



Ref: SSFL/Stock Exchange/2020-21/219

Date: February 23, 2021

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

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

Scrip Code: 542759

Symbol: SPANDANA

Dear Sir,

Sub: Postal Ballot Notice dated February 23, 2021.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Postal Ballot Notice dated February 23, 2021 seeking approval of the Members through electronic voting (remote e-voting) for the following items as states in the Notice of Postal Ballot:

Item No.	Description of the Resolution
1	To approve the Spandana Employee Stock Option Scheme, 2021 under the Spandana Employee Stock Option Plan 2018 and grant of Stock Options to the Employees/Directors of the Company thereunder.
2	To approve the grant of Stock Options to the Employees/Directors of Subsidiary Companies of the Company under the Spandana Employee Stock Option Scheme, 2021.

This Postal Ballot Notice is being sent to the Member whose name appears on the register of Members/list of beneficial owners maintained by Depositories as on the close of business hours on **February 19, 2021 ("Cut-off date")**.

In this connection the Company has engaged the services of KFin Technologies Private Limited for providing e-voting facility to all its Members. The voting through Postal Ballot and e-voting will commence from **Wednesday, February 24, 2021 at 10:00 A.M. (IST)** and shall end on **Thursday, March 25, 2021 at 5:00 P.M. (IST)**. The results of the Postal Ballot will be declared on or before **Friday, March 26, 2021**.

The above documents may also be accessed on the website of the Company at www.spandanaindia.com.

We request you to kindly take note of the same.

Thanking you

For Spandana Sphoorty Financial Limited

Ramesh

Periasamy

Ramesh Periasamy

Company Secretary and Compliance officer

Encl.: As Above

Digitally signed by Ramesh Periasamy
Date: 2021.02.23 17:30:49 +05'30'



SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED

CIN: L65929TG2003PLC040648

Regd. Office: Plot No: - 31 & 32, Ramky Selenium, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad-500032 (TS)

Website: www.spandanaindia.com | **Phone No.:** 040-48126666 | **E-mail:** secretarial@spandanaindia.com

NOTICE OF POSTAL BALLOT

Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and the MCA Circulars (as defined below)

Dear Member(s),

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Secretarial Standards issued by the Institute of Company Secretaries of India on General Meeting ('SS-2') and the relaxations and clarifications issued by Ministry of Corporate Affairs ('MCA') vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020 and 39/2020 dated December 31, 2020 ('MCA Circulars') and Circular Nos. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India ('SEBI Circulars') (including any statutory modification or re-enactment thereof for the time being in force, and as amended from time to time), and pursuant to other applicable laws and regulations, that the Special Resolution(s) appended below are proposed to be passed by way of Postal Ballot only through electronic means ('e-voting'). The proposed Special Resolution(s) together with the explanatory statement setting out the material facts and reasons for the passing of the Special Resolution(s) are being sent to you for your consideration.

In accordance with the MCA Circulars and SEBI Circulars, this Postal Ballot Notice ('Notice') is being sent by email to all the Members whose email addresses are available in the beneficial ownership data of National Securities Depository Limited and Central Depository Services (India) Limited ('Depositories') and the record of the KFin Technologies Private 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. The Members are required to communicate their assent or dissent through the e-voting facility only. For more details in this regard, your attention is invited to the Notes to this Notice.

The Company has appointed Mrs. Monica Sarda (Membership No. ACS 29153), a practicing company secretary (PCS No. 10725), Hyderabad as Scrutinizer for conducting process of e-voting in accordance with the provisions of the Act read with Rules and the MCA Circulars in a fair and transparent manner.

The Members are requested to carefully read and follow the instructions on e-voting provided in Notes to this Notice.

The Scrutinizer will submit her report to the Authorized Director or any Authorized Person appointed by the Chairman/Managing Director for declaration of the result of the remote e-voting on Friday, March 26, 2021 at the Registered Office of the Company. The results of the e-voting and the Scrutinizer's report will be placed on the Company's website www.spandanaindia.com and will be communicated to the National Stock Exchange of India Limited and BSE Limited, where the equity shares / securities of the Company are listed.

