

vistaar
FINANCE

FOCUSED ON SMALL BUSINESSES

ANNUAL REPORT - 2013-14

CUSTOMER CENTRIC APPROACH



VISTAAR FINANCIAL SERVICES PVT LTD

No 80, M.C.S.H Layout, 21st main,
5th A Cross, IAS officers Colony,
BTM 2nd stage
Bangalore:-560076

COMPANY INFORMATION

Chairman

G S Sundararajan

Managing Director & Chief Executive Officer

Brahmanand Hegde

Founder Director & Chief Operating Officer

Ramakrishna Nishtala

Board Of Directors

Sandeep Farias

Ashit R Lilani

Badri Bahukutumbi Pillapakkam

Vishal Mehta *till 20 May 2014*

Abhiram Seth *from 19 Sept 2013*

Auditors

Walker, Chandio & Co LLP
Independent Auditors

Prolead Financial Solutions Private Limited
Internal Auditors

*Sumir Chadha appointed as nominee director with effect from 20th May 2014

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THUS SPAKE

CUSTOMERS

CEO

COO



*Synergy between
Vistaar and its
customers in their
mission and approach*



CUSTOMER SPEAKS

Delivering high quality customer service



Dadasab Ruge is a dairy farmer in Bhoj village near Chikkodi. When he was in need of financial help, he had approached all the banks and financial institutions in the area but his loan application was not sanctioned. At that time one of our customer relationship officers approached him. In a week's time, his loan facility of Rs 3.5 lakhs was sanctioned and disbursed. The customer has maintained an excellent repayment history with us which in due course, facilitated Vistaar to offer him a higher loan based on his need. **Out of his appreciation and gratitude the customer has renamed his dairy as "VISTAAR MILK PRODUCTION CENTER"**

Building Transparency & Respect



Balasahed Rajaram availed loan of Rs 2 lakhs from Vistaar for stock purchase from Sangli Branch. He is one of the earliest customers for Vistaar in Sangli. Balasahed says – **"Vistaar Finance is a transparent and friendly institution that helps small businessmen from remote places to realize their dreams by supporting them financially and motivating them.** Vistaar helped me get financial aid, explained all terms of the loan in Marathi, which helped me to understand fully and that is the reason why I am very happy today and successful. So as tribute to Vistaar, **I have named my shop as 'Vistaar Gift Shop'.** In his words he says this, "Sir, ek baar Shirpur aake tho dekho, humne iss choti si gaon mey kis tarah ki dukaan banaya hein". –In English- **"Sir, please come to my village Shirpur and see what kind of shop I have built in my small village".**

Building Long-term Relationships



Dilip Mahadev Magadum is a cloth merchant in Athani and he took a loan of 2 lakhs from Vistaar. He says, "After taking loan from Vistaar my business has improved many fold. The service Vistaar has given was appreciable. **I and my family have decided that whatever new business I venture into, I'm going to name it as Vistaar**". Dilip & family have purchased a new bike recently and he has named the bike as Vistaar. He believes that Vistaar has become a lucky charm for his growth and says he will approach Vistaar for all his future needs.

VISTAAR IS A SANSKRIT WORD WHICH MEANS EXPANSION AND GROWTH

MESSAGE FROM CEO



Dear Shareholders,

Vistaar has been a customer centric organization since inception. By placing customers at the heart of everything we do, we are able to deliver high quality products and services that meet the needs of our customers, thereby contributing to their economic growth and social development. In line with our focus, we will continue to work on new products and services for the customers.

It is satisfying to know that we are able to reach the underserved segment effectively thereby helping our customers to access affordable finance and help build their businesses. We have taken number of steps during the year in this area, including credit literacy video, communicating with customers in local language and local language documents. All these products and processes result into good customer service and resultant customer satisfaction.

As we look at the growth of Vistaar over the years since our inception in 2010, I am extremely proud of what we have achieved, and even more excited about our outlook for an equally promising future. We have successfully transitioned from a start-up to become a growth oriented Company, scaling up businesses to various States, while earning the trust of our customers, lenders and investors along the way. Team Vistaar has played a pivotal role in bringing the Company to this level. I would like to express gratitude to each and every Vistaarian who travelled with us during this journey. But for the commitment and contribution of each and every member of Vistaar family, Vistaar could not have reached this stage.

We will continue to focus on organic growth tapping into the skills and talent of our experienced team and will work hard to develop new ideas and new products or approaches to deliver the highest customer satisfaction.

I am extremely happy to inform that we successfully raised Rs. 160 crores new capital in May 2014. The new capital round was launched in February 2014 and was oversubscribed. This new capital will fuel further growth in coming years.

I sincerely thank all our customers, lenders, investors, partners and employees who have made Vistaar a well-respected Company and have helped Vistaar to reach this stage. Looking forward to greater support going forward.

Yours sincerely,

Brahmanand Hegde
Managing Director & CEO

Bangalore

30-05-2014

MESSAGE FROM COO



Dear Shareholders,

At Vistaar, we believe that success comes from a continuous focus on innovation and execution. These concepts are not only vital to delivering best customer satisfaction, but also to do so on a sustainable basis.

For most of our customers, borrowing from the organized sector is a first time experience. Hence, it is important for us deliver best products and services to our customers, to make Vistaar a most preferred financial institution to work with as they grow.

For us innovation means doing things better and smarter. It means making the most of our resources, empowering people to do what they do best and using the power of diverse ideas to overcome challenges. Towards this, we have invested heavily in IT solutions. We are implementing a more robust IT platform which will facilitate servicing of our customers in an innovative and effective way. We are also investing heavily in training our employees and in employee engagement programs. This will contribute immensely towards building a strong and dedicated workforce focused on customer service. These investments in IT & people will help us scale up in a sustainable manner and facilitate achieving our growth plans.

Execution is equally important. It is all about getting the right people, doing the right things, at the right time, at the right cost structure. We have worked on decentralizing the decision making and empowering employees across all levels in the organization. We have set up Branch level, Cluster level and State level credit committees thereby empowering the employees across various levels to take balanced and informed credit decisions. The senior and middle level management teams also have been empowered with the appropriate decision making powers. This has helped in faster decision making at all levels which in turn has ensured delivering best service to our customers.

We are working on new products to cater to the needs of our target customer segment. We are targeting to roll out new product offerings in the coming financial year which will help our target customers to access innovative financial products which includes new loan products and insurance products.

We look forward to continuing to innovate and execute effectively in order to deliver the best financial products and serve our customers with highest quality service thereby making Vistaar an undisputed market leader in the customer segment we operate in.

I thank all our customers, stakeholders and employees for showing unstinted faith in Vistaar and making Vistaar a well-respected player in the market

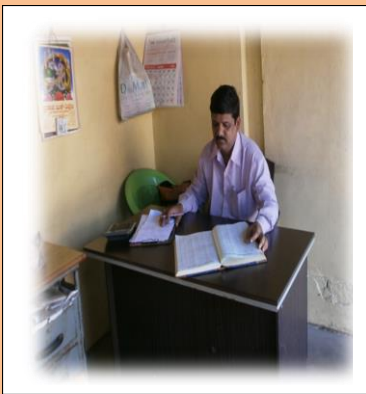
Your sincerely,

Ramakrishna Nishtala
Founder Director & COO

Bangalore
30-05-2014

COMPANY INFORMATION



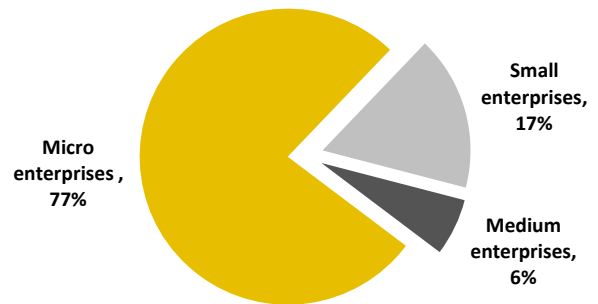


Riyaz Attar, 10 years ago started out selling about 6 liters of milk per day, by going from door to door. Today he sells as much as 3500 liters per day from milk collection center. **Riyaz acknowledges the presence of competition, but is unperturbed by its effect on his business, owing to the fact that the market is large enough to accommodate multiple players each earning reasonable margins.**

36 Million Enterprises in the MSME sector contribute over 45% to India's manufacturing output

Total addressable but unmet debt demand in the MSME sector of Rs. 2.9 Trillion (mainly comprising micro and small enterprises the target segment of Vistaar)

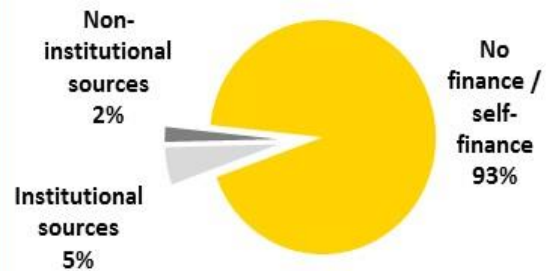
Break up of total unmet debt demand ^(a)



Huge market potential for Vistaar

Customer profile of Small Businesses	Resultant need gap for financing through formal channels
Often, unregistered with any government authority	Unable to establish business activity on paper
Has regular income stream but most receipts and payments are in cash	Cannot establish income and expenditure pattern through a bank account

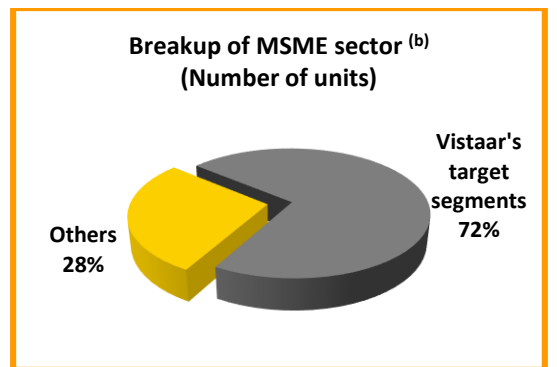
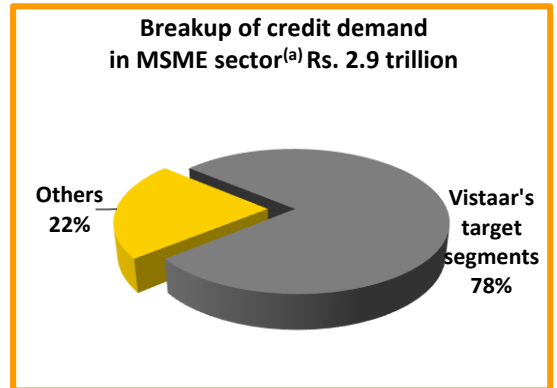
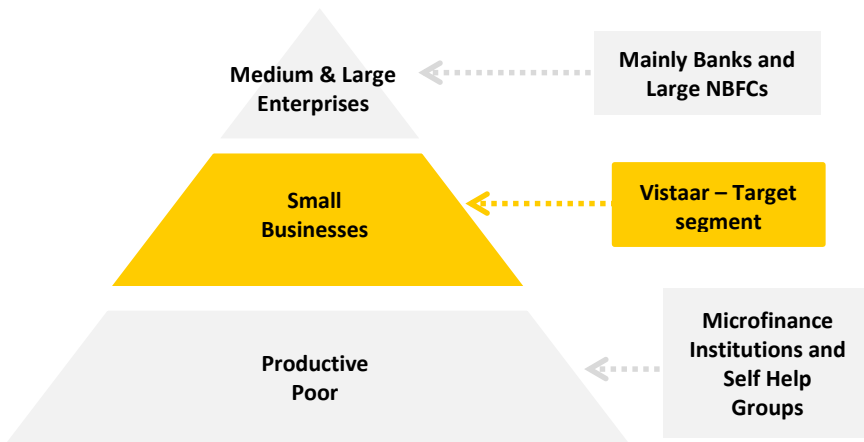
Break up of financing in the sector ^(b)
(Number of MSME units)



Sources :

(a) IFC report on MSME finance in India (Nov-12) (b) Ministry of MSME Annual Reports (Govt. of India)

VISTAAR'S TARGET SEGMENTS CONSTITUTE MAJORITY OF THE DEMAND GAP



Target segments of Vistaar constitute 72% of the total MSME business units and 78% of the total MSME sector credit demand

