

No.CTL/DEB/19-20/Noting Certificate/3419

May 24, 2019

To Whomsoever It May Concern,

## **CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION**

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Catalyst Trusteeship Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by **Spandana Sphoorty Financial Limited** (“**the Company**”) for the Half year ended March 31, 2019.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

For Catalyst Trusteeship Limited



Authorised Signatory



*Encl: Results submitted by Company*





**Date: April 18, 2019**

To,  
Catalyst Trusteeship Limited ("Trustee")  
GDA House, Plot No. 85, Bhusari Colony,  
Paud Road,  
Pune 411038

**Subject: Listed NCD-Statutory Compliance Report for the half year ending March 31, 2019**  
**Ref: No.: Your letter no. CTL/MUM/Compliance/Half-Yearly/2018-19/3757 dated March 29, 2019**

Dear Sir(s),

With reference to the captioned subject, we hereby submit the following information along with the necessary supporting documents for the half year ending March 31, 2019:

1. A copy of all notices, resolutions and circulars relating to
  - (i) new issue of non-convertible debt securities at the same time as they are sent to shareholders / holders of non-convertible debt securities: **Enclosed as Annexure-1**
  - (ii) the meetings of holders of non-convertible debt securities at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings: **N.A.**
2. Intimations regarding:
  - (i) Any revision in the rating: **Enclosed as Annexure-2**
  - (ii) any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities: **N.A**
  - (iii) failure to create charge on the assets: **N.A.**
3. A half yearly certificate regarding maintenance of hundred percent Asset cover in respect of listed non-convertible debt securities, by either a practicing company secretary or a practicing chartered accountant, along with the half yearly financial results. (not applicable for NBFC): **N.A.**
4. Notice(s) of all meetings of holders of non-convertible debt securities specifically stating that the provisions for appointment of proxy as mentioned in Section 105 of the Companies Act, 2013, shall be applicable for such meeting: **N.A.**

**Spandana Spoorthy Financial Ltd.,**  
CIN - U65929TG2003PLC040648  
Plot No.31 & 32, Ramky Selenium Towers, Tower A,  
Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.  
Ph : +91 40 48126666, Fax : 040-44386640  
contact@spandanaindia.com, www.spandanaindia.com





## SPANDANA

5. Proxy forms to holders of non-convertible debt securities which shall be worded in such a manner that holders of these securities may vote either for or against each resolution: **N.A.**
6. A Certificate confirming that the properties secured for the Debentures are adequately insured (wherever applicable), and policies are in the joint names of the Trustees: **N.A.**

We request you to take the same on record.

Thanking You

**For Spandana Sphoorty Financial Limited**

*Rakesh Jhinjharie*

**Rakesh Jhinjharie**  
**Company Secretary**

**Membership No.: F8325**

**Spandana Sphoorty Financial Ltd.,**

CIN - U65929TG2003PLC040648

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

Ph : +91 40 48126666, Fax : 040-44386640

contact@spandanaindia.com, www.spandanaindia.com



Ref: SSFL/BSE/2019-20/004

Date: April 01, 2019

Scrip Code: 956818, 956928, 956949, 957066, 957105, 957126, 957972 & 958432

To  
The General Manager,  
Department of Corporate Services  
BSE Limited,  
1<sup>st</sup> Floor, P. J Tower,  
Dalal Street, Mumbai – 400 001

**Sub: Intimation under Regulation 51(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for upgradation of Long term ratings to [ICRA] A-(Stable)**

Dear Sir/Madam,

With reference to captioned subject, we hereby inform you that India's renowned Rating Agency "ICRA Limited" has upgraded long term ratings of the Company, as per the details given herein:

Rating Agency	Nature of rating	Facilities Rated	Previous rating	Current rating with revised outlook
ICRA Limited	Long term rating	Non-convertible Debentures (INR 821 crores)	[ICRA] BBB+ (Stable)	[ICRA] A-(Stable)
ICRA Limited	Long term rating	Line of Credit (INR 2,500 crore)	[ICRA] BBB+ (Stable)	[ICRA] A-(Stable)

Further, copy of credit rating letters issued by ICRA is enclosed herewith for your kind perusal and reference.

We request you to kindly take note of the same.

Thanking you.