SPECIAL BUSINESS:

RESOLUTION NO.1:

TO APPROVE THE SPANDANA EMPLOYEE STOCK OPTION SCHEME, 2021 (THE 'ESOP SCHEME 2021') UNDER THE SPANDANA EMPLOYEE STOCK OPTION PLAN 2018 (THE 'ESOP PLAN 2018') AND GRANT OF EMPLOYEE STOCK OPTIONS TO THE EMPLOYEES / DIRECTORS OF THE COMPANY THEREUNDER:

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

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (‘SEBI SBEB Regulations’), and other regulations, guidelines and circulars issued by SEBI, to the extent applicable, and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction, or of any stock exchange on which the shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws (‘Applicable Law’) and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, and subject to all other consents, approvals and waivers as may be required, the consent and approval of the Members be and is hereby accorded to the SPANDANA EMPLOYEE STOCK OPTION SCHEME 2021 (the ‘ESOP Scheme 2021’) under the SPANDANA EMPLOYEE STOCK OPTION PLAN 2018 (the ‘ESOP Plan 2018’) and authorizing the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee ‘the Committee’) which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer, grant, issue and allot from time to time, at such price or prices, in one or more tranches and on such terms and conditions, exercisable not more than 19,30,262 (Nineteen Lakh Thirty Thousand Two Hundred and Sixty Two Only) equity shares of face value of Rs.10/- (Rupees Ten Only) each fully paid-up to or for the benefit of such person(s) who are in permanent employment of the Company, in India or out of India including any Director thereof, whether whole time or otherwise (other than Promoters or persons belonging to Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), in such manner as may be determined by the Board in accordance with the provisions of Applicable Law, under the ESOP Scheme 2021 and ESOP Plan 2018.

RESOLVED FURTHER THAT the equity shares so issued and allotted as mentioned herein before shall rank *pari-passu* in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and/or sale of division or other re-organization and others, if any, additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling on the number of options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are split or consolidated, then the number of shares to be allotted and the exercise price payable by the option grantees under the Scheme shall automatically stand augmented or reduced in the same proportion as the present face value of Rs.10/- (Rupees Ten) per equity share bears to the revised face value of the equity shares of the Company after such split or consolidation, without affecting any other rights or obligations of the said option grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under ESOP Scheme 2021 and ESOP Plan 2018 on the Stock Exchanges where the Equity Shares of the Company are listed.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP Scheme 2021 and ESOP Plan 2018.

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP Scheme 2021 and ESOP Plan 2018 subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of ESOP Scheme 2021 and ESOP Plan 2018 and do all other things incidental to and ancillary thereof.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including authorizing the Board to appoint Merchant Bankers, Brokers, Solicitors, Registrars, and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of the ESOP Scheme 2021 and ESOP Plan 2018 as also to make applications to the appropriate Authorities, for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to nominate and appoint any Committee of one or more persons to represent the Company for carrying out any or all of the activities that the Board is authorised to do for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT the Board of Directors are hereby empowered to take all necessary actions in connection with the above and all incidental and ancillary things for the purpose of giving effect to the implementation of the ESOP Scheme 2021 and ESOP Plan 2018.”

