Assets	6,675.84	1,817.69	8,493.53	9,464.24	3,918.30	13,382.54
LIABILITIES						
Financial liabilities						
Payables	8.97	-	8.97	8.44	-	8.44
Debt securities	1,463.92	800.57	2,264.49	3,135.02	929.19	4,064.21
Borrowings (other than debt securities)	2,698.57	692.56	3,391.14	3,155.91	2,184.49	5,340.40
Subordinated liabilities	-	-	-	20.00	-	20.00
Other financial liabilities	105.35	32.08	137.43	212.72	31.73	244.45
Total financial liabilities	4,276.81	1,525.22	5,802.03	6,532.09	3,145.41	9,677.50

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42: Risk Management and financial objectives (contd.)

	March 31, 2025			March 31, 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Non-financial liabilities						
Current tax liabilities (net)	-	5.35	5.35	-	5.59	5.59
Provisions	9.51	17.16	26.67	3.80	13.43	17.23
Other non-financial liabilities	19.66	6.53	26.19	18.86	18.46	37.32
Total non-financial liabilities	29.17	29.04	58.21	22.66	37.48	60.14
Total Liabilities	4,305.98	1,554.26	5,860.24	6,554.75	3,182.89	9,737.64
Net	2,369.86	263.43	2,633.29	2,909.49	735.41	3,644.90

42.3 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:"

42.3a 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 and equity is affected through the impact on floating rate borrowings, as follows:

Finance Cost	March 31, 2025	March 31, 2024
0.50 % Increase	(28.39)	(27.70)
0.50 % Decrease	28.39	27.70

42.3b Price Risk

The Group's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Group has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

42.3c 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 interest rate swaps.

Particulars	March 31, 2025		March 31, 2024	
	Amount in USD	Amount in ₹	Amount in USD	Amount in ₹
Borrowings (other than debt securities)	2,00,00,000	164.60	2,00,00,000	164.60
Derivative financial instruments	2,00,00,000	2.47	2,00,00,000	-

The carrying amount of the Holding Company's foreign currency denominated monetary items in ₹ as at March 31, 2025 and March 31, 2024 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.

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43: 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, 2025	March 31, 2024
Carrying amount of assets	1,173.69	2,279.04
Carrying amount of associated liabilities	884.43	2,024.67
Fair value of assets	1,206.27	2,294.21
Fair value of associated liabilities	885.93	2,035.44

The shortfall of fair value of associated liabilities over fair value of assets is ₹ Nil (March 31, 2024: ₹ 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, 2025	March 31, 2024
Carrying amount in respect of financial assets derecognised since April 1, 2022 ^	528.29	686.12
Gain/(loss) from derecognition during the year	83.33	93.95

^ excluding carrying amount in respect of financial assets derecognised prior to March 31, 2022 where contracts with borrowers are matured and expired.

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.

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for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

44: 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.

Particulars	Grant I	Grant II	Grant IV	Grant V	Grant IX	Grant XII ESOP Plan 2018 and ESOP Scheme 2021	Grant I ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant II ESOP Plan 2021 and ESOP Scheme 2021-Series A	Grant III ESOP Plan 2021 and ESOP Scheme 2021-Series A
Date of grant	13-Aug-18	13-Aug-18	28-Jan-20	28-Jan-20	31-Aug-20	14-Aug-21	2-Nov-21	30-Mar-22	11-Jul-22
Date of Board / Compensation/ Committee Approval	13-Aug-18	13-Aug-18	28-Jan-20	28-Jan-20	31-Aug-20	14-Aug-21	2-Nov-21	30-Mar-22	11-Jul-22
Number of options granted	3,38,854	8,17,500	90,500	3,36,500	28,000	12,28,000	1,23,000	16,60,000	2,15,000
Exercise price	263.35	263.35	1,077.37	1,077.37	608.74	636.46	521.66	371.07	415.59
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	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year
Exercise period	9 years from the grant date (or) one year from the date of separation after vesting, whichever is earlier.								
Name of the plan	ESOP Plan 2018 and ESOP Scheme 2018								
ESOP Plan 2021 and ESOP Scheme 2021-Series A									
Particulars	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 VIII 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	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	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	1,60,000	50,000	6,38,000	1,50,000	60,000	10,000	7,000	1,87,135	
Exercise price	554.88	553.1	569.18	567.02	582.96	849.38	1,192.56	970.92	
Method of settlement	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-Series A									

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(₹ in crores unless otherwise stated)

44: Employee Stock Option Plan (ESOP) (Contd.)

