

Financial Statements and Auditors' Report

Vistaar Financial Services Private Limited

*(Formerly Vistaar Livelihood Financial Services Private Limited)*

31 March 2012

# Walker, Chandiook & Co

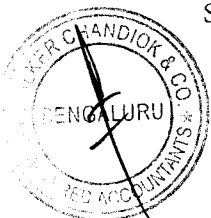
"WINGS", First Floor  
16/1, Cambridge Road  
Ulsoor, Bengaluru 560008  
India

## Auditors' report

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E BENGALURU@in.gt.com

To,  
**The Members of Vistaar Financial Services Private Limited (Formerly Vistaar Livelihood Financial Services Private Limited)**

1. We have audited the attached Balance Sheet of Vistaar Financial Services Private Limited (*Formerly Vistaar Livelihood Financial Services Private Limited*), (the 'Company') as at 31 March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'financial statements'). 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 the 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 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to 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 financial statements dealt with by this report are in agreement with the books of account;
  - d. On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Mumbai, New Delhi and Pune

# Walker, Chandiook & Co

**Auditors' Report to the Members of Vistaar Financial Services Private Limited (Formerly Vistaar Livelihood Financial Services Private Limited) for the year ended 31 March 2012 (Contd.)**

- e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
- i. the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
  - ii. the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - iii. the Cash Flow Statement, of the cash flows for the year ended on that date.

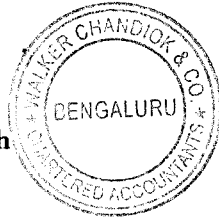
*Walker, Chandiook*

**For Walker, Chandiook & Co**

Chartered Accountants

Firm Registration No. 001076N

*Aashish Arjun Singh*  
per **Aashish Arjun Singh**  
Partner  
Membership No. 210122



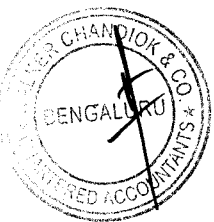
Bengaluru  
2 June 2012

# Walker, Chandiook & Co

## Annexure to the Auditors' report of even date to the members of Vistaar Financial Services Private Limited (Formerly Vistaar Livelihood Financial Services Private Limited), on the financial statements for the year ended 31 March 2012.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

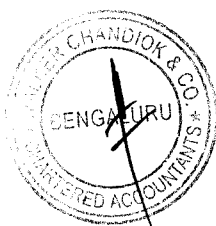
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.
  - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sell any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.
- (v) (a) The Company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.



# Walker, Chandio & Co

## Annexure to the Auditors' report of even date to the members of Vistaar Financial Services Private Limited (Formerly Vistaar Livelihood Financial Services Private Limited), on the financial statements for the year ended 31 March 2012 (Cont'd)

- (ix)(a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash losses in the current and the preceding financial year.*
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a bank during the year. The Company did not have any outstanding to a financial institution and has not issued any debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.



# Walker, Chandiook & Co

**Annexure to the Auditors' report of even date to the members of Vistaar Financial Services Private Limited (Formerly Vistaar Livelihood Financial Services Private Limited), on the financial statements for the year ended 31 March 2012 (Cont'd)**

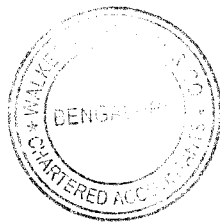
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

*Walker, Chandiook*

For Walker, Chandiook & Co  
Chartered Accountants  
Firm Registration No. 001076N

*Aashish Arjun Singh*

per Aashish Arjun Singh  
Partner  
Membership No. 210122



Bengaluru  
2 June 2012

## Balance Sheet as at 31 March 2012

(All amounts in ₹ except otherwise stated)

	Notes	31 March 2012	31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	173,633,330	133,333,330
Reserves and surplus	3	1,750,053	(31,451,621)
		<u>175,383,383</u>	<u>101,881,709</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	138,042,007	15,588,821
Deferred tax liabilities (net)	5	-	-
Other long-term liabilities	6	3,261,183	2,600,493
Long-term provisions	7	2,072,544	779,942
		<u>143,375,734</u>	<u>18,969,256</u>
<b>Current liabilities</b>			
Other current liabilities	6	156,323,202	113,996,489
Short-term provisions	7	1,526,520	1,088,206
		<u>157,849,722</u>	<u>115,084,695</u>
<b>Total</b>		<u><b>476,608,839</b></u>	<u><b>235,935,660</b></u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	8	7,255,070	8,756,210
Intangible assets	9	1,366,278	1,553,548
Long-term loans and advances	10	175,133,279	14,543,102
Other non-current assets	11	52,382,642	20,685,988
		<u>236,137,269</u>	<u>45,538,848</u>
<b>Current assets</b>			
Current investments	12	10,072,786	22,975,586
Trade receivables	13	352,038	2,131,673
Cash and cash equivalents	14	90,120,864	72,200,401
Short-term loans and advances	10	132,987,301	91,653,964
Other current assets	11	6,938,581	1,435,188
		<u>240,471,570</u>	<u>190,396,812</u>
<b>Total</b>		<u><b>476,608,839</b></u>	<u><b>235,935,660</b></u>

Notes to the Financial Statements

1 - 30

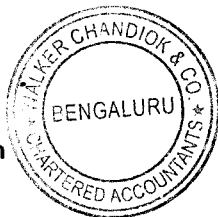
The notes referred to above form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

*Walker Chandniok & Co*

For Walker, Chandniok & Co  
Chartered Accountants

*Aashish Arjun Singh*  
per Aashish Arjun Singh  
Partner



For and on behalf of the Board of Directors

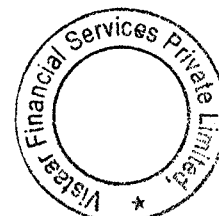
*Brahmanand Hegde*  
Brahmanand Hegde  
Managing Director

*Ramakrishna Nishtala*  
Ramakrishna Nishtala  
Director

*Sudesh Chinchewad*  
Sudesh Chinchewad  
Company Secretary

Bengaluru  
2 June 2012

Bengaluru  
2 June 2012



# Vistaar Financial Services Private Limited

(Formerly known as Vistaar Levelized Financial Services Private Limited)