For Spandana Sphoorty Financial Limited

  
Rakesh Jhinjaria  
Company Secretary  
Membership No.: F8325

**Spandana Sphoorty Financial Ltd.,**  
CIN - U65929TG2003PLC040648  
Plot No.31 & 32, Ramky Selenium Towers, Tower A,  
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ICRA

ICRA Limited

Confidential

Ref: ICRA/HYD/SSFL/2018-19/2203/A

March 22, 2019

**Ms. G. Padmaja Reddy**  
**Managing Director**  
**Spandana Sphoorty Financial Limited**  
Plot No. 31 & 32, Ramky Selenium Towers  
Tower A, Ground Floor, Financial District  
Nanakramguda, Hyderabad – 500 032

Dear Madam,

**Re: Surveillance of ICRA-assigned Credit Rating for Rs.2,500 crore of Spandana Sphoorty Financial Limited (instrument details in Annexure)**

Please refer the Rating Agreements dated July 18, 2017 and June 29, 2018 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration, has upgraded the long-term rating for the captioned Line of Credit (LOC) from "[ICRA]BBB+" (pronounced ICRA triple B plus) to "[ICRA]A-" (pronounced ICRA A minus)†. The Outlook on the long-term rating is 'Stable'. The aforesaid ratings will be due for surveillance anytime before **July 28, 2019**.

The ratings as stated above are specific to the terms and conditions of the LOC as indicated to us by you. In case there is any change in the terms and conditions, or the size of the rated LOC, the same must be brought to our notice immediately. Any such change would warrant a rating review, following which there could be a change in the ratings assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.



† For complete rating definition please refer to ICRA Website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications.

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For Spandana Sphoorty Financial Limited

Rakesh Jeyaraj

Nithya

4A, 4<sup>th</sup> Floor, SHOBHAN  
6-3-927/A&B Raj Bhavan Road  
Somajiguda, Hyderabad 500082

Tel. : +91.40.40676500  
CIN : L74999DL1991PLC042749

Website : [www.icra.in](http://www.icra.in)  
Email : [info@icraindia.com](mailto:info@icraindia.com)  
Helpdesk : +91.124.2866928

Registered Office : 1105, Kailash Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

**RATING • RESEARCH • INFORMATION**

43945



You are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme [interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility]. This is in accordance with requirements prescribed in circular dated June 30, 2017 on '*Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)*' issued by the Securities and Exchange Board of India.

You are also requested to inform us forthwith of any default or delay in the payment of interest and/or principal against the rated debt programme, or any other debt instruments and/or borrowings of your company. Further, you are requested to keep us informed of any other developments that could have a direct or indirect impact on the debt servicing capability of your company, with such developments including, but not limited to, any proposal for re-schedulement or postponement of repayment against any dues and/or debts of your company with any lender(s) and/or investor(s).

We thank you for your kind co-operation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

for ICRA Limited

[Rajeshwar Burla]  
Asst. Vice President  
rajeshwar.burla@icraindia.com



[Nithya Debbadi]  
Senior Analyst  
nithya.debbadi@icraindia.com

Encl:

Certified True Copy

For Spandana Sphoorty Financial Limited

Rakesh Singhare  
Company Secretary



ICRA

ICRA Limited

**Confidential**

Ref: ICRA/HYD/SSFL/2018-119/2203/B

March 22, 2019

**Ms. G. Padmaja Reddy**  
**Managing Director**  
**Spandana Sphoorty Financial Limited**  
Plot No. 31 & 32, Ramky Selenium Towers  
Tower A, Ground Floor, Financial District  
Nanakramguda, Hyderabad – 500 032

**Dear Madam,**

**Re: ICRA Credit Rating for Rs.821.00 Crore NCD Programme of Spandana Sphoorty Financial Limited (instrument details in Annexure)**

In terms of the Rating Agreement dated July 26, 2017 and November 23, 2018 executed between Spandana Sphoorty Financial Limited and ICRA Limited (ICRA), ICRA is required to review the rating, on an annual basis, or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration of the latest development in your company, has upgraded the rating of your non-convertible debenture (NCD) programme to “[ICRA]A-” (pronounced as [ICRA] A minus) from “[ICRA]BBB+” (pronounced ICRA triple B plus). The Outlook on the long-term rating is ‘Stable’. Instruments with [ICRA]A- rating indicate adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]A- (Stable).

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to review and/ or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you.

4A, 4<sup>th</sup> Floor, SHOBHAN  
6-3-927/A&B Raj Bhavan Road  
Somajiguda, Hyderabad 500082

Registered Office : 1105, Kailash Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

**RATING • RESEARCH • INFORMATION 43948**

For Spandana Sphoorty Financial Limited

*Rakesh Singhania*

*Nithya*

Tel. : +91.40.40670500

CIN : C74999DL1991PLC042749

Website : www.icra.in

Email : info@icraindia.com

Helpdesk : +91.124.2866928



You are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. This is in line with requirements as prescribed in circular dated June 30, 2017 on '**Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)**' issued by the Securities and Exchange Board of India

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. We request you to provide your comments on the rationale, if any, by March 29, 2019.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