	Typical customer profile	Purpose of loan	Range of ticket size (Rs in Lakhs)	Total active customers as on 31 March 14
Dairy	<ul style="list-style-type: none"> ▶ Milk collection center / mid-size dairy farmer (sells milk to collection centers) 	<ul style="list-style-type: none"> ▶ Working capital (e.g. Supplier advance : Milk collection center) / capital expenditure (e.g. to buy more cattle : Dairy farmers) 	<ul style="list-style-type: none"> ▶ 0.3 - 19 	<ul style="list-style-type: none"> ▶ 12,644
Textile & Apparel	<ul style="list-style-type: none"> ▶ Owns more than 2-3 looms (power-loom / auto-loom etc.) 	<ul style="list-style-type: none"> ▶ Capital expenditure (e.g. to buy more looms) 	<ul style="list-style-type: none"> ▶ 0.3 - 22 	<ul style="list-style-type: none"> ▶ 5,268
Kirana Stores	<ul style="list-style-type: none"> ▶ Unorganized retail shop for daily household items with annual turnover of Rs. 4 - 5 Mn ▶ Owns permanent place of business/ residence 	<ul style="list-style-type: none"> ▶ Working capital to increase the scale of business and product offerings 	<ul style="list-style-type: none"> ▶ 0.3 - 20 	<ul style="list-style-type: none"> ▶ 3,082
Non-Kirana Retail	<ul style="list-style-type: none"> ▶ Unorganized retail shop with non-grocery items (e.g. Footwear, Clothes shop, Oil shop etc.) with annual turnover of Rs. 3 - 4 Mn ▶ Owns permanent place of business/ residence 	<ul style="list-style-type: none"> ▶ Working capital (e.g. Supplier advances) 	<ul style="list-style-type: none"> ▶ 0.3 - 25 	<ul style="list-style-type: none"> ▶ 2,571

Sources : (a) Ministry of MSME Annual Reports (Govt. of India) (b) IFC report on MSME finance in India (Nov-12)

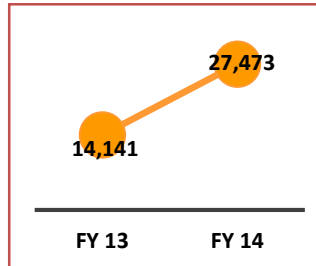
Vistaar is the
FIRST LENDER TO
Prakash Sharma

SERVING THE MISSING MIDDLE USING UNIQUE CREDIT METHODOLOGY

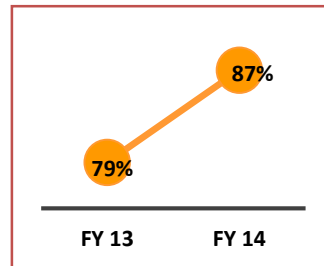


Prakash Sharma is like any other businessman, ever enthusiastic and on the lookout for business opportunities. Living in Sangli with his wife and two children, Prakash has a Plywood & Hardware business in his locality since 35 years. He says "I was planning to expand my business and so I started visiting many financial institutions and banks for assistance but nothing worked out. After a year I received a pamphlet of VISTAAR at my shop. I thought why not give it a try. Believe it or not, I got Rs. 10 lakhs loan sanctioned from Vistaar within 14 days. And now it is 10 months since I have availed the loan and my business has expanded and is running smoothly."

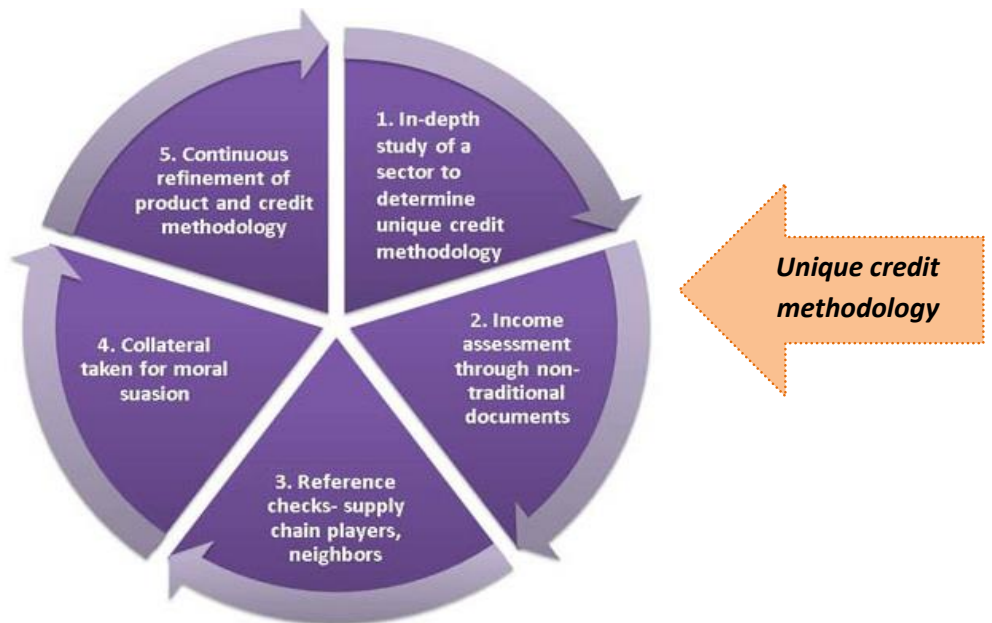
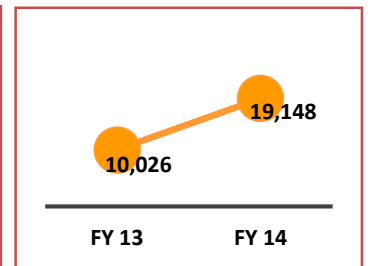
Businesses Supported #



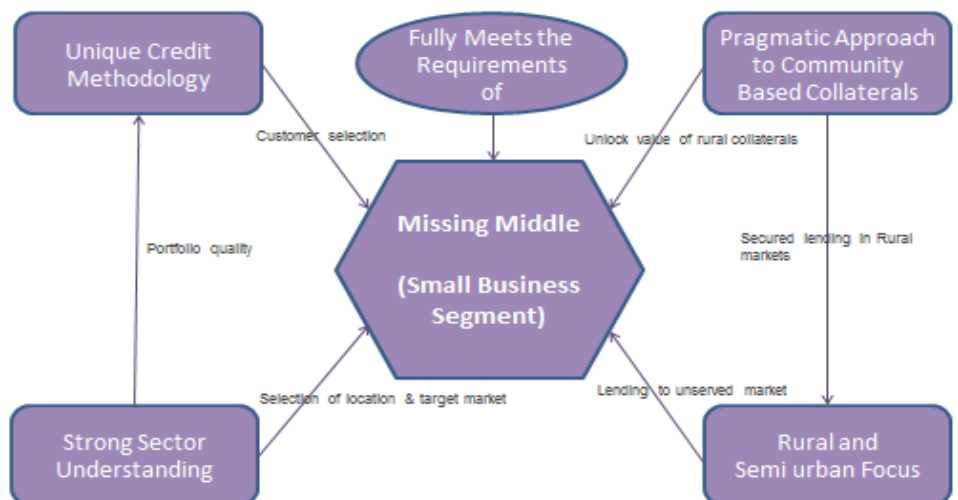
Introducing customer to formal lending



Employment generation



Serving Customer using sustainable differentiation created through linkages



Saravanan is happy about
AFFORDABLE FINANCE
from Vistaar



Saravanan availed a loan of Rs. 6,00,000/- from a local money lender 3 years ago for purchasing 4 Auto looms. He was paying only Interest of Rs.18,000/- per month & no Principal. Even after completion of 3 years, Saravanan was still paying only interest. He says- "One day a Vistaar loan officer approached me and made me understand how easy it is to take a loan from Vistaar. He analyzed my business and suggested to me to avail a loan based on my repayment capacity & requirement. I availed a loan of Rs. 8,00,000/- from Vistaar which was processed in less than 15 days. Now I pay principal and monthly interest together. I closed my money lender loan completely & as I was struggling with power shortage, I purchased a generator. **Life is much simpler now as I am paying both principal & interest every month & will be able to close my loan completely.**

VISTAAR PROVIDES A RANGE OF AFFORDABLE PRODUCTS AND SERVICES

Vistaar provides financial support through two products namely Small Business Mortgage Loan (SBML) and Small Business Hypothecation Loan (SBHL).

SBML: The purpose of this loan is to serve the small businesses requiring larger amounts for the betterment of their enterprises through capital expenditure and/or operational/working capital expenditure.

SBML

Ticket Size: Rs. 1 lac – 25 Lacs

Tenure: 24 – 84 months

Security: Property

SBHL: This facility is offered to serve the requirements of the small business across all sectors of economy, for relatively smaller loan amounts.

SBHL

Ticket Size: Rs. 0.35 lacs – 0.95 Lacs

Tenure: 18 – 30 months

Security: Hypothecation of stocks/
machinery

**Bashalal appreciates that
Vistaar met his
CREDIT NEEDS FULLY**

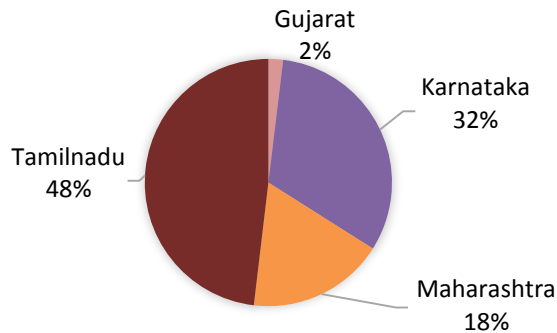


Bashalal was into a business of dyeing threads which are used by power loom weavers. Initially he availed a loan of Rs. 1 lakh for purchase of stocks. Based on eligibility and good repayment record an additional loan of Rs. 3.5 lakhs was sanctioned to the customer. In his own words Bashalal says "Vistaar helped me, when I had enough orders on hand but not enough capital for investing in raw material. As a result I was passing those orders to my competitors. Because of the financial help from Vistaar I'm servicing these customers myself and my business has increased by 30 %".

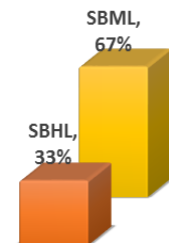
SERVING CUSTOMERS EFFECTIVELY

Vistaar portfolio is well diversified across sectors, geographies & offering unique products in line with Vistaar's long term policy of de-risking from sectoral and geographical risks, while meeting customer demands fully.

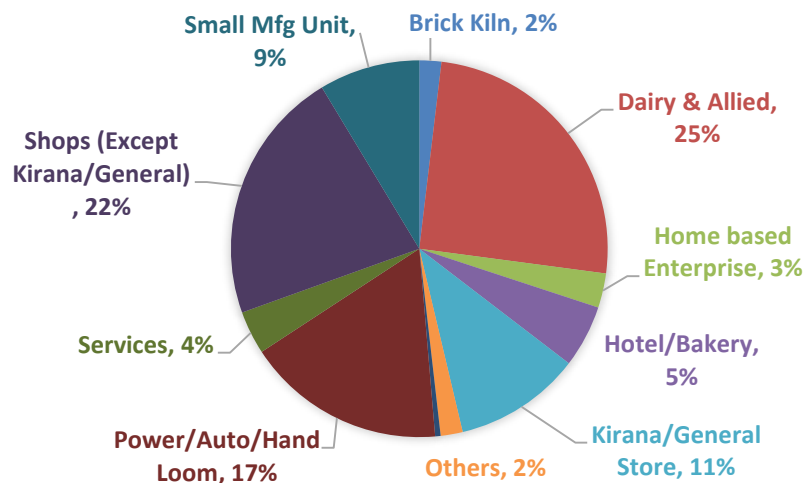
STATE WISE PORTFOLIO



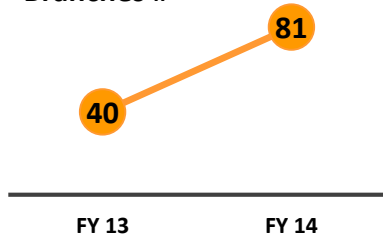
PRODUCTWISE PORTFOLIO



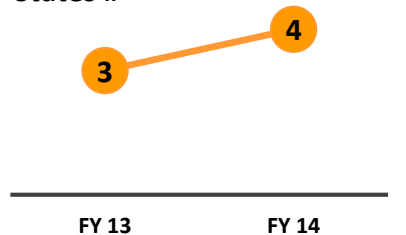
SECTOR WISE PORTFOLIO



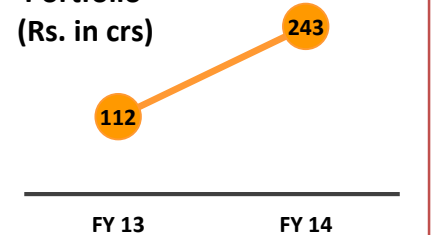
Branches



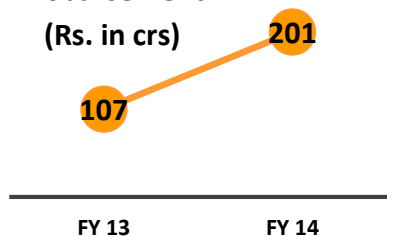
States



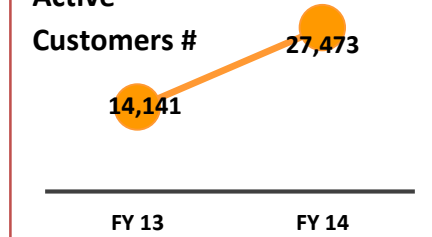
Portfolio (Rs. in crs)



