

B S R & Company

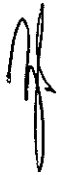
(Registered)
Chartered Accountants

Reliance Humsafar, IV Floor,
Road No. 11, Banjara Hills
Hyderabad-500 034, India

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AUDITORS' REPORT TO THE MEMBERS OF SPANDANA SPOORTY FINANCIAL LIMITED

- 1 We have audited the attached balance sheet of Spandana Sphoorty Financial Limited ("the Company") as at 31 March 2009, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure I a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure I referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors, as on 31 March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



B S R & Company

- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

for B S R & Company
Chartered Accountants



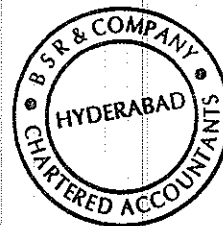
Zubin Shekary
Partner
Membership No: 48814

Place : Hyderabad
Date : 05 June 2009

ANNEXURE I TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of Spandana Sphoorty Financial Limited ("the Company"):

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets were verified during the year and no material discrepancies were noted on such verification.
3. Fixed assets disposed during the year were not substantial, and therefore, do not affect the going concern assumption.
4. The Company is a Non Banking Finance Company ('NBFC'), engaged in the business of providing loans. Accordingly, it does not hold any physical inventories. Hence, paragraph 4(ii) of the Order is not applicable.
5. The Company has granted loans to companies and other parties covered in the register maintained under section 301 of Companies Act, 1956. The maximum amount outstanding during the year was Rs 50,795,000 and the year-end balance of such loans was Rs Nil.
6. The Company has taken loans from companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs 229,714,000 and the year-end balance of such loans was Rs 185,000,000.
7. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
8. In the case of loans taken from companies and other parties listed in the register maintained under section 301, the company has been regular in repaying the principal amounts as stipulated and in the payment of interest.
9. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.



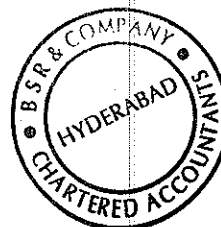
ANNEXURE I TO THE AUDITORS' REPORT (continued)

10. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
11. The Company has not accepted any deposits from the public.
12. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
13. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the services rendered by the Company.
14. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty and other material statutory dues with the appropriate authorities during the year.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.


As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
15. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
16. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
17. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
18. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
19. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
20. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.



ANNEXURE I TO THE AUDITORS' REPORT (continued)

21. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
22. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
23. The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under section 301 of the Companies Act, 1956.
24. The Company did not have any outstanding debentures during the year.
25. The Company has not raised any money by way of public issue.
26. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year, except for misappropriation of cash by certain employees amounting to Rs.5,300,217 of which an amount of Rs.2,452,140 has been subsequently recovered. The employees have been dismissed and criminal proceedings have been initiated.

for B S R & Company
Chartered Accountants



Zubin Shekary
Partner

Membership No: 48814

Place : Hyderabad

Date : 05 June 2009

B S R & Company

ANNEXURE II TO THE AUDITORS' REPORT

To the members of
SPANDANA SPHOORTY FINANCIAL LIMITED

We have audited the attached balance sheet of Spandana Sphoorty Financial Limited ("the Company") as at 31 March 2009 and profit and loss account for the year ended on that date annexed thereto.

Further to our audit report of even date issued under section 224 of the Companies Act, 1956, as required by the Non Banking Finance Companies Auditors' report (Reserve Bank) Directions, 1998 based on the information and explanations given to us and based on the records produced, we state below a statement of matters specified in paragraph 3 of the said Directions.

- 1 The Company has obtained a certificate of registration from Reserve Bank of India dated 11 January 2008 as a Non Banking Finance Company without accepting public deposit. The registration number is N-09.00414.
- 2 The Board of Directors has passed a resolution in the meeting held on 2 July 2008 for non-acceptance of public deposits and the Company has not accepted any public deposits during the year ended 31 March 2009.
- 3 The Company has complied with prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable.

for B S R & Company
Chartered Accountants



Zubin Shekary
Partner
Membership No: 48814

Place : Hyderabad
Date : 05 June 2009

Spandana Sphoorty Financial Limited
(formerly Spandana Sphoorty Innovative Financial Services Limited)
Balance Sheet as at 31st March 2009
(All amounts in Indian rupees, except share data)

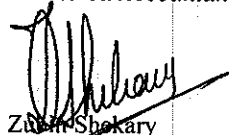
SOURCES OF FUNDS	Schedule	31 March 2009	31 March 2008
Shareholders' funds			
Share capital	2	133,952,140	433,550,920
Reserves and surplus	3	2,647,190,620	450,365,028
		2,781,142,760	883,915,948
Subordinated Loan			
		185,000,000	200,000,000
Loan funds			
Secured loans	4	14,761,186,601	4,725,953,372
Deferred tax liability, net		-	2,811,177
Total		17,727,329,361	5,812,680,497
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	129,706,021	54,754,957
Less: Accumulated depreciation		(44,008,679)	(17,831,107)
Net block		85,697,342	36,923,850
Capital Work in Progress		-	1,021,033
		85,697,342	37,944,883
Investments			
Deferred tax asset, net	6	2,950,566,474	14,245,685
		36,644,379	-
Current assets, loans and advances			
Cash and bank balances	7	2,723,711,434	1,012,615,766
Loan Portfolio	8	12,471,332,296	4,882,683,751
Other Loans and Advances	9	82,824,948	31,189,021
Other current assets	10	47,395,164	42,723,246
		15,325,263,842	5,969,211,784
Current liabilities and provisions			
Current liabilities	11	367,058,790	44,868,948
Provisions	12	303,783,886	163,952,908
		670,842,676	208,821,856
Net current assets		14,654,421,166	5,760,389,928
Miscellaneous expenditure (to the extent not written off)	13	-	100,001
		17,727,329,361	5,812,680,497

