



SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED

CIN: L65929TG2003PLC040648

Registered Office: Plot No: - 31 & 32, Ramky Selenium Towers, Tower A, Ground Floor,
Financial Dist, Nanakramguda, Hyderabad, Telengana-500032

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POSTAL BALLOT NOTICE

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

Dear Member(s),

Notice is hereby given that pursuant to the provisions of Section 110 and other applicable provisions of the Companies Act, 2013 ("the Act") read together with Rule 22 and 20 the Companies (Management and Administration) Rules, 2014 ("the Rules") (including any statutory modification(s) or amendment(s) or variation(s) or re-enactment(s) thereof for the time being in force), relevant provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Secretarial Standard - 2 (SS-2) on General Meetings and any other applicable laws and regulations, the resolutions appended below are proposed to be passed by members of the Spandana Sphoorty Financial Limited ("the Company") through postal ballot (the "Postal Ballot")/ electronic voting ("e-voting").

SPECIAL BUSINESS:

ITEM NO. 1 -TO CONSIDER AND APPROVE ALTERATION AND RATIFICATION OF PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY:

To consider and if thought fit to pass with or without modifications, the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules framed thereunder (including any statutory modification(s) or amendment(s) or variation(s) or re-enactment(s) thereof, for the time being in force), and all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications and subject to such other consent(s) / permission(s) / sanction(s), as may be required, consent of the Shareholders of the Company be and is hereby accorded for ratification of Clause 42(b), 42(c), 44(b), 44(c), 70(a) and 74 of the Articles of Associations of the Company, as per details stated in the Explanatory Statement annexed to the Postal Ballot Notice, after following alteration:

- i. The paragraph and the word "Part I" appearing before Clause 1 of the Articles in first page of Articles of Association be deleted.

"RESOLVED FURTHER THAT any of the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be required in connection with the aforesaid resolution."

ITEM NO. 2 - TO APPROVE RATIFICATION OF SPANDANA EMPLOYEE STOCK OPTION PLAN 2018 (THE "ESOP PLAN 2018") AND SPANDANA EMPLOYEE STOCK OPTION SCHEME, 2018 (THE "ESOP SCHEME 2018"):

To consider and if thought fit to pass with or without modifications, the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or amendment(s) or variation(s) or re-enactment(s) thereof, for the time being in force) (the "Companies Act"), Regulation 12 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with circulars, notifications and guidelines issued by the Securities and Exchange Board of India in this regard ("SEBI ESOP Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and enabling provisions of Memorandum of Association and Articles of Association of the Company, and any other applicable rules, regulations, ordinances, guidelines, clarifications, circulars, directions, orders and notifications and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the "Spandana Employee Stock Option Plan 2018" (the "ESOP Plan 2018") and Spandana Employee Stock Option Scheme, 2018 (the "ESOP Scheme 2018") of the Company which was approved and adopted by the Members at the Extraordinary General Meeting of the Company held on June 14, 2018, be and are hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company including the Nomination and Remuneration Committee (the "NRC") or any other committee of Directors duly authorised by the Board be and is hereby severally authorized to do all such acts, deeds and things as may be required in connection with the aforesaid resolution."

ITEM NO. 3 - TO APPROVE RATIFICATION OF THE ESOP PLAN 2018 AND THE ESOP SCHEME 2018 FOR GRANT OF EMPLOYEE STOCK OPTIONS TO THE EMPLOYEES OF SUBSIDIARY COMPANIES OF THE COMPANY:

To consider and if thought fit to pass with or without modifications, the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or amendment(s) or variation(s) or re-enactment(s) thereof, for the time being in force) (the "Companies Act"), Regulation 12 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with circulars, notifications and guidelines issued by the Securities and Exchange Board of India in this regard ("SEBI ESOP Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and enabling provisions of Memorandum of Association and Articles of Association of the Company, and any other applicable rules, regulations, ordinances, guidelines, clarifications, circulars, directions, orders and notifications and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the "Spandana Employee Stock Option Plan 2018" (the "ESOP Plan 2018") and Spandana Employee Stock Option Scheme, 2018 (the "ESOP Scheme 2018") of the Company be and are hereby ratified, for grant of employee stock options from time to time, in one or more tranches to or for the benefit of such person(s) who are in permanent employment of any existing or future Subsidiary Company(ies) of the Company, including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), of any existing and future Subsidiary Company(ies) of the Company whether in or outside India."

