

**Spandana Sphoorty Financial Limited**  
**Balance Sheet as at 31 March 2010**  
(All amounts in Indian rupees, except share data)

SOURCES OF FUNDS	Schedule	31 March 2010	31 March 2009
<b>Shareholders' funds</b>			
Share capital	2	135,474,330	133,952,140
Reserves and surplus	3	4,715,593,367	2,647,190,620
		<u>4,851,067,697</u>	<u>2,781,142,760</u>
<b>Subordinated loan</b> (Refer Note 19(s))		-	185,000,000
<b>Loan funds</b>			
Secured loans	4	21,943,771,696	14,761,186,601
<b>Total</b>		<u><b>26,794,839,393</b></u>	<u><b>17,727,329,361</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	203,137,129	129,706,021
Less: Accumulated depreciation		(97,400,963)	(44,008,679)
Net block		<u>105,736,166</u>	<u>85,697,342</u>
Capital work in progress		9,554,711	-
		<u>115,290,877</u>	<u>85,697,342</u>
<b>Investments</b>	6	1,000,000	2,950,566,474
<b>Deferred tax asset, net</b>		95,339,515	36,644,379
<b>Current assets, loans and advances</b>			
Cash and bank balances	7	7,765,733,187	2,723,711,434
Loan portfolio	8	21,300,827,762	12,471,332,296
Other loans and advances	9	43,833,800	34,412,110
Other current assets	10	146,875,082	95,808,002
		<u>29,257,269,831</u>	<u>15,325,263,842</u>
<b>Current liabilities and provisions</b>			
Current liabilities	11	1,962,111,723	367,192,753
Provisions	12	711,949,107	303,649,923
		<u>2,674,060,830</u>	<u>670,842,676</u>
<b>Net current assets</b>		26,583,209,001	14,654,421,166
		<u><b>26,794,839,393</b></u>	<u><b>17,727,329,361</b></u>

**Significant accounting policies** 1  
**Notes to accounts** 19

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

As per our report attached  
for **B S R & Company**  
Chartered Accountants

for **Spandana Sphoorty Financial Limited**

Zubin Shekary  
Partner  
Membership No. 48814

Managing Director

Wholetime Director

Hyderabad  
Date:

Company Secretary

**Spandana Sphoorty Financial Limited**

**Profit and Loss Account for the year ended 31 March 2010**

(All amounts in Indian rupees, except share data)

	Schedule	Year ended 31 March 2010	Year ended 31 March 2009
<b>Income</b>			
Income from operations	13	7,004,082,859	3,423,545,883
Other income	14	236,816,984	143,272,765
		<b>7,240,899,843</b>	<b>3,566,818,648</b>
<b>Expenditure</b>			
Financial expenses	15	2,209,936,156	1,181,633,376
Personnel expenses	16	1,143,709,472	587,457,505
Operating and other expenses	17	362,447,216	164,795,212
Depreciation		53,393,906	26,177,572
Provisions and write offs	18	360,507,901	186,633,501
		<b>4,129,994,650</b>	<b>2,146,697,166</b>
<b>Profit before tax</b>		<b>3,110,905,193</b>	<b>1,420,121,482</b>
<b>Provision for tax</b>		<b>1,075,769,637</b>	<b>516,973,724</b>
Current tax		1,134,464,415	556,429,280
Deferred tax expense/(benefit)		(58,694,778)	(39,455,556)
<b>Profit after tax</b>		<b>2,035,135,556</b>	<b>903,147,758</b>
<b>Appropriations</b>			
Transfer to Statutory Reserve		407,027,111	180,629,552
<b>Amount available after appropriation</b>		<b>1,628,108,445</b>	<b>722,518,206</b>
Balance in Profit and Loss Account brought forward		939,030,004	216,511,798
Balance carried to Balance Sheet		<b>2,567,138,449</b>	<b>939,030,004</b>
<b>Earnings per share</b>			
Basic & diluted - par value Rs.10 per share		<b>151.89</b>	<b>80.06</b>

**Significant accounting policies**

1

**Notes to accounts**

19

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

As per our report attached  
for **B S R & Company**  
Chartered Accountants

for **Spandana Sphoorty Financial Limited**

Zubin Shekary  
Partner  
Membership No. 48814

Managing Director

Wholetime Director

Hyderabad  
Date:

Company Secretary

**Spandana Sphoorty Financial Limited****Schedules to the Accounts**

(All amounts in Indian rupees, except share data)

**Schedule 2****Share capital****31 March 2010****31 March 2009***Authorised*50,000,000 Equity shares of Rs.10/- each (previous year  
10,000,000 Equity shares of Rs. 10/- each)

500,000,000

500,000,000

*Issued, subscribed and paid-up*13,547,433 (previous year 13,395,214) Equity shares of Rs.  
10- each fully paid up \*

