
Forward Together



Vistaar is a commitment by two entrepreneurs who believe that by supporting and creating new economic opportunities for deserving small business women and men, lives can be enriched and communities can be transformed. The company focuses on the missing middle segment, which is not effectively served by the formal financial system. The objective is to make finance available at a reasonable cost and to deliver it in a transparent manner. In the process, Vistaar aims to continuously attract mainstream capital and human resources, to serve these chosen segments more effectively.

Company Information

Chairman

G. S. Sundararajan *(till 2nd May 2015)*

Managing Director and
Chief Executive Officer

Brahmanand Hegde

Founder Director &
Chief Operating Officer

Ramakrishna Nishtala

Board of Directors

Sandeep Farias **Ashit R Lilani** **Badri Bahukutumbi Pillapakkam**

Sumir Chadha *(from 20 May 2014)* **Abhiram Seth** **Radhika Haribhakti** *(from 28th October 2014)*

Auditors

Walker, Chandio & Co LLP
(Independent Auditors)

Prolead Financial Solutions Private Limited
(Internal Auditors)



Message from the CEO

Dear Shareholders,

Vistaar has completed 5 years! We had a dream of being the preferred specialized financial services provider focused on the neglected middle segment (small businesses) and are firmly on the track of getting there. We have had both successes and failures, and every experience has taught us something new and has helped us refine our delivery.

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in our country making up nearly 94% of the industrial enterprises in the economy. The sector contributes about 40% of the total value of exports of the country and employs over 120 million people. The correlation between our economy and the micro enterprises is direct. The new Government of India has rightly acknowledged that the MSME is the growth engine for our country. By offering much needed credit in an affordable manner to such businesses in rural and semi-urban India, Vistaar is in the right place at the right time, serving the right community.

FY14-15 has been a year of transformation for Vistaar in the truest sense – we have moved from start-up to growth stage. In the process we now have about 1318 Vistaarians spread across 132 branch locations and seven states. Specifically, we have added 51 additional branches and entered into three new states including MP, Chhattisgarh and Rajasthan.

As a company we have grown in terms of assets under management from Rs 243 crores for year ending March 2014 to Rs 515 crores for March 2015 with about a 10-time increase in profit for the same period. We have successfully raised Rs 160 crores equity led by Westbridge PLC along with existing investors (Elevar Equity, Saama Capital & ON). The company has also been able to leverage equity by raising debt of over Rs 300 crores from as many as 22 plus lenders including banks, NBFCs, DFIs.

Over the next three years Vistaar will transition to the high growth stage. From the current Rs 500 crore plus book, we are targeting to reach Rs 2500 crore book by March 2018. The number of Vistaarians will go up from the current 1318 to over 3000! All of this will require a different approach to managing scale. Vistaar has therefore invested in greater capabilities on management, technology, operations and operating processes, which will help us scale the business to greater heights in the coming years without increasing risk.

The company has also been able to stabilize various policies and processes and put in place an operational risk management framework in line with the requirement to build scale. Each Vistaarian will have greater opportunity to grow and contribute to the growth of the company as well as the community we serve. I would like to thank all the stakeholders, including all Vistaarians, lenders, partners (insurance, technology etc.) as well as all our shareholders who have supported us from the beginning and helped Vistaar grow so rapidly.

We are committed to sustained growth as we move “Forward Together” alongside all our various stakeholders.

Brahmanand Hegde
Managing Director & CEO



Message from the COO

Dear Shareholders,

2014-15 has been a year of renewed hope and optimism for the Indian economy as a whole. With a new government at the Centre, which has announced a whole slew of measures for fuelling the growth of the economy, there is every reason to believe that the days of 8% plus growth are round the corner. The Government has taken significant measures which augur well for the future, including the opening of over 10 crore bank accounts, special focus on the development of the microenterprise segment, starting of the MUDRA Bank. The successful initiation of the Direct Benefits Transfer scheme using the newly opened bank accounts will help bring millions of customers into the banking mainstream. The continuance of Aadhar and indeed the expansion of its usage will make it possible for many millions of customers to also access the banking system with greater ease than before.

Vistaar continues to remain sharply focused on the Small Business customer segment. Geographically, the majority of our customers come from small towns and villages where their access to capital from mainstream financial institutions is very limited. We remain committed to our sectoral focus with over 70% of our customers originating from sectors like dairy, kirana, powerlooms and light engineering. We have also commenced a pilot to explore other loan products, which will meet the short term requirements of these customers.

During the year, our emphasis was on further building on the three pillars of the Company - People, Processes and Technology. Significant investments have been made in training of our staff with the right skill sets. We take pride in expanding the talent pool by taking in people with limited experience in mortgage lending and training them to become the best in class in this sector. With 90% of our employees being in rural and semi-urban India, it is a source of satisfaction that we have been able to create over 1000 jobs in these geographies, contributing to nation building.

We have also migrated to a new technology platform, which meets more comprehensively the requirements of our business model, with the majority of the portfolio from mortgage loans. The new platform goes a long way towards improving efficiency, tracking multiple parameters of the portfolio and lays the foundation for analytics, which will help us to garner greater insights into all aspects of our operations. A comprehensive Operational Risk framework has also been designed and is currently under implementation, which will increase the robustness of our processes.

Your Company has also made deep inroads into more financial institutions, diversifying the sources of debt funding. We have now 22 lenders spread across banks, NBFCs and Development Financial Institutions, from not just India but from other parts of the world as well. Your Company's singular focus on the Small Business segment, its unique credit methodology and well-established business model continue to make it attractive to lenders as well as investors, both social and commercial.

Having laid the foundation, Vistaar is well poised to continue the task of building a high quality small business-focused financial institution, which all our stakeholders - shareholders, employees, customers, investors and lenders - could be justifiably proud of.

Ramakrishna Nishtala
Founder Director & COO

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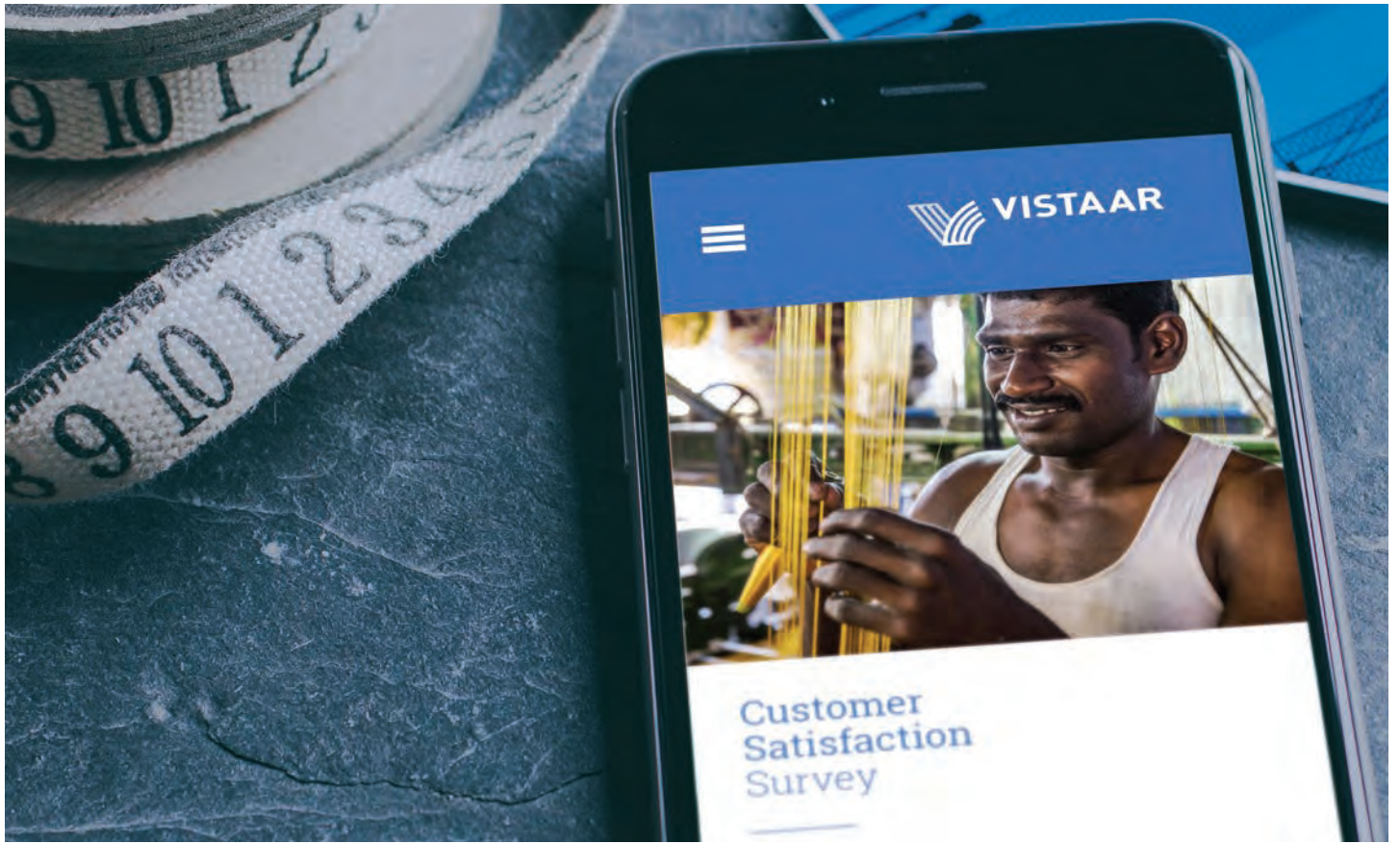
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The New Brand

In early 2015, Vistaar undertook the mammoth task of rebranding the company. Extensive on ground research indicated that Vistaar is perceived as a proactive company, creating opportunities that enable transformation. To further this goodwill and to align all stakeholders with our future ambition for Vistaar, we went ahead with the task of rebranding. It was received with much enthusiasm by the Vistaarians and the Board and is already unleashing fresh energy across the value chain.