“RESOLVED FURTHER THAT the Board of Directors of the Company including the Nomination and Remuneration Committee (the “NRC”) or any other committee of Directors duly authorised by the Board be and is hereby severally authorized to do all such acts, deeds and things as may be required in connection with the aforesaid resolution.”

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

Sd/-

Rakesh Jhinharia

Company Secretary & Compliance Officer
Membership No.: F8325

Place: Hyderabad
Date: October 31, 2019

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred to as the “Act”) read with Section 110 of the Act and Rule 22 of the Companies (Management and Administration) Rules, 2014, setting out material facts concerning the Special Resolutions as set out in the Notice are annexed hereto and forms part of this Notice.
2. This Postal Ballot Notice is being sent to the members whose names appear on the register of members / list of beneficial owners maintained by the Depositories as on the close of business hours on October 15, 2019 (“Cut-off date”).
3. The Postal Ballot Notice along with the Postal Ballot Form is being sent in electronic form to the Members who have registered their e-mail addresses with the Company / Registrars and Transfer Agents of the Company (in case of physical shareholding) / with their Depository Participants (in case of electronic shareholding). Physical copies of the Postal Ballot Notice along with Postal Ballot Form are being sent to Members whose e-mail addresses are not registered, through permitted mode along with a self-addressed pre-paid postage Business Reply Envelope (**BRE**) addressed to the Scrutinizer.
4. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members as on “Cut-off date”. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date will be entitled to cast their votes by Postal Ballot or e-voting. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
5. The Company has appointed Mr. Y. Ravi Prasada Reddy, a Practising Company Secretary (having CP No. 5360), Proprietor of RPR and Associates, Company Secretaries in Practice, Hyderabad as Scrutinizer (“**Scrutinizer**”) for conducting the Postal Ballot including e-voting process in a fair and transparent manner.
6. In compliance with the provisions of Section 108 and all other applicable provisions of the of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “the Listing Regulations”), the Company is pleased to provide the facility to its Members to exercise their votes electronically and to vote on the resolution(s) through e-voting service facility arranged by the Company’s Registrar and Transfer Agent - Karvy Fintech Private Limited (“**Karvy**”).
7. The e-voting period will commence on Wednesday, November 20, 2019 at 09.00 a.m.(IST) and end on Thursday, December 19, 2019 at 05.00 p.m.(IST) (Both the days inclusive). During this period, Members holding shares as on cut-off date either in physical form or in dematerialized form may cast their votes

electronically. The e-voting module shall be disabled by KARVY thereafter. Please note that once the vote on a resolution has been cast, the Member cannot change it subsequently.