**[Rajeshwar Burla]**  
Asst. Vice President  
rajeshwar.burla@icraindia.com



**[Nithya Debbadi]**  
Senior Analyst  
nithya.debbadi@icraindia.com

**Encl:**

Certified True Copy

For Spandana Sphoorty Financial Limited

Company Secretary



## Spandana Sphoorty Financial Limited

March 29, 2019

### Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non Convertible Debenture Programme	821.00	821.00	[ICRA]A- (Stable) / Revised from [ICRA]BBB+ (Stable)
Long-term bank facilities	2,500.00	2,500.00	[ICRA]A- (Stable) / Revised from [ICRA]BBB+ (Stable)
<b>Total</b>	<b>3,321.00</b>	<b>3,321.00</b>	

### Rationale

The rating upgrade factors Spandana Sphoorty Financial Limited's ('Spandana') ability to scale-up business while maintaining a good profitability and asset quality indicators. Its capitalization profile was comfortable with managed gearing of 1.8x as on December 31, 2018 (as per unaudited results; IndAS)<sup>1</sup>. For FY2018 and 9M FY2019 (as per unaudited results; IndAS), Spandana reported net profitability<sup>2</sup> of 5.1% and 6.5% respectively (2.3% in FY2017) driven by enhanced operating efficiencies on the back of a robust portfolio growth. The company's asset quality indicators remained healthy with 90+ days past due (dpd) of 0.4% and unprovided non-performing assets (NPA) of Rs.1.2 crore (IndAS; 0.03% of net advances) as on December 31, 2018. Spandana's capitalization was supported by equity infusions totalling to Rs.413 crore during FY2018 and H1 FY2019.

This along with the proposed capital raise in FY2020 is expected to support the overall leveraging over the period FY2020 and FY2021 as the company is expected to grow its portfolio at a steep pace going forward. The rating continues to factor in the company's diversified geographical presence and track record of operation, promoter's experience in the microfinance business and its adequate internal control and monitoring. Given the steep envisaged portfolio growth, it is crucial for the company to regularly augment its internal controls to keep a check on its asset quality. Also, further diversification of funding sources is crucial to secure adequate funding in a timely manner to support growth.

While Spandana has taken initiatives to augment its senior management team, ICRA notes that in the near to medium term, it is key for the company to recruit, train and retain employees as the portfolio and geographical presence expands. The rating continues to factor in the risks associated with the unsecured nature of microfinance loans, credit risk emerging from the marginal borrower profile and other socio-political and operational risks inherent to the microfinance business.

### Outlook: Stable

ICRA expects the company to report good quality business growth while maintaining healthy earnings and a comfortable capital structure. The outlook may be revised to 'Positive' if Spandana is able to keep its asset quality under control, improve funding diversification and maintain a healthy overall financial risk profile. The outlook may be revised to 'Negative' if the asset quality, earnings, liquidity or capital profile weakens going forward.

<sup>1</sup> Gearing of 2.1x considering total borrowings of Rs.3,168.6 crore and net worth of Rs.1,485 crore as per IGAAP

<sup>2</sup> Profit After Tax/Average Managed Assets

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For Spandana Sphoorty Financial Limited

Rakesh Kumar  
Company Secretary

## Key rating drivers

### Credit strengths

**Established track record of operations and experienced board and senior management team** – Spandana was established in 2003 by Ms. Padmaja Reddy, the company's Promoter and Managing Director, who has nearly two decades of experience in microfinance operations. The company has an experienced senior management personnel heading the key business functions including internal audit, risk management, IT, MIS, training, human resources, finance and operations. The company is also taking efforts to further strengthen its senior and middle level management team to manage the targeted portfolio growth. Spandana has a ten-member board, including five investor nominee directors and four independent directors.

**Comfortable capitalisation profile** - During FY2017, Spandana's net worth turned positive to Rs.537.2 crore as on March 31, 2017 (negative Rs. 606.9 crore as on March 31, 2016) on account of the fresh capital infusion from Kedaara Capital Investment Managers Limited<sup>3</sup> (Kedaara Capital) amounting to Rs.300 crore and acquisition of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs.791 crore (at 73% discount) after converting them into Compulsorily Convertible Preference Shares (CCPS).

Subsequently, the company raised capital (Rs.275 crore during H2FY2018 and Rs.138 crore in Q1FY2019), which together with healthy internal generation during FY2018 and 9M FY2019 aided in strengthening of its networth to Rs.1,811.9 crore (unaudited, as per IndAS; Rs.1,485 crore as per IGAAP) as on December 31, 2018. The company's managed gearing was comfortable at 1.8x times (2.1 times, considering net worth as per IGAAP) as on December 31, 2018; managed gearing is expected to be capped at around 4.0-4.5 times going forward.