Particulars	Grant XVIII ESOP Plan 2018 and ESOP Scheme 2021	Grant XIX ESOP Plan 2018 and ESOP Scheme 2021	Grant XX ESOP Plan 2018 and ESOP Scheme 2021	Grant XXI ESOP Plan 2018 and ESOP Scheme 2021
Date of grant	23-Apr-24	2-Nov-24	16-Jan-25	5-Mar-25
Date of Board / Compensation/ Committee Approval	23-Apr-24	2-Nov-24	16-Jan-25	5-Mar-25
Number of options granted	60,000	10,000	7,000	67,000
Exercise price	881.76	446.93	408.98	283.85
Method of settlement	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 2018 and ESOP Scheme 2021			

b) The details of all grants in operation during financial year 2024-25 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	Exercisable at the end of the year	Weighted average remaining contractual life of options (in years)
Grant I	13-Aug-18	263.35	2,600	-	-	1,000	1,600	1,600	2.36
Grant II	13-Aug-18	263.35	18,650	-	-	5,100	13,550	13,550	2.36
Grant IV	28-Jan-20	1,077.37	18,800	-	-	5,800	13,000	13,000	3.82
Grant V	28-Jan-20	1,077.37	1,48,700	-	-	29,200	1,19,500	1,19,500	3.82
Grant IX	31-Aug-20	608.74	8,000	-	-	-	8,000	4,000	4.42
Grant XII Scheme 2021	14-Aug-21	636.46	6,55,350	-	1,500	1,11,800	5,42,050	3,35,450	5.37
Grant I Plan 2021 Series A	2-Nov-21	521.66	59,100	-	1,200	14,400	43,500	18,900	5.59
Grant II Plan 2021 Series A	30-Mar-22	371.07	15,00,000	-	-	-	15,00,000	11,25,000	5.99
Grant III Plan 2021 Series A	11-Jul-22	415.59	52,000	-	-	15,000	37,000	18,500	6.28
Grant IV Plan 2021 Series A	8-Sep-22	554.88	1,00,000	-	-	-	1,00,000	40,000	6.44
Grant V Plan 2021 Series A	17-Oct-22	553.10	47,500	-	-	-	47,500	22,500	6.55
Grant VI Plan 2021 Series A	31-Jan-23	569.18	5,79,250	-	5,000	55,000	5,19,250	2,35,250	6.84
Grant XIII Scheme 2021	25-Apr-23	567.02	1,40,000	-	-	-	1,40,000	35,000	7.07
Grant XIV Scheme 2021	2-May-23	582.96	60,000	-	-	-	60,000	15,000	7.08
Grant XV Scheme 2021	3-Nov-23	849.38	10,000	-	-	-	10,000	2,500	7.59
Grant XVI Scheme 2021	20-Jan-24	1,192.56	7,000	-	-	-	7,000	1,750	7.81
Grant XVII Scheme 2021	17-Feb-24	970.92	1,85,844	-	-	16,582	1,69,262	57,847	7.88
Grant XVIII Scheme 2021	23-Apr-24	881.76	-	60,000	-	-	60,000	-	8.06
Grant XIX Scheme 2021	2-Nov-24	446.93	-	10,000	-	-	10,000	-	8.59
Grant XX Scheme 2021	16-Jan-25	408.98	-	7,000	-	-	7,000	-	8.80
Grant XXI Scheme 2021	5-Mar-25	283.85	-	67,000	-	-	67,000	-	8.93
Total			35,92,794	1,44,000	7,700	2,53,882	34,75,212	20,59,347	

Notes to the Consolidated Financial Statements

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(₹ in crores unless otherwise stated)

44: Employee Stock Option Plan (ESOP) (Contd.)

c) 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	Exercisable 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	2,600	3.36
Grant II	13-Aug-18	263.35	1,39,997	-	1,08,975	12,372	18,650	18,650	3.36
Grant IV	28-Jan-20	1,077.37	27,200	-	1,200	7,200	18,800	16,000	4.82
Grant V	28-Jan-20	1,077.37	1,67,100	-	-	18,400	1,48,700	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	2,59,950	6.37
Grant I Plan 2021 Series A	2-Nov-21	521.66	87,000	-	26,400	1,500	59,100	7,800	6.59
Grant II Plan 2021 Series A	30-Mar-22	371.07	15,00,000	-	-	-	15,00,000	7,50,000	6.99
Grant III Plan 2021 Series A	11-Jul-22	415.59	57,000	-	5,000	-	52,000	9,250	7.28
Grant IV Plan 2021 Series A	8-Sep-22	554.88	1,60,000	-	20,000	40,000	1,00,000	10,000	7.44
Grant V Plan 2021 Series A	17-Oct-22	553.10	50,000	-	2,500	-	47,500	10,000	7.55
Grant VI Plan 2021 Series A	31-Jan-23	569.18	6,38,000	-	58,750	-	5,79,250	1,00,750	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
Total			36,85,797	4,14,135	3,14,175	1,92,963	35,92,794	13,33,700	

