



Ref: SSFL/Stock Exchange/2023-24/159

Date: February 24, 2024

To
BSE Limited,
Department of Corporate Services
P. J. Towers, 25th Floor,
Dalal Street,
Mumbai - 400001

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

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations')- Postal Ballot Notice.

Pursuant to Regulation 30 of the SEBI LODR Regulations, please find enclosed herewith a copy of the Postal Ballot Notice dated February 23, 2024 along with explanatory statement, seeking approval of the Members through electronic voting (remote e-voting) for the following Resolutions:

1. Approval of Related Party Transactions with Criss Financial Limited.
2. Approval of Related Party Transactions with Criss Financial Limited for Financial Year 2024-25.

The Notice is being sent only through electronic means to the Member whose name appear on the Register of Members/list of Beneficial Owners maintained by Depositories/Registrar and Share Transfer Agent of the Company, as on **cut-off date** being **Friday, February 16, 2024**.

The Company has engaged the services of KFin Technologies Limited, Registrar and Transfer Agent, as the agency for providing e-voting facility to all the Members.

The e-voting period will **commence** from **Sunday, February 25, 2024 at 9:00 a.m. (IST)** and will **end** on **Monday, March 25, 2024 at 05:00 p.m. (IST)**.

The results of remote e-voting will be declared on or before **Tuesday, March 26, 2024**, at the Registered Office of the Company. The Scrutinizer's Report will be placed on the website of the Company www.spandanaspchoorty.com and the Stock Exchanges.

Kindly take the same on record.

Your Sincerely,
For Spandana Spchoorty Financial Limited

Vinay Prakash Tripathi
Company Secretary and Compliance Officer

Encl: as above

Spandana Spchoorty Financial Limited

CIN - L65929TG2003PLC040648

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

TSIC, Raidurg Panmaktha, Hyderabad - 500081, Telangana

Ph: +9140-45474750 | contact@spandanaspchoorty.com | www.spandanaspchoorty.com



SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED

CIN: L65929TG2003PLC040648

Regd. Office: Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIC, Raidurg
Panmaktha, Hyderabad - 500081, Telangana

Website: www.spandanaspfoorty.com | **Phone No.:** 040-45474750 | **E-mail:** secretarial@spandanaspfoorty.com

NOTICE OF POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

VOTING STARTS ON	VOTING ENDS ON
Sunday, February 25, 2024, at 09.00 a.m. (IST)	Monday, March 25, 2024, at 5.00 p.m. (IST)

Dear Members,

NOTICE is hereby given pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Companies Act, 2013, (**‘Act’**) (including any statutory modification or re-enactment thereof for the time being in force), read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, (**‘MGT Rules’**), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘SEBI Listing Regulations’**), Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (**‘SS-2’**), and any other applicable law, rules and regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the requirements prescribed by the Ministry of Corporate Affairs (**‘MCA’**) for holding general meetings/conducting postal ballot process through e-Voting vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, and 09/2023 dated September 25, 2023, (collectively the **‘MCA Circulars’**), to transact the special business as set out hereunder by passing Ordinary Resolutions by way of postal ballot only, by voting through electronic means (**‘remote e-Voting’**).

Pursuant to Section 102 and Section 110 and other applicable provisions of the Act, the statement pertaining to the said Resolutions setting out the material facts and the reasons/ rationale thereof (**‘Statement’**) is annexed to this Postal Ballot Notice (**‘Notice’**) for your consideration and forms part of this Notice.