## Statement of Profit and Loss for the year ended 31 March 2012

(All amounts in ₹ except otherwise stated)

	Notes	31 March 2012	31 March 2011
Revenue from operations	15	59,046,029	22,110,263
Other income	16	9,146,976	3,385,317
<b>Total Revenue</b>		<b>68,193,005</b>	<b>25,495,580</b>
<b>Expenses</b>			
Employee benefits expense	17	46,661,647	39,740,590
Finance costs	18	19,978,884	8,162,259
Depreciation and amortisation expense	19	4,100,385	2,748,082
Provision for non-performing assets		2,697,876	-
Provision for standard assets		1,589,996	1,194,315
Other operating expenses	20	20,412,543	20,539,665
<b>Total expenses</b>		<b>95,441,331</b>	<b>72,384,911</b>
<b>Loss before tax and prior period items</b>		<b>(27,248,326)</b>	<b>(46,889,331)</b>
Prior period items	21	-	1,549,818
<b>Loss for the period</b>		<b>(27,248,326)</b>	<b>(48,439,149)</b>
<b>Earnings per equity share (Nominal value of ₹ 10 per share)</b>			
- Basic and diluted	22	(3.70)	(6.90)

Notes to the Financial Statements 1 - 30

The notes referred to above form an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

*Walker Chandiook & Co*  
For Walker, Chandiook & Co  
Chartered Accountants

For and on behalf of the Board of Directors

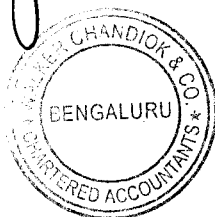
*Aashish Arjun Singh*  
per Aashish Arjun Singh  
Partner

*Brahmanand Hegde*  
Brahmanand Hegde  
Managing Director

*N. Ramakrishna Nishtala*  
Ramakrishna Nishtala  
Director

*Sudesh Chinchewadi*  
Sudesh Chinchewadi  
Company Secretary

Bengaluru  
2 June 2012



Bengaluru  
2 June 2012





**Vistaar Financial Services Private Limited**

(Formerly known as Vistaar Fidelity Financial Services Private Limited)

**Cash Flow Statement for the year ended 31 March 2012**

(All amounts in ₹ unless otherwise stated)

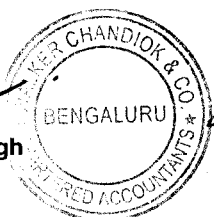
	31 March 2012	31 March 2011
<b>A. Cash flows from operating activities</b>		
Loss before tax	(27,248,326)	(48,439,14)
Adjustments for:		
Depreciation and amortisation	4,100,385	2,748,08
Provision for non performing assets	2,697,876	-
Provision for standard assets	1,589,996	1,194,31
Interest earned on fixed deposits	(7,437,798)	(584,73)
Profit on sale of investments	(699,132)	-
Dividend income	(1,010,046)	(2,800,58)
<b>Operating profit/(loss) before working capital changes</b>	<b>(28,007,045)</b>	<b>(47,882,06)</b>
Changes in working capital :		
Decrease / (increase) Loans and advances	(204,674,949)	(84,487,76)
Decrease / (increase) in Trade receivable	1,779,635	(2,131,67)
Decrease / (increase) in other assets	(7,928,479)	(2,958,86)
(Decrease) / increase in other liabilities and provisions	10,627,804	14,871,92
<b>Cash used in operating activities</b>	<b>(228,203,034)</b>	<b>(122,588,44)</b>
Income tax paid	(444,328)	(468,56)
<b>Net cash (used in)/ provided by operating activities</b>	<b>(228,647,362)</b>	<b>(123,057,00)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(2,411,975)	(13,079,95)
Sale of fixed assets	-	22,11
Purchase of investments	(330,017,703)	(435,667,23)
Proceeds from sale of investments	344,444,025	412,691,64
Dividend income	185,655	2,800,58
Interest on fixed deposits	5,957,331	185,00
Decrease / (increase) in fixed deposits	(27,346,773)	(18,294,02)
<b>Net cash (used in)/ provided by investing activities</b>	<b>(9,189,439)</b>	<b>(51,341,86)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of shares including securities premium	100,750,000	150,340,00
Proceeds from long term borrowings	259,500,000	120,000,00
Repayment of Long term loans and borrowings	(104,492,736)	(23,743,19)
<b>Net cash (used in) / provided by financing activities</b>	<b>255,757,264</b>	<b>246,596,80</b>
<b>Net increase in cash and cash equivalents during the period (A+B+C)</b>	<b>17,920,463</b>	<b>72,197,94</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>72,200,401</b>	<b>2,46</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>90,120,864</b>	<b>72,200,40</b>
<b>Notes 1:</b>		
Cash and cash equivalents as per Note 14	90,120,864	72,200,40
	<b>90,120,864</b>	<b>72,200,40</b>

This is the Cash Flow Statement referred to in our report of even date.

Walker, Chandiook & Co

For Walker, Chandiook & Co  
Chartered Accountants

per Aashish Arjun Singh  
Partner



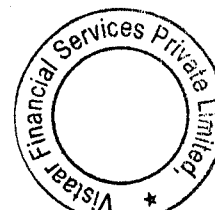
Bengaluru  
2 June 2012

For and on behalf of the Board of Directors

Brahmanand Hegde  
Managing Director

Bengaluru  
2 June 2012

N. N. Nishkala  
Director



Sudesh Chinchewadi  
Company Secretary

Sudesh Chinchewadi  
Company Secretary

## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Leasing and Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

### 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 in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 and the provisions of the Reserve Bank of India ('RBI'), as applicable to a non-banking financial company.

#### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets, provision for loan assets and accrual for employee benefits.

#### c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a. Interest on loans are charged and accounted on diminishing balance method. However, interest income on non-performing assets ('NPA') is recognised only when it is realised. On an advance account turning into NPA, interest already charged on accrual basis and not collected, is reversed.

b. Loan processing fee and membership fee received upfront are considered to be accrued at the time of entering into a binding agreement upon its receipt and are recognised accordingly.

c. Pre-closure charges are levied and accounted at the time of actual pre-closure.

d. Interest income on deposits with banks is recognised on an accrual basis taking into account the amount of outstanding deposit and the applicable interest rate.

e. On sale of receivables under asset assignment arrangement, the profit arising on account of sale is recognised over the life of the receivables assigned on an accrual basis and loss, if any, arising on account of sale is accounted immediately.

f. Dividend income is recognised when the right to receive payment is established by the balance sheet date.

g. All other income is recognised on an accrual basis.