The expense recognised for employee services received during the year is ₹19.12 crs. (March 31, 2024: ₹ 26.09 crs)

d) The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2025

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
Date of Grant	23-Apr-24	2-Nov-24	16-Jan-25	5-Mar-25
No of ESOPs	60,000	10,000	7,000	67,000
Stock Price on the date of grant (₹)	881.74	426.13	433.00	278.19
Exercise Price (₹)	881.76	446.93	408.98	283.85
Expected Volatility	52.41%	51.12%	53.41%	53.57%
Dividend Yield	0.00%	0.00%	0.00%	0.00%
Risk Free Interest Rate	7.08% - 7.09%	6.69% - 6.73%	6.66% - 6.68%	6.54% - 6.6%
Fair value of option				
Vest-1	476.79	219.12	240.69	148.85
Vest-2	498.49	228.43	248.35	153.91
Vest-3	518.59	238.40	257.82	160.08
Vest-4	537.36	247.68	266.75	166.08
Weighted average fair value	507.81	233.41	253.40	157.23

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44: Employee Stock Option Plan (ESOP) (Contd.)

e) 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	1,156.30	970.92
Exercise Price (₹)	567.02	582.96	849.38	1,192.56	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%
Fair value of option					
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	
Weighted average fair value	286.53	292.18	414.90	532.47	469.87

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')

45: 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 or entity, 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.

46: 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:

- directly or indirectly lend or invest in other person or entity 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.

47: Business combination and Goodwill

On December 27, 2018, the Group acquired a controlling interest in Criss Financial Limited ("CFL"), a non-banking financial company (NBFC) operating in India. The acquisition was undertaken as part of the Group's long-term strategic objective to expand its presence in the financial services sector. Accordingly, the equity interest in CFL is considered a strategic investment, with no intention of divestment or liquidation in the foreseeable future.

Goodwill arising on this acquisition has been recognized in the consolidated financial statements. The non-controlling interest was measured at the proportionate share of the fair value of the net identifiable assets acquired.

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for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

47: Business combination and Goodwill (contd.)

A. Reconciliation of carrying amount of Goodwill

Particulars	March 31, 2025	March 31, 2024
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

B. Impairment Testing of Goodwill

The goodwill has been tested for impairment as of March 31, 2025. For this purpose, CFL has been identified as a distinct Cash-Generating Unit (CGU), considering its independent operations, separately identifiable cash flows, and its strategic role within the Group's business structure.

The recoverable amount of the CGU has been determined using the fair value less cost of disposal (FVL COD) method. An independent fair valuation was carried out by a SEBI-registered valuer in support of the ₹100 crore equity infusion made in CFL over FY 2023–24 and FY 2024–25. The valuation, dated January 20, 2024, determined an equity value of ₹250 crore for CFL, using the Comparable Companies Multiple (CCM) method based on Price-to-Book Value (P/BV) ratios of peer companies. This method reflects market-based valuation benchmarks, adjusted for differences in scale, risk profile, and marketability.

The assessment also incorporated management's projections and financial expectations. CFL is expected to close FY 2024–25 with Assets Under Management (AUM) of ₹790 crore. Looking ahead, the AUM is projected to reach ₹1,100 crore by FY 2025–26, with the expansion funded through a planned ₹600 crore of incremental borrowing, comprising both external debt and inter-corporate deposits (ICDs). The subsidiary's growth strategy is supported by a robust operational framework, disciplined risk management, and continued capital backing from the parent company.

Based on the external valuation and management's financial projections, the recoverable amount of CFL exceeds the carrying value of goodwill. Accordingly, no impairment loss has been recognized for the year ended March 31, 2025.

The fair value of CFL has been determined using its book value as on March 31, 2025. The fair value approximates its cost.