SPECIAL BUSINESS:

ITEM NO.1: APPROVAL OF RELATED PARTY TRANSACTIONS WITH CRISS FINANCIAL LIMITED:

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**‘SEBI Listing Regulations’**) read with Section 188 of the Companies Act, 2013 (**“the Act”**) as may be applicable, and other applicable provisions of the Act, if any, read with rules made thereunder and any other applicable provisions of law if any, (including any other applicable provisions or statutory modifications or re-enactment thereof for the time being in force), the applicable accounting standards, the Articles of Association of the Company and the Company’s Policy on determination of Related Parties and dealing with Related Party Transactions and subject to requisite statutory/regulatory and other appropriate approvals, if any, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **“Board”**, which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) for the transaction(s) /contract(s)/ arrangement(s)/ agreement(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) undertaken between the Company and Criss Financial Limited (**“Criss”**), being subsidiary of the Company and a related party under the Act and SEBI Listing Regulations, during the Financial Year 2023-24 (‘FY24’), whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier arrangements / transactions or as fresh and independent transaction(s) or otherwise, as mentioned hereunder and in terms of the explanatory statement to this resolution on such terms and conditions as may be agreed between the related parties, notwithstanding the fact that all such transactions undertaken during FY24, whether individually and/or in the aggregate, may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements, subject to such transaction(s) /

contract(s)/ arrangement(s) being carried out at an arm's length and in the ordinary course of business of the Company:

Name of Related Party	Relationship	Nature of Transaction	Amount (Rupees in Crore)
Criss Financial Limited ('Criss')	Subsidiary Company and a related party in terms of Section 2 (76) of the Act and Regulation 2 (zb) of the SEBI Listing Regulations	Inter-Corporate Advances	450.00
		Interest on Inter-Corporate Advances	30.00
		Equity infusion	100.00
		Corporate Guarantee for borrowings by Criss (including consideration for providing guarantee)	200.00
		Miscellaneous - Other Transactions	
		Rental income	0.12
		Rental expense	0.30
		Reimbursement of expenses at actuals	0.35
		Cashflow settlement with subsidiary (Outflow)	4.00
Total			784.77

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising the terms and conditions, methods and modes in respect thereof and finalising and executing necessary documents, including contract(s), agreement(s) and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including Governmental/regulatory authorities, as applicable, in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer or Company Secretary or any other Officer(s) of the Company, to do all such acts and take such steps, as may be considered necessary or expedient, to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all the transactions of the above nature between the Company and its subsidiary, to the extent undertaken during present or prior period and outstanding, or proposed to be undertaken, on arms' length and ordinary course nature thereof, be and are hereby approved, affirmed, confirmed and ratified."

ITEM NO.2 APPROVAL OF RELATED PARTY TRANSACTIONS WITH CRISS FINANCIAL LIMITED FOR FINANCIAL YEAR 2024-25:

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"SEBI Listing Regulations"**) read with Section 188 of the Companies Act, 2013 (**"the Act"**) as may be applicable, and other applicable provisions of the Act, if any, read with the rules made thereunder and any other applicable provisions of law, if any, (including any other applicable provisions or statutory modifications or re-enactment thereof for the time being in force), the applicable accounting standards, the Articles of Association of the Company and the Company's Policy on determination of Related Parties and dealing with Related Party Transactions and subject to requisite statutory/regulatory and other appropriate approvals, if any, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **"Board"**, which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute) to enter into transaction(s)/ contract(s)/ arrangement(s)/ agreement(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) with Criss Financial Limited (**"Criss"**), being subsidiary of the Company and a related party under the Act and SEBI Listing Regulations, during the Financial Year 2024-25 ('FY25'), whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier

arrangements/ transactions or as fresh and independent transaction(s) or otherwise, as mentioned hereunder and in terms of the explanatory statement to this resolution, on such terms and conditions as may be agreed between the related parties, notwithstanding the fact that all such transactions undertaken during FY25, whether individually and/or in the aggregate, may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements, subject to such transaction(s)/ contract(s)/ arrangement(s) being carried out at arm's length and in the ordinary course of business of the Company:

Name of Related Party	Relationship	Nature of Transaction	Amount (Rupees in Crore)
Criss Financial Limited ('Criss')	Subsidiary Company and a related party in terms of Section 2 (76) of the Act and Regulation 2 (zb) of the SEBI Listing Regulations	Inter-Corporate Advances	800.00
		Interest on Inter-Corporate Advances	50.00
		Equity infusion	200.00
		Corporate Guarantee for borrowings by Criss (including consideration for providing guarantee)	200.00
		Miscellaneous - Other Transactions	
		Rental income	0.20
		Rental expense	0.35
		Reimbursement of expenses at actuals	0.40
		Cashflow settlement with subsidiary (Outflow)	10.00
Total			1,260.95

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising the terms and conditions, methods and modes in respect thereof and finalising and executing necessary documents, including contract(s), agreement(s) and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including Governmental/regulatory authorities, as applicable, in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer or Company Secretary or any other Officer(s) of the Company, to do all such acts and take such steps, as may be considered necessary or expedient, to give effect to the aforesaid resolution(s)."

**By Order of the Board of Directors of
Spandana Sphoorty Financial Limited
Sd/-**

**Vinay Prakash Tripathi
Membership No. A18976
Company Secretary & Compliance Officer**

**Place: Hyderabad
Date: February 23, 2024**

NOTES:

1. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of the resolutions contained in the above Notice is appended and forms part of the Notice.
2. The Board of Directors of the Company has appointed Mr. Y Ravi Prasada Reddy (Membership No. FCS 5783), Proprietor, RPR & Associates, Company Secretaries (CP No. 5360), Hyderabad, as Scrutinizer for conducting the E-voting process in accordance with the law and in a fair and transparent manner.
3. In accordance with the MCA Circulars, this Postal Ballot Notice is being sent by e-mail to all the Members whose e-mail addresses are available in the beneficial ownership data of National Securities Depository Limited and Central Depository Services (India) Limited ('Depositories') and the record of KFin Technologies Limited ('KFintech'), Registrar and Share Transfer Agent of the Company and hard copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope will not be sent to the Members for this Postal Ballot.
4. The E-voting Notice is being sent to all the Members whose names appear in the Register of Members/ Record of Depositories as on Friday, February 16, 2024. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Members as on that date.
5. You are requested to carefully read the instructions before exercising the vote and complete the E-voting on or before 5.00 p.m. (IST) on Monday, March 25, 2024.
6. The external valuation report, wherever relied upon and referred in this Notice, is available with the Company and any Member interested in obtaining the copy of the said report may write to the Company Secretary of the Company.
7. **The Company is offering only Remote E-voting facility to its Members to enable them cast their vote.** A Member has to carefully follow the instructions as given for E-voting. He/ She can use the facility and log in any number of times till he/she has voted on the Resolution or till the end of the voting period, whichever is earlier.

8. Voting through electronic means

In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, and 09/2023 dated September 25, 2023 issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (SEBI), the Company is providing facility to exercise votes on the item of business given in the Notice through electronic voting system only, to members holding shares as on Friday, February 16, 2024 (End of Day) being the Cut-off date fixed for determining voting rights of members, entitled to participate in the E-voting process, through the E-voting platform provided by KFintech.

9. The instructions for E-voting are as under:

Step 1: Access to Depositories e-Voting system in case of individual shareholders.

Step 2: Access to KFintech e-Voting system in non-individual shareholders.

Details on Step 1 are mentioned below:

Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	1. User already registered for IDeAS facility: I. Visit URL: https://eservices.nSDL.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting".