Disbursement (Rs. in crs)



Active Customers



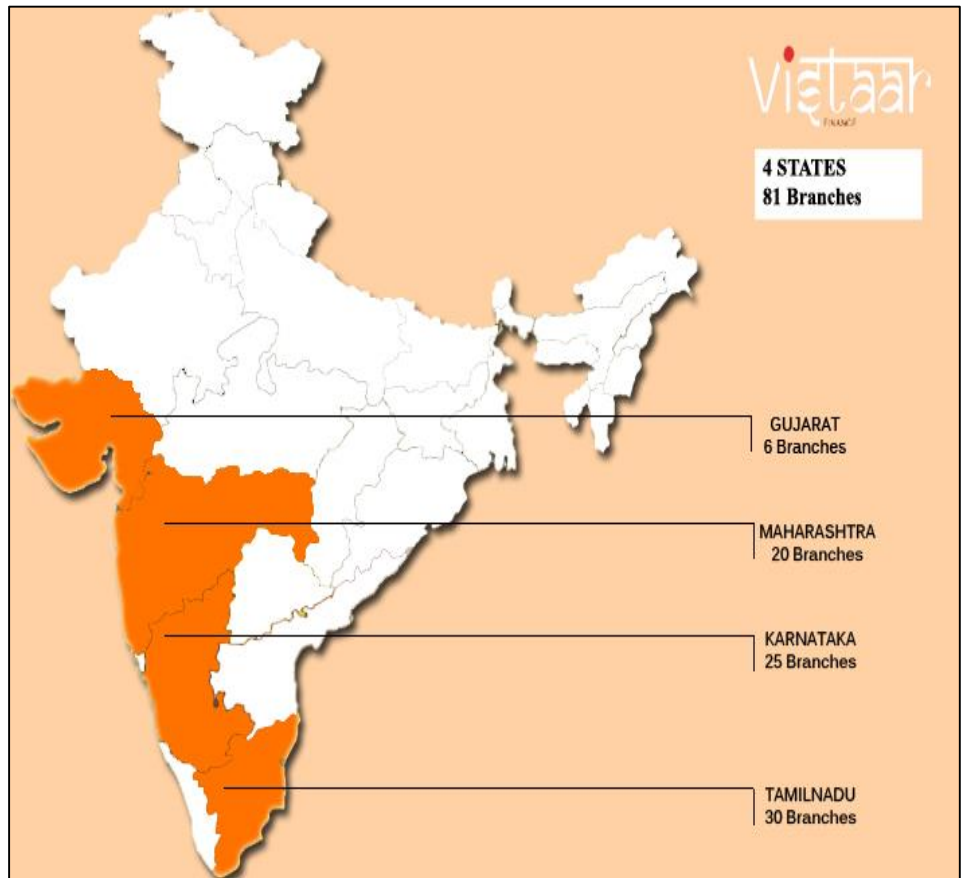
**Siddeshwar focuses on
UNDERPENETRATED market**



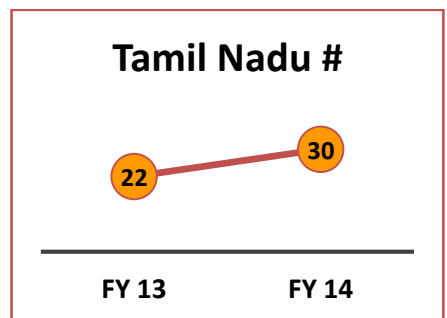
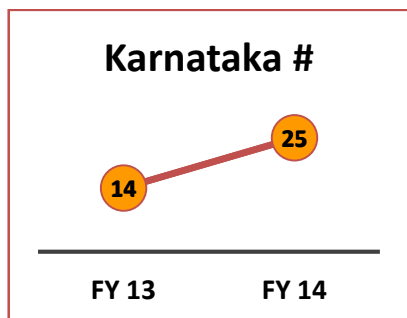
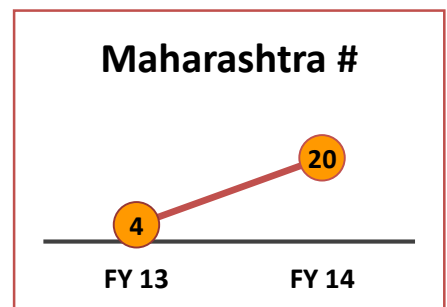
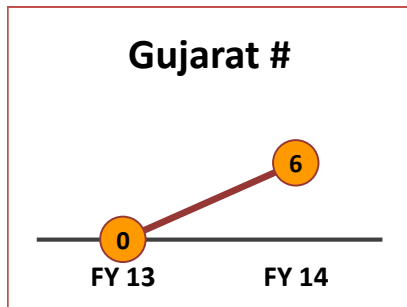
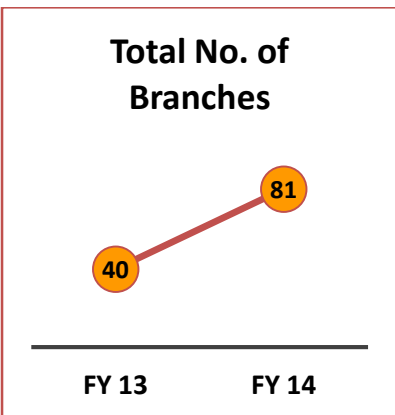
Siddeshwar Kambale runs a retail shop selling bags and sports goods. He noticed the importance of customer satisfaction and implemented all these principles which helped him in developing his business. Siddeshwar quickly realized that other goods, such as sports equipment commanded good margins and with the help of a loan from Vistaar, managed to diversify his product offering to further improve his profit margins. **He has expanded to villages and small towns, rather than bigger cities due to lack of competition, underpenetrated market and robust demand. For this, he regularly participates in fairs that take place in smaller markets and villages.**

VISTAAR EXPANDING INTO NEW GEOGRAPHIES

Measured, adjacent expansion strategy



Number of Branches

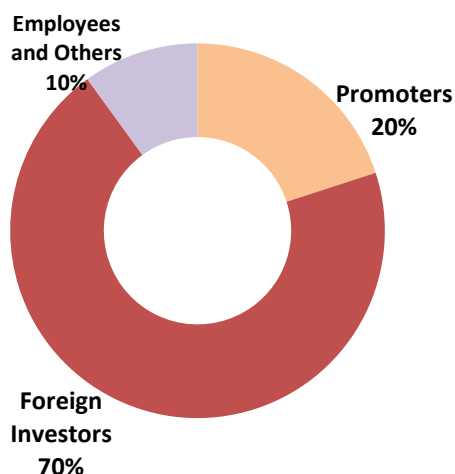


BUILDING STRONG RELATIONSHIPS TO SERVE THE MISSING MIDDLE

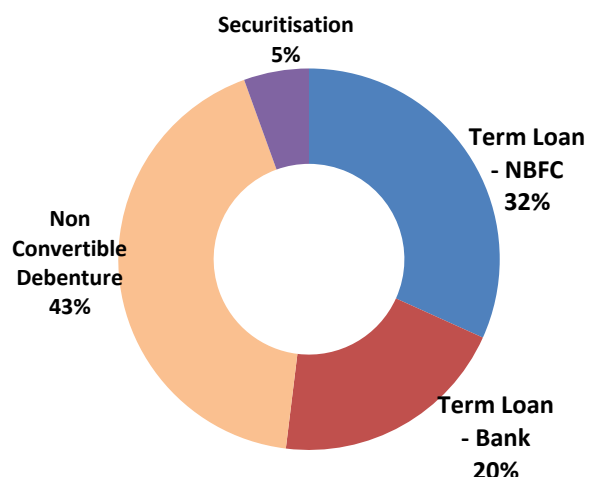
Unique and proven business model backed by strong capital base has enabled Vistaar to raise funds from diversified sources to fuel its growth.

Vistaar has raised funding through equity, debt and securitisation of portfolio tapping large and reputed international and domestic investors/ lenders.

SHAREHOLDING PATTERN AS ON 31 MARCH 14



DEBT PROFILE AS ON 31 MARCH 14



(Amount in Rs. Crs)

DEBT PORTFOLIO	Debt raised in FY 14	Debt Outstanding as on 31 Mar 14
Term Loan - NBFC	38.25	70.90
Term Loan - Bank	42.52	45.11
Non-Convertible Debenture	95.00	95.00
Securitisation	8.23	12.34
Total	184.00	223.35

ICRA has assigned BBB- rating with stable outlook.

BUILDING STRONG RELATIONSHIPS TO SERVE THE MISSING MIDDLE

EQUITY INVESTORS

INTERNATIONAL FINANCIAL INSTITUTIONS



INDIAN BANKS

INDIAN FINANCIAL INSTITUTIONS

*Westbridge Invested in May 2014

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CORPORATE GOVERNANCE



Imtiyaz has built strong
GOVERNANCE PRACTICES
to run his business effectively



Imtiyaz Khalifa is a Vistaar customer from Haveri branch in Karnataka. He has availed a loan of Rs. 5 Lakhs. At the time of availing the loan the customer was not maintaining proper books of accounts. **Very little formal details of Income and expenditure were recorded. During the Vistaar loan appraisal process we not only analyzed his true cash flows but also made the customer understand the importance of maintaining proper books of account in an efficient manner. Imtiyaz who is into ginning business was having 2 machines. With the loan he availed, four more machines were purchased. His business has grown since then. The customer has also started to maintain formal books of account for his business. He has referred three business associates to Vistaar for their financial requirements, based on the happy relationship that he shares with the branch.**

CORPORATE GOVERNANCE

BOARD INVOLVEMENT AT GRASS ROOT LEVEL



Board members with our branch staff in Annur

SETTING HIGH STANDARDS FOR CORPORATE GOVERNANCE



Vistaar Board Meeting in Coimbatore

VISTAAR'S BOARD OF DIRECTORS



G.S Sundararajan
Chairman

DIN: 00361030

G S Sundararajan is at present Managing Director of Shriram Capital Ltd, the holding company of Shriram Group's Financial Services and Insurance businesses across India and overseas. Sundararajan was the CEO & Managing Director of Fullerton India Credit Company Ltd., a fully owned subsidiary of Temasek Holdings, Singapore. He was an integral part of Temasek's vision for India in the Banking and Financial Services space that started promisingly in late 2005 and went on to become the fastest growing and largest networked Finance Company in the country. Prior to this, he was the Managing Director and Head of Citibank's SME and Asset Based Finance business in India. He led the SME business and successfully established Citigroup as one of the most dominant SME players with a consistently predictable performance in the country. Sundararajan holds a Bachelor of Engineering degree from Coimbatore in India and a Post Graduate Diploma in Management from IIM, Ahmedabad in India.



Abhiram Seth
Independent
Director

DIN: 00176144

Abhiram Seth is at present Managing Director of Aquagri since 2008. Aquagri is an enterprise focused on promoting Aqua Agriculture through self-help groups, amongst the coastal communities. Prior to this, Abhiram was the Executive Director – Exports and External Affairs for PepsiCo India. Abhiram started his career with Hindustan Lever Limited in 1975. He has chaired the Water Committee of FICCI and Food Regulatory Committee of CII and has also been the president of CIFTI. He is also actively associated in the Foreign Trade and Agriculture/Food Processing work of various apex bodies of Chambers of Commerce. Abhiram graduated in Economics from Delhi University, and has done his Masters in Management Studies from Jamanalal Bajaj Institute, Bombay University with specialization in marketing.



Sandeep Farias
Nominee Director

DIN: 00036043

Sandeep Farias is a Founder and Managing Director of Elevar Equity (www.elevarequity.com), a thesis based investor focused on backing entrepreneurs who deliver essential services to disconnected communities underserved by global networks. He founded Elevar on the view that: "Lack of access to basic services for any individual is really an issue of discrimination and must be challenged. It is imperative that we leverage the power of markets to scale and provide access to life changing services to millions of individuals and communities." It is this idea that drives Sandeep to provide equity to entrepreneurs who challenge discrimination, help them prove their business model, establish the right governance, and raise additional capital to grow. Previously, Sandeep founded the India operations of Unitus (a global microfinance accelerator) in 2004 and was Chief Innovation Officer of Unitus in 2007. He conceptualized Unitus' India strategy, built the India team and launched a number of strategic projects for the organization. Sandeep came to the impact space from Nishith Desai Associates (NDA), one of India's leading law firms where he founded the firm's development sector practice, incubated new practice areas and led its corporate law practice. He also established the firm's offices in Palo Alto, California and Bangalore, India.