(c) Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	31-Mar-25			31-Mar-24		
	Criss Financial Limited	Caspian Financial Services Limited	Intra-group eliminations	Criss Financial Limited	Caspian Financial Services Limited	Intra-group eliminations
NCI percentage	0.08%	0.00%		0.10%		
Financial assets	749.73	0.27		769.40	0.28	
Non-financial assets	56.67	-		16.43	-	
Financial liabilities	494.33	-		495.06	-	
Non-financial liabilities	4.27	-		2.59	-	
Net assets	307.80	0.27		288.18	0.28	
Net assets attributable to NCI/ accumulated NCI	0.23	-	332.39	0.29	-	234.39
Revenue	190.73	0.00		146.14	1.39	
Profit	(80.42)	(0.01)		33.49	(0.66)	
OCI	0.05	-		(0.01)	-	
Total comprehensive income	(80.37)	(0.01)		33.48	(0.66)	

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(₹ in crores unless otherwise stated)

47: Business combination and Goodwill (contd.)

	31-Mar-25			31-Mar-24		
	Criss Financial Limited	Caspian Financial Services Limited	Intra-group eliminations	Criss Financial Limited	Caspian Financial Services Limited	Intra-group eliminations
Profit allocated to NCI	(0.06)	-		0.06		
OCI allocated to NCI	-	-		-		
Cash flows from/ (used in) operating activities	(65.55)	0.01		(201.75)	-	
Cash flows from/ (used in) investment activities	(18.99)	-		(14.34)	-	
Cash flows from/ (used in) financing activities (dividends to NCI: nil)	(83.75)	0.01		(90.54)	-	
Net increase (decrease) in cash and cash equivalents	(168.29)	0.03		(306.63)	-	

- 48 (A):** 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, 2025, the Company had refunded ₹ 2.14 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 ₹ 23.13 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, 2025	March 31, 2024
Refund of excess interest collected (Liabilities)	23.36	38.87
Less: Amount refunded / adjusted to credit of borrowers ^	0.23	15.51
Amount to be refunded to borrowers	23.13	23.36

^ includes an adjustment of ₹1.92 crores to the liability balance for clients where excess payment being made in past period

48 (B): 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, 2025 and March 31, 2024.
- 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.
- The statements of current assets filed by the Group with banks or financial institutions with respect to its borrowings including debt securities and working capital limits on a quarterly basis are in agreement with the books of accounts.
- The Group 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 except as disclosed below:

Name of the struck off company	Nature of transactions	Balance outstanding	Relationship with the struck off Company
Chinni Beverages Pvt Ltd	Supply of Water	Nil	Vendor

Notes to the Consolidated Financial Statements

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(₹ in crores unless otherwise stated)

48 (B): Additional Regulatory Information (contd.)

- (h) 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
- (i) 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.
- (j) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (k) The Group has been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during the year.
- (l) The Group has availed borrowings from banks and financial institutions and has applied the funds for the specific purposes for which they were sanctioned, as at the balance sheet date. Any unutilized funds as at March 31, 2025 and March 31, 2024 have been temporarily deployed in investments and bank deposits, pending their intended utilization.

49 (a): During the financial year ended March 31, 2025, the microfinance industry faced unprecedented challenges due to a combination of external and structural headwinds. These included climatic disruptions, the weakening of the Joint Liability Group (JLG) lending model, deterioration in borrower discipline, elevated levels of borrower indebtedness, and external socio-political influences affecting customer behavior. These factors, which emerged in Q1 and persisted through the year, significantly impacted field operations, disrupted center meetings, and hindered the timely delivery of services to borrowers including timely collections. Operational stress was further intensified by increased field-level attrition, contributing to higher delinquencies, gross slippages, elevated credit costs, and a resulting in reported loss for the quarter and year ended March 31, 2025.

As a prudent and conservative accounting measure, the Holding Company has recognized technical write-offs amounting to ₹646.81 crores for the quarter ended March 31, 2025 and ₹1,555.39 crores for the year ended March 31, 2025. These accelerated write-offs also contributed to elevated credit costs and a reported loss for both the quarter and the financial year ended March 31, 2025. The selection of accounts for write-off was based on objective criteria, including loan ageing and persistent non-repayment behaviour as of the reporting date. The Holding Company remains focused on strengthening on-ground recovery initiatives and is confident of driving improved collection performance going forward. Any recoveries from these technically written-off assets will be recognized in the statement of profit and loss in the period in which they are realized.

Owing to the reasons outlined above, the Holding Company was non-compliant with certain covenants related to portfolio at risk (PAR) 30, PAR 60, Gross non-performing assets, non-performing loans, tangible net worth, and quarterly / annual profitability as of and for the year ended March 31, 2025. The Holding Company has obtained waivers in respect of such non-compliant covenants from few of the lenders.