Significant accounting policies 1

Notes to accounts 20

The Schedules referred to above form an integral part of the Balance Sheet

As per our report attached
for **BSR & Company**
Chartered Accountants

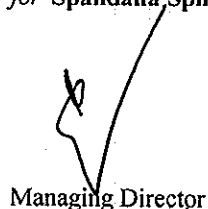

Zia Shokary
Partner

Membership No. 48814

Hyderabad

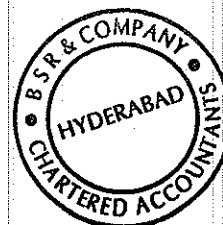
Date: 05.06.2009

for **Spandana Sphoorty Financials Limited**


Managing Director


Director


Company Secretary



Spandana Sphoorty Financial Limited
(formerly Spandana Sphoorty Innovative Financial Services Limited)
Profit and Loss Account for the year ended 31st March 2009
(All amounts in Indian rupees, except share data)

Income	Schedule	Year ended 31 March 2009	Year ended 31 March 2008
Income from operations	14	2,998,614,495	1,133,813,613
Other income	15	568,204,153	140,682,883
		3,566,818,648	1,274,496,496
Expenditure			
Financial expenses	16	1,181,633,376	416,527,325
Personnel expenses	17	587,457,505	232,969,484
Operating and other expenses	18	164,695,211	81,096,699
Depreciation		26,177,572	9,196,969
Provisions and write offs	19	186,633,501	74,863,567
Preliminary expenses written-off		100,001	195,152
		2,146,697,166	814,849,196
Profit before tax		1,420,121,482	459,647,300
Provision for tax		516,973,724	189,007,555
Current tax		555,576,667	187,531,050
Deferred tax expense/(benefit)		(39,455,556)	1,254,981
Fringe benefit tax		852,613	221,524
Profit after tax		903,147,758	270,639,747
Balance in Profit and Loss Account brought forward		216,511,798	-
Amount available for appropriation		1,119,659,556	270,639,747
Appropriations			
Transfer to Statutory reserve		180,629,552	54,127,949
Provision for Dividends		-	-
Provision for Dividend Tax		-	-
Balance carried to Balance Sheet		-	-
		939,030,004	216,511,798
Earnings per share			
Basic & Diluted - Par value Rs.10 per share		80.06	28.68

Significant accounting policies

Notes to accounts

The Schedules referred to above form an integral part of the Profit and Loss Account


As per our report attached
for **BSR & Company**
Chartered Accountants



Zubin Shekary
Partner
Membership No. 48814

for **Spandana Sphoorty Financials Limited**

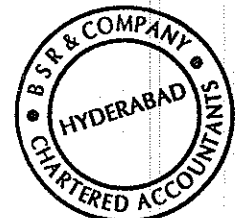

Managing Director


Director

Hyderabad
Date: 05.06.2009




Company Secretary



Spandana Sphoorty Financial Limited
(formerly Spandana Sphoorty Innovative Financial Services Limited)
Cash Flow Statement for the Year ended 31st March 2009
(All amounts in Indian rupees, except share data)

	31 March 2009	31 March 2008
A Cash Flows from Operating Activities		
Profit Before Taxation	1,420,121,482	459,647,302
Adjustments for:		
Depreciation	26,177,572	9,196,969
Provisions and write offs on loan portfolio	186,633,501	74,863,567
Interest and finance charges	1,181,633,376	416,527,325
Interest income	(57,520,670)	(22,048,949)
Income from mutual fund investments - other than trade	(9,034,811)	(1,348,100)
Profit on sale of assets	-	(143,485)
Preliminary expenditure written-off	100,001	195,152
<i>Operating cash flows before working capital changes and other assets</i>	<u>2,748,110,451</u>	<u>936,889,781</u>
(Increase) / decrease in current assets	22,222,525	(37,312,720)
(Increase) / decrease in loans and advances	(7,640,284,472)	(2,189,481,100)
Increase / (decrease) in current liabilities and provisions	261,736,518	(50,722,043)
<i>Cash generated from operations</i>	<u>(4,608,214,978)</u>	<u>(1,340,626,082)</u>
Income taxes paid, net	(535,571,425)	(108,987,095)
Net cash provided by operating activities	<u>(5,143,786,403)</u>	<u>(1,449,613,177)</u>
B Cash flows from investing activities		
Purchase of fixed assets	(73,930,030)	(23,213,402)
Proceeds from sale of fixed assets	-	641,299
Purchase of investments, net	(2,936,320,789)	(7,912,685)
Interest received	31,312,094	10,937,274
Income from mutual funds	9,034,811	1,348,100
Net cash provided by / (used in) investing activities	<u>(2,969,903,914)</u>	<u>(18,199,414)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital (net of share issue expenses)	994,079,053	463,588,445
Proceeds / (repayment) of unsecured loans	(15,000,000)	5,500,000
Proceeds from long term borrowings	10,035,233,229	1,974,652,353
Interest paid	(1,189,526,297)	(411,328,535)
Net cash provided by / (used in) financing activities	<u>9,824,785,986</u>	<u>2,032,412,263</u>
Net increase in cash and cash equivalents	<u>1,711,095,668</u>	<u>564,599,672</u>
Cash and cash equivalents at the beginning of the year	1,012,615,766	448,016,094
Cash and cash equivalents at the end of the year (Note 1)	<u>2,723,711,434</u>	<u>1,012,615,766</u>

Note:

1. Cash and cash equivalents comprise:

	31 March 2009	31 March 2008
Cash on hand	141,613,916	49,588,479
Balances in		
Current accounts	716,777,867	205,377,996
Deposit accounts *	1,865,319,651	757,649,291
	<u>2,723,711,434</u>	<u>1,012,615,766</u>