Ash Lilani
Nominee Director

DIN: 00766821

Ash Lilani is Managing Partner and Co-Founder of Saama Capital and serves as non-executive Chairman of Silicon Valley Bank's India business. Lilani is responsible for sourcing and managing the investments of SVB India Capital Partners and its successor fund, Saama Capital. Previously, he held several executive positions at Silicon Valley Bank including founding and managing its international division, SVB Global, where he developed and managed SVB's global market activities. In this role he set the strategy and oversaw the operation of Silicon Valley Bank's international subsidiaries in London, Tel Aviv, Bangalore, Mumbai, Beijing and Shanghai. Prior to that, he managed several different domestic businesses for the Bank. Lilani is a Board member at Vittana, non-profit facilitating micro loans to students in developing countries, an advisor to the American Indian Foundation, a charter member of TiE, a network for U.S. and Indian entrepreneurs, and was a founder of the U.S.-India Venture Capital Association. In addition, he holds a Bachelor's degree in Finance and Accounting from Bangalore University and has a Master of Business Administration degree from Philadelphia University.



Badri Pillapakam
Nominee Director

DIN: 00272372

Badri Pillapakam, Principal, Investments, Omidyar Network India Advisors. Badri sources and executes investments across the Access to Capital initiative for Omidyar Network India, with a particular focus on financial inclusion, property rights and consumer Internet and mobile organizations. His role builds on his extensive experience in the finance and investing fields. Immediately before joining Omidyar Network, Badri served as the vice president of investments and fund operations at Xander Advisors, a private equity firm focusing on real estate investments in India. In this role, Badri identified, evaluated, and executed investments and acquisitions; he was also responsible for numerous fund operations, including legal and tax matters surrounding investment in India. Previously, Badri worked in the financial risk management division at Exl Service, a leading provider of business process outsourcing services. He began his career in the assurance and business advisory services division of PriceWaterhouse Coopers India, where he worked on statutory and tax audits, due diligence reviews, and feasibility studies for Indian and multinational companies. Badri is an associate member of the Institute of Chartered Accountants in India. He graduated with an MBA from the Indian School of Business, where he made the dean's list, and earned his Bachelor of Commerce from the University of Madras



Vishal Mehta
Nominee Director

DIN: 00256331

Vishal is co-founder of Lok Capital Fund and he started its investment business and operations in India in late 2004. Since then he has played the lead role in building Lok Capital as a premier venture capital fund focused on investing in base of the pyramid enterprises. Lok Capital is one of the first social VCs focused on India and backed by institutional investors and currently has close to \$80m of assets under management. Vishal holds an Engineering degree from Delhi University and an MBA from the University of Michigan, Ann Arbor.



Brahmanand Hegde
Managing Director
& CEO

DIN: 02984527

Brahmanand is the Managing Director & Chief Executive Officer at Vistaar Finance. He is one of the Promoters of Vistaar. He was a Director – Microfinance in Fullerton India, as a core member of the team which conceptualized, developed and started the Microfinance Business from mid-2007. Prior to that Brahmanand worked in ICICI Group between 1992 and 2007, in the Rural and Microbanking Group with a range of responsibilities covering Strategy to Execution. During this phase, he worked very closely with the microfinance sector, lending to over 80 MFIs in the country with an aggregate exposure of over Rs.3,000 Cr. In his initial years in ICICI he worked for Project Financing in the Agri Business Division, responsible for implementing a special project, namely Agriculture Commercialisation & Enterprise (ACE) programme for USAID. Brahmanand is a Post-Graduate with M.Sc from University of Agricultural Sciences, Bangalore and qualified CAIIB from Indian Institute of Bankers, Mumbai.



Ramakrishna Nishtala
Founder Director
& COO

DIN: 02949469

Ramakrishna is the Founder Director & Chief Operating Officer at Vistaar Finance. He is one of the Promoters of Vistaar. He headed the Microfinance Business of Fullerton India and was a core member of the team which conceptualized, developed and started the Microfinance Business. Prior to this he was responsible for coordinating the rollout of Fullerton India's 800-branch network encompassing technology, people and premises. Prior to this Ramakrishna worked for over 20 years in the Eicher Group, in a variety of sectors including commercial vehicles, tractors and auto components in various functions ranging from Sales and Marketing, Strategic Planning and Implementation. He was head of Corporate Strategy, and worked on re-structuring the Eicher Group's portfolio.

CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

Vistaar's products, processes and people focus on enhancing the economic output of our customers' enterprises. Vistaar maintains transparency by providing all the required information to customers, employees and other stakeholders and strictly follows ethical norms in its interactions with customers, colleagues and associates.

BOARD / COMMITTEE MEETING AND ATTENDANCE

Board/Committee Meetings	No. of Meetings held during 2013-14
Board Meetings	6
Borrowing Committee	13
Audit Committee	4
Compensation Committee	4
Risk Committee	4
Nomination Committee*	2

*Nomination Committee was formed on 18 November 2013

Name	Nature of Directorship	Attendance					
		Board	Risk	Nomination	Borrowing	Audit	Compensation
G S Sundararajan	Chairman & Non-Executive Director	6 / 6	4 / 4	2 / 2	NA	4 / 4	4 / 4
Brahmanand Hegde	Managing Director & CEO	6 / 6	NA	NA	13 / 13	NA	NA
Ramakrishna Nishtala	Founder Director & COO	5 / 6	NA	NA	13 / 13	NA	NA
Sandeep Farias	Nominee Director	6 / 6	4 / 4	2 / 2	13 / 13	NA	NA
Ashit R Lilani	Nominee Director	4 / 6	NA	NA	NA	3 / 4	3 / 4
Badri Bahukutumbi Pillapakkam	Nominee Director	5 / 6	3 / 4	2 / 2	NA	3 / 4	NA
Vishal Mehta	Nominee Director	6 / 6	NA	NA	NA	NA	4 / 4
Abhiram Seth*	Independent Director	2 / 3	NA	1 / 2	NA	1 / 2	1 / 2

*Abhiram Seth appointed with effect from 19th September 2013

SHAREHOLDER MEETINGS

During the year ended 31st March 2014 one Annual General Meeting and two Extraordinary General Meetings were held as per details given below:

Date	Time	Venue
28 June 13 (AGM)	12:00 Noon	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21 st Main, 5 th A Cross, BTM Layout IIInd Stage, Bangalore- 560076
10 October 13 (EGM)	10:30 AM	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21 st Main, 5 th A Cross, BTM Layout IIInd Stage, Bangalore- 560076
24 March 14 (EGM)	4:00 PM	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21 st Main, 5 th A Cross, BTM Layout IIInd Stage, Bangalore- 560076

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

Borrowing Committee

Members

- Brahmanand Hegde
- Ramakrishna Nishtala
- Sandeep Farias

Terms of reference

- Review and recommend funding strategy for the Company.
- Decide on taking loans from any of the financial institution, banks etc. for the purpose of business of the Company.
- Decide on securitisation of portfolio or bilateral arrangement or portfolio assignments or buyout deals or sale of portfolio with any of the financial institutions, banks etc. for the purpose of business of the Company.
- Decide on giving corporate guarantee for taking loans.
- Grant necessary authority to employees to execute transactions on behalf of the Company.

Audit Committee

Members

- G S Sundararajan
- Abhiram Seth
- Ashit R Lilani
- Badri Bahukutumbi Pillapakkam

Terms of reference

- Review and recommend changes in audit policies of the Company from time to time.
- Review work of external auditors and recommend appointment of auditors to the Board.
- Review internal audit reports and take appropriate actions on key audit findings.
- Review and comment on internal comments, accounting policies and weakness in processes.
- Review the financial statement and report to the Board on key observations and findings.

- Review Company's regulatory compliance with respect to ROC, RBI and other regulatory bodies and take suitable steps to ensure full compliance with all the relevant statues and regulations.

Nomination Committee

Members

- G S Sundararajan
- Abhiram Seth
- Ashit R Lilani
- Vishal Mehta (till 20 May 2014)

Terms of reference

- To identify individuals suitably qualified to become Board members and recommend to Board for their appointment.
- To assess independence of Independent non-executive directors.

Compensation Committee

Members:

- G S Sundararajan
- Abhiram Seth
- Ashit R Lilani
- Vishal Mehta(till 20 May 2014)

Terms of reference

- Review the compensation of the CEO and COO (Executive Directors) of the Company and make recommendations to the Board.
- Review the compensation of the Executive Committee and recommend guidelines to the Board for changes in the compensation.
- Conduct periodic benchmarking studies of the Company's compensation vis a vis other companies in the sector and recommend appropriate changes in compensation to the Board.
- Design the ESOP scheme of the Company including all key decisions relating to structure, vesting, valuation etc. and recommend grant of ESOPs to various eligible employees.
- Oversee the administration of the ESOP scheme based on the Board's approval.
- Make recommendations to the Board on the compensation for the non-Executive Directors.

Risk Committee

Members

- G S Sundararajan
- Sandeep Farias
- Badri Bahukutumbi Pillapakkam

Terms of reference

- Frame, review and recommend changes in risk policies of the Company from time to time.
- Update the Board and the management on likely risks in the business and changing market forces likely to impact the Company and the business.

CODE OF CONDUCT

The Company has a Code Of Conduct policy for its employees. Refresher training is conducted every month for all employees to reinforce the importance of the Code Of Conduct.

CFO CERTIFICATION

CFO has given annual compliance report to the Board setting out compliances under various statutes and regulations applicable to the Company.

FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code pursuant to the RBI guidelines issued in this regard.

WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy pursuant to which the employees of the Company can raise their concerns relating to unethical and improper practices or any other wrongful conduct in the Company or among its employees. Details of complaints received and the action taken are reviewed by the Management.

REGULAR UPDATES

The Company sends monthly updates and MIS to various stakeholders and keeps them updated on the important developments on regular basis.

DISCLOSURE

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Audited Accounts of the Company for the year ended 31st March 2014. The year gone by has been very exciting and fruitful for the Company. In the last one year, the Company has consolidated its position as a specialist MSME lender.

We are happy to inform you that the Company has achieved profit of Rs. 1.56 crores and crossed Rs. 243 crores Asset Under Management (AUM).

The Company has expanded geographically adding 41 branches during the year and has entered the State of Gujarat. This is in line with its adjacent expansion policy. The sectoral approach, which the Company has adopted, has immensely helped to serve the customers and also to penetrate newer geographies.

The Company has demonstrated its strength in terms of products, processes, technological capability and strong management team and this is recognized by various stake holders. This has resulted in a very good response from International Financial Institutions and Domestic Lenders and Investors helping Vistaar to raise required funds for the business on competitive terms.

BUSINESS DEVELOPMENTS

Your Company has a total of 81 branches as on 31st March 2014, spread across the States of Tamil Nadu, Karnataka, Maharashtra and Gujarat. During this period, the Company is able to triple monthly disbursement made for Rs. 8.6 crores in April 13 to Rs. 28.1 crores in March 14.

During the year, the Company also raised Rs. 95 crores through issue of non-convertible debentures to foreign institutions and also availed term loan of Rs. 80.77 crores from Banks and Non-Banking Financial Institutions (NBFC).

During the year, the Company securitised its customer portfolio aggregating to Rs. 8.2 crores to NBFCs.

During the year, looking at the future growth needs, the Company has invested in a new Core Banking Solution which will help the Company to strengthen the overall processes and will support the scaling up of operations. The new software will be fully operational in the next financial year.

Training plays a vital role in the Company's expansion into newer geographies and also to sustain the differentiation we have built over last few years. Therefore, the Company is investing in employee training and employee engagement programmes which help in retaining the best talent and to improve the overall customer service standards.

OPERATIONAL OVERVIEW

Your Company has posted a profit of Rs. 1.56 crores with AUM of Rs. 243 crores.

DESCRIPTION	31 March 2014	31 March 2013
No. of Active Customers	27,479	14,141
No. of states	4	3
No. of Branches	81	40
Asset Under Management (AUM) (Rs. crores)	243	112.09
Total Disbursements (Rs. crores)	201	106.82
Profit Before Taxes (Rs. crores)	1.56	0.22
Gross NPA (in %)	1.01	0.71
Write off (in %)	0.12	0.02

SUMMARY FINANCIAL RESULTS

Rs. lakhs

Particulars	31 March 2014	31 March 2013
Total Revenue	4,888	2,163
Total Expenditure	4,488	2,037
Profit before depreciation other provisions	400	126
Depreciation	87	69
Provision & write off	158	34
Profit before tax	155	23
Provision for tax	9	-
Profit after tax	145	23

Your Company has been constantly focused on improving its revenue and maintaining a sustainable growth. As on 31st March, 2014, the total revenue was Rs. 48.88 crores as against Rs. 21.63 crores in the previous year registering a growth of 126%. The net profits of your Company stood at Rs. 1.56 crores as compared to Rs. 0.22 crores in the previous year reporting.

SHARE CAPITAL

During the year under review, the Company has increased its authorised share capital from Rs. 35.25 crores to Rs. 58 crores.