	<p>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p> <p>2. User not registered for IDeAS e-Services</p> <p>I. To register click on link : https://eservices.nsdl.com</p> <p>II. Select “Register Online for IDeAS” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>III. Proceed with completing the required fields.</p> <p>IV. Follow steps given in points 1.</p> <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <p>I. Open URL: https://www.evoting.nsdl.com/</p> <p>II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section.</p> <p>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</p> <p>IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech.</p> <p>V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>1. Existing user who have opted for Easi/ Easiest</p> <p>I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com</p> <p>II. Click on New System Myeasi</p> <p>III. Login with your registered user id and password.</p> <p>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</p> <p>V. Click on e-Voting service provider name to cast your vote.</p> <p>2. User not registered for Easi/Easiest</p> <p>I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>II. Proceed with completing the required fields.</p> <p>III. Follow the steps given in point 1.</p> <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>I. Visit URL: www.cdslindia.com</p> <p>II. Provide your demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e- Voting is in progress.</p>
<p>Individual Shareholder login through their demat accounts / Website of Depository Participant</p>	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</p> <p>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.</p>

Important note:

Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at: 022 - 4886 7000 and 022 - 2499 7000

Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
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Details on Step 2 are mentioned below:

Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

A. Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from Kfintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) i.e. xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., "7902 - Postal Ballot" and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., authorizing its representative on its behalf to cast its vote through remote e-voting. Together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id yrvifcs@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

B. Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM, Postal Ballot Notice and e-voting instructions cannot be serviced, will have to follow the following process:

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

The Scrutinizer will submit his report to the Company Secretary after completion of the scrutiny and results of the Postal Ballot would be announced on or before Tuesday, March 26, 2024 through e-mail and the Resolution will be taken as passed, if the results of E-voting indicate that the requisite majority of the Members had assented to the Resolution. The Scrutinizer's decision on the validity of E-voting shall be final. As indicated earlier, the results will be published on the website of the Company at www.spandanaspooorty.com besides being notified to BSE Limited and National Stock Exchange of India Limited, where the Company's shares are listed. Results will also be posted on the Website of KFin Technologies Ltd at <https://evoting.kfintech.com>.

C. General Instructions

- i. The Remote E-voting period commences from 9.00 a.m. (IST) on Sunday, February 25, 2024 and ends at 5.00 p.m. (IST) on Monday, March 25, 2024. During this period, the members of the Company, holding shares either in physical form or in demat form, as on the cut-off date of Friday, February 16, 2024, may cast their vote electronically. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- ii. The Scrutinizer shall unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company, and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Company Secretary of the Company.
- iii. Subject to the receipt of sufficient votes, the Resolutions shall be deemed to be passed on the last date of voting i.e. on Monday, March 25, 2024. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.spadanaspooorty.com and also on the notice board placed at the Registered Office of the Company and on the website of KFinTech.
- iv. To receive communication through electronic means, including annual reports and notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register their e-mail address with KFinTech by submitting the ISR Forms, or contact Ms. C Shobha Anand, Dy. Vice President, Toll Free No. 1800 309 4001, at [Unit : Spandana Spooorty Financial Limited] KFin Technologies Limited, Selenium Building B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana State, India.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ('ACT')

The following Statement sets out material facts relating to Resolution No(s). 1 & 2 mentioned in the accompanying Notice.

Item No(s). 1 & 2:

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations'), as amended from time to time, any transactions 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 INR 1,000 crore or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, and shall require prior approval of shareholders by means of an ordinary resolution. The said limits are applicable, even if the transactions are in the ordinary course of business of the concerned company and undertaken on an arm's length basis. The annual consolidated turnover of the Company for the Financial Year 2022-23 was INR. 1,477.03 crore and accordingly, the limit applicable to the Company is INR 147.70 crore ('applicable threshold for Material RPTs').

Criss Financial Limited ("Criss") is operating as a Non-Banking Financial Company - Investment and Credit Company (NBFC - ICC) classified under the Middle Layer as per the RBI (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023. It is a subsidiary of Spandana Sphoorty Financial Limited ('the Company') as the Company holds 99.85% of the equity share capital of Criss and hence, a related party in terms of Section 2 (76) of the Companies Act, 2013 ('the Act') and Regulation 2 (zb) of the SEBI Listing Regulations. Over the years, Criss has evolved into a trusted and highly preferred financial services provider in the states of Andhra Pradesh and Telangana, significantly impacting the lives of many. Further the Company is expanding its presence in other states such as Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka. In recent years, Criss has achieved sustainable growth with a well-balanced, high-quality product portfolio. To further enhance operational efficiencies, Criss has implemented various technological initiatives that help streamline processes and deliver better value to customers. While the funding requirements of Criss are met through various external sources such as Term Loans, Non-Convertible Debentures, Pass Through Certificates, Direct Assignments etc, as the Company also supports Criss's growth plan by providing financial support by way of Inter-Corporate Advances from time to time.