* Out of the above, Rs. 1,455,673,327 is lien marked against term loans from banks and FLDG in the form of cash collateral for assigned loans

As per our report attached
for **BSR & Company**
Chartered Accountants


Zubin Shekary
Partner

Membership No. 48814

Hyderabad
Date: 05.06.2009

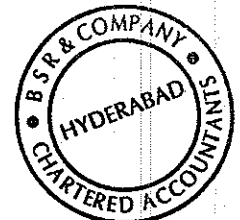


for Spandana Sphoorty Financials Limited


Managing Director


Director


Company Secretary



Spandana Sphoorty Financial Limited
(formerly Spandana Sphoorty Innovative Financial Services Limited)
Schedules to the Accounts
(All amounts in Indian rupees, except share data)

Schedule 2

Share capital

Authorised

Equity - 50,000,000 (previous year 10,000,000) Shares of Rs. 10/- each
Preference - previous year 40,000,000 Shares of Rs. 10/- each

31 March 2009

31 March 2008

500,000,000

100,000,000

-

400,000,000

Issued, subscribed and paid-up

13,395,214 (previous year 9,839,051) Equity shares of Rs. 10-
each fully paid up (*)

133,952,140

98,390,510

33,516,041 Compulsorily Convertible Preference Shares Rs. 10-
each fully paid up

-

335,160,410

133,952,140

433,550,920

(*) Out of the above, 6,165,000 Equity shares of Rs. 10/- each
were issued as fully paid up bonus shares in the year 2005-06

Schedule 3

Reserves and surplus

31 March 2009

31 March 2008

General reserve

At the commencement of the year

23,280,656

24,616,667

Less: Transitional liability on gratuity

-

1,336,011

Add: Transfer from Profit and Loss Account

-

23,280,656

23,280,656

Securities Premium

Opening Securities Premium

116,347,525

127,884,279

Add: Additions during the year

1,299,598,873

-

1,415,946,398

127,884,279

Less: Share issue expenses

(5,921,040)

(11,536,754)

1,410,025,358

116,347,525

Capital reserve

Grant received from SIDBI

7,000,000

7,000,000

Statutory reserve

At the commencement of the year

87,225,048

33,097,099

Add: Transfer from Profit and Loss Account

180,629,552

54,127,949

267,854,600

87,225,048

Balance in Profit and Loss Account

939,030,004

216,511,798

2,647,190,620

450,365,028

Schedule 4

Secured Loans

31 March 2009

31 March 2008

Term Loans

From Banks (secured by book debts and cash collateral)

11,385,903,399

3,992,310,936

From Financial Institutions (secured by book debts)

3,375,283,202

286,472,400

From Others (secured by book debts)

-

398,888,878

Others

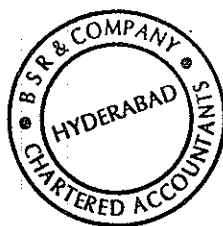
Cash Credit from Banks (secured by book debts)

-

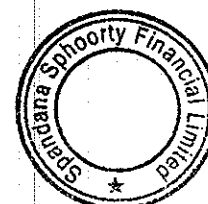
48,281,158

14,761,186,601

4,725,953,372



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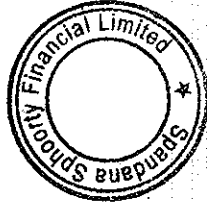


Spandana Sphoorty Financial Limited
 (formerly Spandana Sphoorty Innovative Financial Services Limited)
Schedules to the Accounts
 (All amounts in Indian rupees, except share data)

Schedule 5
Fixed Assets

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01 April 2008	Additions during the year	Deletions during the year	As at 31 March 2009	As at 01 April 2008	Charge for the year	On deletions	As at 31 March 2009	As at 31 March 2009	As at 31 March 2008
Furniture and Fixtures	14,941,162	17,754,750	-	32,695,912	3,348,154	9,437,333	-	12,785,487	19,910,425	11,593,008
Office Equipment	9,161,011	10,980,132	-	20,141,143	2,202,304	3,176,005	-	5,378,309	14,762,834	6,958,707
Vehicles	1,634,311	3,280,605	-	4,914,916	618,660	796,646	-	1,415,306	3,499,610	1,015,651
Computers	28,277,753	25,055,809	-	53,333,562	11,281,856	11,424,797	-	22,706,653	30,626,909	16,995,897
Software	740,720	17,879,768	-	18,620,488	380,133	1,342,791	-	1,722,924	16,897,564	360,587
Total	54,754,957	74,951,064	-	129,706,021	17,831,107	26,177,872	-	44,008,679	85,697,342	36,923,850
Previous year	33,347,995	22,192,369	785,407	54,754,957	8,921,731	9,169,969	287,593	17,831,107	36,923,850	

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Spandana Sphoorty Financial Limited
(formerly Spandana Sphoorty Innovative Financial Services Limited)
Schedules to the Accounts
(All amounts in Indian rupees, except share data)

Spandana Sphoorty Financial Limited
(formerly Spandana Sphoorty Innovative Financial Services Limited)
Schedules to the Accounts
(All amounts in Indian rupees, except share data)

Schedule 6

Investments in Subsidiaries (Unquoted) - trade

	31 March 2009	31 March 2008
631,449 Equity shares of Rs.10 each in Keerthana Financials Limited (previously known as M G Brothers Finance Limited)	-	7,912,685
503,000 Equity shares of Rs.10 each in Spandana Sphoorty Marketing Services Private Limited	-	5,533,000
80,000 Equity shares of Rs.10 each in Spandana Sphoorty Chit Funds Private Limited	-	800,000

Others - quoted - non-trade

Investment in Mutual Funds (Debt) (Refer Note 20(m))