8. Members can opt for only one mode of voting i.e., either through Postal Ballot Form or e-voting. If a Member opts for e-voting, then he/she/it should not vote through Postal Ballot Form and vice versa. In case a Member cast his/her/its vote both through Postal Ballot Form and e-voting, then voting done through e-voting only shall prevail and voting done by Postal Ballot Form will be treated as invalid.
9. In case a Member is desirous of obtaining postal ballot in printed form or a duplicate thereof, the Member may write to the " Karvy Fintech Private Limited, Unit: Spandana Sphoorty Financial Limited, Karvy Selenium Tower B, Plot Nos. 31&32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032." Alternatively, he/she/it can also send an e-mail to einward.ris@karvy or to secretarial@spandanaindia.com. Karvy/Company shall forward the same along with postage-prepaid self-addressed BRE upon receipt of a request from a Member.
10. Members desiring to exercise their vote by physical Postal Ballot are requested to carefully read the instructions printed overleaf on the Postal Ballot Form and return the said Form duly completed and signed, in the enclosed self-addressed prepaid postage BRE to the Scrutinizer, so that it reaches the Scrutinizer not later than 5.00 p.m. (IST) on Thursday, December 19, 2019. The postage will be borne by the Company. However, envelopes containing Postal Ballot Form, if sent by courier or registered / speed post at the expense of the Members will also be accepted. If any Postal Ballot Form is received after 5.00 p.m. (IST) on Thursday, December 19, 2019, it will be considered as no reply from the Member has been received. Additionally, please note that the Postal Ballot Forms shall be considered invalid if (i) it is not possible to determine without any doubt the assent or dissent of the Member, and/or (ii) a competent authority has given directions in writing to the Company to freeze the voting rights of the Member, and/or (iii) it is defaced or mutilated in such a way that its identity as a genuine form cannot be established; and/ or (iv) the Member has made any amendment to the resolution set out herein or imposed any condition while exercising his vote and/or (v) A form other than one issued by the company has been used, and/or (vi) it has not been signed by or on behalf of the member and/or (vii) Signature on the postal ballot form doesn't match the specimen signature available with the company and/or (viii) neither assent nor dissent is mentioned and/or (ix) the envelope containing the postal ballot form is received after the last date and time prescribed and/or (x) the postal ballot form, signed in a representative capacity, is not accompanied by a certified copy of the relevant specific authority.
11. Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrars and Transfer Agents / Depository Participant(s) for receiving future communication(s) in electronic form.
12. A member need not use all his / her / its votes nor does he / she / it need to cast all his / her / its votes in the same way. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.
13. The Special Resolutions, if passed by the requisite majority, shall be deemed to have been passed on Thursday, December 19, 2019 i.e., the last date specified for receipt of duly completed postal ballot forms or e-voting. Special Resolutions passed by Members with requisite majority through postal ballot shall be deemed to have been passed at a general meeting of Members convened on that behalf.
14. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company during business hours on all working days except Saturdays, from the date of dispatch until the last date for receipt of votes by Postal Ballot / e-voting.

15. **The instructions for voting are as follows :**

A. Voting through Physical Postal Ballot Form:

1. A Member desirous of exercising vote by Postal Ballot shall complete the enclosed Postal Ballot Form by marking his/her/its assent (for) or dissent (against) in respect of the Special Resolutions and send it to the Scrutinizer in the enclosed self-addressed pre-paid postage BRE. Postage charges will be borne and paid by the Company. Alternatively, in case a Member sends the Postal Ballot Form by courier or registered post or delivers it in person at his expense, such Postal Ballot Form will also be accepted.
2. The Postal Ballot Form, duly completed and signed by the Member should be returned in the enclosed self-addressed pre-paid postage BRE directly to the Scrutinizer so as to reach the Scrutinizer not later than 5.00 p.m. (IST) on Thursday, December 19, 2019. Any Postal Ballot Form received after the said date and time shall be treated as if no reply from such Member has been received.

B. Voting through e-voting:

The instructions for Members for e-voting are as under:

A. In case a Member receives an e-mail from Karvy Fintech Private Limited and wants to vote electronically:

- (i) Open your web browser during the voting period and navigate to <https://evoting.karvy.com>
- (ii) Enter the login credentials (i.e.- user-id & password) mentioned on the Notice.

Your Folio/DP Client ID will be your User-ID.	
User ID	For members holding shares in Demat Form: <ul style="list-style-type: none">• For NSDL: 8 Character DP ID followed by 8 Digits Client ID.• For CDSL: 16 digits beneficiary ID. For Members holding shares in Physical Form: <ul style="list-style-type: none">• Electronic Voting Event Number (EVEN) followed by Folio Number registered with the Company.
Password	Your Unique password is printed on the Postal Ballot Notice / Electronic notice forwarded through email.
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

After entering these details appropriately, click on "LOGIN".

- (iii) Members holding shares in Demat/Physical form 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 (AZ), 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 Karvy Fintech 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 first 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.

- (iv) You need to login again with the new credentials.