RESOLUTION NO.2:

TO APPROVE THE GRANT OF EMPLOYEE STOCK OPTIONS TO THE EMPLOYEES/DIRECTORS OF SUBSIDIARY COMPANIES OF THE COMPANY UNDER THE ESOP SCHEME 2021 AND ESOP PLAN 2018:

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

“**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013, ready with Rules made thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and other regulations, guidelines and circulars issued by SEBI, to the extent applicable, and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction, or of any stock exchange on which the shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws (‘Applicable Law’) and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, and subject to all other consents, approvals and waivers as may be required, the consent and approval of the Members be and is hereby accorded to the SPANDANA EMPLOYEE STOCK OPTION SCHEME 2021 (the ‘ESOP Scheme 2021’) under the SPANDANA EMPLOYEE STOCK OPTION PLAN 2018 (the ‘ESOP Plan 2018’) and authorizing the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee ‘the Committee’ which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer, grant, issue and allot from time to time, at such price or prices, in one or more tranches and on such terms and conditions, exercisable not more than 19,30,262 (Nineteen Lakh Thirty Thousand Two Hundred and Sixty Two Only) Equity Shares of the Company (or such adjusted numbers for corporate actions including bonus, stock, splits or consolidation or other reorganisation of the capital structure of the Company), having face value of Rs.10/- (Rupees Ten Only) each fully paid-up to or for the benefit of such person(s) who are in permanent employment of the any of existing and future Subsidiary Companies of the Company, in India or out of India including any Director thereof, whether whole time or otherwise (other than Promoters or persons belonging to Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), in such manner as may be determined by the Board in accordance with the provisions of Applicable Law, under the ESOP Scheme 2021 and ESOP Plan 2018.

RESOLVED FURTHER THAT the Board be and are hereby empowered to take all necessary actions in connection with the above and all incidental and ancillary things for the purpose of giving effect to this resolution.”

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

Ramesh Periasamy

Company Secretary & Compliance Officer

**Place: Hyderabad
Date: February 23, 2021**

NOTES:

1. Explanatory Statement(s) pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred to as the "Act") read with Section 110 of the Act and Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, setting out material facts and reasons concerning the Special Resolution(s) as set out in the Notice are annexed hereto and forms part of this Notice.
2. This Notice is being sent to the Members whose names appear in the List of Beneficial Owners received from National Securities Depository Limited/ Central Depository Services (India) Limited ('Depositories') as at the close of business hours on Friday, February 19, 2021 ('cut-off date'). Members as on the cut-off date would be entitled to vote by way of remote e-voting. This Notice is being sent electronically to all the Members whose e-mail addresses are registered with KFin Technologies Private Limited ('KFintech'), Company's Registrar and Share Transfer Agents, or the Depositories.
3. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
4. Members who have not registered their email address and in consequence could not receive the Notice may temporarily get their email address registered with the RTA, by clicking the link: <https://ris.kfintech.com/clientservices/postalballot> and following the registration process as guided thereafter.
5. Post successful registration of the email address, the Member will receive soft copy of the Notice and the procedure for remote e-voting along with the User ID and the Password to enable remote e-voting for this Notice. In case of any queries, Member may send a request / communication between 10.00 a.m. and 5.00 p.m. on all working days (except Saturday and Sunday) till 48 hours prior to the closure of the voting period to the following email address of the Company or RTA, by quoting the Folio No./Demat account No. The email address of the Company and the contact details are secretarial@spandanaindia.com/040 48126666 and RTA's email address and the contact details are einward.ris@kfintech.com/1-800-3454-001.
6. It is clarified that for permanent registration of email address, the Members are however requested to register their email address, in respect of electronic holdings with the Depositories / Depository Participant.
7. The Company will issue necessary advertisements in the newspaper/ e-newspaper having all India circulation and the newspaper circulating in the District where registered office of the Company is situated for the information of Members whose e-mail addresses are not available in the records of RTA and Depositories.
8. The Communication of the assent/dissent to the Special Resolution(s) proposed in the Notice would take place only through remote e-voting.
9. All relevant documents referred in this Notice will be made available for inspection at the registered office of the Company until Thursday, March 25, 2021 during office hours on all working days (except Saturday and Sunday). In this regard, the Member may write to the Company Secretary of the Company at secretarial@spandanaindia.com.
10. The voting period will commence on Wednesday, February 24, 2021 10:00 a.m. and will end on Wednesday, March 25, 2021 5:00 p.m. for the Members exercising their vote through electronic voting. The remote e-voting module shall be disabled by KFintech for voting thereafter.
11. The Members whose names will appear in the Register of Members/ Record of Depositories as on cut-off date i.e. Friday, February 19, 2021 only be considered for voting. Voting rights shall be reckoned on the paid-up value of the shares mentioned against the name of the Member in the Register of the Members/ List of Beneficial Owners maintained by the Depositories on Friday, February 19, 2021.
12. Dispatch of the Notice shall be deemed to be completed on the day on which KFintech or the Company sends out the communication for the Postal Ballot process by email to the Members of the Company.
13. As required by Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars and the Listing Regulations, the details pertaining to this Postal Ballot will be published in one English national daily newspaper circulating throughout India (in English language) and one Telugu daily newspaper circulating in Hyderabad (in vernacular language, i.e. Telugu).