The nature of transactions undertaken with Criss have been segregated into 4 types - 1) Inter-Corporate Advances placed with Criss and interest payment received thereof, 2) Guarantee provided for borrowings done by Criss and consideration received for providing guarantee thereof, 3) Equity investment proposed to be made by the Company in Criss and 4) Other transactions comprising of rental income received from, rental income paid to, reimbursement of expenses and cashflow settlement undertaken with Criss. The Audit Committee of the Company has granted omnibus approval for the related party transactions entered into/ proposed to be entered into between the Company and Criss during FY 2023-24 for each of the aforesaid transactions.

Inter-Corporate Advances are liquidity management tool, wherein short-term funds are provided to Criss and the same is repaid by them as per terms and conditions agreed to between both the parties. If the transaction value of Inter-Corporate Advances including the repayments made by Criss is considered, aggregate value of all RPTs (including Inter-Corporate Advances), will not exceed the threshold for material RPTs during the financial year. However, if the transactions are considered at gross level i.e. without considering the repayment made by Criss, the aggregate value of all RPTs (including gross Inter-Corporate Advances), will exceed the threshold for material RPTs. In the absence of absolute clarity on the manner of ascertaining the amounts of transaction for comparing against the applicable threshold for Material RPTs, the Company has decided to take approval (including ratification for transactions undertaken during prior period) for the gross amount of Inter-Corporate Advances, interest amount on Inter-Corporate Advances, value of the guarantee and consideration received for providing guarantee along with other transactions (as stated in the Resolution No. 1) as a conservative approach.

Further, pursuant to the approval of the Audit Committee and the Board, the Company proposes to invest funds in Criss by way of an equity infusion of upto INR 300 crore, of which INR 100 crore during FY 2023-24 and remaining INR 200 crore in FY 2024-25.

It is expected that similar transactions will be continued to be undertaken with Criss during the next financial year i.e. during FY 2024-25 and the value of the transactions may cross the applicable threshold for Material RPTs.

Accordingly, approval of the Members is sought for all these arrangements/transactions to be undertaken (whether individual transactions or transactions taken together or series of transactions or otherwise), whether by way of continuation/ extension/ renewal/ modification of earlier arrangements/transactions or otherwise, during FY 2023-24 and FY 2024-25 as per the SEBI Listing Regulations.

The above transactions are in the ordinary course of business of the Company and on an arm's length basis and are as such exempt from the provisions of Section 188 of the Companies Act, 2013.

Details of the transactions with Criss, being a related party of the Company, including the information pursuant Para B of chapter III-B of the SEBI Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities dated July 11, 2023 are as follows:

Inter-Corporate Advances:

While the funding requirements of Criss are met through various external sources such as Term Loans, Non-Convertible Debentures, Pass Through Certificates, Direct Assignments etc, as the holding company, the Company has also supported Criss's growth plan by providing financial support from time to time through Inter-Corporate Advances. It is important to mention here that in line with Criss's strategy of reducing dependency on Inter-Corporate Advances, Criss has increased its external borrowings, thereby reducing Inter-Corporate Advances balance quarter-over-quarter (declining from 75% in December 2022 to 42% in September 2023 and further to 34% in December 2023). Additionally, Criss has shown an improvement in its credit rating from **BBB to A-** by ICRA Limited. To meet the growth plan, Criss has also strengthened the senior management team.