CAPITAL INFUSION

During the year under review, the Company launched its next capital raise round. (Since then the Company has successfully completed this round by raising Rs. 160 crores capital in May 2014.)

RBI GUIDELINES

Your Company, being a systemically important non-deposit taking NBFC has complied with all applicable regulations of the Reserve Bank of India. As per Non Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

CAPITAL ADEQUACY

The Capital adequacy ratio of the Company is healthy at 22.37% as of 31st March 2014 as against the minimum capital adequacy requirement of 15% by RBI.

CREDIT RATING

ICRA has assigned BBB- rating to the Rs. 157.10 crore bank facilities of Vistaar. ICRA has opined on the outlook on the long term rating to be stable.

The Company also obtained credit rating for its three NCD issues and securitization transactions done during the year.

DIVIDEND

With a view to fund the growth plans of your Company, the Board does not recommend payment of dividend for the reporting period 31st March 2014.

DEPOSITS

During the year under review, your Company has not accepted any deposit from anyone within the meaning of Sec.58A of the Companies Act, 1956 and Companies Acceptance of Deposit Rules, 1975.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance Report is attached and forms part of the Directors' report. Clause 49 of the Standard Listing Agreement and the Corporate Governance Report under this clause is not applicable to the Company.

DIRECTORS

Mr. Abhiram Seth was appointed as Independent Director of the Company with effect from 19th September 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that;

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) They have prepared the annual accounts on a going concern basis.

AUDITORS

M/s Walker, Chandiook & Co LLP., auditors of the Company will retire in the ensuing Annual General Meeting and are eligible for reappointment. Your Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company being a Non-Banking Finance Company, is not engaged in manufacturing activity of any kind. The disclosure of information relating to conservation of energy and technology absorption are therefore not applicable to the Company.

The foreign exchange outgo for the Company during the year is Rs. 938,922.

The foreign exchange obtained by the Company in the form of grants from FMO for technology upgradation is Rs. 4,240,645 (USD 63,091)

PERSONNEL

As to the information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the year under review, there are no employees who were in receipt of remuneration of more than the limits set down u/s 217(2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Directors would like to place on record their gratitude for the valuable guidance and support received from the valued Customers, Bankers, Lenders, and Members. The Directors also place on record their appreciation of all the employees of the Company for their commitment, commendable efforts, team work and professionalism.

For and on behalf of the Board of Directors

Brahmanand Hegde
Managing Director

DIN: 02984527

30th May 2014

Ramakrishna Nishtala
Director

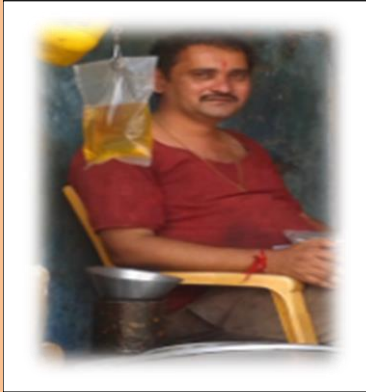
DIN: 02949469

30th May 2014

FINANCIALS

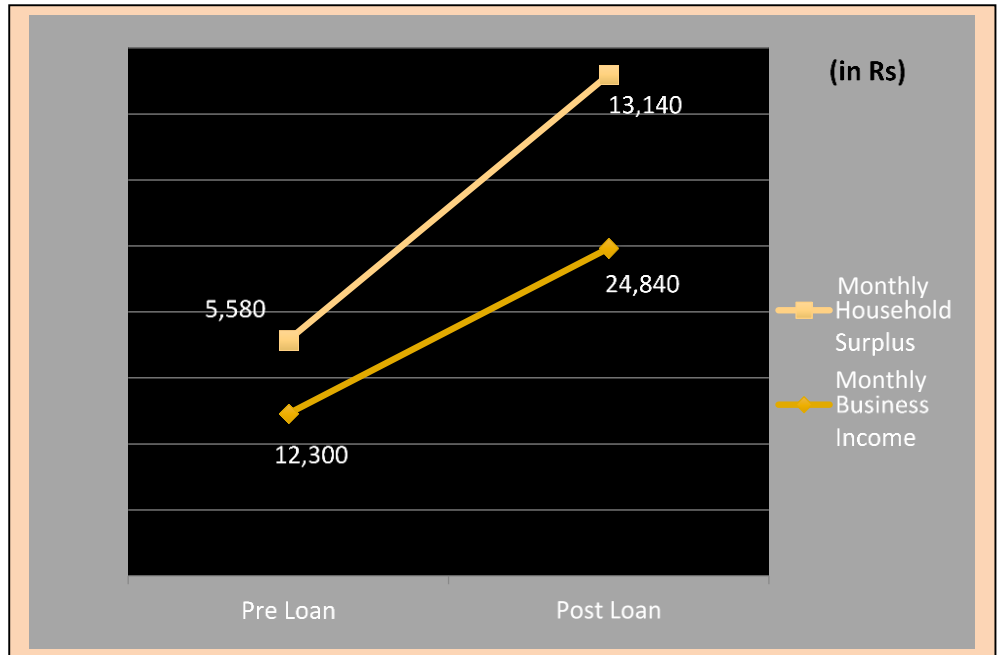


Surekha Teli manages his cash flows intelligently to
GENERATE HIGHER PROFITS

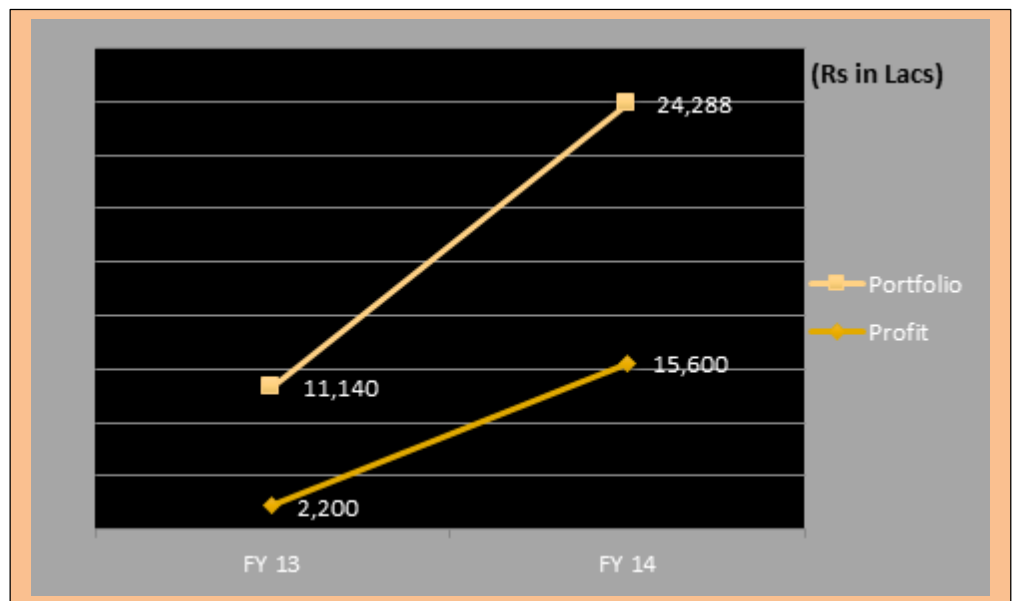


Surekha Teli, a customer of Vistaar runs a kirana shop. He availed a loan of Rs. 50,000. He uses his business as a bank account, ploughing back profits to multiply its yield, and pulling out capital at the time of emergencies. Higher cash upfront enables him to have more negotiation power, allows him to avail of better discounts and eventually translates into better margins for him. He operates in a savvy market, the supply chain of which is primarily operated through mobile phones and requires no effort on his part to manage physical possession, as goods are delivered to his doorstep, leaving him free to manage everything else. Surekha Teli believes that displays are good for business-showing inventory keeps customers engaged.

Surekha Teli's profitability growth post Vistaar loan



VISTAAR GROWTH



Maintaining profitability consistently

INDEPENDENT AUDITORS' REPORT

To the Members of Vistaar Financial Services Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vistaar Financial Services Private Limited, ('the Company'), which comprises the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

1. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

2. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
3. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

1. In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
 - ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

2. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
3. As required by Section 227(3) of the Act, we report that:
 - i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. 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;
 - iii. the financial statements dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - v. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)

Chartered Accountants
Firm Registration No.: 001076N

per **Anupam Kumar**
Partner
Membership No.: 501531

Bengaluru
30 May 2014

Annexure to the Independent Auditors' Report of even date to the members of Vistaar Financial Services Private Limited, on the financial statements for the year ended 31 March 2014.

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 in respect of these areas.
- (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.
- (ix)(a) 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, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. 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 became payable.

Annexure to the Independent Auditors' Report of even date to the members of Vistaar Financial Services Private Limited, on the financial statements for the year ended 31 March 2014 (Cont'd)

- (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. Further, the Company has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any financial institution or a bank or to debenture-holders 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 not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has created security in respect of debentures issued during the year.
- (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.

For **Walker Chandiok & Co LLP**
(Formerly known as *Walker Chandiok & Co*)
Chartered Accountants
Firm Registration No. 001076N

per **Anupam Kumar**
Partner
Membership No. 501531

Bengaluru
30 May 2014

Balance Sheet as at 31 March 2014

(All amounts in ₹ except otherwise stated)

	Notes	31 March 2014	31 March 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	290,048,410	290,048,410
Reserves and surplus	4	300,146,634	294,047,610
		<u>590,195,044</u>	<u>584,096,020</u>
Non-current liabilities			
Long-term borrowings	5	1,430,787,349	374,045,353
Other long-term liabilities	7	9,484,607	12,478,781
Long-term provisions	8	16,272,035	7,726,138
		<u>1,456,543,991</u>	<u>394,250,272</u>
Current liabilities			
Short-term borrowings	6	194,500,000	-
Other current liabilities	7	582,594,877	362,509,806
Short-term provisions	8	10,723,273	2,931,370
		<u>787,818,150</u>	<u>365,441,176</u>
		<u>2,834,557,185</u>	<u>1,343,787,468</u>
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	16,651,103	8,823,011
Intangible assets	10	1,673,165	1,148,997
Intangible assets under development	11	5,729,713	-
Deferred tax assets	12	4,867,830	-
Long-term loans and advances	13	1,446,440,004	632,639,623
Other non-current assets	14	219,043,608	185,752,371
		<u>1,694,405,423</u>	<u>828,364,002</u>
Current assets			
Cash and cash equivalents	15	204,285,772	182,666,362
Short-term loans and advances	13	867,173,656	306,883,833
Other current assets	14	68,692,334	25,873,271
		<u>1,140,151,762</u>	<u>515,423,466</u>
		<u>2,834,557,185</u>	<u>1,343,787,468</u>

Summary of significant accounting policies and other explanatory information. 1 - 38
 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.

For **Walker Chandiok & Co LLP**
 (formerly known as Walker, Chandiok & Co)
 Chartered Accountants

For and on behalf of the Board of Directors

per **Anupam Kumar**
 Partner

Brahmanand Hegde
 Managing Director
 DIN: 02984527

Ramakrishna Nishtala
 Director
 DIN: 02949469

Sudesh Chinchewadi
 CFO & Company Secretary
 Membership No: 16422

Bengaluru
 30 May 2014

Bengaluru
 30 May 2014

Vistaar Financial Services Private Limited

Statement of Profit and Loss for the year ended 31 March 2014

(All amounts in ₹ except otherwise stated)

	Notes	31 March 2014	31 March 2013
Income			
Revenue from operations	16	486,778,885	204,146,274
Other income	17	2,064,294	12,108,431
Total revenue		488,843,179	216,254,705
Expenses			
Employee benefits expense	18	183,590,416	101,760,358
Finance costs	19	188,126,221	63,262,638
Depreciation and amortisation expense	20	8,714,214	6,892,801
Provision for non-performing assets	8	4,565,031	260,582
Provision for standard assets	8	9,562,210	3,181,757
Other expenses	21	78,698,215	38,725,486
Total expenses		473,256,307	214,083,622
Profit before tax		15,586,872	2,171,083
Current tax		5,829,752	-
Deferred tax	12	(4,867,830)	-
Tax expense		961,922	-
Profit for the year		14,624,950	2,171,083
Earnings per equity share (Nominal value of 10 per share)			
- Basic	22	1.92	0.29
- Diluted		0.50	0.09
Summary of significant accounting policies and other explanatory information. The notes referred to above form an integral part of the financial statements.	1 - 38		

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

For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of the Board of Directors

per **Anupam Kumar**
Partner

Brahmanand Hegde
Managing Director
DIN: 02984527

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
CFO & Company Secretary
Membership No: 16422

Bengaluru
30 May 2014

Bengaluru
30 May 2014

Cash Flow Statement for the year ended 31 March 2014

(All amounts in ₹ unless otherwise stated)