*(Below) The new logo of
Vistaar Financial Services Private Limited*







Bustling with life, and thriving on innovation, micro, small and medium business entrepreneurs in the heartlands of India are fuelled with ambition to take the economy to its rightful place on the global map. However with capital hard to come by, they are eagerly looking to partner with someone who understands their dreams, respects their entrepreneurial capabilities and will catapult them into the mainstream.

That partner is us.

Vistaar is a catalyst – inclusive, insightful, pragmatic and enabling.

Forward Together

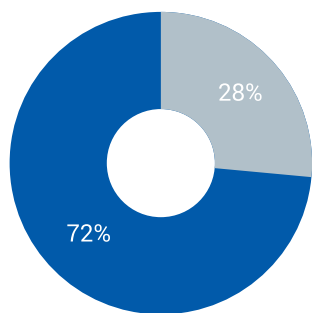
It takes the convergence of desire, capability and feasibility, at particular time and place, for entrepreneurship to truly flourish. Incredibly, there is a resurgence of such opportunities in India, and Vistaar is committed to participate in scripting this revolution. We want to nurture the aspirations of entrepreneurs and help transform their destinies.

The journey has begun - Forward Together.

The Opportunity is Significant

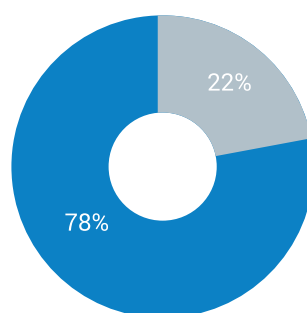
36 million enterprises in the MSME sector contribute to over 45% of India's manufacturing output. The total unmet demand is close to Rs. 2.9 trillion, which offers a unique opportunity for Vistaar across micro, small and medium sized enterprises. While banks and NBFCs try and address some of the sector's credit demand, a large 72% of the total MSME business units constitute Vistaar's target segment.

Breakup of MSME sector ^(a)
(Number of units)



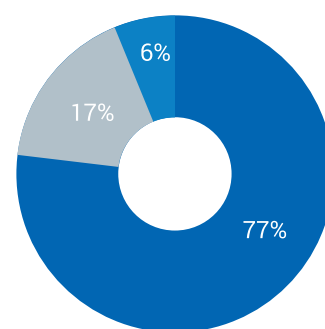
■ - Vistaar's target segment
■ - Others

Breakup of credit demanding MSME sector ^(a)



■ - Vistaar's target segment
■ - Others

Breakup of total unmet debt demand

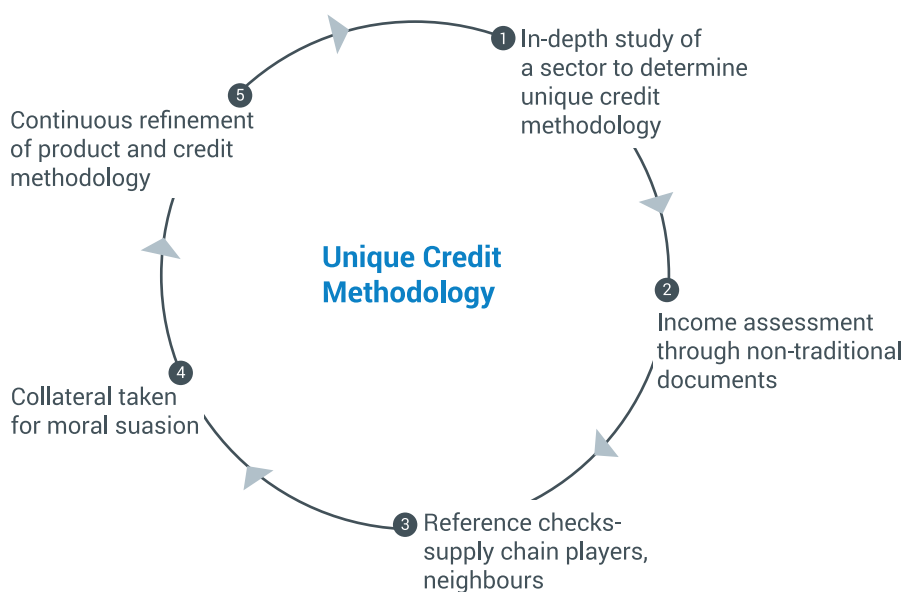


■ - Micro Enterprises
■ - Small Enterprises
■ - Medium Enterprises

INDUSTRY SEGMENT	TYPICAL CUSTOMER PROFILE	PURPOSE OF LOAN	RANGE OF TICKET SIZE (Rs IN LAKHS)
Dairy	Milk collection center / mid-size dairy farmer (sells milk to collection centers)	Working capital (e.g. Supplier advance: Milk collection center) / capital expenditure (e.g. to buy more cattle: Dairy farmers)	0.30 to 25
Non Kirana Shops	<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 	Working capital (e.g. Supplier advances)	0.30 to 25
Textile & Apparel	Owns more than 2-3 looms (power-loom / auto-loom etc.)	Capital expenditure (e.g. to buy more looms)	0.30 to 22
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 	Working capital to increase the scale of business and product offerings	0.30 to 23
Small Manufacturing Unit	Lathe Machine operators / Fabricators /Units manufacturing spare parts etc.	Capital expenditure (e.g. to buy Machineries) and buying raw materials	0.30 to 25

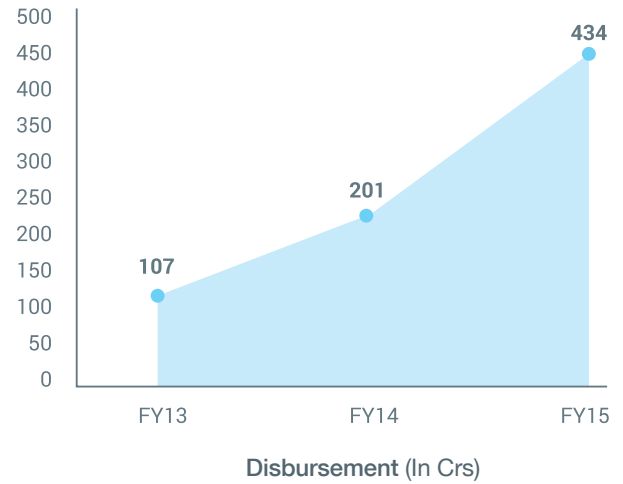
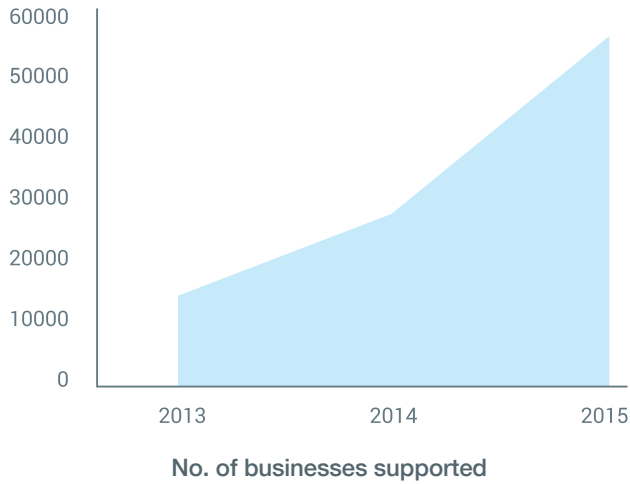
A Unique Credit Methodology

Very early in the process of credit disbursement, Vistaar recognized the need for a unique methodology for their different customer segments. The company worked on serving customers using sustainable differentiation created through linkages. Prerequisites include strong sector understanding and pragmatic approach to community based collaterals. All of this has resulted in large-scale impact across various target segments.