**Well diversified geographically with presence across 17 states and Union Territories** - Spandana's portfolio is diversified with its largest state Madhya Pradesh contributing 21.4% of the total portfolio as on December 31, 2018, followed by Odisha (19.9%), Karnataka (16.7%) and Maharashtra (11.4%). The district level concentration is also moderate in relation to peers with top 10 districts constituting 14.0% of the company's total portfolio as on December 31, 2018.

**Good asset quality indicators** - As on September 30, 2016, the company had a good asset quality profile with 0+ dpd (non-AP) at 0.3%, which steeply increased to 9.1% as on December 31, 2016 (Rs. 116.6 crore) post demonetization. ICRA notes that the company collected specified bank notes (SBN) between November 08, 2016 and December 31, 2016 (amounting to 4.1% of its portfolio as on September 30, 2016); however, the company did not allow prepayments in SBN and it maintains the required KYC documents of the borrowers who paid instalments in SBNs.

With improvement in currency circulation and the company's focused collections efforts, the 0+ dpd steadily decreased to 7.8% as on March 31, 2017 (Rs. 101.5 crore), 2.1% as on March 31, 2018 (Rs.66.8 crore) and 0.7% as on December 31, 2018 (Rs. 28.1 crore). The company's collections were impacted during Q2 FY2019 post the floods in parts of Kerala and Karnataka resulting in spike in 0+ dpd to 3.3% (Rs.126.3 crore) as on August 31, 2018. Additionally, the company has written off delinquent portfolio to the extent of Rs.62.8 crore (largely accounts which were overdue in March 2018) during H1 FY2019 which has also aided in improving the asset quality metrics.

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<sup>3</sup> Through a special purpose vehicle called Kanchenjunga Limited

ICRA notes that the company had extended interim loans (smaller-ticket and shorter tenor loans) to its borrowers from FY2018, including to some overdue borrowers, based on recent debt servicing track record. ICRA notes that the performance of interim loans has been healthy so far and the share of these loans as on December 31, 2018 stood at 8.4%. Going forward, ability to keep asset quality under control as borrower level exposure increases along with the sharp portfolio growth would be a key monitorable.

**Good profitability indicators** – Spandana's profit after tax on average managed assets was comfortable at 5.1% in FY2018 (6.8% excluding the old AP portfolio) and 6.5% for 9MFY2019 as per IndAS (7.5% excluding old AP portfolio). The operating expenses as a proportion of managed assets remained largely stable at 3.3% during 9M FY2019 compared to 3.2% in FY2018. During H1FY2019, the company has written off demonetization related delinquent portfolio to the extent of Rs.62.8 crore in addition to Rs.177.2 crore of the old AP portfolio which was fully provided. The company's incremental provisioning requirement is expected to be moderate given comfortable asset quality reflected by 90+ dpd of 0.4% as on December 31, 2018 and good collection efficiencies. Ability to maintain operating efficiencies at optimal levels and keeping incremental credits costs under control would be crucial in view of the steep expansion plan.

**Adequate internal controls and monitoring systems for the current scale of operations** – Spandana has a separate internal audit and risk management team. It undertakes operational, financial and trigger based branch audits. ICRA notes that the company is taking various initiatives to increase the branch audit frequency in relation to its growth plans; the current internal audit team strength of around 168 is expected to be increased to around 200-240 in the medium term. The IT system is based on FIMO solutions and it also uses Microsoft Business Intelligence tool for portfolio monitoring and analysis. For all loan applications, Spandana undertakes credit bureau checks centrally and also undertakes house visits and centralised tele-calling at the pre-disbursement stage to verify the authenticity of applications. Spandana has recently introduced cash less disbursements which has been rolled out across geographies which is expected to reduce operational risks associated with cash handling and frauds; collections are largely on fortnightly basis. The overall systems and processes followed by the company are adequate for its current scale of operations.

### Credit challenges

**Limited product and revenue diversification** – Currently, Spandana's entire portfolio consists of microfinance loans. Its revenue diversification is also modest with non-interest income / average total assets at 0.3-0.4% during the past five fiscals, primarily constituting of commission income from sale of third party utility products to its members. ICRA takes note of the company's proposal to diversify into other loan segments including secured lending like vehicle loans, mortgage loans etc over the next 2-3 years. The company's ability to diversify into these new product segments, while maintaining good asset quality and profitability indicators is crucial.

**Ability to manage political, communal and other risks in the microfinance sector** – The microfinance industry is prone to socio-political and operational risks, which could negatively impact its operations and thus financial position. However, a geographically diversified portfolio would mitigate these risks to some extent as such issues have largely been region specific so far. Going forward, Spandana's ability to expand into new geographies by on-boarding borrowers with good credit history along with recruitment and retaining of employees, especially in view of the attrition observed at the field level, would be key for managing the high envisaged growth.