	2,950,566,474	-
	<u>2,950,566,474</u>	<u>14,245,685</u>
Market value of quoted investments	2,950,566,474	-

Schedule 7

Cash and bank balances

	31 March 2009	31 March 2008
Cash on hand	141,613,916	49,588,479
Balances with Scheduled banks		
Current accounts	716,777,867	205,377,996
Deposit accounts *	1,865,319,651	757,649,291

* Out of the above, Rs. 1,455,673,327 is lien marked against term loans from banks and FLDG in the form of cash collateral for assigned loans

	<u>2,723,711,434</u>	<u>1,012,615,766</u>
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Schedule 8

Loan Portfolio (Refer Note 20(c))

	31 March 2009	31 March 2008
Loan Portfolio (unsecured, considered good)	13,172,916,114	5,220,816,063
Loan Portfolio (unsecured, considered doubtful)	1,925,927	-
Loans and advances outstanding	13,174,842,041	5,220,816,063
Less: Prepayments	(703,509,745)	(338,132,312)
	<u>12,471,332,296</u>	<u>4,882,683,751</u>

Schedule 9

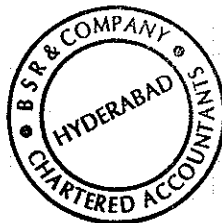
Other Loans and Advances

Advances recoverable in cash or kind or for value to be received	34,412,110	24,871,611
Income Tax Refund receivable	5,950,622	5,997,410
Unamortised Processing Fee	40,852,216	-
Amount pending with court	1,610,000	320,000
	<u>82,824,948</u>	<u>31,189,021</u>

Schedule 10

Other current assets

Interest accrued but not due on loans	-	26,111,472
Interest accrued on Term Deposits	42,820,350	16,611,774
Interest paid in advance on Assigned Portfolio	4,574,814	-
Total	<u>47,395,164</u>	<u>42,723,246</u>



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Spandana Sphoorty Financial Limited
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Schedule 11

Current liabilities

	31 March 2009	31 March 2008
Sundry creditors		
- dues to micro and small enterprises (Refer Note 20(v))	-	-
- others	135,870,382	33,735,411
Interest accrued but not due on borrowings	3,016,509	10,909,431
Unamortised upfront interest on the Loan portfolio	168,666,157	-
Interest payable on buyouts (Net)	31,938,800	-
Other liabilities	27,566,942	224,106
	367,058,790	44,868,948

Schedule 12

Provisions

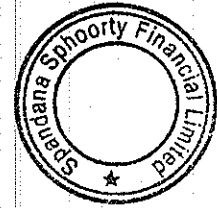
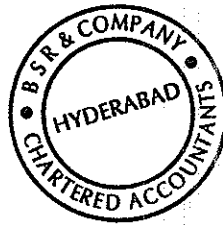
	31 March 2009	31 March 2008
Provision for taxation [net of advance tax Rs.433,901,274]	116,098,726	89,185,497
Provision on Standard Assets	178,778,505	70,178,504
Provision on Non Performing Assets	3,142,370	-
Provision for Fringe Benefit Tax	133,963	-
Provision for gratuity	5,630,322	4,588,907
	303,783,886	163,952,908

Schedule 13

Miscellaneous expenditure

(to the extent not written-off or adjusted)

	31 March 2009	31 March 2008
Opening Balance	100,001	295,153
Additions during the year	-	-
Less: Amortised during the year	(100,001)	(195,152)
	-	100,001



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Schedule 14

	31 March 2009	31 March 2008
Income from operations		
Interest income from portfolio loans	2,904,571,875	1,083,797,693
Group registration fees	94,042,620	50,015,920
	2,998,614,495	1,133,813,613

Schedule 15

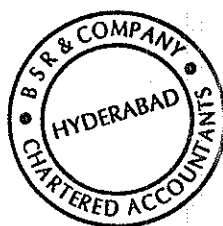
	31 March 2009	31 March 2008
Other income		
Interest on fixed deposits	57,520,670	17,039,215
[Tax deducted at source Rs. 12,431,660 (Previous year Rs. 3,210,350)]		
Recovery from loans written off	25,603,634	40,724,694
Insurance facilitation charges	45,351,182	7,054,316
Commission on remittances	2,102,341	449,145
Income from asset assignment	424,931,388	67,646,604
Profit on sale of vehicles	-	143,485
Interest accrued on security deposits	-	5,009,733
Income from mutual fund investments - other than trade	9,034,811	1,348,100
Miscellaneous income	3,660,127	1,267,592
	568,204,153	140,682,884

Schedule 16

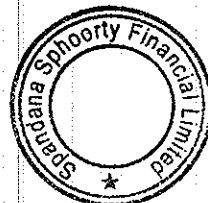
	31 March 2009	31 March 2008
Financial Expenses		
Interest		
on term loans from banks	965,251,048	299,896,030
on term loans from financial institutions	123,739,962	77,030,893
on other loans	22,253,753	17,087,224
Processing fee and other charges	70,388,613	22,513,178
	1,181,633,376	416,527,325

Schedule 17

	31 March 2009	31 March 2008
Personnel expenses		
Salaries, wages and bonus	535,375,809	210,635,752
Contribution to provident and other funds	16,506,218	8,346,615
Leave encashment	5,934,054	220,680
Gratuity	5,630,322	2,564,954
Staff welfare	24,011,102	11,201,483
	587,457,505	232,969,484



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Schedule 18

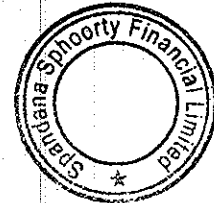
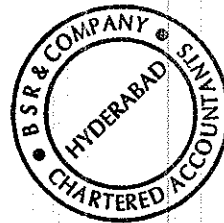
Operating and other expenses