14. The Scrutinizer will submit her report to the Company Secretary after completion of the scrutiny on March 26, 2021 on/before 5.00 p.m. and the Resolution(s) 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.
15. The results of the remote e-voting will be declared on Thursday March 26, 2021 at the registered office of the Company, the remote e-voting results and report of the Scrutinizer will be furnished to the National Stock Exchange of India Limited at www.nseindia.com and BSE Limited at www.bseindia.com and will also be uploaded on the Company's website www.spandanaindia.com.
16. The Special Resolution(s) in the Notice shall be deemed to be passed on the last date of voting period i.e. Thursday, March 25, 2021, if approved by the requisite majority.
17. **The instructions for voting through electronic means:**

The Company has entered into an agreement with KFinTech for facilitating e-voting in a secure manner. The procedure and instructions for the voting through electronic means are as follows:

- i. Open web browser during the voting period and navigate to <https://evoting.kfintech.com>.
- ii. Enter the login credentials (i.e., user-id & password). Your Folio/DP and Client ID will be your User-ID.
User - ID for Members holding shares in Demat Form:
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - For CDSL: 16 digits beneficiary ID.
- iii. Please contact toll free no. 1800 3454 001 for any further clarifications.
- iv. Members can cast their vote online from 10.00 a.m. on Wednesday, February 24, 2021 to 5.00 p.m. (IST) on Thursday, March 25, 2021. Please note that the voting beyond 5.00 p.m. on Thursday, March 25, 2021 will not be permitted.
- v. After entering these details appropriately, click on LOGIN".
- vi. Members will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote provided, that Company opts for E-voting through KFin Technologies Private Limited E-voting platform. System will prompt you to change your password and update any contact details like mobile no., email ID etc., on 1st login. You may also enter the 'Secret Question' and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vii. You need to login again with the new credentials.
- viii. On successful login, system will prompt to select the 'Event' i.e. 'Spandana Sphoorty Financial Limited'.
- ix. If you are holding equity shares in Demat form and had logged on to "<https://evoting.kfintech.com>" and had cast your vote earlier for any company where the System Provider was Kfin Technologies Private Limited, then your existing login id and password given earlier are to be used.
- x. On the voting page, you will see Resolution description and against the same, the option FOR/AGAINST/ ABSTAIN for voting.
Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the Member does not want to cast, select 'ABSTAIN' After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- xi. Once you 'CONFIRM' your vote on the Resolution, you will not be allowed to modify your vote.
- xii. Member(s) cannot appoint a proxy to exercise their voting powers through Postal Ballot.

- xiii. Corporate/institutional Members (Corporate/FIs/foreign institutional investors/ trust/mutual funds/banks, etc.) are required to send scan (PDF format) of the relevant resolution of the Board of Directors to the Scrutinizer through e-mail to monica@monicacs.com with a copy marked to evoting@kfintech.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_EVENT No."