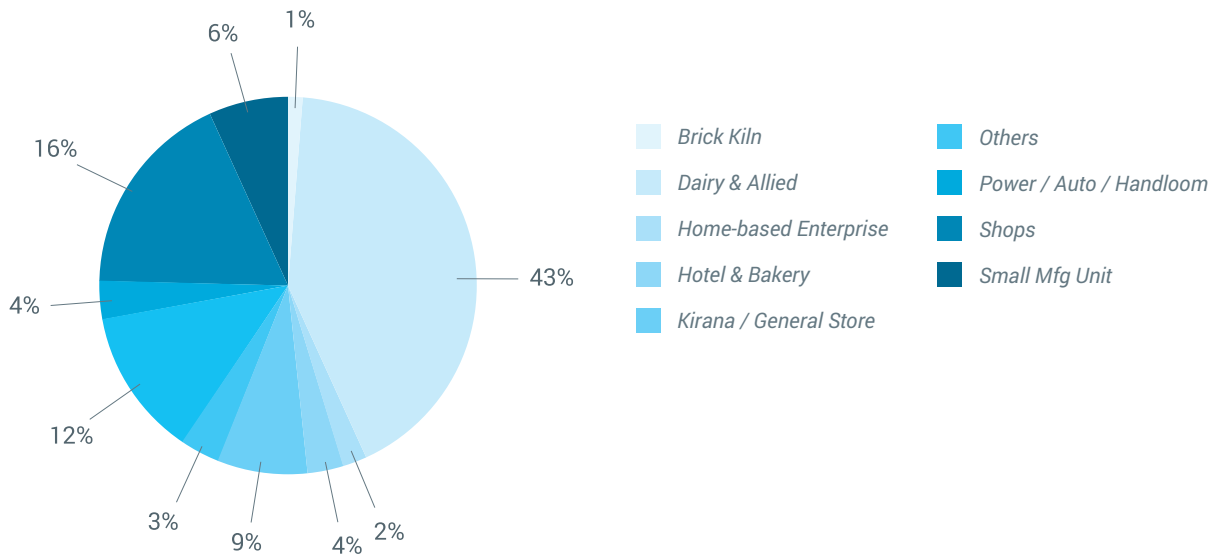


Our Impact is both Economic and Social

Vistaar is committed to be a catalyst to the underserved, enabling their inclusion through personal, transformational experiences towards greater economic and social well-being. We have accelerated our impact over the last year, attracting more than 25,000 more businesses and doubling employment as a result.

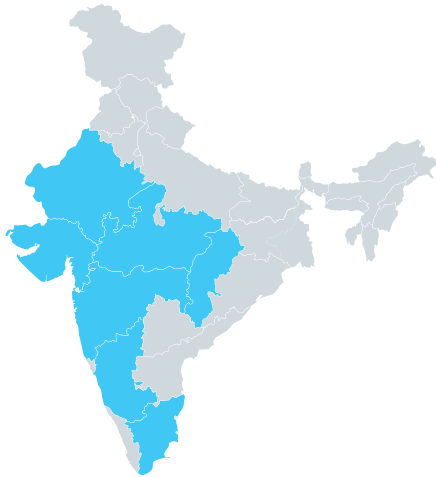


Sector-wise Portfolio

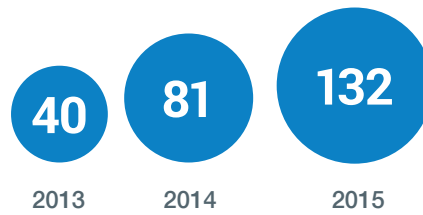


Across Several States

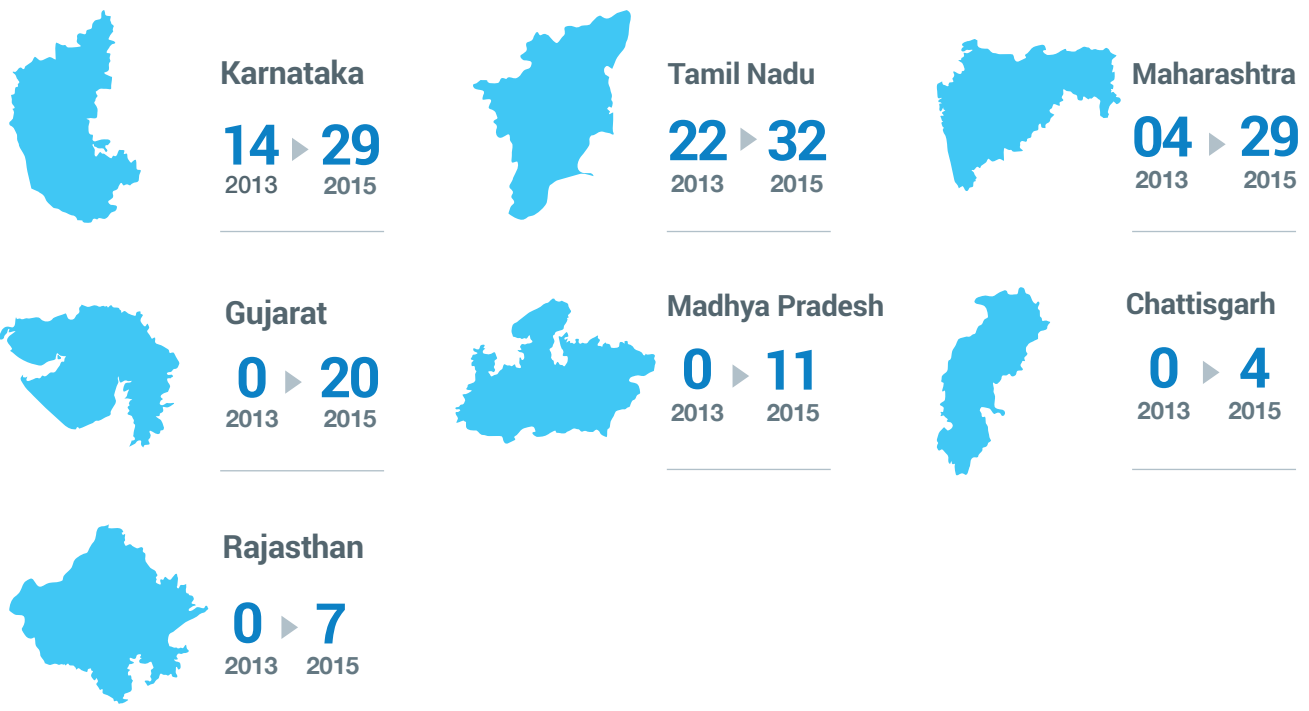
Vistaar's portfolio is well diversified across sectors, geographies and offering unique products in line with the company's long-term policy of de-risking, while meeting customer demands to a maximum. We have spread our reach to three more states, adding over 50 branches in a matter of a year.



Number of Branches (in total)



Number of Branches (Statewise)





Hanumant Pandappa Reddy is a respected dairy farmer in the town of Mudhol. He recently purchased an additional twelve cows, with a 10 lakh loan from Vistaar which has increased his milk yield to close to 200 ltr per day.

Board of Directors



G S Sundararajan

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

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 a specialization in marketing.



Radhika Haribhakti

Ms. Radhika Haribhakti heads RH Financial, a boutique Investment Banking Firm focussed on M&A and Private Equity. She has over 30 years of experience in Commercial and Investment Banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch. She has advised several large Corporates and led their IPOs, FPOs, GDR and ADR offerings. She is also closely involved with issues of women empowerment, financial inclusion and CSR. She is the former Chair of Friends of Women's World Banking (FWWB) that has supported several start-ups grow into leading Micro Finance Institutions. At FWWB, she was instrumental in introducing the highest standards of governance in the sector. Ms. Haribhakti was named among the top 50 business women of India by Business Today. She has done her MBA from the Indian Institute of Management, Ahmedabad.



Sandeep Farias

Sandeep Farias is a Founder and Managing Director of Elevare 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 Elevare 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.



Badri Pillapakam

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.



Sumir Chadha

Sumir Chadha is a Managing Director, WestBridge Delaware Advisors LLC and Co founder of WestBridge Delaware Advisors LLC, WestBridge Capital and Sequoia Capital India. He has over 15 years of investing experience in India spanning public companies, private equity and venture capital. He currently serves or has served on the board of many successful investments that he has been instrumental in making including Applabs, GlobalLogic, MarketRx, Pangea3, QuickHeal, Scioinspire, Shaadi, Star Health Insurance and SKS Microfinance.



Ash Lilani

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



Brahmanand Hegde

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

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.

Venkatesh Menya, based in Mudhol runs two hotels. With a 15 lakh loan from Vistaar, Venkatesh completely renovated his hotels that reflected his aspiration as a young, ambitious entrepreneur and the growing economic parity among his customers.



Corporate Governance

Company Philosophy

Aspiration is the fuel of the human spirit and a force that drives us to pursue a better tomorrow. Most people have an unrelenting desire to transform their destinies. However, this cannot be achieved alone. Factors such as the environment, capital and people all play a role in weaving the tapestry of a successful life.

Vistaar believes that an ecosystem that empowers entrepreneurship through transformational experiences can provide the right impetus for inclusive growth and innovation at the ground level.

Our values of customer centricity, transparency, teamwork and integrity are signposts to our team to strive to deliver opportunities and drive transformation. We believe that Vistaarians are most impacted when they impact their customers and see power of dreams fulfilled first hand. And thus our company philosophy is to do good, be better and take everyone along – Forward Together.

