

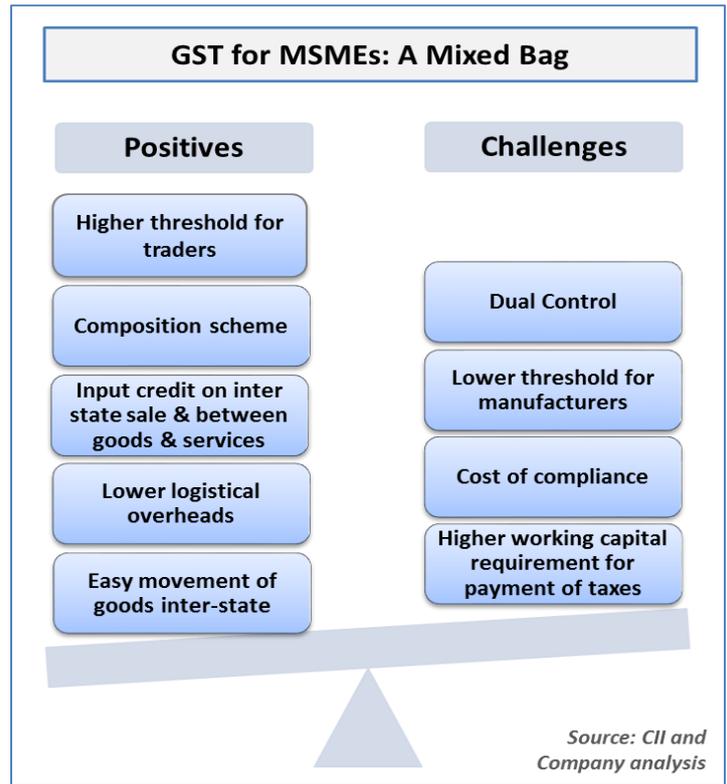
GST: The Final Countdown Begins

India is on the verge of creating history. With the Lok Sabha signing off on the last batch of bills on the Goods and Services Tax (GST) during last fiscal, India is just a step away from rolling out an indirect tax regime that will for the first time economically unify the country. Not only is this a game-changing tax reform initiative, it also puts in place a template for cooperative federalism because the states, thanks to the creation of the GST council, are as much a stakeholder as the Centre. GST will create a semblance of a common market where all goods and services irrespective of where it's transacted will have a common treatment and a common rate.

GST is expected to revolutionise the Indian tax system and has been heralded as the biggest tax reform since independence which is finally going to be applicable from 01st July, 2017 and from then India will join the list of ~140 plus developed and emerging economies which has already implemented such unified tax rule.

Impact on MSMEs: India's paradigm shift to the GST regime in next fiscal will increase compliance costs and snare a majority of them into the indirect tax net for the first time. Until now, unorganised MSMEs have grown faster than organised peers because of lower cost structures stemming from being outside the tax network, and not having to pay social security benefits to employees (such as provident fund and gratuity), and excise duty (if turnover is less than ₹1.5 crore). The vicissitudes resulting from the impact of GST are many. For manufacturers, the reduction in the threshold for GST exemption to ₹20 lakhs from ₹1.5 crore means tens of thousands of unorganised MSMEs will soon be cast into the tax net. For the services sector, the tax burden will increase.

GST also comes with some positives for the MSMEs. From small trader's point of view (in different states), the registration limit is higher under GST compared to the existing tax regime. GST will allow flexibility in transfer of goods across states and reduce the cost of doing business, as the reform will cut down multiple taxes imposed by state and central government. A simplified tax structure and unified market will improve operational efficiencies, especially for MSMEs with a wider reach.



Vistaar & GST: The Company believes that amalgamation of implementation of GST, move towards cashless economy and digitisation will certainly help a major shift from informal to formal economy and boost GDP. Though implementation of GST would bring both positives and challenges for the MSMEs, **we see no major impact on the segment we cater to as most of them are expected to be below the threshold limits under GST.** And to comply with the GST law, the Company will be ready with all the required registrations and technological updates by 01st July, 2017.

3 New Branches Rolled-out

- Deplapur (MP)
- Meerut (UP)
- Hapur (UP)

Andhra Pradesh
Chhattisgarh
Gujarat
Haryana
Karnataka
Madhya Pradesh
Maharashtra
Odisha
Rajasthan
Tamil Nadu
Uttar Pradesh
Uttarakhand

Snapshot - May, 2017	
Branches	206
Districts	139
Customers	74,564
Employees	2,243
Disbursements (YTD) (₹ Crs.)	90
Portfolio (₹ Crs.)	1,138