General Instructions

- i. **In case Members of the Company have not registered their e-mail address:** On account of threat posed by COVID-19 and in terms of the MCA Circulars, as mentioned herein above, the Company will send Postal Ballot Notice in Electronic form only and hardcopy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the Members for this Postal Ballot. Accordingly, the communication of the assent or dissent of the Members would take place through the E-voting system only. Therefore, those Members who have not yet registered their e-mail address are requested to get their e-mail addresses temporarily registered by visiting <https://ris.kfintech.com/clientservices/postalballot>. Post successful registration of e-mail, the Member would get soft copy of the notice and the procedure for e-voting along with the User ID and Password to enable remote e-voting for this Postal Ballot. In case of any queries, member may write to einward.ris@kfintech.com.
- ii. The remote e-voting period commences from 10.00 a.m. on Wednesday, February 24, 2021 and ends at 5.00 p.m. on Thursday, March 25, 2021. During this period, the Members of the Company, as on the cut-off date of February 19, 2021, 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.
- iii. The Scrutinizer shall, unlock the votes in the presence of at least 2 (two) 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.
- iv. Subject to the receipt of sufficient votes, the Resolutions shall be deemed to be passed on the last date of voting i.e. on March 25, 2021. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.spandanaindia.com and also on the notice board placed at the Registered Office of the Company and on the website of KFintech.
- v. 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 on <https://ris.kfintech.com/clientservices/postalballot/> or contact Mrs. C Shobha Anand, Dy. General Manager, Contact No. 1-800-3454-001, at [Unit: Spandana Sphoorty Financial Limited] KFin Technologies Private Limited, Selenium Building B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana State, India.

EXPLANATORY STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 1 AND 2:

Spandana Sphoorty Financial Limited (the 'Company') believes in rewarding its employees including Directors, of the Company and its subsidiaries (hereinafter collectively as 'Company' as the context requires) for their continuous hard work, dedication and support, which has led the Company on the growth path.

In furtherance of this objective, the Members of the Company approved the Spandana Employee Stock Option Plan 2018 (the "**ESOP Plan 2018**") and Spandana Employee Stock Option Scheme 2018 (the "**ESOP Scheme 2018**") at its Extra-Ordinary General Meeting held on June 14, 2018.

In terms of Regulation 12(1) of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended ('SEBI SBEB Regulations'), no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any schemes formulated prior to its Initial Public Offering ('IPO') and prior to the listing of its equity

shares ('Pre-IPO Scheme') unless: (i) such Pre-IPO Scheme is in conformity with the SEBI SBEB Regulations; and (ii) Such Pre-IPO Scheme is ratified by its shareholders subsequent to the IPO. Further, as per proviso to Regulation 12(1) of the SEBI SBEB Regulations, the ratification under clause (ii) may be done any time prior to grant of new options or shares or Stock Appreciation Rights (SAR) under such Pre-IPO Scheme.

In terms of the ESOP Plan 2018 and ESOP Scheme 2018, the Company may grant options to eligible employees of the Company as allowed under applicable laws, as may be deemed appropriate and the Members of the Company at its meeting held on June 14, 2018, by passing Separate Resolution(s), accorded their approval to the Board including any committee thereof for grant of ESOPs to the eligible employees of Company subsidiaries (including both existing and future subsidiaries)

The Board of Directors of the Company at its meeting held on October 31, 2019 approved and recommended to the Members of the Company for ratification of the ESOP Plan 2018 and the ESOP Scheme 2018 and ratification of grant of ESOPs to the eligible employees of the Company (including both existing and future subsidiaries). The Members of the Company pursuant to Special Resolution(s) passed through Postal Ballot process on December 19, 2019, ratified the ESOP Plan 2018 and the ESOP Scheme 2018 including grant of ESOPs to the eligible employees of the Company (including both existing and future subsidiaries).

It is confirmed that the ESOP Plan 2018 and ESOP Scheme 2018 is in conformity with SEBI SBEB Regulations, including grant of options under the ESOP Plan 2018 and ESOP Scheme 2018 post IPO in August 19, 2019.