#### d) Fixed assets

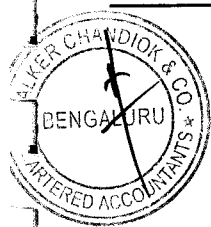
Fixed assets (tangible and intangible) are stated at historical cost less accumulated depreciation / amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital expenditure incurred on rented properties is classified as leasehold improvements under fixed assets.

#### e) Depreciation and amortisation

Depreciation / amortisation is provided under the straight-line method based on the estimated useful life of the assets which is either less than or equal to the corresponding life in Schedule XIV of the Companies Act 1956. Assets individually costing less than 5,000 are fully depreciated in the year of purchase. Depreciation / amortisation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Management's estimate of the useful lives for the various categories of fixed assets is as follows:

Asset Category	Estimated useful life (years)
Computers	3
Furniture and fixtures	4
Office equipment	4
Electrical equipment	3
Softwares	3



## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Livelihood Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

### 1 Significant accounting policies (cont'd)

#### f) Borrowing costs

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with Accounting Standard 16 – "Borrowing Costs". A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

The loan processing and other charges incurred at the time of origination of the loan were expensed off till 31 March 2011. Effective 1 April 2011, the above referred charges are being amortised over the term of respective loans. In the opinion of the management, the above change in accounting policy provides more appropriate presentation of the financial information. Had the Company continued with the previous accounting policy, the finance costs and the loss for the year would have been higher by 2,465,024 and the other current and non-current assets would have been lower by 1,082,887 and 1,382,137 respectively.

#### g) Investments

Long term investments are valued at, cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair value.

#### h) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals in respect of assets taken on 'operating lease' are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

#### i) Employee benefits

##### i) Provident fund

The Company makes contributions under a defined contribution plan to statutory provident fund in accordance with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The contributions payable are recognised as an expense in the period in which services are rendered by the employees.

##### ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/ obligation at the balance sheet date less the fair value of plan assets, together with adjustment for past services costs, if any. The defined benefit/obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

##### iii) Compensated absences

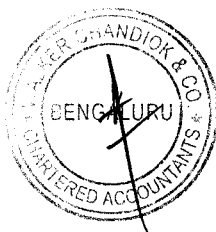
Liability in respect of leave encashment becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of earned leave becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability.

##### iv) Stock options

Accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the fair market price of the share on the date of grant over the exercise price of the options granted under the Employees Stock Option Plan, and is being amortised as "Deferred employees compensation" on a straight-line basis over the vesting period in accordance with the Guidance Note (GN) 18 "Share Based Payments" issued by the Institute of Chartered Accountants of India.

##### v) Other short term benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.



## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Livelhood Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

### 1 Significant accounting policies (cont'd)

#### j) Tax expense

Tax expense comprises current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, in case of unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

#### k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential equity shares.

#### l) Provisions and contingent liabilities

The Company makes a provision when there is present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made, for possible or present obligations that may, but probably will not, require outflow of resources or where a reliable estimate cannot be made, as contingent liability in the financial statements.

#### m) Classification of portfolio loans and provisioning

The livelihood and small business loans given to consumers are classified and provided based on Management's estimates which are more prudent than the classification and provision norms required as per the Non-Banking Financial (Non-Deposit Accepting and Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, including Notification No. DNBS (PD) CC No.225 / 03.02.001 / 2011-12, dated July 1, 2011, issued by RBI.

#### Loans under joint liability group scheme

<u>Period outstanding</u>	<u>Provision %</u>
Not overdue or overdue for less than 30 days	-
Overdue for 30 days and more but less than 61 days	10%
Overdue for 61 days and more but less than 91 days	25%
Overdue for 91 days or more but less than 121 days	50%
Overdue for 120 days or more (non-performing assets)	100%

The management provides an additional 1% of the portfolio, towards provisioning for contingencies upto a maximum provision of 100%.

#### Hypothecation loans

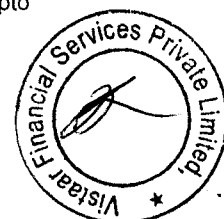
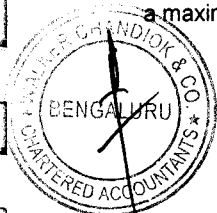
<u>Period outstanding</u>	<u>Provision %</u>
Not overdue or overdue for less than 60 days	-
Overdue for 61 days and more but less than 91 days	20%
Overdue for 91 days or more but less than 121 days	40%
Overdue for 120 days or more (non-performing assets)	100%

The management provides an additional 1% of the portfolio, towards provisioning for contingencies upto a maximum provision of 100%.

#### Mortgage loans

<u>Period outstanding</u>	<u>Provision %</u>
Not overdue or overdue for less than 180 days	-
Overdue for 180 days and more but less than 360 days (non-performing assets)	20%
Overdue for 360 days or more but less than 720 days (non-performing assets)	50%
Overdue for 720 days or more (non-performing assets)	100%

The management provides an additional 0.5% of the portfolio, towards provisioning for contingencies upto a maximum provision of 100%.



## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Technology Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

## 2 Share capital

	31 March 2012	31 March 2011
<b>Authorised</b>		
99,99,980 (31 March 2011: 99,99,980) Equity shares of 10 each	99,999,800	99,999,800
20 (31 March 2011: 20) Class A Equity shares of 10 each	200	200
11,000,000 (31 March 2011: 7,000,000) Compulsorily Convertible Preference Shares of 10 each	110,000,000	70,000,000
	<b>210,000,000</b>	<b>170,000,000</b>
<b>Issued, subscribed and paid-up</b>		
7,363,333 (31 March 2011: 7,333,333) Equity Shares of 10 each, fully paid	73,633,330	73,333,330
20 (31 March 2011: 20) Equity Shares of 10 each, fully paid	200	200
9,999,980 (31 March 2011: 5,999,980) Compulsorily Convertible Preference Shares of 10 each, fully paid	99,999,800	59,999,800
	<b>173,633,330</b>	<b>133,333,330</b>

### a) Reconciliation of share capital (Equity)

	31 March 2012		31 March 2011	
	Number	Amounts	Number	Amounts
<b>Balance at the beginning of the year</b>	7,333,333	73,333,330	278,215	2,782,150
Add : Issued during the year	30,000	300,000	34,000	340,000
Add : Bonus issues made during the year	-	-	7,021,118	70,211,180
<b>Balance at the end of the year</b>	<b>7,363,333</b>	<b>73,633,330</b>	<b>7,333,333</b>	<b>73,333,330</b>

### Reconciliation of share capital (Class A Equity)

	31 March 2012		31 March 2011	
	Number	Amounts	Number	Amounts
<b>Balance at the beginning of the year</b>	20	200	-	-
Add : Issued during the year	-	-	20	200
<b>Balance at the end of the year</b>	<b>20</b>	<b>200</b>	<b>20</b>	<b>200</b>

### Reconciliation of share capital (Compulsorily Convertible Preference Shares)

	31 March 2012		31 March 2011	
	Number	Amounts	Number	Amounts
<b>Balance at the beginning of the year</b>	5,999,980	59,999,800	-	-
Add : Issued during the year	4,000,000	40,000,000	5,999,980	59,999,800
<b>Balance at the end of the year</b>	<b>9,999,980</b>	<b>99,999,800</b>	<b>5,999,980</b>	<b>59,999,800</b>

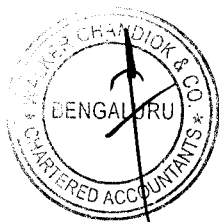
### b) Rights and preference of equity share holders:

Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

### Rights and preference of Class A equity share holders:

The Class A equity shares are issued to the holders of Compulsorily Convertible Preference Shares (CCPS) and they carry differential voting rights, equivalent to the shareholding percentage of Class A equity shares and CCPS held by them in the Company at the relevant time on fully diluted basis. In the event of liquidation of the Company, the holders of Class A equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of Class A equity shares held by the shareholders.

Further, with the conversion of the CCPS, the Class A equity shares shall be converted to ordinary equity shares and the differential voting rights shall fall away.



## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

### Notes to the Financial Statements

#### Rights and preference of holders of Compulsorily Convertible Preference Shares (CCPS) :

The holders of CCPS carry differential voting rights by virtue of holding Class A equity shares, equivalent to the shareholding percentage of Class A equity shares and CCPS held by them in the Company at the relevant time on fully diluted basis. In the event of liquidation of the Company, the holders of CCPS will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts but before distribution to equity shareholders and Class A equity shareholders. The distribution will be in proportion to the number of CCPS held by the shareholders.

The holder(s) of the CCPS may convert the CCPS only in whole into equity shares at any time of their choice prior to the "Compulsory Conversion Date" at the rate of 1 (one) fully paid up equity share per 1 (one) CCPS. "Compulsory Conversion Date" is the date of completion of 20 years from the date of issuance of the CCPS.

The CCPS shall carry a pre-determined cumulative dividend rate which shall aggregate to 1 per annum for all CCPS issued. In addition, the CCPS shall be entitled to dividend on as if converted basis. In addition, if the holders of equity shares are paid dividend in excess of dividend rate as computed above, the holders of the CCPS shall be entitled to dividend at such higher rate.

#### c) The details of shareholder holding more than 5% shares is set out below

##### Equity shares

	31 March 2012		31 March 2011	
	% of shareholding	No of shares	% of shareholding	No of shares
Mr. Brahmanand Hegde	40%	2,953,333	40%	2,933,333
Mr. Ramakrishna Nishtala	40%	2,953,333	40%	2,933,333
Mr. G S Sundararajan	12%	910,267	20%	1,466,667

##### Class A Equity shares

	31 March 2012		31 March 2011	
	% of shareholding	No of shares	% of shareholding	No of shares
Elevar Equity Mauritius	80%	16	80%	16
ICP Holdings I	20%	4	20%	4

##### Compulsorily Convertible Preference Shares

	31 March 2012		31 March 2011	
	% of shareholding	No of shares	% of shareholding	No of shares
Elevar Equity Mauritius	50%	4,999,984	50%	2,999,984
ICP Holdings I	50%	4,999,996	50%	2,999,996

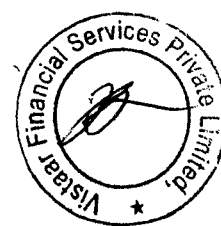
#### d) Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding 31 March 2012)

	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Equity shares allotted as fully paid up bonus shares by capitalisation of securities premium account	-	7,021,118	-	-	-

The Company has not bought back equity shares during five years immediately preceding 31 March 2012.

#### e) Shares reserved for issue under options

An 'Employee Stock Option Plan 2010' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 2 July 2010. The Plan provides for the issuance of stock options to eligible employees with the total options issuable under the Plan not to exceed 1,927,711 options. Under the Plan, these options vest over a period of four years after one year from the date of grant and can be exercised within a period of three year from the date of vesting. The vesting schedule shall be as specified in the Individual Grant Notices issued to the employees. During the year, 480,000 stock options were cancelled. Consequently, the total stock options issuable under the plan stand at 1,447,711.



# Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

## Notes to the Financial Statements

Information on the option activity during the year is given below:

	Number of options		Weighted average exercise price
	31 March 2012	31 March 2011	
Options outstanding at the beginning	495,000	-	25
Granted during the year	256,000	752,500	25
Forfeited during the year	216,000	257,500	-
Lapsed during the year	-	-	-
Cancelled during the year	480,000	-	-
Exercised during the year	-	-	-
Options outstanding at the end	55,000	495,000	25
Options exercisable at year end	4,500	-	25

The impact on the net results and earnings/(loss) per share, had the fair value method (prescribed by GN 18 issued by ICAI) been followed, is as follows:

	Year ended 31 March 2012	Year ended 31 March 2011
Net loss, as reported	27,248,326	48,439,149
Less: Stock-based employee compensation expense included in the Statement of Profit and Loss	-	-
Add/(Less): Stock-based employee compensation expense determined under the fair value method	(356,198)	572,336
Pro-forma net Loss	26,892,128	49,011,485
Loss per share – Basic		
As reported	(3.70)	(6.90)
Pro forma	(3.65)	(6.98)

The fair value of the options granted is determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Dividend yield %	Nil	Nil
Expected life	1 to 4 years	1 to 4 years
Risk free interest rate	6.5% - 8%	6.50%
Volatility	Nil	Nil

### 3 Reserves and surplus

#### Statutory reserve

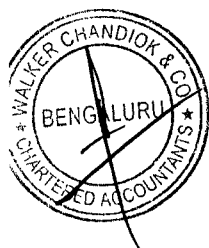
	31 March 2012	31 March 2011
Opening balance	344,785	344,785
Additions during the year	-	-
Balance at the end of the year	<b>344,785</b>	<b>344,785</b>

#### Securities premium reserve

Opening balance	19,788,820	-
Additions during the year	60,450,000	90,000,000
Less: Utilised during the year	-	70,211,180
Balance at the end of the year	<b>80,238,820</b>	<b>19,788,820</b>

#### Deficit in the Statement of Profit and Loss

Opening balance	(51,585,226)	(3,146,077)
Add: Loss for the year	(27,248,326)	(48,439,149)
	<b>(78,833,552)</b>	<b>(51,585,226)</b>
Balance at the end of the year	<b>1,750,053</b>	<b>(31,451,621)</b>



# Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

## Notes to the Financial Statements

### 4 Long-term borrowings

	31 March 2012		31 March 2011	
	Non - current	Current	Non - current	Current
<b>Secured</b>				
Term loans				
- from banks	28,613,514	28,549,803	-	15,000,000
- from others	109,428,493	84,672,261	15,588,821	65,667,988
	<b>138,042,007</b>	<b>113,222,064</b>	<b>15,588,821</b>	<b>80,667,988</b>
Less: Amount disclosed under "Other liabilities" note 6	-	(113,222,064)	-	(80,667,988)
	<b>138,042,007</b>	<b>-</b>	<b>15,588,821</b>	<b>-</b>

#### Secured term loan from banks and others

a) During the year, Company availed secured loan of 5 crores from The Ratnakar Bank Limited for onward lending to small businesses linked to the base rate of the bank. The loan is secured by way of lien on small business loan assets and cash collateral. The tenure of the loan is 24 months.

b) During the year, Company availed secured loan of 1.45 crores from Dhanlaxmi Bank Limited for onward lending to small businesses linked to the base rate of the bank. The loan is secured by way of lien on small business loan assets and cash collateral. The tenure of the loan is 48 months.

c) During the year, Company availed three secured loans aggregating to 3 crores from Ananya Finance for Inclusive Growth Private Limited for onward lending to small businesses. These loans are secured by way of lien on small business loan assets. The tenure of each of these loans is 36 months.

d) During the year, Company availed secured loans of 3 crores from Mahindra and Mahindra Financial Services Limited for onward lending to small businesses. The loan is secured by way of lien on small business loan assets and cash collateral. The tenure of the loan is 30 months.

e) During the year, Company availed three secured loans aggregating to 8.5 crores from MAS Financial Services Limited for onward lending to small businesses. These loans are secured by way of lien on small business loan assets and cash collateral. The tenure of these loans range between 24 - 36 months.

f) During the year, Company availed two secured loans aggregating to 3 crores from IFMR Capital Finance Private Limited for onward lending to small businesses. These loans are secured by way of lien on small business loan assets and cash collateral. The tenure of each of these loans is 36 months.

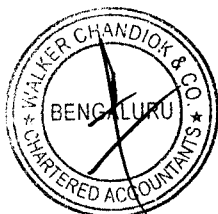
g) During the year, Company availed secured loan of 2 crores from Reliance Capital Limited for onward lending to small businesses. The loan is secured by way of lien on small business loan assets and cash collateral. The tenure of this loan is 36 months.

### 5 Deferred tax assets / (liability) net

	31 March 2012	31 March 2011
Deferred tax liability on account of depreciation / amortisation	(380,301)	(744,177)
Deferred tax asset on account of carried forward business losses	380,301	-
employee benefits	-	744,177
	<b>-</b>	<b>-</b>

### 6 Other liabilities

	31 March 2012		31 March 2011	
	Non - current	Current	Non - current	Current
Current maturities of long term borrowings	-	113,222,064	-	80,667,988
Payable against assigned loans	-	4,963,680	-	6,128,470
Continuing involvement in assigned portfolio	2,347,433	19,308,306	2,412,946	19,296,352
Interest accrued but not due on borrowings	-	784,914	-	390,740
Income received in advance on assigned loans	913,750	3,262,710	187,547	2,916,820
Statutory liabilities	-	1,261,572	-	1,034,668
Employee dues	-	3,540,830	-	2,941,970
Book overdraft	-	7,284,775	-	-
Other payables	-	2,694,351	-	619,460
	<b>3,261,183</b>	<b>156,323,202</b>	<b>2,600,493</b>	<b>113,996,488</b>





**Vistaar Financial Services Private Limited**

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

**Notes to the Financial Statements**

**7 Provisions**

	31 March 2012		31 March 2011	
	Non - current	Current	Non - current	Current
Provision for employee benefits				
Gratuity	517,204	57,346	312,790	27,635
Compensated absences	223,602	16,600	311,480	21,928
Contingent provisions against standard assets	1,331,738	1,452,574	155,672	1,038,643
	<b>2,072,544</b>	<b>1,526,520</b>	<b>779,942</b>	<b>1,088,206</b>

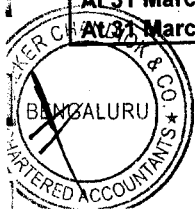
Based on information available with the Company, there are no suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 as at the year end.

