



Ref: SSFL/NSE/2023-24/081

Date: March 04, 2024

To
National Stock Exchange of India Limited,
Listing Department
Exchange Plaza, C-1, Block G,
BandraKurla Complex, Bandra (E),
Mumbai - 400051

ISIN: INE572J07281, INE572J07323, INE572J07398,
INE572J07414, INE572J07463, INE572J07455 and INE572J07489

Dear Sir/Madam,

Sub: Disclosure under Regulation 51 read with Part-B of Schedule III of Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Ref: Company's letter no.: SSFL/Stock Exchange/2023-2024/020 dated May 02, 2023

This has reference to the above referred letter dated May 02, 2023 wherein it was disclosed under No. 12 of the notes to the Audited Standalone Financial Results for the quarter and year ended March 31, 2023 that the Company is in non-conformity with certain specific covenants with respect to non-convertible debt securities issued by the Company.

Pursuant to the provisions of Regulation 51 read with Part B of Schedule III of Listing Regulations, the details of such covenants which were in non-confirmation under the respective ISINs for the quarter and year ended March 31, 2023 along with its current status are detailed in **Annexure-1** to this letter.

Kindly take the above on records.

Thanking You.

Yours Sincerely,
For Spandana Sphoorty Financial Limited

Vinay Prakash Tripathi
Company Secretary and Compliance Officer

Encl: as above

Spandana Sphoorty Financial Limited

CIN - L65929TG2003PLC040648

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

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Annexure-1

ISIN	Financial Covenants	Remarks	Current status
INE572J07281 INE572J07323	The company shall at all time until the redemption of all outstanding debentures, maintain an Adjusted Return on Asset of greater than 0.5% (Zero decimal Point five percent)	Refer note (iii)	The Company is in conformity with this covenant from the quarter ended June 30, 2023. However, the securities issued under this ISIN INE572J07281 had matured and redeemed on December 22, 2023 as per the terms of issuance.
INE572J07398 INE572J07414	Portfolio quality 30 days ratio of less than or equal to 10%	Refer note (ii)	The Company is in conformity with this covenant from the quarter ended June 30, 2023.
INE572J07463 INE572J07455 INE572J07489	Min liquidity amt equivalent to next 3 months liabilities in the form of unencumbered cash & cash equivalents (assuming 100% haircut in collection)	Refer note (iv)	<p>INE572J07463 - The Company is in conformity with this covenant from the quarter ended September 30, 2023.</p> <p>The other two ISINs continued to be non-compliant as of December 31, 2023 primarily due to reasons below:</p> <p>a) Increase in borrowings from ₹5,934 crore as of March, 2023 to ₹7,666 crore as of December, 2023</p> <p>b) Increase in liabilities has lead to a significant increase in cash and bank balance required to be maintained, which is not sustainable, since it would lead to non-compliance with the RBI regulations for NBFC-MFI in respect of complying with the Qualifying Assets criteria and may consequently impact the profitability of the Company.</p> <p>The Company was holding ₹1,242 crore in cash and cash equivalents as on December 31, 2023 against the required liquidity amount of ₹1,599 crore as per the term of debenture trust deed. However, there are no cumulative mismatches across all the ALM buckets.</p> <p>The Board at its meeting held on January 22, 2024 approved the results for the quarter and nine months ended December 31, 2023 and took on record the aforesaid non-confirmation forming part of such results and same has been intimated to the stock exchanges.</p>

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- (i) Ratios have been computed using the formula as defined in the respective debenture trust deed.
- (ii) This covenant pertains to 30+ PAR [portfolio more than 30 (thirty) days, plus the gross amount of loans written-off over the twelve-month period], divided by the Company's Gross Loan Portfolio to be lower than the specified threshold as per the respective agreements. Accordingly, this has led to breach of covenant, as the Company has written-off ₹886 crore during FY22-23 which is driven by higher NPA and SMA buckets at the start of the year primarily due to COVID-19 impact. Management is confident with current performance continuing the covenants will come well within the threshold. The company PAR excluding written off is 2.85% as on March 31, 2023.
- (iii) The Company adjusted return on assets was below threshold limit of 0.50% for the year ended March 31, 2023 primarily due to higher impairment cost driven by higher NPA and SMA buckets at the start of the year due to COVID-19 impact. The adjusted return on assets would be 1.25% if computed for the quarter ended March 31, 2023.
- (iv) The Company was holding cash and cash equivalents of ₹810 crore as on March 31, 2023 and did not have any cumulative mismatch across all ALM buckets.
- (v) The definition of tangible net worth as per the terms of respective debenture trust deed requires certain deductions to be made from the net worth calculation. The Company's tangible net worth is ₹2,651 crore as on March 31, 2023 as against the net worth of ₹3,043 crore. This is higher by ₹100 crore over the tangible net worth of ₹2,551 crore on December 31, 2022 (near the date of issuance of such debentures).

For Spandana Sphoorty Financial Limited

Vinay Prakash Tripathi
Company Secretary and Compliance Officer

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