135,474,330

133,952,140

\* 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 2010****31 March 2009**

General reserve

23,280,656

23,280,656

Securities Premium

Opening Securities Premium

1,410,025,358

116,347,525

Add: Allotment of shares at premium (Refer note 19(a))

98,478,082

1,299,598,873

1,508,503,440

1,415,946,398

Less: Share/Debenture issue expenses

(65,210,890)

(5,921,040)

1,443,292,550

1,410,025,358

Capital reserve

Grant received from SIDBI

7,000,000

7,000,000

Statutory reserve

At the commencement of the year

267,854,600

87,225,048

Add: Transfer from Profit and Loss Account

407,027,111

180,629,552

674,881,712

267,854,600

Balance in Profit and Loss Account

2,567,138,449

939,030,004

**4,715,593,367****2,647,190,620****Schedule 4****Secured loans****31 March 2010****31 March 2009**

Non convertible debenture (secured by book debts and cash collateral)\*

800,000,000

-

Term Loans

From Banks (secured by book debts and cash collateral )

15,077,993,929

11,385,903,399

From Financial Institutions (secured by book debts)

5,565,777,767

3,375,283,202

Others

Cash Credit from Banks (secured by book debts)

500,000,000

-

**21,943,771,696****14,761,186,601**\* - During the year, the Company has issued 800 Non Convertible  
Debentures (NCD) with a face value of Rs. 1,000,000 each to a bank.  
These NCDs are redeemable in full at a premium of 10% on 8 June 2010.

**Spandana Sphoorty Financial Limited****Schedules to the Accounts**

(All amounts in Indian rupees, except share data)

**Schedule 6****Investments****31 March 2010****31 March 2009****Non-trade****Quoted**

Investment in Mutual Funds (Debt) (Refer Note 19(n))

-

2,950,566,474

**Unquoted**

Alpha Micro Finance Consultants Private Ltd.

1,000,000

-

**1,000,000****2,950,566,474**

Market value of quoted investments

-

2,950,566,474

**Schedule 7****Cash and bank balances****31 March 2010****31 March 2009**

Cash on hand

258,500,122

141,613,916

Balances with Scheduled banks

Current accounts

2,131,660,864

716,777,867

Deposit accounts \*

5,375,572,201

1,865,319,651

\* - Out of the above, Rs.2,290,231,498 is lien marked against term loans, NCDs and FLDG in the form of cash collateral for assigned loans

**7,765,733,187****2,723,711,434****Schedule 8****Loan portfolio** (Refer Note 19(p))**31 March 2010****31 March 2009**

Opening Loan outstanding

18,683,143,683

7,280,941,722

Add: Loans disbursed during the Year

60,274,368,373

30,653,852,765

78,957,512,056

37,934,794,487

Less: Loans recovered during the year

43,688,915,397

19,284,061,245

Portfolio transferred

-

-

Portfolio written off

-

-

43,688,915,397

19,284,061,245

Loans outstanding at the end of the year

35,268,596,659

18,683,143,683

Less: Managed portfolio

12,956,891,408

5,508,301,643

Add: Portfolio Purchase

136,476,000

-

Loan Portfolio (unsecured, considered good)

22,448,181,251

13,172,916,114

Loan Portfolio (unsecured, considered doubtful)

-

1,925,927

Loans and advances outstanding

22,448,181,251

13,174,842,041

Less: Prepayments

(1,147,353,489)

(703,509,745)

**21,300,827,762****12,471,332,296****Schedule 9****Other loans and advances**

Advances recoverable in cash or kind or for value to be received

7,566,036

9,089,682

Staff loan outstanding

8,577,477

9,565,142

Rent advances

27,690,287

15,757,286

**43,833,800****34,412,110**

**Spandana Sphoorty Financial Limited****Schedules to the Accounts**

(All amounts in Indian rupees, except share data)

**Schedule 10****Other current assets**

Interest accrued on Term Deposits	76,253,372	42,820,350
Interest paid in advance on Assigned Portfolio	-	4,574,814
Income tax refund receivable	5,950,622	5,950,622
Unamortised processing fee	62,422,485	40,852,216
Amount pending with court	2,248,603	1,610,000
<b>Total</b>	<b>146,875,082</b>	<b>95,808,002</b>

**Schedule 11****Current liabilities**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Sundry creditors		
- dues to micro and small enterprises (Refer Note 19(v))	-	-
- others	365,285,531	135,870,382
Interest accrued but not due on borrowings	105,004,531	3,016,509
Unamortised upfront interest on the Loan portfolio	238,690,140	168,666,157
Payable on assigned portfolio	1,248,794,136	31,938,800
Other liabilities	4,337,385	27,700,905
	<b>1,962,111,723</b>	<b>367,192,753</b>