Board / Committee Meeting and Attendance

During the Financial Year 2015, the Board/Committee Meetings and Attendance details of the Board Members are given below:

BOARD / COMMITTEE MEETINGS	NO. OF MEETINGS HELD DURING FY 2014-15
Board Meetings	8
Borrowing & Resource Committee	18
Audit Committee#	2
Risk Committee#	1
Audit & Risk Committee#	3
Compensation Committee	5
Nomination Committee	4
Asset Liability Management Committee*	1

#Audit Committee and Risk Committee were merged as Audit & Risk Committee with effect from 30.05.2014

* Asset Liability Management Committee was constituted with effect from 28.10.2014

NAME	NATURE OF DIRECTORSHIP	ATTENDANCE							
		BOARD	RISK	NOMINATION	BORROWING & RESOURCE	AUDIT	COMPENSATION	AUDIT & RISK	ASSET LIABILITY MANAGEMENT
G S Sundararajan	Chairman & Independent Director	8/8	1/1	4/4	NA	2/2	1/1 [^]	3/3	NA
Brahmanand Hegde	Managing Director & CEO	8/8	NA	3/3 [#]	18/18	NA	NA	NA	1/1
Ramakrishna Nishtala	Founder Director & COO	8/8	NA	NA	18/18	NA	NA	3/3	1/1
Sandeep Farias	Nominee Director	7/8	1/1	NA	15/18	NA	4/4 [^]	NA	NA
Ashit R Lilani	Nominee Director	7/8	NA	1/1 [#]	NA	1/2	5/5	NA	NA
Badri Bahukutumbi Pillapakkam	Nominee Director	8/8	1/1	NA	NA	2/2	NA	3/3	1/1
Vishal Mehta*	Nominee Director	3/3	NA	1/1 [#]	NA	NA	1/1 [^]	NA	NA
Abhiram Seth	Independent Director	6/8	NA	1/2 [#]	NA	1/2	4/5	2/3	NA
Sumir Chadha*	Nominee Director	4/5	NA	3 / 3 [#]	NA	NA	4/4 [^]	NA	NA
Radhika Vijay Haribhakti*	Independent Director	2/2	NA	NA	NA	NA	NA	NA	1/1

* Vishal Mehta has resigned with effect from 17th May, 2014

* Sumir Chadha was appointed with effect from 20th May, 2014

* Radhika Vijay Haribhakti was appointed with effect from 28th October, 2014

#Sumir Chadha became member of committee with effect from May 30, 2014

#Brahmanand Hegde became member of committee with effect from May 30, 2014

#Abhiram Seth and Ashit Lilani ceased to be the member of Committee with effect from May 30, 2014

#Vishal Mehta has resigned with effect from May 20, 2014

[^]Vishal Mehta has resigned with effect from May 20, 2014

[^]Sumir Chadha & Sandeep Farias became members of committee with effect from May 30, 2014

[^]G S Sundararajan ceased to be a member of the committee with effect from May 30, 2014

Shareholder Meetings

During the year ended 31st March 2015 one Annual General Meeting and Three Extraordinary General Meetings were held as per details given below:

DATE	TIME	VENUE
15 May 14 (EGM)	4:00 PM	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21st Main, 5th A Cross, BTM Layout IIInd Stage, Bangalore- 560076
20 May 14 (EGM)	4:00 PM	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21st Main, 5th A Cross, BTM Layout IIInd Stage, Bangalore- 560076
24 June 14 (AGM)	11:00 AM	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21st Main, 5th A Cross, BTM Layout IIInd Stage, Bangalore- 560076
1 August 14 (EGM)	10:00 AM	No. 80, "Biligiri", IAS Colony, MCHS Layout, 21st Main, 5th A Cross, BTM Layout IIInd Stage, Bangalore- 560076

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

Committees' Constitution And Scope/Terms of Reference

During the year under review, various Board Committees were reconstituted, scopes/terms of references were enhanced and approved by the Board. The details are given below:

Borrowing And Resource Committee

Members

- **Brahmanand Hegde** - Chairman
- 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.
- To approve opening of current and other accounts with various banks upon such terms and conditions as may be agreed upon with the said bank.
- To approve changes in persons authorized to operate current and other accounts and their signing limits for operating such accounts and for mutual fund operations
- To approve closure of current and other accounts of the Company established with various banks.

Audit and Risk Committee

- **Mr. Abhiram Seth** - Chairman
- Mr. G.S.Sundararajan
- Mr. Badri Pillapakkam
- Mr. Ramakrishna Nishtala

- Recommendation for appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and internal auditors and remuneration and terms of appointment of auditors of the company
- Review work of external auditors and Internal auditors
- Review and monitor the auditor's independence and performance, and effectiveness of audit process
- Review and recommend changes in audit policies of the Company from time to time
- Reviewing of internal audit reports and take appropriate actions on key audit findings.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Review and comment on accounting policies and weakness in processes, financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible 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 statutes and regulations.
- Reviewing, with the management, financial statements and auditor's report before submission to the Board for approval, with particular reference to:
 - i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report
 - ii) Significant adjustments made in the financial statements arising out of audit findings.
 - iii) Compliance with accounting and other legal requirements relating to financial statements.
 - a) Disclosure of any related party transactions
 - b) Qualifications in the draft audit report
 - c) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - iv) Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary
- Monitoring the end use of funds raised through public offers and related matters
- 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
- Credit and Portfolio Risk Management
- Operational and Process Risk Management including people risk
- Review of the Company's Policies framed pursuant to RBI Guidelines and suggest changes, if any, to the Board for adoption and ensure that all activities are in compliance with the Prudential Regulations and also within the framework of the policies and controls established
- Laying down guidelines on KYC norms

Nomination Committee

Members

- **Mr. G. S. Sundararajan** - Chairman
- Mr. Sumir Chadha
- Mr. Brahmanand Hegde

Terms of Reference

- Identify individuals suitably qualified to become Board members and recommend to Board for their appointment.
- Assess independence of Independent non-executive directors.
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
- To recommend remuneration payable to Non-executive Directors of the Company from time to time.

Compensation Committee

- **Mr. Abhiram Seth** - Chairman
- Mr. Ashit Lilani
- Mr. Sandeep Farias
- Mr. Sumir Chadha

- 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.

Asset Liability Management Committee (ALCO)

- **Ms. Radhika Haribhakti** - Chairman
- Mr. Badri Pillapakkam
- Mr. Brahmanand Hegde
- Mr. Ramakrishna Nishtala

- Liquidity Risk Management
- Management of market (interest rate) risk
- Funding and capital planning
- Approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model and also in line with such regulations as may be in force from time to time.
- Review the asset liability management reports to be submitted periodically to RBI
- Monitor and review the risk arising from movement in exchange rates or foreign currency risks
- Risk management of timely and diversified sources of funding.

Code of Conduct: The Company has put in place 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 & CS Certification: CFO and CS 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 put in place a Whistle Blower Policy pursuant to which both the employees as well as customers 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 2015.

We are extremely happy to inform you that the Company has performed well with respect to business, profitability as well as portfolio. The Profit After Tax (PAT) for FY 15 is Rs.14.19 crores and Asset Under Management (AUM) during the same period increased over two times to Rs. 515 crores.

The Company has expanded geographically adding 51 branches during the year and has entered the States of Madhya Pradesh, Rajasthan and Chattisgarh. This will help Company in de-risking its concentration risk and also provides opportunity to increase its business and serve customers in newer geographies.

Business Developments

Your Company has a total of 132 branches as on 31st March 2015, spread across the States of Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan and Chattisgarh. During this period, the Company has disbursed Rs. 434 crores which is double of last financial year.

During the year, the Company also raised total liabilities of Rs 205.7 crores including, Rs. 38.7 crores through issue of non-convertible debentures to foreign institutions, term loan of Rs. 167 crores from Banks and Non-Banking Financial Institutions (NBFC) and securitised customer portfolio aggregating to Rs. 58.81 crores to NBFCs.

OPERATIONAL OVERVIEW

DESCRIPTION	31 MARCH 2015	31 MARCH 2014
No. of Active Customers	55,067	27,479
No. of states	7	4
No. of Branches	132	81
Asset Under Management (AUM) (Rs. crores)	515	243
Total Disbursements (Rs. crores)	434	201
Profit Before Taxes (Rs. crores)	15.07	1.56
Gross NPA (in %)	1.39%	1.01%
Write off (in %)	0.02%	0.12%

SUMMARY FINANCIAL RESULTS

PARTICULARS	31 MARCH 2015 (RS IN LAKHS)	31 MARCH 2014 (RS IN LAKHS)
Total Revenue	10,846	4,888
Total Expenditure	8,865	4,459
Profit before depreciation other provisions	1,981	429
Depreciation	178	87
Provision & write off	296	187
Profit before tax	1,507	155
Provision for tax	88	9
Profit after tax	1,419	146

Your Company has constantly focused on improving its revenue and maintaining a sustainable growth. As on 31st March, 2015, the total revenue was Rs. 108.46 crores as against Rs. 48.88 crores in the previous year registering a growth of 122%. The profit before tax of your Company stood at Rs. 15.07 crores as compared to Rs. 1.56 crores in the previous year reporting.

Share Capital

The Company, in May 2014, has raised capital of Rs.160 Crores through the issue of Compulsorily Convertible Preference Shares (CCPS).

During the year under review, there is no changes in authorized share capital of the Company.

Amount carried to Reserves:

Based on the financial results of the company during the financial year 2014-2015, the Board of Directors has transferred Rupees 2.84 Crores to the Reserves.

Material Changes affecting the Financial Position of the Company:

There have been no material changes and commitments between the end of FY 2014-15 and the date of this report, affecting the financial position of the Company.