The value of transactions entered / to be entered during FY2023-24 represents 32% of the Company's annual consolidated turnover for FY2022-23 and that the transactions proposed to be entered during FY2024-25 represents 35% of the Company's annual consolidated turnover for FY2023-24 (annualised based on Unaudited Consolidated Financial Results for the nine months ended December 31, 2023). Further, the value of transactions entered / to be entered during FY2023-24 represents 473% of the annual standalone turnover of the Subsidiary for FY2022-23 and that the transactions proposed to be entered during FY2024-25 represents 611% of the annual standalone turnover of the Subsidiary for FY2023-24 (annualised based on unaudited standalone financial results for the nine months ended December 31, 2023). The interest income is the consequential transaction flowing out of the principal transaction in the form of Inter-Corporate Advances.

Considering that the Company holds 99.85% of Criss and intends to support in the capacity of a holding company and the transaction being undertaken on an arm's length basis, the transaction is in the interest of the Company. The transaction has been funded from the retained earnings of the Company. No financial indebtedness has been incurred by the Company to undertake the said transaction. The following are details pertaining to the Inter-Corporate Advances granted:

- a. Terms, covenants of the facilities granted; As stated below (point b.to e.).
- b. Tenure/ Repayment schedule: Tenure of one year with total outstanding at any time not exceeding INR 400 crore on a roll over basis.
- c. Interest rate: Cost of fund of the Company plus margin as approved by the Audit Committee and the Board of Directors of the Company from time to time.
- d. Nature: Unsecured
- e. Purpose: For onward lending. Funds will not be utilized for any purpose prohibited by RBI or any other law in force. Further such funds can be temporarily parked in the liquid instruments such as mutual funds for treasury purposes.

Equity infusion:

While the funding requirements of Criss are met through various external sources, the Company has also supported Criss's growth plan by providing financial support from time to time through equity infusion. Considering the future growth projections of Criss, it will be required to maintain an appropriate Capital Adequacy Ratio to fulfil the regulatory requirements. The value of transactions proposed to be entered in FY 2023-24 and FY 2024 - 25 is INR 100 crore and INR 200 crore respectively.

The value of transactions proposed to be entered during FY2023-24 represents 7% of the Company's annual consolidated turnover for FY2022-23 and that proposed to be entered during FY2024-25 represents 8% of the Company's annual consolidated turnover for FY2023-24 (annualised based on Unaudited Consolidated Financial

Results for the nine months ended December 31, 2023). Further, the value of transactions proposed to be entered during FY2023-24 represents 99% of the annual standalone turnover of the Subsidiary for FY2022-23 and that proposed to be entered during FY2024-25 represents 144% of the annual standalone turnover of the Subsidiary for FY2023-24 (annualised based on unaudited standalone financial results for the nine months ended December 31, 2023). The transaction has been undertaken in the ordinary course of the business and is in the interest of the Company, being the holding company of Criss.

The transaction has been funded from the retained earnings of the Company. No financial indebtedness has been incurred by the Company to undertake the said transaction. The funds will be utilized by Criss for onward lending. Funds will not be utilized for any purpose prohibited by RBI or any other law in force. Further, such funds can be parked in the liquid instruments such as mutual funds temporarily for treasury purposes. The proposed equity infusion is based on the Valuation Report obtained from a registered valuer by Criss as per Sections 62 and 42 of the Companies Act, 2013.

Corporate Guarantee for borrowings by Criss:

The Company also provides corporate guarantee to the lenders of Criss on behalf of Criss and charges a consideration for providing the guarantee. Considering the future borrowing plan of Criss, and the Company being the Holding Company of Criss may be required to undertake similar transactions in FY 2024-25.