**Schedule 12****Provisions**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Provision for taxation [net of advance tax Rs.780,209,578 (Previous year Rs. 421,000,000) ]	344,621,172	116,098,726
Provision on Standard Assets	340,236,160	178,778,505
Provision on Non Performing Assets	21,799,636	3,142,370
Provision for gratuity	5,292,139	5,630,322
	<b>711,949,107</b>	<b>303,649,923</b>

**Spandana Sphoorty Financial Limited****Schedules to the Accounts**

(All amounts in Indian rupees, except share data)

**Schedule 13****Income from operations**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Interest income from portfolio loans	5,537,338,311	2,904,571,875
Income from asset assignment (Refer note 19(c))	1,336,052,018	424,931,388
Group registration fees	130,692,530	94,042,620
	<b>7,004,082,859</b>	<b>3,423,545,883</b>

**Schedule 14****Other income**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Interest on fixed deposits	115,485,153	57,520,670
[Tax deducted at source Rs. 13,321,977 (Previous year Rs. 12,431,660)]		
Insurance facilitation charges	71,244,818	45,351,182
Income from mutual fund investments (Debt)	35,219,236	9,034,811
Recovery from loans written off	9,893,625	25,603,634
Miscellaneous income	4,570,008	3,660,127
Commission on remittances	404,145	2,102,341
	<b>236,816,984</b>	<b>143,272,765</b>

**Schedule 15****Financial expenses**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Interest		
on term loans from banks	1,485,873,720	965,251,048
on term loans from financial institutions	639,440,278	123,739,962
on other loans	14,672,237	22,253,753
Loss on portfolio purchase	8,593,483	-
Processing fee and other charges	61,356,438	70,388,613
	<b>2,209,936,156</b>	<b>1,181,633,376</b>

**Schedule 16****Personnel expenses**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Salaries, wages and bonus	1,033,837,256	535,375,809
Contribution to provident and other funds	30,987,285	16,506,218
Leave encashment	17,089,238	5,934,054
Staff welfare	56,503,555	24,011,102
Gratuity	5,292,139	5,630,322
	<b>1,143,709,472</b>	<b>587,457,505</b>

**Spandana Sphoorty Financial Limited****Schedules to the Accounts**

(All amounts in Indian rupees, except share data)

**Schedule 17****Operating and other expenses**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Death relief and rehabilitation assistance	92,823,489	12,129,981
Office rent and electricity	80,899,037	42,779,490
Printing & stationery	40,242,847	23,107,848
Bank charges	26,502,294	18,467,449
Office maintenance	27,691,793	12,552,882
Rates & taxes	17,083,423	24,308,625
Legal and professional charges	37,238,445	6,831,337
Postage & telephone	13,790,131	10,277,712
Travelling expenses	11,354,727	3,771,229
Fraud and shortages, net	7,099,657	2,848,077
Audit fees & expenses	3,542,807	2,135,167
Computers and network maintenance	2,139,963	1,311,949
Staff recruitment and training	2,038,603	4,173,465
Preliminary expenses written off	-	100,001
	<b>362,447,216</b>	<b>164,795,211</b>

**Schedule 18****Provisions and write offs**

	<b>31 March 2010</b>	<b>31 March 2009</b>
Standard assets provision	161,457,656	108,600,000
Provision for non performing assets	18,657,265	3,142,370
Bad debts written off	180,392,980	74,891,131
Total	<b>360,507,901</b>	<b>186,633,501</b>

Spandana Sphoorty Financial 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 2009	Additions during the year	Deletions during the year	As at 31 March 2010	As at 01 April 2009	Charge for the year	On deletions	As at 31 March 2009	As at 31 March 2010	As at 31 March 2009
Furniture and fixtures	32,695,912	25,323,623	-	58,019,535	12,785,487	18,540,630	-	31,326,117	26,693,418	19,910,425
Office equipment	20,141,143	8,546,905	7,868	28,680,179	5,378,309	6,645,370	1,622	12,022,057	16,658,123	14,762,834
Vehicles	4,914,916	3,300	-	4,918,216	1,415,306	909,349	-	2,324,655	2,593,561	3,499,610
Computers	53,333,562	39,010,126	-	92,343,688	22,706,653	20,462,894	-	43,169,547	49,174,140	30,626,909
Software	18,620,488	555,023	-	19,175,511	1,722,924	6,835,663	-	8,558,587	10,616,924	16,897,564
<b>Total</b>	<b>129,706,020</b>	<b>73,438,977</b>	<b>7,868</b>	<b>203,137,129</b>	<b>44,008,679</b>	<b>53,393,906</b>	<b>1,622</b>	<b>97,400,963</b>	<b>105,736,166</b>	<b>85,697,341</b>
Previous year	54,754,957	74,951,064	-	129,706,020	17,831,107	26,177,572	-	44,008,679	85,697,341	36,923,850