Change in Nature of the Business (if any):

There is no change in the nature of business. During the year, the Company has obtained registration from the Insurance Regulatory and Development Authority to act as a corporate agent from March 31, 2015 to March 31, 2018 for procuring or soliciting insurance business of one general insurer.

Details of the Key Managerial Personnel:

During the year under review the following were the Key Managerial Personnel of the Company:

NAME OF THE KMP	DESIGNATION
Mr. Brahmanand Hegde	Managing Director & CEO
Mr. Ramakrishna Nishtala	Whole time Director
Mr. Sudesh Chinchewadi	Chief Financial Officer & Company Secretary

Subsidiary Companies:

The Company does not have any subsidiary.

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 44.92% as of 31st March 2015 as against the minimum capital adequacy requirement of 15% as prescribed by RBI.

Credit Rating

During the year ICRA has upgraded the rating to BBB (with positive outlook) from BB +. Subsequently in May 2015 ICRA has upgraded the rating to BBB+. 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.

Capital Expenditure

During the year, Company has spent Rs.4.32 Crs on capex, which includes Rs.2.03 Crs towards investment in infrastructure of branches and Rs.2.29 Crs in new core banking solution "INDUS".

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 2015.

Deposits

During the year under review, your Company has not accepted any deposit from anyone within the meaning of Sec.73 of the Companies Act, 2013 and Companies (Acceptance of Deposit) Rules, 2014.

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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 for equity and the Corporate Governance Report under this clause is not applicable to the Company.

Directors

Mr. Sumir Chadha was appointed as Nominee Director of the Company with effect from 20th May, 2014. Mr. Vishal Mehta has resigned from the Board of the Company with effect from 19th May, 2014.

Ms. Radhika Vijay Haribhakti was appointed as Independent Director with effect from 28th October, 2014.

Details of Appointment of Women Director:

Ms. Radhika Vijay Haribhakti was appointed as Independent Director with effect from 28th October, 2014.

Company's Policy on Director's Appointment and Remuneration:

In compliance with the RBI Regulations and applicable laws, the Board has approved Policy On 'Fit And Proper' Criteria for Directors to bring in uniformity in the process of due diligence, while appointing directors during the financial year 2014-15. Also the Company has suitable policy relating to the remuneration for the directors, key managerial personnel and other employees.

Details of Appointment of Independent Director Declaration given by Independent Director:

The Company has appointed Ms. Radhika Vijay Haribhakti as Independent Director during the financial year 2014-15. Ms. Radhika Vijay Haribhakti has given the declaration under Section 149 of the Companies Act, 2013. The declaration has been placed before the Board and the same is taken on records.

Extracts of the Annual Return (As per clause a of sub section 3 of Section 134)

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure - 1.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Vistaar's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A policy on Prevention of Sexual Harassment at Workplace was released during the last financial year. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour.

There were no cases reported during the year under review under the said Policy.

Performance Evaluation of the Board and its Committee:

There is a suitable mechanism to evaluate the performance of the Board of Directors and its Committees.

Directors' Responsibility Statement (As per Section 134(3)(C)):

In compliance with Section 134(3)(C) of the Companies Act, 2013, your Directors confirm and state as follows:

- That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That your Directors have selected such accounting policies and have 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 the period under review.

c) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) That the annual financial statements have been prepared on a going concern basis

e) That your directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Particulars of Loans and Investments made by the Company:

Section 186 is not applicable to the Company.

Auditors

M/s Walker, Chandio & 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 139 of the Companies Act, 2013.

Secretarial Auditor

Vinayak Hegde & Associates, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2014-15 forms part of the Annual Report as Annexure 2 to the Board's report. The Board has appointed Vinayak Hegde & Associates, Practicing Company Secretaries, as secretarial auditor of the Company for the financial year 2015-16.

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.

Foreign Exchange Earnings and Outgo

EARNINGS/EXPENDITURE IN FOREIGN CURRENCY	AMOUNT (IN RS)
Legal and professional fees	450,000
Training and recruitment expense	664,496
Security issue expenses	4,302,206
Information technology costs	2,561,224
Capital goods (software)	946,774
Total	8,924,700

Details of Risk Management Policy as per Section 134(3)(n)

The Company has a detailed risk management policy. The policy helps in identifying the risk and sub-elements of risk. In the opinion of the board there are no risks which are threatening the existence of the company.

Corporate Social Responsibility:

Your Directors wish to inform you that the provisions of Corporate Social Responsibility are not applicable on Company for FY 2014-15.

Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals:

There are no orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Details of Vigil Mechanism:

The Company has a vigil mechanism policy to deal with the instance of fraud and mismanagement if any.

Details of Internal Financial Control:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Personnel

The names and particulars of employees in accordance with the provisions of section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as follows.

SR NO	REQUIREMENTS	DISCLOSURE		
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name of the Director Brahmanand Hegde Ramakrishna Nishtala	Ratio 44.8x 44.8x	For this purpose, sitting fees paid to the Directors have not been considered as remuneration.
2	The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year	Name of the Director Brahmanand Hegde Ramakrishna Nishtala Sudesh Chinchewadi	% increase 30% 30% 29%	The above increase is inclusive of performance based pay. Increase in fixed remuneration is ~10.1%
3	The percentage increase in the median remuneration of employees in the financial year:	During FY 2015, the percentage increase in the median remuneration of employees as compared to previous year was 34%. Increase in median fixed remuneration of employees is 8.5%		
4	The number of permanent employees on the rolls of company	There were 1318 employees as on March 31, 2015.		
5	The explanation on the relationship between average increase in remuneration and company performance:	Factors considered while recommending increase in fixed compensation: 1. Financial performance of the Company. 2. Comparison with peer companies. 3. Industry Benchmarking 4. Contribution made by the employee. 5. Regulatory guidelines as applicable to Managerial Personnel. The portfolio increase as compared to the previous year is ~112%. The Company had revenue growth of 122% over the previous year against which the average increase in remuneration is 34%.		
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	For FY 2015, the total remuneration paid to all three KMP's aggregates to approximately 1.8% of the gross revenue.		
7	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;	Not applicable as only the debt securities of the Company are listed.		
8	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 34% for Employees other than Managerial Personnel. Managerial personnel salary increase is in line with other employees of the company.		

9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	Name of the Director	% of gross revenue for FY 2015	% of closing AUM for FY 2015
		Brahmanand Hegde – MD & CEO	0.70%	0.15%
		Ramakrishna Nishtala – Founder Director & COO	0.70%	0.15%
		Sudesh Chinchewadi – CFO & CS	0.38%	0.08%
10	The key parameters for any variable component of remuneration availed by the directors	Variable components of remuneration are paid as per the appraisal done by the compensation committee headed by an independent director		
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Not Applicable		
12	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes		

Management Response To The Qualification

The Management of the Company provides the following response in compliance with Section 134(3)(f) of the Companies Act, 2013 to the adverse remark/qualification made by the statutory auditors and the Secretary in their reports respectively.

- No adverse comments

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
29th May 2015

Ramakrishna Nishtala
Director

DIN: 02949469
29th May 2015



Annexure: 1 Form MGT 9

Extracts of the annual return as on financial year ended march 31, 2015 as per clause a of sub section 3 of section 134 of the companies act, 2013.

REGISTRATION AND OTHER DETAILS:

CIN	U67120KA1991PTC059126
Registration Date:	04/09/1991
Name of the Company	Vistaar Financial Services Private Limited
Category/Sub category of the Company	Non-Banking Financial Services
Address of the Registered Office and Contact Details:	No. 80, Biligiri, IAS Colony, MCHS Layout, 21 st Main, 5th A Cross, BTM Layout 2nd Stage, Bangalore, Karnataka-560076, INDIA
Whether listed Company	Yes (Only Non-Convertible Debentures are listed)
Name, Address and Contact details of Registrar or Transfer Agent if any	<p>Link Intime India Pvt Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078</p> <p>Contact Person: Mr. Ganesh Jadhav Tel: +91 22 25963838 Fax: +91 22 25946979 Email: ganesh.jadhav@linkintime.co.in</p>

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

The business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No	Name and description of main products/ services	NIC code of the product /services	Percentage of contribution to total turnover (%)
1	Financial Services	64990	100%

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: NONE

Sl. No	Name and address of the company	Cin/gln	Holding/ subsidiary or associates	Percentage of share held	Applicable section
None					

SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Shareholding

Categories of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the Year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1) Indian									
Individual/HUF	--	5,994,866	5,994,866	66.22%	--	5,994,866	5,994,866	66.22%	0.00%
Central Govt	--	--	--	--	--	--	--	--	--
State Govt(s)	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other...	--	--	--	--	--	--	--	--	--
Sub Total	--	5,994,866	5,994,866	66.22%	--	5,994,866	5,994,866	66.22%	0.00%
2) Foreign									
NRIs, Individuals Other- Individuals Bodies Corp. Banks / FI	--	--	--	--	--	--	--	--	--
Any Other	--	--	--	--	--	--	--	--	--
Sub Total	--	--	--	--	--	--	--	--	--
Total Shareholding of Promoters (A)	--	5,994,866	5,994,866	66.22%	--	5,994,866	5,994,866	66.22%	0.00%
B. Public share holding									
1) Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	60	60	0.001%	--	60	60	0.001%	0.00%

h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub total	--	60	60	0.001%	--	60	60	0.001%	0.00%
2)Non-Institutions									
a) Bodies Corp.	--	--	--	--	--	--	--	--	--
i) Indian									
ii) Overseas									
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	--	1,600,917	1,600,917	17.68%	--	1,600,917	1,600,917	17.68%	0.00%
c) Others (Vistaar Employees Welfare Trust)	--	1,457,511	1,457,511	16.10%	--	1,457,511	1,457,511	16.10%	0.00%
Sub total	--	3,058,428	3,058,428	33.78%	--	3,058,428	3,058,428	33.78%	0.00%
Total Public Shareholding (B)	--	3,058,488	3,058,488	33.78%	--	3,058,488	3,058,488	33.78%	0.00%
C. Shares held by custodians for GDR's and ADR's	--	--	--	--	--	--	--	--	--
Grand total (A+B+C)	--	9,053,354	9,053,354	100%	--	9,053,354	9,053,354	100%	0.00%

ii) Shareholding of Promoters

S.L. No	Shareholders name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. Of shares	% Of total shares of the company	% Of shares pledged / Encumbered to total shares	No. Of shares	% Of total shares of the company	% Of shares pledged / Encumbered to total shares	
1	Brahmanand Hegde	2,997,433	9.84%	--	2,997,433	5.84%	--	-4.0%
2	Ramakrishna Nishtala	2,997,433	9.84%	--	2,997,433	5.84%	--	-4.0%

iii) Changes in promoters shareholding
(please specify, if there is no change) - No change

S.L. No	Particulars	Shareholding at the beginning of the year		Shareholding at the beginning of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	5,994,866	19.69%	5,994,866	11.69%
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--	--	--	--
3	At the End of the year	5,994,866	19.69%	5,994,866	11.69%

iv) Shareholding Pattern of top ten Shareholders (including holders CCPS) (other than Directors, Promoters and Holders of GDRs and ADRs):

S.L. No	Top 10 Shareholders	Shareholding at the beginning of the year		Increase/decrease during the year			Cumulative shareholding during the year	
		No. Of shares	% Of total shares of the company	Date of Purchase / sale	Reason for increase/ decrease	No. Of shares	No. Of shares	% Of total shares of the company
1	Elevar Equity Mauritius	6,424,907	21.1%	20/05/2014	Allotment	3,256,056	9,680,963	18.9%
2	ICP Holdings	6,424,907	21.1%	20/05/2014	Allotment	1,562,907	7,987,814	15.6%
3	Lok Capital	4,274,722	14.0%	20/05/2014	Allotment	--	4,274,722	8.3%
4	ON Mauritius	4,274,722	14.0%	20/05/2014	Allotment	2,995,572	7,270,294	14.2%
5	Westbridge	--	0.0%	20/05/2014	Allotment	13,024,225	13,024,225	25.4%
6	Vistaar Employees Welfare Trust	1,457,511	4.8%	--	Not Applicable	--	1,457,511	2.8%
7	Sudesh Chinchewadi	158,000	0.5%	--	Not Applicable	--	158,000	0.3%
8	Sankar Sastri	138,000	0.5%	--	Not Applicable	--	138,000	0.3%
9	Prashant Gokhale	71,250	0.2%	--	Not Applicable	--	71,250	0.1%
10	Ashok Kumar Nagpal	62,400	0.2%	--	Not Applicable	--	62,400	0.1%

v) Shareholding of Directors and Key Managerial Personnel

S.L. No	Top 10 Shareholders	Shareholding at the beginning of the year		Increase/decrease during the year			Cumulative shareholding during the year	
		No. Of shares	% Of total shares of the company	Date of Purchase / sale	Reason for increase/decrease	No. Of shares	No. Of shares	% Of total shares of the company
1	Brahmanand Hegde	2,997,433	9.84%	--	Not Applicable	--	2,997,433	5.84%
2	Ramakrishna Nishtala	2,997,433	9.84%	--	Not Applicable	--	2,997,433	5.84%
3	G. S. Sundararajan	910,267	2.99%	--	Not Applicable	--	910,267	1.77%
4	Sudesh Chinchewadi	158,000	0.52%	--	Not Applicable	--	158,000	0.31%

v) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in Rs

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,110,049,486	--	--	2,110,049,486
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	36,177,415	--	--	36,177,415
Total (i+ii+iii)	2,146,226,901	--	--	2,146,226,901
Change in Indebtedness during the financial year				
Addition	1,907,000,000	73,000,000	--	1,980,000,000
Reduction	755,998,945	73,000,000	--	828,998,945
Net Change	1,151,001,055	--	--	1,151,001,055
Indebtedness at the end of the financial year				
i) Principal Amount	3,243,972,058	--	--	3,243,972,058
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	53,255,898	--	--	53,255,898
Total (i+ii+iii)	3,297,227,956	--	--	3,297,227,956

SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Amount in Rs

S.L. No	Particulars of remuneration	Brahmanand Hegde	Ramakrishna Nishtala	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,851,976	7,851,976	15,703,952
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	150,000	150,000	300,000
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	- others, specify...	--	--	--
5	Others, please specify	--	--	--
	Total (A)	8,001,976	8,001,976	16,003,952
	Ceiling as per the Act	Not Applicable	Not Applicable	Not Applicable

B. Remuneration to other directors

Amount in Rs

S.L. No	Particulars of remuneration	Abhiram Seth	G.S Sudararajan	Radhika Vijay Haribhakti	Total amount
1	Independent Directors				
	- Fee for attending board / committee meetings	130,000	190,000	100,000	420,000
	- Commission	--	--	--	--
	- Others, please specify	--	--	--	--
2	Total (1)	130,000	190,000	100,000	420,000
3	Other Non-Executive Directors	--	--	--	--
	- Fee for attending board / committee meetings	--	--	--	--
	- Commission	--	--	--	--
	- Others, please specify	--	--	--	--
4	Total (2)	--	--	--	--
5	Total (B)=(1+2)	130,000	190,000	100,000	420,000
	Total Managerial Remuneration	130,000	190,000	100,000	420,000
	Overall Ceiling as per the Act	Not Applicable	Not Applicable	Not Applicable	Not Applicable

C. Remuneration to Key Managerial Personnel

Other than MD / Manager

Amount in Rs

S.L. No	Particulars of remuneration	CFO & Company Secretary	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,275,190	4,275,190
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--
2	Stock Option	948,000	948,000
3	Sweat Equity	--	--
4	Commission	--	--
	- as % of profit	--	--
	- others, specify...	--	--
5	Others, please specify	--	--
	Total	5,223,190	5,223,190

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE

Type	Section of The Companies Act	Brief Description	Details of penalty / punishment/ compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, If any (give Details)
A. Company					
Penalty			None		
Punishment			None		
Compounding			None		
B. Directors					
Penalty			None		
Punishment			None		
Compounding			None		
C. Other Officers in Default					
Penalty			None		
Punishment			None		
Compounding			None		

For and on behalf of the Board of Directors

Date: 29, May 2015

Place: Bengaluru

Brahmanand Hegde
 Managing Director
 DIN: 02984527

Ramakrishna Nishtala
 Director
 DIN: 02949469



Annexure: 2 Form No. MR-3

Secretarial Audit Report

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Vistaar Financial Services Private Limited.
No. 80, Biligiri, IAS Colony, MCHS Layout
21st Main, 5th A Cross, BTM Layout 2nd Stage
Bangalore -560070

I, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vistaar Financial Services Private Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However these provisions are not applicable to the Company
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; However these provisions are not applicable to the Company
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. However these provisions are not applicable to the Company.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. However these provisions are not applicable to the Company
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; However these provisions are not applicable to the Company.
 - (h) The Securities and Exchange Board of India (Buyback of Securities)

- Regulations, 1998. However these provisions are not applicable to the Company
- (vi) *Employee State Insurance Act 1945 and rules made thereunder
 - (vii) *Employee provident Fund & Miscellaneous provisions Act 1952 and rules made thereunder
 - (viii) *Finance Act 1994 and amendment thereof with respect to service Tax
 - (ix) *Income Tax Act 1961 and rules made thereunder.
 - (x) *Reserve Bank of India regulations with respect to Non-Banking Financial Companies
 - (xi) *Shops & Establishments Acts and related regulations of various states where the Company is having operation.

I, have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India shall come in to force w.e.f 1st July 2015. Hence no comments are made with respect to same.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited with respect to listing of Non-Convertible Debentures, During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, with respect to above mentioned subject:

I, further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I, further report that during the audit period:

- (i) The Company has allotted shares/debentures as per the below details:

S.L no	Date of Allotment	Descriptions of the securities	Name of the Allottees	Number of shares Allotted	Face Value of each Security
1	20th May 2014	Compulsorily Convertible Preference Shares (Series C)	Elevar Equity Mauritius IFS Court, 28, Cyber City, Ebene Mauritius	3,256,056	Rs.10/-
2	20th May 2014	Compulsorily Convertible Preference Shares (Series C)	ICP Holdings I 4th Floor, Raffles Tower 19, Cyber City, Ebene Mauritius	1,562,907	Rs.10/-
3	20th May 2014	Compulsorily Convertible Preference Shares (Series C)	ON Mauritius IFS Court, 28, Cyber City, Ebene Mauritius	2,995,572	Rs.10/-
4	20th May 2014	Compulsorily Convertible Preference Shares (Series C)	WestBridge Crossover Fund, LLC IFS Court, 28, Cyber City, Ebene Mauritius	13,024,225	Rs.10/-
5	20th November 2014	Rated, Secured, Listed Redeemable, Non-Convertible Debentures	AAV SARL AAV Societe A Responsibilite Limitee 2-8, Avenue Charles de Gaulle L-1653, Luxembourg	387	Rs.10,00,000/-

- (ii) No Redemption or buy-back of securities took place during the Audit Period
- (iii) No Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- (iv) No Merger / amalgamation / reconstruction took place during the Audit Period.
- (v) No Foreign technical collaborations took place during the Audit period.