- (v) If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any company, then your existing login id and password are to be used. If you have forgotten your password, you can reset your password by using "Forgot Password" option available on said website.
- (vi) On successful login, system will prompt to select the 'Event' i.e.- 'Company Name'.
- (vii) 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 shareholders do not want to cast, select 'ABSTAIN'.
- (viii) 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.
- (ix) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (x) Corporates/Institutional Members (Corporates /Fls/Flls/ Trusts/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through e-mail to rprassociateshyd@gmail.com with copy to evoting@karvy.com The scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."
- (xi) Please contact on toll free No. 1-800-34-54-001 for any further clarifications.
- (xii) Members can cast their vote online from 09:00 A.M. (IST) on Wednesday, November 20, 2019 to 5:00 P.M. (IST) on Thursday, December 19, 2019 (both days inclusive).
- (xiii) The Results of the e-voting shall be declared along with the Scrutinizers' Report by placing it on the Company's website www.spandanaindia.com and on the website of Karvy Fintech Private Limited within two (2) days of closing of e-voting facility and shall be communicated to the Stock Exchanges wherein the Company's shares are listed.

B. In case a Member receives Postal Ballot Form through Post and wants to vote electronically:

- i. Initial password is provided along with the Postal Ballot Form.
- ii. Please follow all steps from SI. No. (i) to SI. No. (xiv) as mentioned in (A) above, to cast e-vote.

C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting User Manual for shareholders, available at the download section of <https://evoting.karvy.com> or contact Karvy Fintech Private Limited at Tel No. 1800 3454 001 (toll free). In case of any grievances connected with e-voting, members may kindly contact Ms. C Shobha Anand, Dy. General Manager, Karvy Fintech Private Limited at Karvy Selenium Tower B, Plot No.31&32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Tel no. +91 40 67162222, and e-mail ID : evoting@karvy.com.

16. Eligible Members who have not received the Postal Ballot Notice or received the Postal Ballot notice by email and wish to vote through physical ballot can download the form from the link <https://evoting.karvy.com> or from the website of the Company (http://www.spandanaindia.com/investors/shareholder_information.html).

17. The Scrutinizer will submit his report to the Chairman or any other person authorized by the Chairman after the completion of scrutiny, and the result of the voting by Postal Ballot form /e-voting will be announced by the Chairman or any Director of the Company duly authorized, on or before Saturday, December 21, 2019. The result, along with the Scrutinizer's Report, will be displayed on the website of the Company (http://www.spandanaindia.com/investors/shareholder_information.html) and on the website of Karvy (<https://evoting.karvy.com>), and communicated to the stock exchanges, depository, registrar and share transfer agent on the said date.

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

ITEM NO. 1

The members at the Extra - Ordinary General Meeting of the Company held on June 14, 2018 amended the Articles of Association (“**Articles**”) of the Company by adopting a new set of Articles divided into two parts:

- (i) **Part I**- new set of Articles aligned with the requirements prescribed for an equity listed entity.
- (ii) **Part II**-the then existing Articles aligned with the Shareholders Agreement dated March, 29, 2017 (including amendment thereof) effective till the date the date of listing and commencement of trading of equity shares of the Company on recognized stock exchanges in India.

Members are requested to note that Part II of Articles have been automatically terminated and ceased to have any force and effect from the date of listing of Equity Shares of the Company on a BSE Limited and the National Stock Exchange of India Limited with effect from August 19, 2019 pursuant to an Initial Public Offering of the Equity Shares of the Company. Consequently, the Members are requested to approve the deletion of the paragraph and the word “Part I” appearing before Clause 1 of the Articles as mentioned in the first page of Articles of Association of the Company.

Members are being further informed that the Securities and Exchange Board of India, in its final observation letter, on the Draft Red Herring Prospectus filed by the Company, bearing reference no. SEBI/HO/CFD/DIL 11/OW/28761/2018, dated October 12, 2018 (“**SEBI Letter**”) suggested that special rights available to certain shareholders should be exercised post obtaining the approval of shareholders through special resolution, after completion of IPO.