### Liquidity Position:

Spandana's asset liability maturity profile is characterised by cumulative positive mismatches in all buckets in the < 1 year category. Its liquidity profile is further uplifted by un-availed sanctions of about Rs.350 crore (as at end of Feb 2019) As on December 31, 2018, the company had unencumbered cash and liquid investment balances in the range of Rs.409 crore.

Scheduled commercial banks constituted 56.1% of Spandana's total borrowings of Rs.3,057.6 crore (unaudited, as per IndAS) as on December 31, 2018 with the balance being term borrowings from other financial institutions and funding via the debenture route. ICRA notes that the company would require sizeable funding in relation to the envisaged portfolio growth. Therefore, it is critical for the company to diversify its borrowing sources, to secure funding in a timely manner, for maintaining a comfortable liquidity profile.

#### Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies
Parent/Group Support	Not Applicable
Consolidation / Standalone	Rating is based on standalone financial statements of the company.

#### About the company:

Spandana Sphoorty Financial Limited (Spandana) was incorporated in 2003 as a non-banking financial company (NBFC) and took over the microfinance operations of Spandana, a non-governmental organisation started by Ms. Padmaja Reddy in 1998. The company was classified as a non-banking financial company – microfinance institution (NBFC - MFI) in 2015. Following the microfinance crisis in Andhra Pradesh (AP), Spandana entered into a Master Restructuring Agreement (MRA) as a part of the corporate debt restructuring (CDR) with its lenders in September 2011. It exited the CDR in April 2017 after a fresh equity investment led by Kedaara Capital Investment Managers Limited<sup>4</sup> (Kedaara Capital) and fresh funding from three banks. The key shareholders in the company as on December 31, 2018 on a diluted basis are Kedaara Capital and Affiliates (60.4%), JM Financial Ltd group (6.5%) and the company's promoter Ms. Reddy & family (22.1%), who continues to be the Managing Director.

As on December 31, 2018, the company had operations in 17 states and union territories spanning across 258 districts with a total loan portfolio outstanding of Rs.4,015 crore (excluding fully provided AP portfolio). The active member base and number of credit assistants stood at 22.9 lakh and 4,015 respectively as on December 31, 2018.

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<sup>4</sup> Through a special purpose vehicle called Kanchenjunga Limited

## Key financial indicators

Fiscal	FY 2016 (audited)	FY 2017 (audited)	FY2018 (audited)	H1 FY2019 (IndAS)
Total Income	347.5	376.0	525.7	486.7
Profit after Tax	243.2	52.9	171.9	145.3
Net worth	-606.9	537.2	984.2	1,675.2
Total Managed Portfolio <sup>^</sup>	2,018.8	2,094.6	4,013.9	4,535.2*
Total Managed Assets <sup>^</sup>	2,099.9	2,413.2	4,262.9	5,520.5*
Return on Average Managed Assets <sup>^</sup> (%)	10.9%	2.3%	5.1%	5.9%*
Return on Average Net worth (%)	-33.5%	-152.0%	22.6%	21.9%
Gross NPA <sup>^</sup> (%)	39.7%	42.1%	25.9%	13.4%*
Net NPA <sup>^</sup> (%)	0.1%	2.9%	0.3%	0.01%*
Net NPA <sup>^</sup> / Net worth	-0.2%	6.9%	0.7%	0.02%*
Managed Gearing (times)	-2.9	1.8	2.3	1.9
CRAR <sup>^</sup> (%)	-18.6%	49.0%	37.2%	40.4%

Note: Amounts in Rs. crore

<sup>^</sup>Includes non-yielding old AP portfolio of about Rs. 800 crore, which has 100% provision cover

\*Includes non-yielding old AP portfolio of about Rs.615 crore which has 100% provision cover

Source: Spandana, ICRA research

## Status of non-cooperation with previous CRA:

### Non-cooperation by Issuer

CRISIL has been consistently following up with Spandana Sphoorty Financial Limited (SSFL) for obtaining information through letters dated August 20 and September 20, 2018 among others, apart from telephonic communication and emails. However, the issuer has remained non cooperative.

'The investors, lenders and all other market participants should exercise due caution while using the rating assigned/reviewed with the suffix 'ISSUER NOT COOPERATING'. These ratings lack a forward looking component as it is arrived at without any management interaction and is based on best available or limited or dated information on the company'.