**8 Tangible assets**

	Computers	Furniture and fixtures	Office equipment	Electrical equipment	Total
<b>Cost</b>					
At 01 April 2010	-	-	-	-	-
Additions	3,611,474	2,972,439	2,038,447	2,327,480	10,949,840
Disposals	22,113	-	-	-	22,113
<b>At 31 March 2011</b>	<b>3,589,361</b>	<b>2,972,439</b>	<b>2,038,447</b>	<b>2,327,480</b>	<b>10,927,727</b>
Additions	1,454,195	348,995	608,785	-	2,411,975
Disposals	-	-	-	-	-
<b>At 31 March 2012</b>	<b>5,043,556</b>	<b>3,321,434</b>	<b>2,647,232</b>	<b>2,327,480</b>	<b>13,339,702</b>
<b>Depreciation</b>					
At 01 April 2010	-	-	-	-	-
Charge for the year	795,457	479,845	355,205	541,010	2,171,517
Disposals	-	-	-	-	-
<b>At 31 March 2011</b>	<b>795,457</b>	<b>479,845</b>	<b>355,205</b>	<b>541,010</b>	<b>2,171,517</b>
Charge for the year	1,851,088	741,959	549,894	770,173	3,913,115
Disposals	-	-	-	-	-
<b>At 31 March 2012</b>	<b>2,646,545</b>	<b>1,221,804</b>	<b>905,099</b>	<b>1,311,183</b>	<b>6,084,632</b>
<b>Net block</b>					
At 31 March 2011	2,793,904	2,492,594	1,683,242	1,786,470	8,756,210
At 31 March 2012	2,397,011	2,099,630	1,742,133	1,016,297	7,255,070

**9 Intangible assets**

	Software	Total
<b>Cost</b>		
At 01 April 2010	-	-
Additions	2,130,113	2,130,113
Disposals	-	-
<b>At 31 March 2011</b>	<b>2,130,113</b>	<b>2,130,113</b>
Additions	-	-
Disposals	-	-
<b>At 31 March 2012</b>	<b>2,130,113</b>	<b>2,130,113</b>
<b>Depreciation</b>		
At 01 April 2010	-	-
Charge for the year	576,565	576,565
Disposals	-	-
<b>At 31 March 2011</b>	<b>576,565</b>	<b>576,565</b>
Charge for the year	187,270	187,270
Disposals	-	-
<b>At 31 March 2012</b>	<b>763,835</b>	<b>763,835</b>
<b>Net block</b>		
At 31 March 2011	1,553,548	1,553,548
At 31 March 2012	1,366,278	1,366,278



# Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

## Notes to the Financial Statements

### 10 Long term loans and advances

	31 March 2012		31 March 2011	
	Non - current	Current	Non - current	Current
<b>Loans to small businesses</b>				
Secured, considered good	182,732,996	113,527,738	-	-
Unsecured, considered good	850,841	61,387,469	18,601,932	124,112,454
	<b>183,583,837</b>	<b>174,915,207</b>	<b>18,601,932</b>	<b>124,112,454</b>
Less: Assigned portfolio	10,761,109	58,575,218	6,471,776	51,754,842
Less: Provision for non performing assets	36,882	2,660,994	-	-
	<b>172,785,846</b>	<b>113,678,995</b>	<b>12,130,156</b>	<b>72,357,612</b>
Continuing involvement in assigned portfolio*	2,347,433	19,308,306	2,412,946	19,296,352
	<b>175,133,279</b>	<b>132,987,301</b>	<b>14,543,102</b>	<b>91,653,964</b>

\* The Company has recorded continuing involvement to the extent of the amount guaranteed on the loan portfolio.

### 11 Other assets

	31 March 2012		31 March 2011	
	Non - current	Current	Non - current	Current
<b>Unsecured, considered good</b>				
Fixed deposits**	45,640,795	-	18,294,022	-
Prepaid expenses	1,382,137	1,894,897	-	490,643
Interest accrued but not due on fixed deposits**	1,512,748	367,448	238,394	161,330
Interest accrued but not due on loans to small businesses	-	4,581,862	-	783,210
Security deposits	2,934,071	-	1,685,009	-
Tax deducted at source receivable	912,891	-	468,563	-
Advance paid to vendors	-	94,374	-	-
	<b>52,382,642</b>	<b>6,938,581</b>	<b>20,685,988</b>	<b>1,435,183</b>

\*\*Other non-current assets includes the restricted cash and cash equivalents representing the fixed deposits made by the Company, as margin money against the borrowings and management portfolio commitments and deposit maturing beyond 12 months as at the year end and also the accrued interest thereon.

### 12 Current investments in mutual funds (Quoted, at cost)

	31 March 2012	31 March 2011
Union KBC Liquid Fund (10,071 units at face value of 1,000 per unit)	10,072,786	-
Religare Ultra Short Term Fund (2,970 units at face value of 100 per unit)	-	2,975,580
Religare Credit Opportunities Fund (1,968,742 units at face value of 10 per unit)	-	20,000,000
	<b>10,072,786</b>	<b>22,975,580</b>

The fair market value of the quoted investments in units of mutual funds as on 31 March 2012 : 10,072,786 (31 March 2011 : 23,117,194)

### 13 Trade receivables

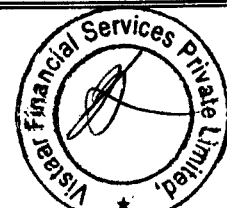
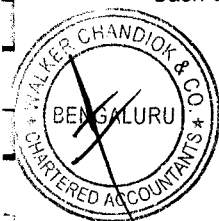
Unsecured, considered good, outstanding for less than six months

31 March 2012	31 March 2011
352,038	2,131,677
<b>352,038</b>	<b>2,131,677</b>

### 14 Cash and cash equivalents

Balances with banks  
on current accounts  
on deposit accounts  
Cash on hand

31 March 2012	31 March 2011
4,528,838	18,194,999
85,001,000	54,000,000
591,026	5,400
<b>90,120,864</b>	<b>72,200,400</b>



## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

### 15 Revenue from operations

Interest on loans to small businesses  
Loan processing and service fee  
Income from assignment

31 March 2012	31 March 2011
48,744,664	14,216,759
6,774,954	5,949,326
3,526,411	1,944,178
<b>59,046,029</b>	<b>22,110,263</b>

### 16 Other income

Interest on fixed deposits  
Dividend on investments in units of mutual funds  
Gains on sale of investments in mutual funds