	31 March 2009	31 March 2008
Death Relief and Rehabilitation Assistance	12,129,981	24,614,674
Bank Charges	18,467,449	8,285,992
Office Rent and Electricity	42,779,490	19,990,824
Printing & Stationery	23,107,848	9,745,022
Fraud and shortages, net	2,848,077	4,183,520
Office maintenance	12,552,882	3,858,553
Postage & Telephone	10,277,712	2,922,739
Staff Recruitment and Training	4,173,465	2,820,674
Travelling Expenses	3,771,229	1,790,986
Rates & Taxes	24,308,625	534,644
Computers and Network maintenance	1,311,949	305,812
Sitting fees to Independent Directors	25,000	30,000
Legal and professional charges	6,806,337	861,569
Audit Fees & Expenses	2,135,167	1,151,690
	164,695,211	81,096,698

Schedule 19

Provisions and write offs

	31 March 2009	31 March 2008
Standard Assets provision	108,600,000	69,744,020
Provision for NPA	3,142,370	-
Bad Debts written off	74,891,131	5,119,547
Total	186,633,501	74,863,567



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Overview

Spandana Sphoorty Financial Limited (formerly Spandana Sphoorty Innovative Financial Services Limited) ("SSFL" or "the Company") was incorporated on 10 March 2003 as a limited Company. The Company is engaged in the business of micro finance lending activities, following group lending methodology and providing small value unsecured group loans to the extent of Rs 25,000 to poor people and lower income group in urban and rural areas. The tenure of these loans is generally spread over fifty weeks; other services offered to the members of the Company include facilitating remittances and insurance. The Company also provides individual loans, small business loans, diary loans and tractor loans. The Company also acts as agent to manage group loans given on behalf of the Banks.

Schedule 1: Significant accounting policies

a. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ("AS") prescribed by the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the relevant guidelines of Reserve Bank of India ('RBI') to the extent applicable to a non banking finance company. The financial statements are presented in Indian Rupees rounded off to the nearest rupee.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Revenue Recognition

Interest income on loan portfolio (including interest on managed portfolio) is recognized in the profit and loss account on accrual basis using effective interest method except in the case of non-performing assets ("NPA's") where it is recognized, upon realization, as per the prudential norms of RBI. Income from loan portfolio assigned is recognized in the profit and loss account in the year in which all the rights to benefits specified in the underlying contracts are unconditionally and irrevocably transferred to the purchaser.

Group membership fee that are non-refundable in nature is recognized on upfront basis.

Interest on term deposits has been accrued on the time proportion basis, using the underlying interest rate.

Dividend income is accounted when the right to receive the dividend is established.

d. Classification of loan portfolio and provisioning policy

All loan exposures are classified as per RBI guidelines, into performing and non-performing assets ("NPAs"). Further, NPAs are classified into sub-standard, doubtful and loss assets in accordance with the extant Non-Banking Financial (Non-Deposit Accepting and Holding) Companies prudential Norms (Reserve Bank) Direction, 2007. The provisioning rates and classification criteria for NPAs, which are not lower than the rates prescribed in RBI guidelines, are given below:



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Past Due days	Classification	General Loan	Individual Loan	Small Business Loan	Tractor Loan	Agri-Family Loan	Dairy Loan
1 to 30	Standard	1%	1%	50%	1%	1%	1%
31 to 60	Sub standard	50%	1%	100%	1%	25%	50%
61 to 90	Sub standard	50%	25%	100%	20%	50%	50%
91 to 120	Sub standard	100%	50%	100%	40%	100%	100%
> 120	Doubtful	100%	100%	100%	100%	100%	100%

In addition to the specific provision on NPAs, the Company maintains an additional general provision of 1% on outstanding balance of standard assets. The Company has not rescheduled/restructured any loans during the year.

e. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets acquired but not ready for their intended use before such date are disclosed as capital work-in-progress.

Depreciation on fixed assets is provided using the written down method as per the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956. Depreciation is calculated on a pro-rata basis from / upto the month the assets are purchased / sold.

f. Investments

Investments that are readily realizable and intended to be held to the period of not more than a year are classified as current investments. Current investments are valued at lower of cost and fair value determined on individual investment basis. All other investments are classified as long term investments. Long term investments are carried at cost. Provision is recognized for any diminution in the value of investments, other than temporary.

g. Employee benefits

Contributions to gratuity fund (a defined benefit plan), determined by independent actuary at the balance sheet date are charged to profit and loss account.

Contributions payable to the recognized provident fund which is defined contribution schemes, is charged to the profit and loss account. All actuarial gains and losses arising during the year are recognized in the profit and loss account.

The service rules of the Company do not provide for the carry forward of the accumulated leave balance.

h. Income Tax

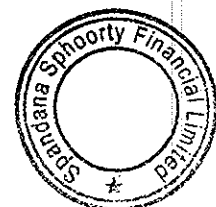
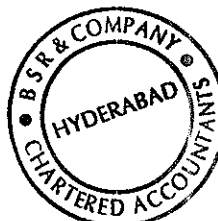
Income tax expense comprises current tax, deferred tax and fringe benefit tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or benefit and the



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corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realised.

Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses the FBT in accordance with the provisions of Section 115 WC of the Income Tax Act, 1961 and guidance note on FBT issued by the ICAI.

i. Earnings per share

The basic and diluted earnings per share ('EPS') is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

j. Provisions and contingent liabilities

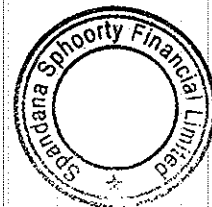
The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount for the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

k. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.