The Clause 42(b), 42(c), 44(b), 44(c), 70(a) and 74 of the Articles gives certain special rights (“**Rights**”) to Individual promoter of the Company i.e., Mrs. Padmaja Gangireddy and Investor Designee/ Corporate Promoter i.e., Kedaara Capital I Limited or any Affiliate of Kedaara Capital I Limited. Extract of the aforesaid special rights are as mentioned herein below:

42. DIRECTORS:

- (b) At any time on and after the Listing Date and subject to Applicable Law and appropriate regulatory and corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, the Investor Designee shall have the following rights:
 - (i) the Investor Designee/ Corporate Promoter shall be entitled to appoint 3 (three) persons as Directors, for so long as Investor 1 continues to hold at least 30% (thirty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis;
 - (ii) the Investor Designee/ Corporate Promoter shall be entitled to appoint 2 (two) persons as Directors, for so long as Investor 1 continues to hold at least 20% (twenty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis; and
 - (iii) the Investor Designee/ Corporate Promoter shall be entitled to appoint 1 (one) person as Director, for so long as Investor 1 continues to hold at least 5% (five percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis.

(Collectively, “**Investor Nominee Directors**” and individually “**Investor Nominee Director**”)

- (c) At any time on and after the Listing Date and subject to Applicable Law and appropriate regulatory and corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, the Individual Promoter shall have the following rights:
- (i) for a period of 3 (three) years starting from the Listing Date, the Individual Promoter shall continue to be on the Board and have the right to appoint 1 (one) nominee director on the Board in addition to herself being on the Board, irrespective of the shareholding of the Individual Promoter in the Company and irrespective of the Individual Promoter holding the position of managing director in the Company; and
 - (ii) from the date which is 3 (three) years after the Listing Date, in the event that the Individual Promoter is not the Managing Director of the Company:
 - (A) the Individual Promoter shall be entitled to appoint 3 (three) persons as Directors, for so long as the Individual Promoter continues to hold at least 30% (thirty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis;
 - (B) the Individual Promoter shall be entitled to appoint 2 (two) persons as Directors, for so long as Individual Promoter continues to hold at least 20% (twenty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis; and
 - (C) the Individual Promoter shall be entitled to appoint 1 (one) person as Director, for so long as the Individual Promoter continues to hold at least 5% (five percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis. Further, the Individual Promoter shall continue to be on the Board so long as she continues to hold equal to or more than 5% (five percent) of the total issued and fully paid-up equity share capital of the Company.
 - (iii) From the date which is 3 (three) years after the Listing Date, in the event that the Individual Promoter is the Managing Director of the Company, the Individual Promoter shall continue to be on the Board and have the right to appoint 1 (one) nominee director on the Board in addition to herself being on the board, so long as the Individual Promoter continues to hold at least 2% (two percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis.

(Collectively, **“Individual Promoter Nominee Directors”** and individually **“Individual Promoter Nominee Director”**)

44. APPOINTMENT OF ALTERNATE DIRECTORS:

- (b) In the event the Investor Designee proposes to appoint an alternate Director (the **“Investor Designee Alternate Director”**) to any Investor Nominee Director nominated by it (the **“Original Investor Designee Director”**) the Board shall, upon receipt of notice to that effect from the Investor 1, appoint an Investor Designee Alternate Director in place of such Original Investor Designee Director. Upon the appointment of the Investor Designee Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies and filing necessary notifications. The Investor Designee shall also have a right to withdraw its nominated Investor Designee Alternate Director and nominate another Investor Designee Alternate Director in its place. The Investor Designee Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Investor Designee Director and generally to perform all functions of the Original Investor Designee Director in the absence of such Original Investor Designee Director.
- (c) In the event the Individual Promoter proposes to appoint an alternate Director (the **“Individual Promoter Alternate Director”**) to any Individual Promoter Nominee Director nominated by it (the

“Original Individual Promoter Nominee Director”) the Board shall, upon receipt of notice to that effect from the Individual Promoter, appoint an Individual Promoter Alternate Director in place of such Original Individual Promoter Nominee Director. Upon the appointment of the Individual Promoter Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies and filing necessary notifications. The Individual Promoter shall also have a right to withdraw her nominated Individual Promoter Alternate Director and nominate another Individual Promoter Alternate Director in his place. The Individual Promoter Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Individual Promoter Nominee Director and generally to perform all functions of the Original Individual Promoter Nominee Director in the absence of such Original Individual Promoter Nominee Director.