	31 March 2014	31 March 2013
A. Cash flows from operating activities		
Profit/(Loss) before tax	15,586,872	2,171,083
Adjustments for:		
Depreciation and amortisation	8,714,214	6,892,801
Provision for non performing assets	4,565,031	260,582
Provision for standard assets	9,562,210	3,181,757
Provisions on securitised portfolios	4,526,591	371,722
Employee stock option plan expense	3,576,891	2,723,667
Profit on sale of investments	(1,844,739)	(12,058,121)
Loss on sale of assets	-	29,268
Operating profit before working capital changes	44,687,070	3,572,759
Changes in working capital:		
Increase in loans and advances	(1,384,801,521)	(637,100,662)
Decrease in trade receivable	-	352,038
Increase in other assets	(45,086,829)	(81,559,000)
Increase in other liabilities and provisions	34,586,405	48,455,708
Cash used in operating activities	(1,350,614,875)	(666,279,157)
Income tax paid	(2,179,443)	-
Net cash used in operating activities	(1,352,794,318)	(666,279,157)
B. Cash flows from investing activities		
Purchase of fixed assets	(27,036,832)	(8,412,729)
Grant received	4,240,645	-
Sale of fixed assets	-	140,000
Purchase of investments	(2,694,539,479)	(1,793,674,723)
Proceeds from sale of investments	2,696,384,218	1,815,805,630
Increase in fixed deposits	(34,078,121)	(74,753,816)
Net cash used in investing activities	(55,029,569)	(60,895,638)
C. Cash flows from financing activities		
Proceeds from issue of shares including securities premium, net	-	403,817,887
Securities issuance cost	(13,439,712)	-
Proceeds from long-term borrowings	1,757,700,000	616,800,000
Repayment of long-term borrowings	(509,316,991)	(200,897,594)
Proceeds from short-term borrowings	194,500,000	-
Net cash provided by financing activities	1,429,443,297	819,720,293
Net increase in cash and cash equivalents during the year (A+B+C)	21,619,410	92,545,498
Cash and cash equivalents at the beginning of the year	182,666,362	90,120,864
Cash and cash equivalents at the end of the year (refer note 15)	204,285,772	182,666,362

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

For **Walker Chandiook & Co LLP**
(formerly know as Walker, Chandiook & Co)
Chartered Accountants

For and on behalf of the Board of Directors

per **Anupam Kumar**
Partner

Brahmanand Hegde
Managing Director
DIN: 02984527

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
CFO & Company Secretary
Membership No: 16422

Bengaluru
30 May 2014

Bengaluru
30 May 2014

(All amounts in ₹ except otherwise stated)

Notes to the Financial Statements

1 Background

Vistaar Financial Services Private Limited ('the Company') is a Non Banking Financial Company (NBFC) incorporated on 4th September 1991. The company has obtained a fresh Certificate of Registration from the Reserve Bank of India to carry on the business of Non-Banking Financial Institution without accepting deposits.

The Company is engaged in providing credit facility to the small business segment focussed on rural and semi urban markets.

2 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 except for interest on NPAs where interest is accrued on cash 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 ('the Act'), the Companies Act 2013 (to the extent applicable) 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 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. Management fee is considered to be accrued on collection from customers and recognised accordingly.
- e. 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.
- f. On sale of receivables under asset assignment/ securitisation arrangement, the profit arising on account of sale is recognised over the life of the receivables assigned/ securitised and loss, if any, arising on account of sale is accounted immediately.
- g. Dividend income is recognised when the right to receive payment is established by the Balance Sheet date except for mutual funds which is recognised on a cash basis.
- h. 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.

Notes to the Financial Statements

2 Significant accounting policies (cont'd)

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 Act. 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
Vehicles	4

f) Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment loss, if any. The cost comprises purchase price and any cost directly attributable to bringing the asset to its working condition for the intended use and net of grants received.

g) Impairments

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

h) Grants

Grants for acquisition of assets are recognised when there is reasonable assurance that the grant will be received and any condition attached to them have been fulfilled. Grants are reduced in arriving at the carrying amount of the asset.

i) 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 are being amortised over the term of respective loans.

j) Investments

Investment that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost or fair value determined on individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

k) Leases

a) Finance leases

Assets acquired on lease which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the assets, are capitalised at the lower of the fair value and present value of the minimum lease liability based on the implicit rate of return.

b) Operating 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.

Notes to the Financial Statements

2 Significant accounting policies (cont'd)

l) 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 (ICAI).

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.

m) 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.

n) 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.

o) 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.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

Notes to the Financial Statements

q) Classification of portfolio loans and provisioning

The small business and livelihood 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.333/03.02.001 / 2013-14, dated July 1, 2013, issued by the RBI.

Small Business Hypothecation Loans

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

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

Small Business Mortgage Loans

Period outstanding	Provision %
Not overdue or overdue for less than 181 days	-
Overdue for 181 days and more but less than 361 days (non-performing assets)	20%
Overdue for 361 days or more but less than 721 days (non-performing assets)	50%
Overdue for 721 days or more (non-performing assets)	100%

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

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Notes to the Financial Statements

3 Share capital

	31 March 2014	31 March 2013
Authorised		
11,449,980 (31 March 2013: 11,449,980) Equity shares of ₹ 10 each	114,499,800	114,499,800
500 (31 March 2013: 70) Class A Equity shares of ₹ 10 each	5,000	700
46,549,520 (31 March 2013: 23,800,000) Compulsorily Convertible Preference shares of ₹ 10 each	465,495,200	238,000,000
	580,000,000	352,500,500
Issued, subscribed and paid-up		
9,053,294 (31 March 2013: 9,053,294) Equity Shares of ₹ 10 each, fully paid-up	90,532,940	90,532,940
Less : Amount recoverable from the ESOP Trust (face value of 1,447,711 shares allotted to the ESOP Trust)	14,477,110	14,477,110
	76,055,830	76,055,830
60 (31 March 2013: 60) Class A Equity Shares of ₹ 10 each, fully paid-up	600	600
21,399,198 (31 March 2013: 21,399,198) Compulsorily Convertible Preference Shares of ₹ 10 each, fully paid-up	213,991,980	213,991,980
	290,048,410	290,048,410

a) Reconciliation of share capital (Equity)

	31 March 2014		31 March 2013	
	Number	Amount	Number	Amount
Balance at the beginning of the year	9,053,294	90,532,940	7,363,333	73,633,330
Add : Issued during the year	-	-	1,689,961	16,899,610
	9,053,294	90,532,940	9,053,294	90,532,940
Less : Amount recoverable from the ESOP Trust (face value of 1,447,711 shares allotted to the ESOP Trust)	1,447,711	14,477,110	1,447,711	14,477,110
Balance at the end of the year	7,605,583	76,055,830	7,605,583	76,055,830

Reconciliation of share capital (Class A Equity)

	31 March 2014		31 March 2013	
	Number	Amount	Number	Amount
Balance at the beginning of the year	60	600	20	200
Add : Issued during the year	-	-	40	400
Balance at the end of the year	60	600	60	600

Reconciliation of share capital (Compulsorily Convertible Preference Shares)

	31 March 2014		31 March 2013	
	Number	Amount	Number	Amount
Balance at the beginning of the year	21,399,198	213,991,980	9,999,980	99,999,800
Add : Issued during the year	-	-	11,399,218	113,992,180
Balance at the end of the year	21,399,198	213,991,980	21,399,198	213,991,980

b) The Company has given interest and collateral free loan to an employee benefit trust to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company has established an Employee Stock Option Plan Trust ('the ESOP Trust') to which the stock options issuable have been transferred (see note 3(f) below). The amount recoverable from the ESOP Trust has been reduced from share capital (to the extent of face value) and from securities premium account (to the extent of premium on shares).

c) Rights and preference of equity shareholders:

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.

Notes to the Financial Statements

3 Share capital (Cont'd)

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.

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.

d) The details of shareholder holding more than 5% shares is set out below;

Equity shares

	31 March 2014		31 March 2013	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Mr. Brahmanand Hegde	33%	2,997,433	33%	2,997,433
Mr. Ramakrishna Nishtala	33%	2,997,433	33%	2,997,433
Mr. G S Sundararajan	10%	910,267	10%	910,267

Class A Equity shares

	31 March 2014		31 March 2013	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Elevor Equity Mauritius	27%	16	27%	16
ICP Holdings I	7%	4	7%	4
Lok Capital LLC	33%	20	33%	20
ON Mauritius	33%	20	33%	20

Compulsorily Convertible Preference Shares

	31 March 2014		31 March 2013	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Elevor Equity Mauritius	30%	6,424,891	30%	6,424,891
ICP Holdings I	30%	6,424,903	30%	6,424,903
Lok Capital LLC	20%	4,274,702	20%	4,274,702
ON Mauritius	20%	4,274,702	20%	4,274,702

e) The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2014, except for 7,021,118 fully paid equity shares allotted in fiscal 2010-11, by utilising securities premium account. The Company has not bought back equity shares or allotted shares without receiving payments in cash during five years immediately preceding 31 March 2014.

Notes to the Financial Statements

3 Share capital (Cont'd)

f) 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 NIL (31 March 2013: 88,200) stock options were cancelled.

Further, one of the shareholder had transferred 586,400 shares which has been allotted to certain employees identified by the board of directors. The above shares will be vested over a period of four years with Nil exercise price. The above allotted shares are in the nature of Restricted Stock Units (RSU) and the cost for these has been recognised on a straight line basis over the vesting period of four years. Out of the above referred RSU's 9,800 shares have been transferred to ESOP trust on resignation of an employee at NIL value. Consequently, the total stock options issuable under the Plan stand at 1,457,511.

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

	No. of options 31 March 2014	Weighted average exercise	No. of options 31 March 2013	Weighted average exercise price
Options outstanding at the beginning	129,894	31.79	55,000	25.00
Granted during the year	450,000	35.09	175,594	35.09
Forfeited during the year	49,200	33.24	12,500	25.00
Lapsed during the year	-	-	-	-
Cancelled during the year	-	-	88,200	35.09
Exercised during the year	-	-	-	-
Options outstanding at the end	530,694	34.45	129,894	31.79
Options exercisable at year end	23,769	27.00	11,750	25.00

Information on Restricted Stock Units during the year is given below:

	31 March 2014		31 March 2013	
	No. of options	Weighted average exercise	No. of options	Weighted average exercise price
Outstanding at the beginning	478,048	-	-	-
Granted during the year	-	-	662,720	-
Forfeited during the year	9,800	-	148,000	-
Lapsed during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Exercised during the year	87,164	-	36,672	-
Outstanding at the end	381,084	-	478,048	-
Exercisable at year end	-	-	-	-

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 2014	Year ended 31 March 2013
Net profit as reported	14,624,950	2,171,083
Add: Stock-based employee compensation expense included in the Statement of Profit and Loss	104,225	-
Less: Stock-based employee compensation expense determined under the fair value method	1,248,080	195,830
Pro-forma net profit	13,481,095	1,975,253
Profit per share – Basic		
As reported	1.92	0.29
Pro forma	1.77	0.27

Notes to the Financial Statements

3 Share capital (Cont'd)

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 7 years	1 to 7 years
Risk free interest rate	6.5% - 9.12%	6.5%-8%
Volatility	Nil	Nil

4 Reserves and surplus

	<u>31 March 2014</u>	<u>31 March 2013</u>
Statutory reserve		
Opening balance	779,002	344,785
Add: Transferred from the Statement of Profit and Loss	2,924,990	434,217
Balance at the end of the year	3,703,992	779,002
Securities premium account		
Opening balance	367,641,627	80,238,820
Add: Premium received on securities issued	-	328,413,418
Add: Transferred from share option outstanding	1,448,468	-
Less: Amount recoverable from the ESOP Trust [see note 3(b)]	-	(36,332,890)
Less: Issue expenses for securities	(12,102,817)	(4,677,721)
Balance at the end of the year	356,987,278	367,641,627
Share options outstanding account		
Opening balance	2,723,667	-
Additions during the year	3,576,891	2,723,667
Less: Transferred to securities premium account for vested RSU	(1,448,468)	-
Balance at the end of the year	4,852,090	2,723,667
Deficit in the Statement of Profit and Loss		
Opening balance	(77,096,686)	(78,833,552)
Add: Profit for the year	14,624,950	2,171,083
Less: Transfer to statutory reserve	(2,924,990)	(434,217)
Balance at the end of the year	(65,396,726)	(77,096,686)
Balance at the end of the year	300,146,634	294,047,610

5 Long-term borrowings

	<u>31 March 2014</u>		<u>31 March 2013</u>	
	Non - current	Current	Non - current	Current
Secured				
Term loans				
- from banks	195,043,479	119,042,621	30,915,300	56,981,801
- from others	323,243,870	328,219,516	343,130,053	236,139,323
Non Convertible Debentures ('NCD')	912,500,000	37,500,000	-	-
	1,430,787,349	484,762,137	374,045,353	293,121,124
Less: Current maturities disclosed under "Other liabilities", note 7	-	(484,762,137)	-	(293,121,124)
	1,430,787,349	-	374,045,353	-