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Schedule 20: Notes to the accounts

a. During the year, 33,516,041 Compulsorily Convertible Preference Shares of Rs.10/- each were converted into 2,033,977 equity shares of Rs.10/- each at a price mutually agreed between the parties. Further, the Company has allotted 1,522,186 equity shares of Rs.10/- each to an investor at a mutually agreed price.

b. Assignment of certain Loan portfolio

During the year Company has entered into Assignment agreement with scheduled banks in respect of certain loan contracts, whereby underlying pool of Assets are transferred to these banks for a lump sum consideration. During the year, the company has assigned loan portfolio having book value of INR 7,302,855,629 to Scheduled Banks and NBFC's. The Company has received a total consideration of INR 7,727,787,017 arising out of such sale of loans through direct assignment. The difference between the consideration received and the book value of the loan portfolio assigned amounting to INR 424,931,388 has been accounted as a gain in the profit and loss account in the current year, as all the right to benefits specified in the contract have been unconditionally and irrevocably transferred to the Banks without any recourse obligation.

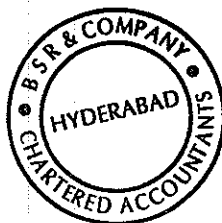
c. Provisions on Loan portfolio:

For the year ended 31st March 2009		(Amount in Rs)
Asset classification	Loan Portfolio	Provision expense
Standard Portfolio	12,457,961,523	108,600,000
Sub Standard Portfolio	11,444,846	1,216,443
Doubtful Portfolio*	1,925,927	1,925,927
Loss Asset	-	-
Total	12,471,332,296	111,742,370

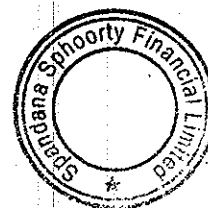
*Doubtful loans amounting to Rs 74,891,131 has been written off during the year 2008-09.

For the year ended 31st March 2008		(Amount in Rs)
Asset classification	Loan Portfolio	Provision expense
Standard Portfolio	4,881,865,867	69,744,020
Sub Standard Portfolio	817,884	-
Doubtful Portfolio*	-	-
Loss Asset	-	-
Total	4,882,683,751	69,744,020

*Doubtful loans amounting to Rs. 5,119,547 has been written off during the year 2007-08.



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d. **Contingent liability not provided for;**

(i) Guarantees outstanding on managed and assigned portfolio

**For the year ended 31st March
2009**

Amount (Rs)

S.No	Name of the Bank	Sanctioned Limits	Portfolio Outstanding	FLDG (%)	Contingent Liability
1	ICICI Bank (Managed Portfolio)	2,000,000,000	94,412,419	6% to 8%	6,070,117
2	ICICI Bank	4,931,952,064	3,280,995,754	10%	439,474,680
3	Fullerton India	1,000,000,000	85,972,700	30%	79,603,325
4	HDFC Bank	703,501,240	717,224,505	10% to 15%	103,182,393
5	Kotak Mahindra Bank	400,000,000	400,000,000	10%	40,000,000
6	Punjab National Bank	2,000,000,000	693,369,265	10%	83,353,568
Total		11,035,453,304	5,271,974,643		751,684,083

For the year ended 31st March 2008

Amount (Rs)

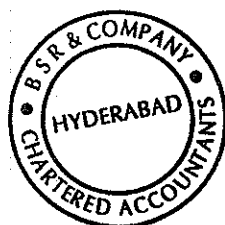
Sl. No.	Name of the Banks	Sanctioned limits	Portfolio outstanding	FLDG (%)	Contingent liability
1	ICICI Bank (Managed Portfolio)	2,000,000,000	323,612,260	6 to 8%	20,112,273
2	ICICI Bank	931,952,064	864,305,460	10%	93,195,207
3	HDFC Bank	700,001,240	404,816,720	10%	77,000,136
4	Centurion Bank of Punjab	500,000,000	399,801,660	8%	40,000,000
5	Development Credit Bank	100,000,000	100,000,000	10%	10,000,000
Total		4,231,953,304	2,092,536,100		240,307,616

(ii) Other contingent liabilities not acknowledged as debt by the Company is Rs.28,528,240.

(iii) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.4,731,349 (previous year: Rs. Nil)

e. **Deferred Tax Liability and Provision for Income Taxes:**

	31st March 2009	31st March 2008
Deferred Tax Liability		
On Depreciation	2,378,711	3,499,118
Deferred Tax Asset		
On gratuity	(1,041,858)	(687,942)
On provision for Loan portfolio	(37,981,232)	-
Net Deferred Tax (Asset) / Liability	(36,644,379)	2,811,177



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f. Segmental Reporting

The company operates in a single reportable segment i.e. micro credit lending to members, which have similar risk and returns for the purpose of AS-17 on 'segmental reporting' issued by ICAI. The Company does not have any reportable geographical segment.

g. Leases

Lease payments made under cancellable operating lease amounting to Rs.37,610,354 (previous year Rs.16,968,346) disclosed as rent and the same have been recognized as an expense in the profit and loss account. The company has not entered into any non-cancellable operating or finance leases.

h. Managerial remuneration :

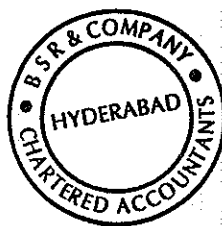
Particulars	(Amount in Rs)	
	31st March 2009	31st March 2008
Salary and allowances	8,200,629	3,291,893
Contribution to provident and other funds	9,360	18,720
Total	8,209,989	3,310,513

i. Auditors' remuneration

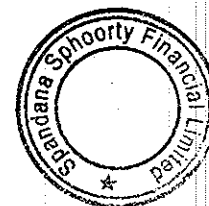
Particulars	(Amount in Rs)	
	For the year ended 31st March 2009	For the year ended 31st March 2008
Audit fees	1,075,425	926,970
Certification	475,750	
Tax audit fees	-	224,720
Others	583,992	-

j. Related party disclosures

Name of the related party	Nature of relationship
Spandana Rural and Urban Development Organization	Enterprises in which Key Managerial Personnel have significant influence
Spandana Mutual Benefit Trust	Enterprises in which Key Managerial Personnel have significant influence (till October 2008)
Spandana Marketing Services Private Limited	Enterprises in which Key Managerial Personnel have significant influence
Spandana Sphoorty Chit Fund Private Limited	Enterprises in which Key Managerial Personnel have significant influence
Spandana Employee Welfare Trust	Enterprises in which Key Managerial Personnel have significant influence
Keertana Financials Limited (Formerly known as M G Brothers Finance Limited)	Enterprises in which Key Managerial Personnel have significant influence
Ms Padmaja Reddy G	Key Managerial Personnel
Mr. M.V. Narendra Prasad	Key Managerial Personnel