It is proposed to introduce Spandana Employee Stock Option Scheme 2021 (the "ESOP Scheme 2021") under the ESOP Plan 2018. All future grants of Options will be under the ESOP Scheme 2021 and all Options already granted under the ESOP Scheme 2018, if lapsed or forfeited before exercise of said Options will be added to the pool under the ESOP Scheme 2021.

The brief particulars with respect to ESOP Plan 2018 and ESOP Scheme 2021 in terms of the SEBI SBEB Regulations and Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 is mentioned herein below:

- i. **Brief Description of the ESOP Plan 2018 and ESOP Scheme 2021:** The objective of ESOP Plan 2018 and ESOP Scheme 2021 is retention of employees, rewarding performance, driving performance and provide wealth creation opportunities for employees. The Company views employee stock options as instruments that would enable the Employees to share the value they would create and contribute for the Company in the years to come.
- ii. **Total number of stock options to be granted:** 19,30,262 (Nineteen Lakh Thirty Thousand Two Hundred and Sixty Two Only) Stock Options to be granted as specified in the ESOP Plan 2018 in terms of the ESOP Schemes 2021 approved from time to time. Each Stock Option when exercised would be converted into one Equity Shares of Rs.10/- (Ten) each fully paid-up.

Total 20,68,650 (Twenty Lakh Sixty Eight Thousand Six Hundred Fifty Only) options may be granted as specified in the ESOP Plan 2018. The Company had granted 19,61,354 (Nineteen Lakh Sixty One Thousand Three Hundred and Fifty Four Only) to eligible employees of the Company and its subsidiary company under the ESOP Scheme 2018. 1,38,388 (One Lakh Thirty Eight Thousand Three Hundred and Eighty Eight Only) Equity Shares were allotted to the Participant, pursuant to exercise of 1,38,388 (One Lakh Thirty Eight Thousand Three Hundred and Eighty Eight Only) Stock Options under the ESOP Scheme 2018. As of the date of this Notice, the 18,22,966 (Eighteen Lakh Twenty-two Thousand Nine Hundred and Sixty-six Only) Stock Options are unexercised under the ESOP Scheme 2018 and any of the said Stock Options lapsed, if any in future shall be eligible for future grant of Stock Options under the ESOP Scheme 2021.

- iii. **Identification of classes of employees entitled to participate in the Employee Stock Option Plan(s) and Employee Stock Option Scheme(s):**

Following classes of employees are entitled to participate in ESOP Scheme 2021:

- a) Permanent employees of the Company working in India or out of India;
- b) Directors of the Company; and
- c) Permanent employees and Directors of the Subsidiary Company(ies).

Following persons are not eligible to participate in ESOP Scheme 2021:

- a) an employee who is a Promoter or belongs to the Promoter Group;
- b) a Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- c) an Independent Director within the meaning of the Companies Act, 2013.

The Board/Committee will determine the specific employees or call of employees who will be eligible for award of stock options.

- iv. **Transferability of Employee Stock Options:** The Option shall not be transferable or assignable by the Employee, otherwise than by will or the laws of descent and distribution and the Option shall be exercisable, during the Employee's lifetime, only by him or, during periods of legal disability, by his legal representative/inheritor.
- v. **Requirements of vesting and period of vesting:** The minimum vesting period shall be one year from the date of grant of option.

In case the employment of the Participant with the Company ceases due to the Participant's Retirement on attaining the superannuation age or an extended date, or early retirement after approval from the Company, the Board/Committee shall in its absolute discretion decide number of Stock Options that can vest, provided such Stock Options have been granted 1 (one) year prior to such date, with respect to the un-vested Stock Options which decision shall be binding on the Participant.