70. QUORUM FOR BOARD MEETING:

(a) Quorum for Board Meetings

At any time on and after Listing Date and subject to Applicable Law and appropriate corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, the quorum for all Board meetings of the Company shall require to have at least 1 (one) Individual Promoter Nominee Director and at least 1 (one) Investor Designee Nominee Director, who shall be required to be present throughout the meeting. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested present at the meeting being not less than two, shall be the quorum during such meeting.

74. COMMITTEES AND DELEGATION BY THE BOARD:

At any time on and after the Listing Date and subject to Applicable Law and appropriate corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, each of the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee shall have at least 1 (one) Individual Promoter Nominee Director and at least 1 (one) Investor Designee Nominee Director, as a member.

Accordingly, in terms of SEBI Letter, the approval of shareholders of the Company is sought by way of special resolution, for enabling the Rights available to certain shareholders in the Articles of the Company as set out above.

A copy of existing Articles and draft of the revised Articles will be made available for inspection at the registered office of the Company during the business hours of the Company on any working day except Saturdays, from the date of dispatch of notice, up to the last date of voting i.e., December 19, 2019.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, as applicable, any amendment in Article of the Company requires approval of the members of the Company by way of a special resolution.

Except Mrs. Padmaja Gangireddy, Managing Director and Shareholder of the Company; Mr. Sunish Sharma, Mr. Kartikeya Dhruv Kaji, Mr. Ramachandra Kasargod Kamath and Mr. Amit Sobti representing Kedaara Capital I Limited to the Board of the Company in capacity of Non- Executive Nominee Director and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested, financially or otherwise, in the special resolution as set out at item no. 1 of the notice.

The Board of Directors accordingly recommends passing of special resolutions as set out in Item No.1 of this Notice for your approval.

ITEM NO. 2 and 3

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 ESOP 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 ESOP 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 ESOP 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 subsidiary company/ies as allowed under applicable laws, as may be deemed appropriate and the members of the Company at its meeting held on 14th June, 2018, by passing a separate resolution, 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 shareholders of the Company, ratification of Spandana Employee Stock Option Plan 2018 (the “ESOP Plan 2018”) and Spandana Employee Stock Option Scheme, 2018 (the “ESOP Scheme 2018”) and ratification of grant of ESOPs to the eligible employees of the subsidiaries 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 ESOP Regulations and that the Company has not made any fresh grant of options under the Plan post IPO.

The brief particulars with respect to Pre-IPO ESOP Plan 2018 and ESOP Scheme 2018 in terms of the SEBI ESOP 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. **Total number of stock options to be granted:** 20,68,650 (Twenty lakh sixty eight thousand six hundred fifty only) options to be granted as specified in the ESOP Plan in terms of the ESOP Schemes approved from time to time.
- ii. **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:
 - 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:

- 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

iii. **Transferability of Employee Stock Options:**

No Participant/ Beneficiary shall, before the listing of the Shares of the Company on any Indian Recognized Stock Exchanges, transfer any or all of his Shares to any person except the parties designated by the Board/ Committee (including but not limited to the Trust or the Company or to the Promoters and the Investors, in the same ratio as their shareholding in the Company, or to any other designated party) without obtaining prior written consent of the Board/ Committee and such transfer shall be at the price determined by the Committee.

iv. **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 Company/Board/Committee shall in its absolute discretion decide number of options that can vest, provided such options have been granted 1 (one) year prior to such date, with respect to the Unvested Options which decision shall be binding on the Participant.

Subject to continued employment, the Options shall Vest as per the below schedule:

(i.) For employees who have been employed with the Company for six years or more on the Grant date, Options shall vest as per the below schedule:

Sr. No.	Particulars	Maximum options entitled for vesting
1	At the end of Year 1 from the Grant date	30 (Thirty)% of total options granted
2	At the end of Year 2 from the Grant date	30 (Thirty)% of total options granted
3	At the end of Year 3 from the Grant date	20 (Twenty)% of total options granted
4	At the end of Year 4 from the Grant date	20 (Twenty)% of total options granted

(ii.) Other employees who are not covered under sub clause one above:

Sr. No.	Particulars	Maximum options entitled for vesting
1	At the end of Year 1 from the Grant date	20 (Twenty)% of total options granted
2	At the end of Year 2 from the Grant date	20 (Twenty)% of total options granted
3	At the end of Year 3 from the Grant date	20 (Twenty)% of total options granted
4	At the end of Year 4 from the Grant date	20 (Twenty)% of total options granted
5	At the end of Year 5 from the Grant date	20 (Twenty)% of total options granted

v. **Maximum period within which the Options shall be vested:**

Options granted under ESOP Scheme would vest subject to maximum period of 5 (five) years from the date of grant of such options.

vi. **Exercise price or pricing formula:**

As per Clause 12 of the ESOP Plan 2018: "the Exercise Price of the Option shall be determined by the Committee acting in good faith and should at least be equal to the Fair Market Value of the shares on the Grant Date as determined by an independent valuer within a period of six months prior to the Grant Date.

- vii. **Exercise period and the process of Exercise:**
In accordance with Clause 13 of the Plan and subject to Clause 14 of the Plan, the Participant/ Nominee can Exercise the Vested Options immediately on or after vesting but within the Exercise Period. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 of the Plan shall stand automatically terminated without surviving any right/ liability for any party.
- viii. **Appraisal process for determining the eligibility of employees under Spandana Employee Stock Option Scheme, 2018:**
As may be determined by the Nomination and Remuneration Committee
- ix. **The lock-in period, if any:**
The Shares allotted/ transferred pursuant to the Exercise of the Vested Options shall not be subject to a lock-in unless the Board/ Committee decides otherwise.
- x. **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 2018, in any financial year and in aggregate under the ESOP Scheme 2018 shall not exceed 5,00,000 (Five Lakh) Options.
- xi. **Maximum quantum of benefits to be provided per employee under the Plan and Scheme:**
The maximum quantum of benefit for the employees under the scheme and plan is the difference between the exercise price of the options and the market price of the Equity Shares of the Company.
- xii. **Whether the Plan and Scheme is to be implemented and administered directly by the Company or through a trust:**
The ESOP Scheme and ESOP Plan are implemented and administered directly by the Company.
- xiii. **Whether the Plan and Scheme involves new issue of shares or secondary acquisition or both:**
The ESOP Scheme and ESOP Plan involve new issue of shares by the Company.
- xiv. **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
- xv. **Maximum percentage of secondary acquisition:**
Not Applicable
- xvi. **Disclosure and Accounting Policies:**
The Company shall follow the accounting of ESOPs awarded to the employees as per the Companies (Indian Accounting Standards) Rules, 2015 as notified by Ministry of Corporate Affairs (MCA) dated February 16, 2015, amended from time to time, including the disclosure requirements prescribed therein.
- xvii. **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 from time to time.
- xviii. **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

xix. **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/termination/resignation.
2. In case of bad leaver, 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 a Employer-Employee relation with the Company, due to the following reasons:

- 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 / Human Resources.
- 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 management/board/ institutional investor to be a "bad leaver".)

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 Unvested Options with the Participant on the Termination Date shall lapse and the contract referred to in Clause 10.3 of the ESOP Plan above shall stand automatically terminated without surviving any right/ liability for any party. Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.10 of ESOP Plan, all the Vested Options shall be permitted to be exercised in accordance with Clause 13.3 of ESOP Plan within 1 year from the date of resignation/termination or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Board/ Committee decides otherwise. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 10.3 of ESOP Plan shall stand automatically terminated without surviving any right/ liability for any party in respect of such options.

(ii) Bad Leaver

In case the employment of the Participant with the Company is terminated due to resignation by the employee, all Options (Vested as well as Unvested) shall stand automatically forfeited on the Resignation Date and the contract referred to in Clause 10.3 of ESOP Plan shall stand automatically terminated without surviving any right/ liability for any party.

xx. **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 the ESOP Plan 2018 and the ESOP Scheme 2018 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 Saturday(s) till Thursday, December 19, 2019.

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. 2 and 3 of this Notice, except to the extent of the options that may be granted to any of them under the ESOP Plan 2018 and the ESOP Scheme 2018.

The Board of Directors accordingly recommends passing of special resolutions as set out in Item No.2 and 3 of this Notice for your approval.

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