### Detailed Rationale

Despite repeated attempts to engage with the management, CRISIL failed to receive adequate information on either the business performance or strategic intent of SSFL, which restricts CRISIL's ability to take a forward looking view on the entity's credit quality. CRISIL believes information available on SSFL is consistent with 'Scenario 2' outlined in the 'Framework for Assessing Consistency of Information with CRISIL BBB' rating category'. Therefore, CRISIL has migrated the rating on bank facilities of SSFL to 'CRISIL BBB-/Positive Issuer Not Cooperating'.

Subsequently, CRISIL has withdrawn the rating at the company's request and on receipt of no objection letters from respective banks. The withdrawal is in line with CRISIL's policy on withdrawal of bank loan ratings.

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019)							Chronology of Rating History for the past 3 years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	FY2019					FY2018		FY2017	FY2016
					Mar 2019	Dec 2018	July 2018	June 2018	May 2018	Feb 2018	Aug 2017	-	-
1	Unallocated bank facilities	LT	2,500.00	2,500.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB(Positive)	[ICRA]BBB-(Stable)	-	-
2	Non-convertible debenture	LT	12.00	12.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB(Positive)	[ICRA]BBB-(Stable)	-	-
3	Non-convertible debenture	LT	18.00	18.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB(Positive)	[ICRA]BBB-(Stable)	-	-
4	Non-convertible debenture	LT	120.00	120.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB(Positive)	-	-	-
5	Non-convertible debenture	LT	400.00	400.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB(Positive)	-	-	-
6	Non-convertible debenture	LT	35.00	35.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB(Positive)	-	-	-
7	Non-convertible debenture	LT	150.00	150.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	-	-	-	-	-
8	Non-convertible debenture	LT	86.00	82.00	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	-	-	-	-	-	-	-

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Unallocated bank facilities	-	-	-	2,500.00	[ICRA]A- (Stable)
INE572J07026	Non-convertible debenture programme	21-Aug-17	12.30%	21-Aug-20	12.00	[ICRA]A- (Stable)
INE572J07059	Non-convertible debenture programme	26-Oct-17	12.30%	26-Oct-20	18.00	[ICRA]A- (Stable)
INE572J07034	Non-convertible debenture programme	18-Sep-17	14.00%	18-Sep-23	100.00	[ICRA]A- (Stable)
INE572J08016	Non-convertible debenture programme	26-Sep-17	12.4-13.3%	25-Sep-20	20.00	[ICRA]A- (Stable)
INE572J07042	Non-convertible debenture programme	28-Sep-17	13.50%	28-Sep-20	400.00	[ICRA]A- (Stable)
INE572J07067	Non-convertible debenture programme	31-Oct-17	13.15%	31-Oct-23	35.00	[ICRA]A- (Stable)
INE572J07083	Non-convertible debenture programme	31-May-18	12.45%	31-May-21	150.00	[ICRA]A- (Stable)
INE572J07109	Non-convertible debenture programme	07-Dec-18	12.40%	07-Dec-21	82.00	[ICRA]A- (Stable)
Unutilized	Non-convertible debenture programme	-	-	-	4.00	[ICRA]A- (Stable)

Source: Spandana

### Annexure - 2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
NA	NA	NA

## ANALYST CONTACTS

**Mr. Karthik Srinivasan**

+91 22 6114 3444

[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Mr. A M Karthik**

+91 44 4596 4308

[a.karthik@icraindia.com](mailto:a.karthik@icraindia.com)

**Ms. Swathi Hebbar**

+91 80 4332 6404

[swathi.hebbar@icraindia.com](mailto:swathi.hebbar@icraindia.com)

## RELATIONSHIP CONTACT

**Mr. L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002  
Tel: +91 124 4545300  
Email: [info@icraindia.com](mailto:info@icraindia.com)  
Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001  
Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87  
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,  
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,  
Bangalore + (91 80) 2559 7401/4049  
Ahmedabad+ (91 79) 2658 4924/5049/2008  
Hyderabad + (91 40) 2373 5061/7251  
Pune + (91 20) 2556 0194/ 6606 9999

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**Certified True Copy**

For Spandana Sphoorty Financial Limited

*Rakesh Singhania*  
Company Secretary



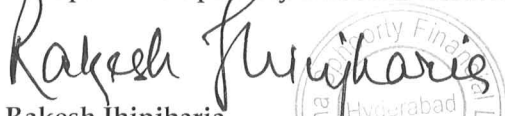
CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE EXTRA ORDINARY GENERAL MEETING OF THE MEMBERS OF SPANDANA SPHOORTY FINANCIAL LIMITED HELD ON THURSDAY, 14<sup>TH</sup> DAY OF JUNE, 2018 AT SUNSHINE TOWER, 38TH FLOOR SENAPATI BAPAT MARG, PAREL, MUMBAI - 400013