Notes to the Financial Statements

5 Long-term borrowings (cont'd) Term loans from banks (Secured)

Sl.N	Facility of	Nature of security	Repayment details	31 March 2014	31 March 2013
1	1.45 crores from Dhanlakshmi Bank Limited	Lien on small business loan assets to the extent of 110% of loan amount and cash collateral	Repayable in 48 monthly instalments	6,343,300	9,968,500
2	7.7 crores from DCB Bank Limited	Lien on small business loan assets to the extent of 105% of loan amount and cash collateral	Repayable in 36 monthly instalments	57,792,800	15,830,000
3	15 crores from Ratnakar Bank Limited	Lien on small business loan assets to the extent of 111% of loan amount and cash collateral	Repayable in 8 to 9 quarterly instalments	118,750,000	62,098,601
4	5 crores from Union Bank of India	Lien on small business loan assets to the extent of 125% of loan amount and cash collateral. Futher loan is secured by unconditional and irrecoverable personal gurantee of Mr. Brahmanand Hegde and Mr. Ramkrishna Nishtala.	Repayable in 48 monthly instalments	50,000,000	-
5	8 crores from Small Industrial Development Bank of India	Lien on small business loan assets to the extent of 125% of loan amount. Futher loan is secured by unconditional and irrecoverable personal gurantee of Mr. Brahmanand Hegde and Mr. Ramkrishna Nishtala.	Repayable in 48 monthly instalments	80,000,000	-
6	12 lakhs from Axis Bank Limited	Hypothecation on vehicle bought out of the loan	Repayable in 48 monthly instalments	1,200,000	-
				314,086,100	87,897,101
As at Balance Sheet date, interest rates per annum range between				10.35% to 14.35%	13.75% to 14%

Notes to the Financial Statements

5 Long-term borrowings (Cont'd)

Term loan from others (Secured)

SI.N	Facility of	Nature of security	Repayment details	31 March 2014	31 March 2013
1	3 crores from Ananya Finance for Inclusive Growth Private Limited	Lien on small business loan assets to the extent of 100% of loan amount	Repayable in 36 monthly instalments	3,052,970	13,052,967
2	6 crores from Mahindra and Mahindra Financial Services Limited	Lien on small business loan assets to the extent of 125% of loan amount and cash collateral	Repayable in 18 monthly instalments	1,207,157	14,494,647
3	4.5 crores from MV Microfin Private Limited	Lien on small business loan assets to the extent of 100% of loan amount and cash collateral	Repayment of 1.5 crores in July 2014 and 3 crores in January 2015	45,000,000	35,000,000
4	5 crores from Manaveeya Development and Finance Private Limited	Lien on small business loan assets to the extent of 105% of loan amount	Repayable in 12 quarterly instalments	29,166,670	45,833,334
5	7.5 crores from IFMR Capital Finance Private Limited	Lien on small business loan assets ranges between 105% to 115% of loan amount and cash collateral	Repayable in 2 to 36 monthly instalments	42,714,739	65,782,997
6	17 crores from Reliance Capital Limited	Lien on small business loan assets ranges between 110% to 120% of loan amount and cash collateral	Repayable in 24 to 36 monthly instalments	102,821,828	153,716,530
7	38.5 crores from MAS Financial Services Private Limited	Lien on small business loan assets to the extent of 100% of loan amount and cash collateral	Repayable in 24 to 36 monthly instalments	244,166,687	251,388,901
8	15 crores from IDFC Limited	Lien on small business loan assets to the extent of 100% of loan amount and cash collateral	Repayable in 48 monthly instalments	150,000,000	-
9	5 crores from Bellwether Microfinance Fund Private Limited	Lien on small business loan assets to the extent of 100% of loan amount.	Repayable in 6 quarterly instalments	33,333,335	-
				651,463,386	579,269,376

As at Balance Sheet date, interest rates per annum range between

13.50% to 16.50% 15% to 16.50%

Notes to the Financial Statements

5 Long-term borrowings (Cont'd)

Non Convertible Debentures (Secured)

SI.N	Facility of	Nature of security	Repayment details	31 March 2014	31 March 2013
1	300 secured redeemable non convertible debenture of 10 lakhs each to Nederlandse Financierings Maatschappi Voor Ontwikkelingslanden N.V.	Lien on small business loan assets to the extent of 100% of loan amount	Repayable in 16 quarterly instalments	300,000,000	-
2	70 secured redeemable non convertible debenture of 50 lakhs each to Triodos	Lien on small business loan assets to the extent of 100% of loan amount	Repayable at the end of 72 months	350,000,000	-
3	300 secured redeemable non convertible debenture of 10 lakhs each from UTI International Wealth Creator 4	Lien on small business loan assets to the extent of 100% of loan amount	Repayable at the end of 72 months	300,000,000	-
				950,000,000	-

As at Balance Sheet date, interest rates per annum range between

14.37% to 16.50%

6 Short-term borrowings

	31 March 2014		31 March 2013	
	Non - current	Current	Non - current	Current
Secured				
Term loans				
- from banks	-	137,000,000	-	-
- from others	-	57,500,000	-	-
	-	194,500,000	-	-

6 Short-term borrowings

SI.N	Facility of	Nature of security	Repayment details	31 March 2014	31 March 2013
1	3 crores from IFMR Capital Finance Private Limited	Lien on small business loan assets to the extent of 100% of loan amount	Repayable on demand	30,000,000	-
2	13.7 crores from DCB Bank Limited	Lien on small business loan assets to the extent of 100% of loan amount	Repayable in three equal installments	137,000,000	-
3	2.75 crores from MV Microfin Private Limited	Lien on small business loan assets to the extent of 100% of loan amount and cash collateral	Repayment in January 2015	27,500,000	-
				194,500,000	-

As at Balance Sheet date, interest rates per annum range between

14% to 15.25%

Notes to the Financial Statements

7 Other liabilities

	31 March 2014		31 March 2013	
	Non - current	Current	Non - current	Current
Current maturities on long-term borrowings	-	484,762,137	-	293,121,124
Payable against assigned/ securitised loans	-	10,604,299	-	16,168,024
Continuing involvement in assigned/securitised	-	-	-	9,769,453
Interest accrued but not due on borrowings	-	36,177,415	-	4,336,077
Advance income on assigned/ securitised loans	9,484,607	12,503,058	12,478,781	24,486,905
Advance interest received from small business loans	-	4,236,983	-	523,161
Statutory liabilities	-	5,561,030	-	2,904,129
Employee dues	-	13,184,096	-	6,472,705
Other payables*	-	15,565,859	-	4,728,228
	9,484,607	582,594,877	12,478,781	362,509,806

*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 Provisions

	31 March 2014		31 March 2013	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
Gratuity	2,435,017	457,268	1,281,928	102,357
Compensated absences	1,257,616	63,719	461,536	33,211
Contingent provisions against standard assets	12,444,356	7,493,841	5,982,674	2,795,802
Provisions on assigned/ securitised portfolios	135,046	-	-	-
Provision for tax (net of advance tax 3,121,307)	-	2,708,445	-	-
	16,272,035	10,723,273	7,726,138	2,931,370

Provision change- (owned portfolio)

	31 March 2014	31 March 2013
Opening balance	8,778,476	5,336,137
Additions during the year	14,127,241	3,442,339
Less: Write off	2,967,520	-
Closing balance	19,938,197	8,778,476

Notes to the Financial Statements

9 Tangible assets

	Vehicles	Computers	Furniture and fixtures	Office equipment	Electrical equipment	Total
Gross block						
As at 31 March 2012	-	5,043,556	3,321,434	2,647,232	2,327,480	13,339,702
Additions	-	3,609,960	1,131,747	2,871,523	203,361	7,816,591
Disposals	-	-	-	344,825	-	344,825
As at 31 March 2013	-	8,653,516	4,453,181	5,173,930	2,530,841	20,811,468
Additions	1,637,640	7,935,138	2,448,172	3,973,746	-	15,994,696
Disposals	-	-	-	-	-	-
As at 31 March 2014	1,637,640	16,588,654	6,901,353	9,147,676	2,530,841	36,806,164
Depreciation						
As at 31 March 2012	-	2,646,546	1,221,804	905,099	1,311,183	6,084,632
Charge for the year	-	2,451,117	1,627,969	1,216,914	783,382	6,079,382
Disposals	-	-	-	175,557	-	175,557
As at 31 March 2013	-	5,097,663	2,849,773	1,946,456	2,094,565	11,988,457
Charge for the year	29,163	3,344,767	2,241,001	2,241,399	310,274	8,166,604
Disposals	-	-	-	-	-	-
As at 31 March 2014	29,163	8,442,430	5,090,774	4,187,855	2,404,839	20,155,061
Net block						
As at 31 March 2013	-	3,555,853	1,603,408	3,227,474	436,276	8,823,011
As at 31 March 2014	1,608,477	8,146,224	1,810,579	4,959,821	126,002	16,651,102

10 Intangible assets

	Software	Total
Gross block		
As at 31 March 2012	2,130,113	2,130,113
Additions	596,138	596,138
Disposals	-	-
As at 31 March 2013	2,726,251	2,726,251
Additions	1,071,778	1,071,778
Disposals	-	-
As at 31 March 2014	3,798,029	3,798,029
Amortisation		
As at 31 March 2012	763,835	763,835
Charge for the year	813,419	813,419
Disposals	-	-
As at 31 March 2013	1,577,254	1,577,254
Charge for the year	547,610	547,610
Disposals	-	-
As at 31 March 2014	2,124,864	2,124,864
Net block		
As at 31 March 2013	1,148,997	1,148,997
As at 31 March 2014	1,673,165	1,673,165

11 Intangible assets under development

	31 March 2014	31 March 2013
Software development	9,970,359	-
Less: Grant received *	4,240,645	-
	5,729,714	-

* Note: During the year company has received non refundable grant of USD 63,091 from Nederlandse Financierings Maatschappij voor Ontwikkelingslanden N.V. (FMO) towards migrating to more robust and scalable IT platform. The total contribution from FMO will be 50% of the project cost or Euro 95,000 whichever is less.

Notes to the Financial Statements

12 Deferred tax assets

	31 March 2014	31 March 2013
Deferred tax asset on carried forward business	4,867,830	-
	4,867,830	-

* Recognised based on virtual certainty as evidenced by confirmed customers disbursements.

13 Loans and advances

	31 March 2014		31 March 2013	
	Long-term	Short-term	Long-term	Short-term
Loans to small businesses				
Secured, considered good	1,495,937,454	931,265,261	691,437,936	418,881,962
Unsecured, considered good	-	-	-	770,954
Doubtful	-	1,623,370	85,665	2,872,793
	1,495,937,454	932,888,631	691,523,601	422,525,709
Less: Assigned/ securitised portfolio	57,748,848	65,714,975	64,597,540	125,411,329
Sub total	1,438,188,606	867,173,656	626,926,061	297,114,380
Continuing involvement in assigned / securitised portfolio*	-	-	-	9,769,453
Security deposits	8,251,398	-	4,771,698	-
Tax deducted at source	-	-	941,864	-
Total	1,446,440,004	867,173,656	632,639,623	306,883,833

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

14 Other assets

	31 March 2014		31 March 2013	
	Non - current	Current	Non - current	Current
Unsecured, considered good				
Fixed deposits**	154,472,732	-	120,394,611	-
Prepaid expense	5,328,725	6,576,782	3,239,702	3,775,015
Interest accrued but not due on fixed deposits**	6,305,641	8,368,046	4,790,003	2,488,813
Interest accrued but not due on loans to small businesses	-	40,411,560	-	16,309,208
Interest due but not collected	-	913,237	-	201,832
Other advances	-	12,422,709	-	3,098,403
Receivables on assigned/ securitisation- Net of provision 4,909,318 (31 March 2013: 517,773)	52,936,510	-	57,328,055	-
	219,043,608	68,692,334	185,752,371	25,873,271

**Pertains to fixed deposits created (including accrued interest there on) as margin money against the borrowings, management portfolio commitments and deposits maturing beyond 12 months as at the year end.