CS. Vinayak Hegde

Company Secretary

M. No: 28093

CP. No: 11880

Date: 28th May 2015

Place: Bangalore

*Our Report is based on the report or opinion provided by other designated professionals/experts in the designated areas.

Note: Vistaar Financial Services Private Limited ("The Company") is a Private Limited Company. The Audit under section 204 of the Companies Act 2013 has been carried out because of the Non-Convertible Debentures are listed in the Bombay Stock Exchange Limited.

Independent Auditor's 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 comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the guidelines issued by the Reserve Bank of India as applicable to a non-banking financial company. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Banthia** (Partner)

Membership No.: 061068

Place : Bengaluru

Date : 29 May 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure to the Independent Auditor's Report of even date to the members of Vistaar Financial Services Private Limited, on the financial statements for the year ended 31 March 2015

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.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) 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 3(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 internal control system in respect of these areas.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable,

with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.

(viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(ix) 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.

(x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.

(xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xii) We have been informed that during the year there were instances of loans given to borrowers on the basis of fictitious documents and misrepresentation by borrowers in collusion with the employees of the Company aggregating to Rs. 2,890,000; and submission of fictitious receipts amounting to Rs. 35,045. As informed, services of such employees involved have been terminated.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sanjay Banthia** (Partner)

Membership No.: 061068

Place: Bengaluru

Date: 29 May 2015



Financial Report

Balance Sheet as at 31 March 2015

(All amounts in ₹ except otherwise stated)

	Notes	31 March 2015	31 March 2014
i. Equity and liabilities			
Shareholder's funds			
Share capital	3	498,436,010	290,048,410
Reserves and surplus	4	1,810,439,850	300,146,634
		2,308,875,860	590,195,044
Non-current liabilities			
Long-term borrowings	5	2,388,186,541	1,430,787,349
Other long-term liabilities	7	64,137,459	9,484,607
Long-term provisions	8	31,200,095	15,008,406
		2,483,524,095	1,455,280,362
Current liabilities			
Short-term borrowings	6	--	194,500,000
Other current liabilities	7	1,152,012,258	582,594,877
Short-term provisions	8	24,433,289	11,986,902
		1,176,445,547	789,081,779
		5,968,845,502	2,834,557,185
ii. Assets			
Non-current assets			
Fixed assets			
- Tangible assets	9	23,777,741	16,651,103
- Intangible assets	10	19,931,186	1,673,165
- Intangible assets under development	11	6,974,415	5,729,713
Deferred tax assets (net)	12	21,023,000	4,867,830
Long-term loans and advances	13	2,922,171,746	1,451,768,729
Other non-current assets	14	293,468,559	201,211,825
		3,287,346,647	1,681,902,365
Current assets			
Cash and bank balances	15	873,653,934	204,285,772
Short-term loans and advances	13	1,683,006,776	886,173,147
Other current assets	14	124,838,145	62,195,901
		2,681,498,855	1,152,654,820
		5,968,845,502	2,834,557,185
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements.			

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

For and on behalf of the Board of Directors of **Vistaar Financial Services Private Limited**

per **Sanjay Banthia**
Partner

Brahmanand Hegde
Managing Director
DIN: 02984527

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
CFO & Company Secretary
M.No - 16422

Bengaluru
29 May 2015

Bengaluru
29 May 2015

Statement of Profit and Loss for the year ended 31 March 2015

(All amounts in ₹ except otherwise stated)

	Notes	31 March 2015	31 March 2014
Income			
Interest and other related income	16	1,018,049,084	460,464,105
Other operating income	17	66,578,879	28,379,074
Total operating revenue		1,084,627,963	488,843,179
Expenses			
Employee benefits expense	18	372,360,956	183,590,416
Finance costs	19	339,112,689	188,126,221
Depreciation and amortisation expense	20	17,799,660	8,714,214
Provision for non-performing assets	8	16,612,709	4,565,031
Provision for standard assets	8	9,236,083	9,562,210
Other expenses	21	178,834,460	78,698,215
Total expenses		933,956,557	473,256,307
Profit before tax		150,671,406	15,586,872
Tax expense			
Current tax		25,769,812	5,829,752
Mat credit entitlement		(829,280)	--
Deferred tax benefit	12	(16,155,170)	(4,867,830)
Total tax expense		8,785,362	961,922
Profit for the year		141,886,044	14,624,950
Earnings per equity share			
(Nominal value of 10 per share)			
- Basic	22	18.68	1.92
- Diluted		3.00	0.50
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements.			

As per our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants

For and on behalf of the Board of Directors of **Vistaar Financial Services Private Limited**

per **Sanjay Banthia**
Partner

Brahmanand Hegde
Managing Director
DIN: 02984527

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
CFO & Company Secretary
M.No - 16422

Bengaluru
29 May 2015

Bengaluru
29 May 2015

Cash Flow Statement for the year ended 31 March 2015

(All amounts in ₹ except otherwise stated)

	31 March 2015	31 March 2014
A. Cash flows from operating activities		
Profit before tax	150,671,406	15,586,872
Adjustments for:		
Depreciation and amortisation	17,799,660	8,714,214
Provision for non-performing assets	16,612,709	4,565,031
Provision for standard assets	9,236,083	9,562,210
Provisions on securitised portfolios	2,649,687	4,526,591
Assets write off	1,069,849	--
Employee stock option plan expense	4,200,000	3,576,891
Profit on sale of investments	--	(1,844,739)
Operating profit before working capital changes	202,239,394	44,687,070
Changes in working capital:		
Increase in loans and advances	(2,264,572,466)	(1,384,801,521)
Increase in other assets	(67,869,011)	(79,164,950)
Increase in other liabilities and provisions	156,835,058	34,586,405
Cash used in operating activities	(1,973,367,025)	(1,384,692,996)
Income tax paid	(31,383,006)	(2,179,443)
Net cash used in operating activities	(2,004,750,031)	(1,386,872,439)
B. Cash flows from investing activities		
Purchase of fixed assets	(32,399,151)	(27,036,832)
Grant received	--	4,240,645
Purchase of investments	(5,395,949,616)	(2,694,539,479)
Proceeds from sale of investments	5,395,949,616	2,696,384,218
Net cash used in investing activities	(32,399,151)	(20,951,448)
C. Cash flows from financing activities		
Proceeds from issue of shares including securities premium, (net)	1,572,594,772	(13,439,712)
Proceeds from long-term borrowings	2,090,000,000	1,757,700,000
Repayment of long-term borrowings	(761,577,428)	(509,316,991)
Repayment from short-term borrowings	(194,500,000)	--
Proceeds from short-term borrowings	--	194,500,000
Net cash provided by financing activities	2,706,517,344	1,429,443,297
Net increase in cash and cash equivalents during the year (A + B + C)	669,368,162	21,619,410
Cash and cash equivalents at the beginning of the year	204,285,772	182,666,362
Cash and cash equivalents at the end of the year (refer note 15)	873,653,934	204,285,772

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

For and on behalf of the Board of Directors of **Vistaar Financial Services Private Limited**

per **Sanjay Banthia**
Partner

Brahmanand Hegde
Managing Director
DIN: 02984527

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
CFO & Company Secretary
M.No - 16422

Bengaluru
29 May 2015

Bengaluru
29 May 2015

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

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 focused on rural and semi urban markets.

2. Significant accounting policies and other explanatory information

a) Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the provision of the RBI as applicable to NBFC-ND.

The financial statements have been prepared on an accrual basis and under the historical cost convention except interest income on loans which have been classified as non-performing assets and are accounted for on realisation basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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, deferred tax and accrual for employee benefits. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Revenue recognition

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

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

b. Loan processing fee and documentation 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) Tangible assets

Fixed assets are stated at their original cost of acquisition less accumulated depreciation. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of assets and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

e) 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 if any.

f) 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 II 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 as per management	Estimated useful life per Companies Act 2013 (years)
Tangible Assets		
Computers	3	3
Furniture and fixtures*	4	10
Office Equipment*	4	5
Electrical Equipment*	3	10
Vehicles*	4	8
Intangible Assets		
Softwares	3	3

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

g) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last

impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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) Financial 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.

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.

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 of current 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 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income originating during 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax liabilities are recognised for all the taxable timing differences. 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises un-recognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may

be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

n) Earnings per equity share

Basic earnings per equity 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 equity 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

i) Provision: A Provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions, are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

ii) Contingent liability: A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence 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.

q) Classification of portfolio loans and provisioning

The small business loans given to consumers are classified and provided based on Management's estimates which are more prudent than the classification and provision norms required as per

the Non-Banking Financial (Non-Deposit Accepting and Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007,

including Notification No. DNBR (PD) CC No.024/ 03.10.001 / 2014-15, dated March 27, 2015, issued by the RBI.