The value of transactions entered / to be entered during FY 2023-24 represents 14% of the Company's annual consolidated turnover for FY 2022-23 and that the transactions proposed to be entered during FY 2024-25 represents 8% of the Company's annual consolidated turnover for FY2023-24 (annualised based on Unaudited Consolidated Financial Results for the nine months ended December 31, 2023). Further, the value of transactions entered / proposed to be entered during FY 2023-24 represents 197% of the annual standalone turnover of the Subsidiary for FY 2022-23 and that proposed to be entered during FY 2024-25 represents 144% of the annual standalone turnover of the Subsidiary for FY2023-24 (annualised based on unaudited standalone financial results for the nine months ended December 31, 2023). The consideration received against providing corporate guarantee is a consequential transaction flowing out of the principal transaction in the form of guarantee.

Considering that the Company hold 99.85% of Criss and intends to support in the capacity of a holding company and the transaction being undertaken on an arm's length basis, the transaction is in the interest of the Company.

Miscellaneous transactions:

There are other transactions/ arrangements in the nature of rental income, rental expense and reimbursement of expenses, cashflow settlement etc that are carried out in the ordinary course of business, which when clubbed with other Related Party Transaction as mentioned above may exceed the materiality threshold as mentioned above.

The value of all other transactions for FY 2023-24 is INR 4.77 crore and that for FY 2024-25 is INR 10.95 crore. The value of transactions entered / to be entered during FY 2023-24 represents 0.3% of the Company's annual consolidated turnover for FY 2022-23 and that the transactions proposed to be entered during FY2024-25 represents 0.5% of the Company's annual consolidated turnover for FY 2023-24 (annualised based on Unaudited Consolidated Financial Results for the nine months ended December 31, 2023). Further, the value of transactions entered / proposed to be entered during FY 2023-24 represents 5% of the annual standalone turnover of the Subsidiary for FY 2022-23 and that proposed to be entered during FY 2024-25 represents 8% of the annual standalone turnover of the Subsidiary for FY 2023-24 (annualised based on unaudited standalone financial results for the nine months ended December 31, 2023).

As the transactions enable effective utilisation of resources and accordingly the same are in the interest of the Company.

Any subsequent 'material modification' in the proposed transactions, as defined by the Audit Committee as a part of the Company's Policy on determination of Related Parties and dealing with Related Party Transactions' will be placed before the Members for prior approval, in terms of Regulation 23 of the SEBI Listing Regulations.

Accordingly, your Board of Directors recommends passing of the resolutions contained in Item No. 1 and 2 of the accompanying Notice.

The following directors are interested in the above resolution:

- a. Ms. Abanti Mitra (DIN: 02305893), Non-Executive Independent Director of the Company being also the Non-Executive Independent Director of Criss.
- b. Mr. Deepak Calian Vaidya (DIN: 00337276), Non-Executive Independent Director of the Company being also the Non-Executive Independent Director of Criss.
- c. Mr. Kartikeya Dhruv Kaji (DIN: 07641723), Non-Executive Nominee Director of the Company being also the Non-Executive Nominee Director of Criss.
- d. Mr. Shalabh Saxena (DIN: 08908237), Managing Director & Chief Executive Officer of the Company being also the Non-Executive Nominee Director of Criss.
- e. Mr. Ashish Kumar Damani, President and Chief Financial Officer of the Company being also the Whole Time Director of Criss.

Except as mentioned above, none of the Directors and/or Key Managerial Personnel of the Company and/or their respective relatives are, in any way, concerned or interested either directly or indirectly, financially, or otherwise in the Resolution mentioned at Item No. 1 & 2 of the Notice.

Mrs. Padmaja Gangireddy, Promoter, Mr. Vijaya Sivarami Reddy Vendidandi, Relative of Promoter and Mr. Ashish Kumar Damani, Key Managerial Personnel of the Company holds 1 share each as nominee of the Company in Criss.

The Members may please note that in terms of the provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall not vote to approve resolutions under Item No. 1 & 2.

Place: Hyderabad
Date: February 23, 2024

By Order of the Board of Directors of
Spandana Sphoorty Financial Limited
Sd/-
Vinay Prakash Tripathi
Membership No. A18976
Company Secretary & Compliance Officer