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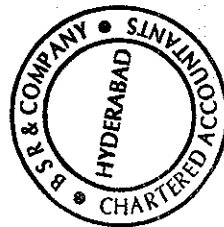
k. Related party disclosures

A) Parties where control exists

Sl.No.	Name of the related party	Nature of transactions	31st March 2009		31st March 2008	
			Volume of transactions during the year	Payable/ (Receivable)	Volume of transactions during the year	Amount payable/(receivable)
1	Spandana Rural and Urban Development Organization	Short term loan taken	12,540,000 (Dr)	Nil	12,575,770 (Dr)	Nil
		Short term loan given	50,795,000 (Dr)	Nil	12,575,770 (Cr)	Nil
		Subordinated loan	50,795,000 (Cr)	150,000,000(Cr)	194,500,000 (Dr)	150,000,000(Cr)
		Interest expense	Nil	150,000,000(Cr)	150,000,000 (Cr)	150,000,000(Cr)
2	Spandana Mutual Benefit Trust	Interest expense	17,036,007 (Dr)	Nil	13,268,386(Dr)	1,051,027(Cr)
		Interest Income	1,245,052 (Cr)	Nil	Nil	Nil
		Short term loan	2,160,000 (Dr)	Nil	3,076,195 (Dr)	Nil
		Subordinated loan	2,160,000 (Cr)	35,000,000	3,076,195 (Cr)	50,000,000(Cr)
3	Spandana Marketing Services Private Limited	Interest on loans	15,000,000(Dr)	Nil	50,000,000 (Cr)	50,000,000(Cr)
		Short term loan	4,779,333 (Dr)	Nil	2,469,483(Dr)	350,342(Cr)
		Interest on loans	2,150,000 (Dr)	Nil	5,525,000 (Dr)	Nil
		Short term loan	2,150,000 (Cr)	Nil	5,525,000 (Cr)	Nil
4	Spandana Spahoorty Chit Fund Private Limited	Interest on loans	25,741 (Dr)	Nil	145,791(Dr)	Nil
		Short term loan	600,000 (Dr)	Nil	1,800,000 (Dr)	Nil
		Interest on loans	600,000 (Cr)	Nil	1,800,000 (Cr)	Nil
		Short term loan	7,562 (Dr)	Nil	42,530(Dr)	Nil
5	Spandana Employee Welfare Trust	Interest on loans	5,240,000 (Dr)	Nil	9,150,000 (Dr)	Nil
		Short term loan	5,240,000 (Cr)	Nil	9,150,000 (Cr)	Nil
		Interest on loans	110,406 (Dr)	Nil	258,483(Dr)	Nil
		Short term loan	7,024,000 (Dr)	Nil	5,990,000 (Dr)	Nil
6	Keertana Financials Limited (Formerly known as M G Brothers Finance Limited)	Interest on loans	7,024,000 (Cr)	Nil	5,990,000 (Cr)	Nil
		Short term loan	294,705 (Dr)	Nil	253,578(Dr)	Nil
		Interest on loans	Nil	Nil	Nil	Nil
		Short term loan	Nil	Nil	Nil	Nil

B) Other related parties with whom transactions have taken place during the year:

Sl.No	Name of the transacting party	Nature of transactions	2008 - 09		2007 - 08	
			Volume of transactions during the year	Payable/ (Receivable)	Volume of transactions during the year	Amount payable/(receivable)
1	MV Narendra Prasad	Personal Loan	Nil	Nil	49,975	Nil



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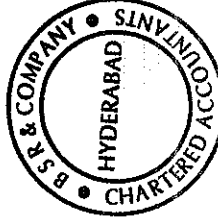
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1. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

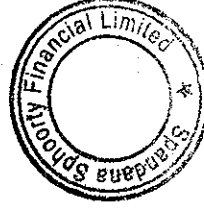
	1 day to 30/31 day (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	520,484,003	521,674,446	476,788,534	1,378,478,842	2,749,838,827	5,711,911,191	26,727,556	-	11,385,903,399
Market Borrowings	20,555,558	53,616,558	20,555,552	235,000,000	784,777,767	2,048,177,767	212,600,000	-	3,375,283,202
Assets									
Loans & Advances	2,011,672,754	1,549,291,354	1,500,020,175	3,845,049,911	3,208,681,156	356,616,946	-	-	12,471,332,295
Investments	2,697,000,000	253,566,474	-	-	-	-	-	-	2,950,566,474
Fixed Deposits	651,882,726	63,665,504	33,500,689	120,383,914	388,032,511	532,854,307	75,000,000	-	1,865,319,651

m. Investments

Particulars	Units Purchased	Purchase Value	Units Sold	Sale Value	Closing Units	Closing value
Total	1,213,705,939	17,909,460,406	1,093,073,792	14,967,928,733	121,233,015	2,950,566,474



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n. **Earnings Per Share (EPS)**

(Amount in Rs)