31 March 2012	31 March 2011
7,437,798	584,734
1,010,046	2,800,583
699,132	-
<b>9,146,976</b>	<b>3,385,317</b>

### 17 Employee benefits expense

Salaries and bonus  
Contributions to provident and other funds  
Staff welfare expenses  
Gratuity

31 March 2012	31 March 2011
43,003,912	36,520,996
2,202,541	1,759,390
1,221,069	1,119,779
234,125	340,425
<b>46,661,647</b>	<b>39,740,590</b>

### 18 Finance costs

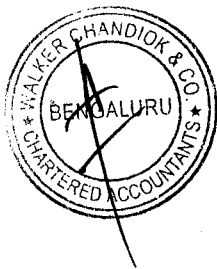
Interest expense  
On term loans  
Other borrowing costs  
Loan processing fee on borrowings  
Bank charges

31 March 2012	31 March 2011
18,827,276	5,676,708
911,211	1,679,084
240,397	806,467
<b>19,978,884</b>	<b>8,162,259</b>

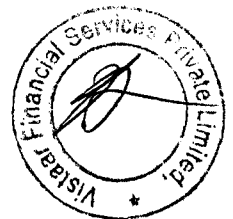
### 19 Depreciation and amortisation expense

Depreciation of tangible assets  
Amortisation of intangible assets

31 March 2012	31 March 2011
3,913,115	2,171,517
187,270	576,565
<b>4,100,385</b>	<b>2,748,082</b>



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## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

### Notes to the Financial Statements

#### 20 Other operating expenses

	31 March 2012	31 March 2011
Travelling and conveyance	6,274,560	4,062,075
Printing and stationery	649,449	1,213,925
Postage and courier	276,799	188,636
Rent	2,229,789	1,669,894
Information technology costs	1,695,790	811,718
Repairs and maintenance - others	1,183,740	1,344,942
Legal and professional	3,434,902	3,861,053
Insurance	360,421	333,876
Rates and taxes	285,610	1,989,748
Communication	1,399,093	1,064,168
Training and recruitment	1,035,583	1,860,764
Branding and marketing	260,486	1,166,739
Electricity and water	804,948	409,609
Membership and subscription	112,478	146,106
Miscellaneous	408,895	416,412
	<b>20,412,543</b>	<b>20,539,665</b>

#### Payment to auditors (excluding service tax)

	31 March 2012	31 March 2011
- Audit fees	500,000	300,000
- Tax audit fees	50,000	25,000
- Certification fees	-	10,000
- Out of pocket expenses	19,235	-
	<b>569,235</b>	<b>335,000</b>

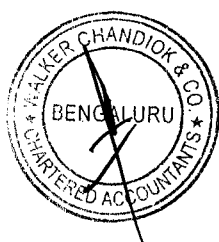
#### 21 Prior period items

	31 March 2012	31 March 2011
Legal and professional	-	1,489,894
Rent	-	45,000
Office maintenance	-	14,921
	-	<b>1,549,815</b>

#### 22 Earnings per share (EPS)

	31 March 2012	31 March 2011
Net loss attributable to equity shareholders	(27,248,326)	(48,439,149)
Weighted average number of shares outstanding during the year for computing basic EPS	7,360,156	7,021,136
Add: Effect of potential shares for conversion of CCPS	9,573,750	4,795,598
Weighted average number of shares used to compute diluted EPS	<b>16,933,907</b>	<b>11,816,734</b>
Loss per share :		
Basic	(3.70)	(6.90)
Diluted*	(3.70)	(6.90)
Nominal value - Rupees per equity share	10	10

\* The loss per equity share computation, based on diluted weighted average number of shares, is anti dilutive. Accordingly, the basic and diluted loss per equity share is the same.



## Notes to the Financial Statements

### 23 Employee benefits

#### A. Defined benefit plan

The Company has gratuity and compensated absences as defined benefit plans for its employees. Disclosures as required by AS 15 are as under:

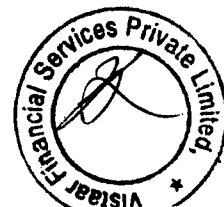
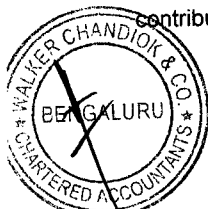
	31 March 2012		31 March 2011	
	Gratuity	Compensated absences	Gratuity	Compensated absences
<b>1 The amounts recognised in the Balance Sheet are as follows:</b>				
Present value of the obligation as at the end of the year	574,550	240,202	340,425	333,408
Fair value of plan assets as at the end of the year	-	-	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>574,550</b>	<b>240,202</b>	<b>340,425</b>	<b>333,408</b>
<b>2 The amounts recognised in the Statement of Profit and Loss are as follows:</b>				
Service cost	230,457	64,053	340,425	333,408
Interest cost	28,936	28,339	-	-
Expected return on plan assets	-	-	-	-
Past service cost	-	-	-	-
Net actuarial (gain)/loss recognised in the year	(25,268)	(185,598)	-	-
<b>Expense recognised in the Statement of Profit and Loss of the year</b>	<b>234,125</b>	<b>(93,206)</b>	<b>340,425</b>	<b>333,408</b>
<b>3 Changes in the present value of defined benefit obligation</b>				
Defined benefit obligation as at beginning of the year	340,425	333,408	-	-
Service cost	230,457	64,053	340,425	333,408
Interest cost	28,936	28,339	-	-
Actuarial losses/(gains)	(25,268)	(185,598)	-	-
Benefits paid	-	-	-	-
<b>Defined benefit obligation as at the end of the year</b>	<b>574,550</b>	<b>240,202</b>	<b>340,425</b>	<b>333,408</b>
Non - current	517,204	223,602	312,790	311,480
Current	57,346	16,600	27,635	21,928

#### Assumptions used in the above valuations are as under:

Interest rate	8.5% p.a.	8.5% p.a.	8% p.a.	8% p.a.
Discount rate	8.5% p.a.	8.5% p.a.	8% p.a.	8% p.a.
Future salary increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Attrition rate	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Retirement age	58 years	58 years	58 years	58 years

#### B. Defined contribution plan

The Company makes contribution of statutory provident fund as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employee's State Insurance Scheme as per the Employees' State Insurance Act, 1948. The contribution amounts have been disclosed under Note 17, Employee benefits expense.



## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

### 24 Related party disclosures

#### a) Names of related parties and nature of relationship

Names	Nature of relationship
Mr. Brahmanand Hegde	Key Management Personnel (KMP)
Mr. Ramakrishna Nishtala	Key Management Personnel (KMP)
Mrs. Sita Nishtala	Relative of KMP
Ms. Nandhini Hegde	Relative of KMP

#### b) Nature of transactions

	31 March 2012	31 March 2011
<b>Transactions with key management personnel</b>		
- Managerial remuneration		
Mr. Brahmanand Hegde	4,594,000	5,000,000
Mr. Ramakrishna Nishtala	4,595,265	5,000,000
<b>Transactions with relatives of key management personnel</b>		
- Vehicle lease rentals		
Mrs. Sita Nishtala	140,000	-
Ms. Nandhini Hegde	140,000	-

### 25 Classification and provisions for loan portfolio owned

	Asset classification			
	Standard assets		Non-performing assets	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Loan outstanding	286,614,730	84,487,768	2,547,987	-
Less: Provision	2,094,870	1,183,683	2,547,987	-
Loan outstanding (net)	284,519,860	83,304,085	-	-

### 26 Assignment of loans

During the year, the Company has assigned loans through direct assignment to third parties. The information on direct assignment activity of the Company, as an originator, is shown below:

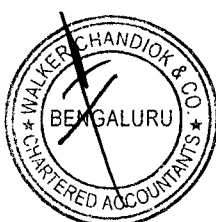
	31 March 2012	31 March 2011
Assets de-recognised:	71,772,423	77,575,759
Total number of receivables	4,169	6,774
Book value of assets	71,772,423	77,575,759
Sale consideration	76,793,210	82,624,214
Gain on transaction (Refer note 1 (c) (e))	5,020,787	5,048,455
Bank deposits provided as cash collateral	11,714,000	13,094,022

### 27 Operating leases

The Company is a lessee under various operating leases for premises and vehicles taken on lease. These leasing arrangements, which are generally cancellable between 11 months to 36 months and are renewable on mutually agreeable terms. Lease expenses for the year amounts to 2,229,789 (31 March 2011: 1,669,894).

### 28 Segmental information

The Company is engaged in lending to small businesses which is considered to be the only reportable business segment as per Accounting Standard 17 on Segment Reporting. The Company operates primarily in India and there is no other significant geographical segment.



# Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

## Notes to the Financial Statements

### 29 Additional disclosure pursuant to the RBI directions vide paragraph 13 of Non-Banking Financial (Non-deposit Accepting or Holding) Company Prudential Norms (Reserve Bank) Directions, 2007

#### Liabilities side :

#### a. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:

- (a) Debentures
  - Secured
  - Unsecured
 (other than falling within the meaning of public deposits\*)
- (b) Deferred Credits
- (c) Term Loans
- (d) Inter-corporate loans and borrowing
- (e) Commercial Paper
- (f) Other Loans (specify nature)

	Amount outstanding	Amount overdue
	-	-
	-	-
	252,048,985	-
	-	-
	-	-
	-	-
	<u>252,048,985</u>	-

#### Assets side :

#### b. Break-up of loans and advances:

- (a) Secured
- (b) Unsecured

#### Amount outstanding

267,346,345
<u>19,268,385</u>
<u>286,614,730</u>

#### c. Break up of leased assets and stock on hire and other assets counting towards AFC activities

- (i) Lease assets including lease rentals under sundry debtors :
  - (a) Financial lease
  - (b) Operating lease
- (ii) Stock on hire including hire charges under sundry debtors:
  - (a) Assets on hire
  - (b) Repossessed Assets
- (iii) Other loans counting towards AFC activities
  - (a) Loans where assets have been repossessed
  - (b) Loans other than (a) above

#### d. Break-up of investments :

##### Current investments

##### 1. Quoted

- (i) Shares :
  - (a) Equity
  - (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)

10,072,786

##### 2. Unquoted

- (i) Shares :
  - (a) Equity
  - (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)



# Vistaar Financial Services Private Limited

(Formerly known as Vistaar Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

## Notes to the Financial Statements

### Long term investments

#### 1. Quoted

- (i) Shares :
  - (a) Equity
  - (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)

#### 2. Unquoted

- (i) Shares :
  - (a) Equity
  - (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)

### e. Borrower group-wise classification of assets financed as in (b) and (c)

#### Category

- 1. Related Parties
  - (a) Subsidiaries
  - (b) Companies in the same group
  - (c) Other related parties
- 2. Other than related parties

#### Amount net of provisions

	Secured	Unsecured	Total
1. Related Parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	267,346,345	19,268,385	286,614,730
	<b>267,346,345</b>	<b>19,268,385</b>	<b>286,614,730</b>

### f. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

#### Category

- 1. Related Parties
  - (a) Subsidiaries
  - (b) Companies in the same group
  - (c) Other related parties
- 2. Other than related parties

	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV
1. Related Parties	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	10,072,786	10,072,786
	<b>10,072,786</b>	<b>10,072,786</b>

### g. Other information

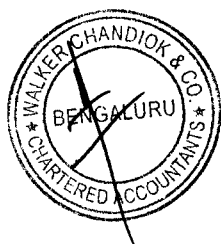
#### (i) Gross Non-Performing Assets

- (a) Related parties
- (b) Other than related parties

#### (ii) Net Non-Performing Assets

- (a) Related parties
- (b) Other than related parties

#### Assets acquired in satisfaction of debt





## Vistaar Financial Services Private Limited

(Formerly known as Vistaar Leashtood Financial Services Private Limited)

(All amounts in ₹ except otherwise stated)

# Notes to the Financial Statements

### 30 Prior year comparatives

The financial statements for the year ended 31 March 2011 had previously been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year amounts have also been reclassified to conform to the current year's classification.

For and on behalf of the Board of Directors

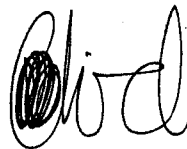


**Brahmanand Hegde**  
Managing Director

**Bengaluru**  
2 June 2012



**Ramakrishna Nishtala**  
Director



**Sudesh Chinchewadi**  
Company Secretary