15 Cash and cash equivalents

	31 March 2014	31 March 2013
Balances with banks		
-in current accounts	87,396,346	80,472,316
-deposits with original maturity of less than three months	100,000,000	100,000,000
Cash on hand	16,889,426	2,194,046
	204,285,772	182,666,362

Notes to the Financial Statements

16 Revenue from operations

	31 March 2014	31 March 2013
Interest on loans to small businesses	379,379,452	148,941,765
Loan processing and service fee	52,667,003	24,496,107
Income from assignment/ securitisation	28,417,650	21,342,522
Other operating revenues		
- Interest on fixed deposits	16,070,720	9,358,936
- Dividend on investments in units of mutual funds	10,244,060	6,944
	486,778,885	204,146,274

17 Other income

	31 March 2014	31 March 2013
Profit on sale of investments in mutual funds	1,844,739	12,058,121
Others	219,555	50,310
	2,064,294	12,108,431

18 Employee benefits expense

	31 March 2014	31 March 2013
Salaries and wages	161,285,061	89,777,527
Contributions to provident and other funds	8,335,647	4,656,292
Employee Stock Option Plan expense	3,576,891	2,723,667
Staff welfare expenses	8,884,817	3,793,138
Gratuity	1,508,000	809,734
	183,590,416	101,760,358

19 Finance costs

	31 March 2014	31 March 2013
Interest expense on term loans	182,972,471	59,017,066
Loan processing fee on borrowings	5,153,750	4,245,572
	188,126,221	63,262,638

20 Depreciation and amortisation expense

	31 March 2014	31 March 2013
Depreciation of tangible assets	8,166,604	6,079,382
Amortisation of intangible assets	547,610	813,419
	8,714,214	6,892,801

21 Other expenses

	31 March 2014	31 March 2013
Rent	8,615,920	4,678,542
Electricity and water	2,380,562	1,761,720
Repairs and maintenance - others	3,539,409	2,683,246
Insurance	406,131	339,318
Rates and taxes	41,950	341,155
Travelling and conveyance	22,768,467	10,849,678
Printing and stationery	2,543,270	1,245,343
Postage and courier	1,532,041	597,133
Information technology costs	3,261,115	2,734,074
Legal and professional	16,363,623	6,776,260
Communication	3,087,197	1,762,360
Commission	1,208,184	-
Training and recruitment	3,831,079	2,929,090
Branding and marketing	2,095,050	542,793
Bank charges	1,865,431	693,163
Provision for assigned/ securitised portfolio	4,526,591	371,722
Miscellaneous	632,195	419,889
	78,698,215	38,725,486

Notes to the Financial Statements

	31 March 2014	31 March 2013
21 a) Payment to auditors (excluding service tax)		
- Audit and certification fees	900,000	625,000
- Tax audit fees	100,000	75,000
- Limited review fees	150,000	-
- Out of pocket expenses	21,432	70,023
	1,171,432	770,023
21 b) Provision change- (assigned / securitised portfolio)		
Opening balance	517,773	146,051
Additions during the year	4,526,591	371,722
Less : Reversal during the year	-	-
Closing balance	5,044,364	517,773
22 Earnings per share (EPS)		
	31 March 2014	31 March 2013
Net profit/(loss) attributable to equity shareholders	14,624,950	2,171,083
Weighted average number of shares outstanding during the year for computing basic EPS (nos)	7,605,643	7,395,940
Add: Effect of potential shares for conversion of CCPS (nos)	21,399,198	17,589,048
Add: Effect of potential shares for conversion of ESOP (nos)	205,784	43,865
Weighted average number of shares used to compute diluted EPS (nos)	29,210,625	25,028,853
Profit/(loss) per share :		
Basic	1.92	0.29
Diluted	0.50	0.09
Nominal value - per equity share	10	10

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Notes to the Financial Statements

23 Employee benefits

A. Defined benefit plan

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

	31 March 2014	31 March 2013
1 The amounts recognised in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	2,892,285	1,384,285
Fair value of plan assets as at the end of the year	-	-
Net liability recognised in the Balance Sheet	2,892,285	1,384,285
2 The amounts recognised in the Statement of Profit and Loss are as follows:		
Service cost	1,406,513	804,753
Interest cost	126,247	47,400
Expected return on plan assets	-	-
Past service cost	-	-
Net actuarial (gain)/loss recognised in the year	(24,760)	(42,418)
Expense recognised in the Statement of Profit and Loss of the year	1,508,000	809,735
3 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	1,384,285	574,550
Service cost	1,406,513	804,753
Interest cost	126,247	47,400
Actuarial losses/(gains)	(24,760)	(42,418)
Benefits paid	-	-
Defined benefit obligation as at the end of the year	2,892,285	1,384,285
Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:		
Interest rate	9.12% p.a.	8.25% p.a.
Discount rate	9.12% p.a.	8.25% p.a.
Future salary increase	12% p.a.	12% p.a.
Attrition rate	25% p.a.	10% p.a.
Retirement age	58 years	58 years

Experience adjustments

Particulars	31 March 2014	31 March 2013	31 March 2012
Present value of defined benefit obligation	2,892,285	1,384,285	574,550
Fair value of plan asset	-	-	-
Surplus/(deficit)	(2,892,285)	(1,384,285)	(574,550)
Experience adjustments	(24,760)	(42,418)	(25,268)

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The contribution amounts have been disclosed under Note 18, Employee benefits expense.

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)

b) Nature of transactions

	31 March 2014	31 March 2013
Transactions with key management personnel		
- <i>Managerial remuneration</i>		
Mr. Brahmanand Hegde	6,050,060	5,500,000
Mr. Ramakrishna Nishtala	6,050,060	5,500,000

25 Classification and provisions for loan portfolio owned

Asset classification	31 March 2014	31 March 2013
Loan outstanding		
Standard assets	2,282,065,770	917,444,573
Substandard	22,234,755	3,705,810
Doubtful	1,061,737	2,890,058
Less: Provision		
Standard assets	15,373,166	5,630,107
Substandard	3,503,294	258,311
Doubtful	1,061,737	2,890,058
Loan outstanding (net)		
Standard assets	2,266,692,604	911,814,466
Substandard	18,731,461	3,447,499
Doubtful	-	-

26 Securitisation of loans

During the year, the Company has securitised loans to third parties. The information on securitisation activity of the Company, as an originator, is shown below:

	31 March 2014	31 March 2013
Assets de-recognised during the year	82,348,815	252,601,066
Total number of receivables	880	4,433
Book value of assets	82,348,815	252,601,066
Sale consideration	95,782,175	304,413,971
Gain on transaction (Refer note 2 (c) (f))	13,433,360	51,812,905
Bank deposits provided as cash collateral	8,234,882	32,655,016

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, ranges between 11 months to 36 months and are renewable on mutually agreeable terms. Lease expenses for the year amounted to 8,615,920 (31 March 2013: 4,678,542).

28 Segment 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.

Notes to the Financial Statements

29 Non-Banking Financial Company (Non-deposit Accepting or Holding)

The Company is a Systemically Important Non-deposit taking Non-Banking Finance Company ('NBFC-ND-SI'). The Company has received Certificate of Registration dated February 18, 1998 from the Reserve Bank of India to carry on the business of Non-Banking Financial Institution without accepting deposits. The Company has also received fresh Certificate of Registration dated February 21, 2012 consequent to change of name with effect from February 13, 2012.

30 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:	Amount outstanding	Amount overdue
(a) Debentures		
Secured	979,635,890	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	1,166,591,011	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (specify nature)	-	-
	2,146,226,901	-

Assets side :

b. Break-up of loans and advances (standard assets):	Amount outstanding
(a) Secured	2,282,065,770
(b) Unsecured	-
	2,282,065,770
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)	-

Notes to the Financial Statements

30 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 (Cont'd)

Current investments (cont'd)

2. Unquoted

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

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 Category	Amount (standard assets 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	2,266,692,604	-	2,266,692,604
	2,266,692,604	-	2,266,692,604

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

Category	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	-	-
	-	-

Notes to the Financial Statements

30 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 (Cont'd)

g. Other information

(i) Gross Non-Performing Assets

(a) Related parties	-
(b) Other than related parties	23,296,492

(ii) Net Non-Performing Assets

(a) Related parties	-
(b) Other than related parties	18,731,461

iii) Assets acquired in satisfaction of debt

-

31 Additional disclosures pursuant to the RBI Master Circular-Miscellaneous Instructions to NBFC-ND-SI dated July 1,

(i) Capital Risk Asset Ratio

Sl.No.	Items	31 March 2014	31 March 2013
(a)	Capital risk Asset Ratio (%)	22.37%	51.00%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	21.79%	50.48%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	0.58%	0.52%

(ii) The Company has no exposure to the real estate sector directly or indirectly in the current and previous years.

iii) Maturity pattern of certain items of assets and liabilities

	Assets		Liabilities	
	Advances	Investments	Borrowings from Banks	Market Borrowings
1 day to 30/31 days (one month)	68,042,642	-	2,832,858	49,409,119
Over one month to 2 months	68,735,047	-	20,194,144	21,639,527
Over 2 months upto 3 months	70,488,299	-	48,499,875	25,596,423
Over 3 months to 6 months	216,363,777	-	125,871,144	91,500,731
Over 6 months to 1 year	443,543,891	-	58,644,601	235,073,716
Over 1 year to 3 years	1,133,490,129	-	160,131,427	439,910,554
Over 3 years to 5 years	273,395,908	-	34,912,051	145,833,316
Over 5 years	31,302,569	-	-	650,000,000
Total	2,305,362,262	-	451,086,100	1,658,963,386

32 Disclosure pursuant to the RBI Circular-DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012

SI. Particulars

No./Amount

1 No. of SPVs sponsored by the NBFC for securitisation transactions	3
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	334,949,881
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance	40,889,898
a) Off-balance sheet exposures	-
* First loss	-
* Others	-
b) On-balance sheet exposures	-
* First loss	40,889,898
* Others	-
4 Amount of exposures to securitisation transactions other than MRR	-
a) Off-balance sheet exposures	-
i) Exposure to own securitisations	-
* First loss	-
* Others	-
ii) Exposure to third party securitisations	-
* First loss	-
* Others	-

Notes to the Financial Statements

32 Disclosure pursuant to the RBI Circular-DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012 (cont'd)

b) On-balance sheet exposures	-
i) Exposure to own securitisations	-
* First loss	-
* Others	-
ii) Exposure to third party securitisations	-
* First loss	-
* Others	-

33 Disclosure of frauds as per circular no. DNBS.PD.CC. No.337 / 03.10.042 / 2013-14 dated July 1, 2013

During the year 2013-14, no frauds were reported to management.

34 Contingent liabilities

Credit enhancement provided by the Company towards assets assignment/securitisation transactions: 40,889,898 (31 March 2013: 32,655,016).

35 Additional information as required under paragraph 5 of the part II of the Schedule VI to the Act to the extent either "nil" or "not applicable" has not been furnished.

36 Subsequent to the year end, the Company has allotted 20,838,760 Class C compulsorily convertible preference share of 10 each at a premium of 66.78.

37 Expenditure in foreign currency

	<u>31 March 2014</u>	<u>31 March 2013</u>
Professional and consultation fees	938,922	240,000

38 Comparatives

Previous year's amounts have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

For **Walker Chandiok & Co LLP**

(formerly know as Walker, Chandiok & Co)

For and on behalf of the Board of Directors

per **Anupam Kumar**
Partner

Bengaluru
30 May 2014

Brahmanand Hegde
Managing Director
DIN: 02984527

Bengaluru
30 May 2014

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
Company Secretary
Membership No: 16422

VISTAAR TEAM

2010



2012



2013



GROWING IN A SUSTAINABLE MANNER ADDING HAPPY CUSTOMERS AND EMPLOYEES

MANAGEMENT TEAM



(From left to right)

<p>Mahesh S G <i>Sr.VP- Rollout & PIP</i></p> <p>He has over 18 years of experience in the Banking and Financial Services industry. He has held various positions in Strategic Planning, Sales & Marketing, Business, Key Accounts Management & Team management etc. in reputed organisations.</p>	<p>Sankar Sastri <i>Chief Risk Officer</i></p> <p>He has over 14 years of experience in Rural Marketing, Banking and Microfinance. His last assignment was with Fullerton India as Asst. Vice President (Risk) for Microfinance business.</p>	<p>Jayaraman <i>Exec. VP- Business</i></p> <p>He has over 18 years of work experience in Retail Assets/SME sales. He has worked in reputed MNC Banks/NBFC handling large businesses/geographies</p>	<p>Manjunath Daler <i>CTO</i></p> <p>He has over 21 years of experience in IT Field viz., Sales and business development, vendor/contractor management, establishing and managing large IT infrastructure in Banking Industry.</p>	<p>Ashok Nagpal <i>VP - Human Resources</i></p> <p>He has over 8 years of experience in Veterinary Life Sciences, Livelihood Services/New Initiatives in Rural Finance and Risk Management in Financial Services.</p>	<p>Prasad G R <i>VP - Operations</i></p> <p>He has 13 years of experience in handling Operations in Financial Services. In his previous assignment he worked as Asst VP at Fullerton India managing Central Operations.</p>	<p>Sudesh Chinchewadi <i>CFO & CS</i></p> <p>He has over 18 years of experience in handling the finance functions in industry. He worked with various MNCs heading the Finance, Accounts and Legal functions.</p>
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CONTACT INFORMATION

Contact Us

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Chief Financial Officer and Company Secretary

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