**APPROVAL FOR ISSUE OF NON CONVERTIBLE DEBENTURES (NCDS) ON PRIVATE PLACEMENT BASIS:**

“RESOLVED THAT in supersession to the earlier resolution passed by the members at the Extra Ordinary General Meeting of the Company held on 4<sup>th</sup> August, 2017, and in accordance with Section 42 and 71 and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014, SEBI (Issue & Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines Issued by Reserve Bank of India for Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs and all other rules, regulations, guidelines, notifications, clarifications and circulars, if any, issued by any Statutory/Regulatory Authority, as may be applicable and the memorandum and articles of association of the Company and subject to the consents, approvals, permissions and sanctions of the concerned statutory and regulatory authorities, if and to the extent necessary, consent of the members be and is hereby accorded to the Board of Directors of the Company (including any duly authorized committee thereof) for making offer(s) or invitation(s) to subscribe to and allot unsubordinated or subordinated, listed or unlisted, secured or unsecured, non-convertible debentures (hereinafter collectively referred as “Securities”) on a private placement basis during a period of one year from the date of passing of this resolution up to an amount not exceeding INR 2000,00,00,000/- (Indian Rupees Two thousand crores only) on such terms and conditions at par, premium or discount, in one or more tranches to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, alternative investment funds, pension/provident funds and individuals, as the case may be as the Board of Directors of the Company (including any duly authorized committee thereof) may decide in its absolute discretion.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee, be and is hereby authorized to determine and consider terms that are proper and most beneficial to the Company including, without limitation, the terms of issue including the class of investors to whom the Securities are to be issued, time, securities to be offered, the number of securities, tranches, issue price, tenor, interest rate, premium/ discount, listing, utilization of the issue proceeds and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/ documents/ undertakings/ agreements/ papers/ writings, as may be required in this regard and matters connected therewith or incidental thereto.”

For Spandana Sphoorty Financial Limited

  
Rakesh Jhinjharia  
Company Secretary  
Membership No.: F8325  
Address: 1, Babu Lal Lane, 3<sup>rd</sup> Floor, Kolkata-700007



**Spandana Sphoorty Financial Ltd.,**

CIN - U65929TG2003PLC040648

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

Ph : +91 40 48126666, Fax : 040-44386640

contact@spandanaindia.com, www.spandanaindia.com



# SPANDANA

Explanatory Statement to notice of Extraordinary General meeting  
(Pursuant to Section 102 of the Companies Act, 2013)

**Item No. 2:**

The members at the Extra - Ordinary General Meeting of the Company held on 4<sup>th</sup> August, 2017, had accorded their approval by way of Special Resolution to the Board of Directors of the Company for issue of unsubordinated or subordinated, listed or unlisted, secured or unsecured, non-convertible debentures (hereinafter collectively referred as "Securities") upto an aggregate amount of Rs 1,000 Crore.

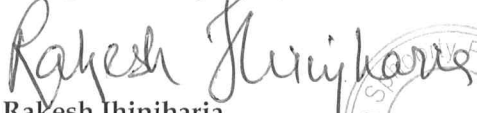
As per Sec 71 of the Companies Act, 2013 a company may issue debentures w.r.t. Sec 42 of the Companies Act, 2013 and Rule 14(2) (a) of the Companies (Prospectus & Allotment of Securities) Rules, 2014 states that a company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the shareholders of the company, by a Special Resolution, for each of the Offers or Invitations. Second Proviso to Rule 14(2)(a) states that in case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitation for such debentures during the year.

Pursuant to Sec 71 and Sec 42 (2) read with Rule 14 of the Companies (Prospectus & Allotment of Securities) Rules, 2014, the approval of the members is sought by way of special resolution to amend the resolution for issue and allot unsubordinated or subordinated, listed or unlisted, secured or unsecured, non-convertible debentures aggregating up to Rs. 2,000 Crore, in such tranches and as per the terms to be decided by the Board or Committee thereof.

Approval of the Shareholders is being sought as required in terms of Sections 71 of the Companies Act, 2013, by way of Special Resolution.