Subject to continued employment, 50% of the options ('Time Options') shall vest based on period of employment and remaining 50% of the options shall ('Performance Options') vest based on the performance as per the below schedule:

- i. Time Options shall vest as per the below schedule:

Sr. No.	Particulars	Maximum options entitled for vesting
1	First anniversary from the Grant Date	20% of total Time Options granted
2	Second anniversary from the Grant Date	20% of total Time Options granted
3	Third anniversary from the Grant Date	20% of total Time Options granted
4	Fourth anniversary from the Grant Date	20% of total Time Options granted
5	Fifth anniversary from the Grant Date	20% of total Time Options granted

- ii. Performance Options shall vest as per the below schedule::

Sr. No.	Particulars	Maximum options entitled for vesting
1	First anniversary from the Grant Date	20% of total Performance Options granted
2	Second anniversary from the Grant Date	20% of total Performance Options granted
3	Third anniversary from the Grant Date	20% of total Performance Options granted
4	Fourth anniversary from the Grant Date	20% of total Performance Options granted
5	Fifth anniversary from the Grant Date	20% of total Performance Options granted

Performance options shall vest annually upon meeting the individual performance rating on completion of annual performance cycle as detailed below:

Individual Performance Rating	Vesting per Year (%) of performance options which are entitled to vest as per sub-clause (ii) above
Rating 1	100%
Rating 2	80%
Rating 3	50%
Rating 4	0%
Rating 5	0%

- vi. **Maximum period within which the Options shall be vested:** Stock Options granted under ESOP Scheme 2021 shall vest subject to maximum period of 5 (five) years from the date of grant of such Stock Options.
- vii. **Exercise price or pricing formula:** The Exercise Price of the Stock Option shall be determined by the Committee and shall not be lower than the face value at the time of grant of Stock Options.
- viii. **Exercise period and the process of Exercise:** The exercise period shall be as determined by the Committee and shall commence from the date of vesting, and the options will be exercisable for a period of 9 (nine) years from the date of grant of the Stock Options.
- The process of exercise of stock options will involve tendering of an application to the Company for issue of shares in respect of vested options together with payment of the applicable exercise price and perquisite taxes (if any) that arise out of the exercise. The mode of exercise and the deduction of perquisite tax will be decided by the Committee and shall be subject to alteration based on employee convenience.
- ix. **Appraisal process for determining the eligibility of employees under the ESOP Scheme 2021:** The appraisal process for determining the eligibility for grant of options pursuant to the ESOP Scheme 2021 shall be determined by the Committee and shall be in line to reward or retain any employee or directors (excluding independent directors) who are critical to the Company's growth objectives using a fair assessment of past performance and criticality.
- x. **The lock-in period, if any:** The Equity Shares allotted pursuant to the exercise of the vested Stock Options shall not be subject to any lock-in after such exercise, except if any lock-in is required pursuant to applicable law.
- xi. **Maximum number of Options to be issued per employee and in aggregate:** The number of options that may be granted to any specific employee of the Company under the ESOP Scheme 2021, in any financial year and in aggregate under the ESOP Scheme 2021 shall not exceed 5,00,000 (Five Lakh) Options.
- xii. **Maximum quantum of benefits to be provided per employee under the Plan and Scheme:** The maximum quantum of benefit for the employees under the ESOP Scheme 2021 and ESOP Plan 2018 is the difference between the exercise price of the Stock Options and the market price of the Equity Shares of the Company.
- xiii. **Whether the Plan and Scheme is to be implemented and administered directly by the company or through a trust:** The ESOP Scheme 2021 and ESOP Plan 2018 are implemented and administered directly by the Company.
- xiv. **Whether the Plan and Scheme involves new issue of shares or secondary acquisition or both:** The ESOP Scheme 2021 and ESOP Plan 2018 involve new issue of Equity Shares by the Company.
- xv. **Amount of loan to be provided for implementation of the Plan and Scheme by the Company to the trust, its tenure, utilization, repayment terms, etc.:** Not Applicable
- xvi. **Maximum percentage of secondary acquisition:** Not Applicable
- xvii. **Disclosure and Accounting Policies:** The Company shall confirm to the Accounting Policies as applicable to the Company, from time to time, including the disclosure requirements prescribed from time to time.
- xviii. **Method of Option valuation:** The Company shall adopt 'fair value method' for valuation Options as prescribed under Guidance Note or under any relevant accounting standard notified by appropriate authorities including the disclosure requirements prescribed from time to time.
- xix. **Rights of the option holder:**
- Right to acquire shares at predetermined price
 - Such right will crystallised only on fulfilment of the conditions by employee
 - Until then it remains contingent right
- xx. **Conditions under which options vested in the employees may lapse:**
1. If the vested options cannot be exercised within one year from the date of death/ permanent disability.
 2. In case of Bad Lever, all vested as well as unvested options will lapse.
- (Bad leaver - A bad leaver is any individual that discontinues to be employed by the Company, in an Employer-Employee relation with the Company, due to the following cause:

- Does not contribute the agreed minimum time and/or effort to the Company on an on-going basis, as agreed in the set KPI's, and continues to not contribute after notification from his/her Manager/HR.
- Negligence, fraud, professional misconduct, moral turpitude, etc. as per Company's policy.
- Material breach of his / her employment contract.
- Gross misconduct or any serious or persistent breach of any obligation to the Company.
- Conviction of criminal offence by a court of competent jurisdiction.
- The individual is otherwise determined by the Committee to be a "bad leaver".)

xxi. **Specific time period within which the employee shall exercise the vested options in the event of termination of employment or resignation of the employee:**

- (i) **Good Leaver** - In case the employment of the Participant with the Company is terminated due to resignation by the employee, all Stock Options vested (but not exercised) and unvested Stock Options of the Participant shall lapse on the last working day and the contract referred to in Clause 10.3 of the ESOP Plan 2018 above shall stand automatically terminated without surviving any right/ liability for any party. Any vested Stock Options not exercised before the last working day shall lapse and stand forfeited at the end of the last working day and any unvested Stock Options will lapse post the submission of resignation.
- (ii) **Bad Leaver**- In case the employment of the Participant with the Company is terminated with Cause, all Stock Options (vested but not exercised as well as unvested) shall stand automatically cancelled and forfeited on the Termination Date and the contract referred to in Clause 10.3 of ESOP Plan 2018 shall stand automatically terminated without surviving any right/ liability for any party. Cause shall mean, as determined by the Committee, which shall include but will not be limited to the points as defined in the ESOP Plan 2018 and the Company's policy. All decisions made by the Committee in determining the cause and subsequent actions shall be final and binding on the Participant.

xxii. **Declaration:** In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Board's Report.

Members are requested to note that it is proposed to seek the approval of the Members of the Company in terms of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 for the introduction and implementation of the ESOP Scheme 2021.

Members are further requested to note that the Board considers it appropriate to extend the proposed ESOP Scheme 2021 to the employees/directors of the Subsidiary Company(ies), as may be decided by the Board/Committee thereof, to motivate and retain the best talent. The resolution as set out in Item No.2 provides that the Company may grant option to the employees/directors of the Subsidiary Company(ies).

Members are requested to note that the ESOP Plan 2018 and the ESOP Scheme 2021 shall be available for inspection by the Members of the Company at the Registered Office of the Company during normal business hours on all working days, except (except Saturday and Sunday) until Thursday, March 25, 2021.

The Board recommends passing of Resolution(s) as set out in Item No. 1 and 2 of this Notice to the Members for their consideration and approval, by way of Special Resolution(s).

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution(s) set out at Item No. 1 and 2 of this Notice, except to the extent of the Stock Options that may have been granted to any of them under the ESOP Scheme 2018 and Stock Options/Equity Shares that may be granted/offered to any of them under the ESOP Scheme 2021.

**By the Order of the Board of Directors
For Spandana Sphoorty Financial Limited**

Sd/-

Ramesh Periasamy

Company Secretary & Compliance Officer

**Place: Hyderabad
Date: February 23, 2021**