Particulars	31st March 2009	31st March 2008
Profit after tax	903,147,758	270,639,748
Weighted average number of equity shares outstanding during the year	11,281,255	9,435,264
Basic EPS of par value of Rs.10	80.06	28.68

o. **Break up of loan portfolio:**

Loan Portfolio	31st March 2009	31st March 2008
Opening Loan outstanding	7,313,352,163	3,916,014,766
Loans disbursed during the Year	30,203,105,413	11,923,068,375
A	37,516,457,576	15,839,083,141
Loans recovered during the year	(18,805,930,770)	(8,571,454,991)
Portfolio transferred	47,508,008	50,843,560
Portfolio written off	(74,891,131)	(5,119,547)
B	(18,833,313,893)	(8,525,730,978)
Loans outstanding at the end of the year (A-B)	18,683,143,683	7,313,352,163
Managed portfolio	(5,508,301,643)	(2,092,536,100)
Loans and advances outstanding	13,174,842,041	5,220,816,063
Loan Portfolio (unsecured, considered good)	13,172,916,114	5,220,816,063
Loan Portfolio (unsecured, considered doubtful)	1,925,927	-
Loans and advances outstanding	13,174,842,041	5,220,816,063
Prepayments	(703,509,745)	(338,132,312)
	12,471,332,296	4,882,683,751

p. **Security Deposits and Prepayments:**

Security Deposits:

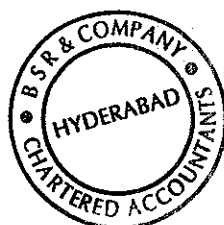
The Company has not accepted any security deposit during the year 2008-09.

For the year ended	31st March 2009	31st March 2008
Opening balance	-	60,989,195
Add: Collected during the year	-	-
Less: Repaid during the year	-	60,989,195
Closing balance	-	-

Prepayment:

The Company has accepted prepayments over and above the installment due from borrowers and initially accounted as advance recovery of loans. These are adjusted against the loan outstanding.

For the year ended	31st March 2009	31st March 2008
Opening balance	338,132,312	157,203,666
Add: Collected during the year	1,704,357,137	763,713,642
Less: Adjusted during the year	(1,338,979,704)	(582,784,997)
Closing balance	703,509,745	338,132,312



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q. Employee Benefit Plans

Effective 1st April 2007 the Company had adopted the revised accounting standard on employee benefits

The following table set out the status of the gratuity plan as required under AS 15 (Revised)

Reconciliation of opening and closing balances of the present value of the defined benefit Obligation

Change in Defined Benefit Obligation

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
Balance at 1st April	4,588,907	2,023,953
Service cost	9,525,271	2,564,954
Interest cost	367,113	161,916
Actuarial loss/(Gain)	(3,580,081)	(161,916)
Benefits paid	-	-
Balance at 31st March	10,901,230	4,588,907

Change in the fair value of plan assets

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
Balance at 1st April,	4,588,907	-
Expected return on plan assets	413,000	-
Actuarial gains	269,001	-
Employer contributions	-	-
Benefits paid	-	-
Balance at 31st March	5,270,908	Nil

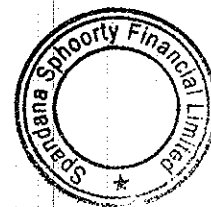
Amount recognized in Balance Sheet

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
Present value of funded obligations	10,901,230	4,588,907
Fair value on plan assets	(5,270,908)	-
Net liability/(asset)	5,630,322	4,588,907

Amounts in the balance sheet	For the year ended 31st March 2009	For the year ended 31st March 2008
Provisions	5,630,322	4,588,907
Net liability/(asset)	5,630,322	4,588,907



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Expense recognized in statement of profit and loss account

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
Current service cost	9,525,271	2,564,954
Interest on defined benefit obligation	367,113	161,916
Expected return on plan assets	(413,000)	-
Net actuarial loss/(gain) recognized in the year	(3,849,062)	(161,916)
Amount included in Personnel expense	5,630,322	2,564,954

Asset Information

Category of Assets	As at 31st March 2009	As at 31st March 2008
Insurer managed funds	5,270,908	Nil
Total	5,270,908	Nil

Summary of Actuarial Assumptions

Particulars	For the year ended 31st March 2009	For the year ended 31st March 2008
Discount Rate	8%	8%
Expected return on plan assets	9%	8%
Salary escalation rate (p.a.)	5%	5%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

r. **Unsecured loan (Subordinated debt):**

The company has raised subordinated debt during the last year, the breakup of which is as follows:

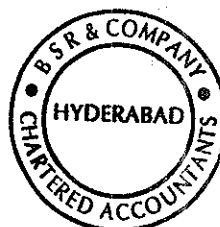
Name of the entity	Date of loan taken	Rate	Loan Amount outstanding as at 31st March 2009	Maturity
Spandana Rural & Urban Development Organisation	31-08-2007	12%	150,000,000	31-08-2013
Spandana Mutual Benefit Trust	31-08-2007	12%	35,000,000	31-08-2013
Total			185,000,000	

s. **Capital Adequacy Ratio:**

Capital Adequacy Ratio:	2008-2009	2007-2008
i) Capital Adequacy Ratio (CRAR)	18.3%	22.7%
ii) CRAR - Tier I Capital (%)	16.2%	17.5%
iii) CRAR - Tier II Capital (%)	2.1%	5.2%

t. **Exposure to real estate sector**

The company does not have direct exposure to residential mortgages, commercial real estate and investment in mortgage - securities. Further the company does not have fund based and non fund based exposures on National Housing Bank and housing Finance Company. (Previous year -Nil)




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u. Amounts payable to Micro, Small and Medium enterprises


The Company has during the year sent out letters seeking confirmations from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). Based on confirmations received till date, the Company believes that it does not have any outstanding dues towards micro, small and medium enterprises. Further, the Company has not paid / accrued any interest under this MSMED Act.

v. Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

for Spandana Sphoorty Financial Limited


Managing Director


Director


Company Secretary