The Directors recommends the resolution for members' approval as Special Resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

**For Spandana Sphoorty Financial Limited**

  
Rakesh Jhinjaria  
Company Secretary  
Membership No.: F8325  
Address: 1, Babu Lal Lane, 3<sup>rd</sup> Floor, Kolkata-700007



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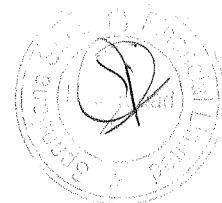


CERTIFIED TRUE COPY OF THE CIRCULAR RESOLUTION NO. 9/2018-19 OF THE BOARD OF DIRECTORS OF SPANDANA SPHOORTY FINANCIAL LIMITED PASSED BY CIRCULATION DATED 7<sup>TH</sup> DECEMBER, 2018

ALLOTMENT OF 820 (EIGHT AND HUNDRED TWENTY) SECURED, RATED, LISTED, REDEEMABLE, TRANSFERABLE, NON-CONVERTIBLE DEBENTURES, HAVING FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKH ONLY) EACH ON FULLY PAID BASIS:

“RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and/or any other rules that may have been prescribed in this regard (including any statutory enactments, modifications etc. thereto for the time being in force), and in accordance with the resolution passed by the shareholders of the Company at the Extraordinary General Meeting held on June 14, 2018, the consent and approval of the Board of Directors of the Company be and is hereby accorded for allotment of 820 (Eight Hundred and Twenty) Secured, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, fully paid, at par, to the entities specified below (the “Identified Investors”), in demat form and on the terms and conditions set out in the Information Memorandum dated 30<sup>th</sup> November, 2018 issued in respect of the said Debentures:

NO. AND PARTICULARS OF DEBENTURES	FACE VALUE	PAID UP VALUE	TENOR	COUPON	DEBENTURE HOLDERS
410 (Four Hundred and Ten) Secured, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures	Rs. 10,00,000/- each	Rs. 10,00,000/- each	36 months	12.40% per annum, net of withholding taxes	UTI International Wealth Creator 4



**Spandana Sphoorty Financial Ltd.,**  
 CIN - U65929TG2003PLC040648  
 Plot No.31 & 32, Ramky Selenium Towers, Tower A,  
 Ground Floor, Financial Dist, Nanakramguda, Hyderabad - 500 032.  
 Ph : +91 40 48126666, Fax : 040-44386640  
 contact@spandanaindia.com, www.spandanaindia.com



# SPANDANA

410 (Four Hundred and Ten) Secured, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures	Rs. 10,00,000/ - each	Rs. 10,00,000/ - each	36 months	12.40% per annum, net of withholding taxes	Microfinance Enhancement Facility, SICAV SA-SIF
--	-----------------------------	-----------------------------	-----------	--	---

“RESOLVED FURTHER THAT the Debentures as aforesaid be and are hereby allotted to the Identified Investors.”

“RESOLVED FURTHER THAT the copy of the list of allottees and the terms of issue as circulated be and are hereby approved.”

“RESOLVED FURTHER THAT the approval of the Board be and is hereby given to enter the names of the Allottees in the Register of Debenture Holders of the Company as the holders of the Debentures.”

“RESOLVED FURTHER THAT the Debentures as aforesaid be allotted in Demat form to the Identified Investors and be credited to the beneficiary account of the Identified Investors and necessary returns be filed with the National Securities Depository Limited.”

“RESOLVED FURTHER THAT Mrs. Padmaja Gangireddy, Managing Director (DIN: 00004842) and Mr. Rakesh Jhinjharia, Company Secretary (Membership No. F8325), be and are hereby severally authorised to intimate Depositories and/or R&T Agents about the above allotment by submitting necessary documents and to do all such acts, deeds, matters and things which may be necessary, including without limitation, the issue and delivery of letters of allotment, issuing debenture certificate(s), paying stamp duty on the debenture certificate(s), entering the name of the Allottees in the Register of Debenture Holders and to do all such acts, deeds and things as may be considered necessary or expedient to give effect to any or all of the resolutions, deeds, documents and things pertinent, desirable, incidental in this regard.”

“RESOLVED FURTHER THAT Mrs. Padmaja Gangireddy, Managing Director (DIN: 00004842) and Mr. Rakesh Jhinjharia, Company Secretary (Membership No. F8325) be and are hereby authorized severally to file Return on Allotment of aforesaid debentures in E-Form No. PAS-3 or such other applicable form/s from time to time with the Registrar of Companies / Ministry of Corporate Affairs by affixing Digital Signature thereto.”





## SPANDANA

"RESOLVED FURTHER THAT a certified true copy of this resolution duly certified by Mrs. Padmaja Gangireddy, Managing Director (DIN: 00004842) or Mr. Rakesh Jhinharia, Company Secretary (Membership No. F8325), of the Company, be furnished to the concerned authority (ies) and they be requested to act thereon."

"RESOLVED FURTHER THAT the aforesaid resolutions shall come into force with immediate effect."

**For Spandana Sphoorty Financial Limited**

**Rakesh Jhinharia**  
**Company Secretary**

**Membership No.: F8325**

**Address: 3rd Floor, 1, Babulal Lane,  
P.S.Burrabazar Near Thakur Mahal Hotel,  
Barabazar H.O. Kolkata 700007 WB IN**

**Spandana Sphoorty Financial Ltd.,**

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