The Holding Company has been in constant communication with its lenders and is confident that no demand for immediate repayment of borrowed funds will be made due to non-compliance with the covenants. As on the date of these financial statements, none of the lenders have intimated about the same.

- (b) The Holding Company, being an NBFC-MFI, is required to deploy a minimum of 75% of its total assets toward microfinance loans" in accordance with paragraph 5.1.21 of the Master Direction – Reserve Bank of India (Non-Banking Financial Holding Company – Scale Based Regulation) Directions, 2023, as amended from time to time. As of March 31, 2025, the Holding Company's qualifying assets (i.e., microfinance loans to total assets) stand at 65.51%. Pursuant to the Holding Company's request dated January 18, 2025, the RBI, vide its communication dated February 6, 2025, has granted an extension of time until June 30, 2025 to meet the qualifying asset requirement of 75%. The Holding Company will take the necessary steps including continued disbursement of microfinance loans in the normal course of business to fully comply with the qualifying asset criteria by June 30, 2025.
- (c) The Holding Company's cautious and calibrated disbursement strategy resulted in a reduction of the loan book from ₹10,566.91 crores as of March 31, 2024, to ₹5,554.45 crores as of March 31, 2025. The Holding Company continues to maintain a strong capital position, with Tier I capital of ₹1,672.74 crores and a healthy Capital to Risk-Weighted Assets Ratio (CRAR) of 36.31%, well above the regulatory minimum requirement.

The Holding Company's healthy CRAR has the ability to support current operations and much of its future growth projections. Further, the Holding Company has a strong nationwide presence with a large and engaged borrower base, including over 23–24 lakh active customers and an additional pool of dormant borrowers with fresh credit demand. Some of these borrowers maintain a primary lending relationship with the Holding Company, reinforcing

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in crores unless otherwise stated)

customer loyalty and demand visibility. With the implementation of industry guardrails, the broader ecosystem is expected to become more credit-disciplined, contributing to sustainable improvements across key performance metrics. Backed by a healthy liquidity position and an upcoming proposed equity infusion as confidence capital, approved by the Board and shareholders, the Holding Company is well-positioned to meet future growth requirements while maintaining operational continuity and financial resilience.

- (d) Considering the factors outlined in Notes 49 (a), (b) and (c) management has carried out an assessment of its going concern assumption and concluded that going concern assumption is appropriate for the preparation of financial statements. Management is of the view that the Holding Company will be able to realise all its assets and discharge all its liabilities in the normal course of business. There are no material uncertainties on the Holding Company's ability to continue as a going concern. Accordingly, the consolidated financial statements for the year ended March 31, 2025, have been prepared on a going concern basis.
- (e) The Holding Company has recognized a deferred tax asset of ₹437.97 crores to the extent it is considered recoverable, based on probable future taxable income supported by approved business plans and budgets. The losses for the current year were mainly due to significant impairment losses (including technical write offs) arising from credit deterioration of loans to customers (as stated in Note 49 (a)) and this will be improved going forward by strengthening on-ground recovery and implementation of industry guardrails. Accordingly, the Holding Company expects to generate sufficient taxable profits to fully utilize the losses.

50: The Holding Company maintains its records through an integrated software application that encompasses both the financial accounting and loan management modules. This application was historically managed and updated by the Original Equipment Manufacturer (OEM). During the financial year 2024–25, the Holding Company transitioned the control of further system enhancements and deployments in-house, thereby mitigating operational risks associated with third-party dependency.

In FY 2024–25, the Holding Company faced operational challenges particularly in field operations because of elevated attrition at the branch level. This resulted in discontinuity & disruption at branch-level controls such as increased instances of fraud, delays in end-of-day (EOD) processing & operational monitoring. The financial impact of these events has been fully recognized and appropriately accounted for in the financial statements.

To prevent recurrence and strengthen operational oversight, the Holding Company has implemented corrective measures including deploying additional monitoring layer in form of Branch Quality Manager (BQM) at the branches, increased its frequency of branch monitoring by supervisory levels, customer engagement & tightening measures of operational control through technology.

51: The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. The Company reviews and ensures that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of account. There were no such contracts for which there were any material foreseeable losses for the year ended March 31, 2025.

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Kapil Goenka
Partner
Membership No.: 118189

Place: Hyderabad
Date: May 30, 2025

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

Abanti Mitra
Chairperson
DIN: 02305893

Vinay Prakash Tripathi
Company Secretary
Membership No.: ACS-18976

Place: Hyderabad
Date: May 30, 2025

Ashish Damani
Interim CEO, President &
Chief Financial Officer



SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED

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