Small Business Hypothecation Loans (Disbursed upto July 31, 2014)

Period outstanding	Provision %
Not overdue or overdue for less than 90 days	--
Overdue for 90 days or more but less than 180 days (non-performing assets)	50%
Overdue for 180 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 Hypothecation Loans (Disbursed post 1 August, 2014)

Period outstanding	Provision %
Not overdue or overdue for less than 90 days	--
Overdue for 90 days or more but less than 180 days (non-performing assets)	50%
Overdue for 180 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%

Small Business Mortgage Loans

Period outstanding	Provision %
Not overdue or overdue for less than 90 days	--
Overdue for 90 days or more but less than 180 days (non-performing assets)	10%
Overdue for 180 days and more but less than 360 days (non-performing assets)	20%
Overdue for 360 days or more but less than 720 days (non-performing assets)	50%
Overdue for 720 days or more (non-performing assets)	100%

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

r) Foreign currency transactions

- **Initial recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- **Exchange differences:** Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

3. Share capital

	31 March 2015	31 March 2014
Authorised		
11,449,980 (31 March 2014: 11,449,980) Equity Shares of Rs. 10 each	114,499,800	114,499,800
500 (31 March 2014: 500) Class A Equity shares of Rs. 10 each	5,000	5,000
46,549,520 (31 March 2014: 46,549,520) Compulsorily Convertible Preference shares of Rs. 10 each	465,495,200	465,495,200
	580,000,000	580,000,000
Issued, subscribed and paid-up		
9,053,294 (31 March 2014: 9,053,294) Equity Shares of Rs. 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 2014: 60) Class A Equity Shares of Rs. 10 each, fully paid up	600	600
42,237,958 (31 March 2014: 21,399,198) Compulsorily Convertible Preference Shares of Rs. 10 each, fully paid up	422,379,580	213,991,980
	498,436,010	290,048,010

	31 March 2015		31 March 2014	
	Number	Amount	Number	Amount
a) Reconciliation of share capital (Equity)				
Balance at the beginning of the year	9,053,294	90,532,940	9,053,294	90,532,940
Add: Issued during the year	--	--	--	--
	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)				
Balance at the beginning of the year	60	600	60	600
Add: Issued during the year	--	--	--	--
Balance at the end of the year	60	600	60	600
Reconciliation of share capital (Compulsorily Convertible Preference Shares)				
Balance at the beginning of the year	21,399,198	213,991,980	21,399,198	213,991,980
Add: Issued during the year	20,838,760	208,387,600	--	--
Balance at the end of the year	42,237,958	422,379,580	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 ('Scheme'). The Company has established an Employee Stock Option Plan Trust ('the ESOP Trust') and issued 1,447,711 shares to ESOP trust as per the scheme. 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.

Rights and preference of Class A equity share holders:

Class A equity shares are issued to 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 a 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 CCPS, 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 a 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;

	31 March 2015		31 March 2014	
	% of share-holding	No. of shares	% of share-holding	No. of shares
Equity 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				
Elevar Equity Mauritius	27%	16	27%	16
ICP Holdings I	7%	4	7%	4
Lok Capital LLC	33%	20	33%	20
ON Mauritius	28%	17	33%	20
Westbridge Crossover Fund LLC	5%	3	--	--
Compulsorily Convertible Preference Shares				
Elevar Equity Mauritius	23%	9,680,947	30%	6,424,891
ICP Holdings I	19%	7,987,810	30%	6,424,903
Lok Capital LLC	10%	4,274,702	20%	4,274,702
ON Mauritius	17%	7,270,274	20%	4,274,702
Westbridge Crossover Fund LLC	31%	13,024,225	--	--

e) The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2015, 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 2015.

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 2014: Nil) 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 upto March 2016. Out of the above referred RSU's 25,800 shares are transferred / transferrable to ESOP trust on resignation of certain employees at NIL value. Consequently, the total stock options issuable under the Plan stand at 1,473,511.

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

	31 March 2015		31 March 2014	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning	530,694	34.45	129,894	31.79
Granted during the year	640,000	76.78	450,000	35.09
Forfeited during the year	100,800	53.00	49,200	33.24
Lapsed during the year	--	--	--	--
Cancelled during the year	--	--	--	--
Exercised during the year	--	--	--	--
Options outstanding at the end	1,069,894	58.03	530,694	34.45
Options exercisable at year end	140,121	33.31	23,769	27.00

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

	31 March 2015		31 March 2014	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning	381,084	--	478,048	--
Granted during the year	--	--	--	--
Forfeited during the year	16,000	--	9,800	--
Lapsed during the year	--	--	--	--
Cancelled during the year	--	--	--	--
Excercised during the year	137,656	--	87,164	--
Outstanding at the end	227,428	--	381,084	--

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

	Year ended 31 March 2015	Year ended 31 March 2014
Net profit as reported	141,886,044	14,624,950
Add: Stock-based employee compensation expense included in the Statement of Profit and Loss	573,238	104,225
Less: Stock-based employee compensation expense determined under the fair value method	2,158,347	1,248,080
Pro-forma net profit	140,300,935	13,481,095
Profit per share - Basic		
- As reported	18.68	1.92
- Pro forma	18.47	1.77
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 - 9.12%
- Volatility	Nil	Nil

4. Reserves and surplus

	31 March 2015	31 March 2014
Statutory reserve		
Opening balance	3,703,992	779,002
Add: Transferred from the Statement of Profit and Loss	28,377,209	2,924,990
Balance at the end of the year	32,081,201	3,703,992
Securities premium account		
Opening balance	393,320,168	403,974,517
Add: Premium received on securities issued	1,391,611,648	--
Add: Transferred from share option outstanding	--	1,448,468
Less: Issue expenses for securities	(27,404,476)	(12,102,817)
	1,757,527,340	393,320,168
Less: Amount recoverable from ESOP Trust [see note 3(b)]	(36,332,890)	(36,332,890)
Balance at the end of the year	1,721,194,450	356,987,278

Share options outstanding account

Opening balance	4,852,090	2,723,667
Additions during the year	4,200,000	3,576,891
Less: Transferred to securities premium account for vested RSU	--	(1,448,468)

Balance at the end of the year	9,052,090	4,852,090
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Surplus / (Deficit) in the Statement of Profit and Loss

Opening balance	(65,396,726)	(77,096,686)
Add: profit for the year	141,886,044	14,624,950
Less: transfer to statutory reserve	(28,377,209)	(2,924,990)

Balance at the end of the year	48,112,109	(65,396,726)
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Balance at the end of the year	1,810,439,850	300,146,634
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5. Long-term borrowings

	31 March 2015		31 March 2014	
	Non-current	Current	Non-current	Current
Secured				
Term loans				
- from banks	491,269,746	365,190,268	195,043,479	119,042,621
- from others	672,416,795	415,595,249	323,243,870	328,219,516
Non Convertible Debentures ('NCD')	1,224,500,000	75,000,000	912,500,000	37,500,000
	2,388,186,541	855,785,517	1,430,787,349	484,762,137
Less: Current maturities disclosed under "Other liabilities", note 7	--	(855,785,517)	--	(484,762,137)
	2,388,186,541	--	1,430,787,349	--

5. Term loans from banks (Secured)

Sl.No	Sanction amount	Party name	Repayment details - No. of months	31 March 2015	31 March 2014
1	57,000,000	DCB Bank Limited	36	31,854,000	--
2	150,000,000	DCB Bank Limited	36	150,000,000	--
3	77,000,000	DCB Bank Limited	36	--	57,792,800
4	100,000,000	Ratnakar Bank Limited	Repayable in 30 quarterly instalments	55,555,556	--
5	150,000,000	Ratnakar Bank Limited	Repayable in 8 to 9 quarterly instalments	--	118,750,000
6	250,000,000	Ratnakar Bank Limited	Repayable in 30 quarterly instalments	222,222,222	--
7	14,500,000	Dhanalaxmi Bank Limited	48	2,718,100	6,343,300
8	50,000,000	Dhanalaxmi Bank Limited	48	50,000,000	--
9	80,000,000	Small Industrial Development Bank of India (refer note c below)	48	63,980,000	80,000,000
10	50,000,000	Union Bank Limited (refer note c below)	48	39,992,000	50,000,000
11	10,000,000	Union Bank Limited	60	10,000,000	--
12	50,000,000	HDFC Bank Limited	48	46,074,771	--
13	100,000,000	State Bank of Patiala	36	90,907,697	--

Sl.No	Sanction amount	Party name	Repayment details - No. of months	31 March 2015	31 March 2014
14	100,000,000	Kotak Mahindra Bank	24	92,210,998	--
Vehicle Loan (Secured)					
15	1,200,000	Axis Bank	48	944,670	1,200,000
				856,460,014	314,086,100
As at Balance Sheet date, interest rates per annum range between				10.35% to 14.50%	10.35% to 14.35%

Term loans from others (Secured)

Sl.No	Sanction amount	Party name	Repayment details - No. of months	31 March 2015	31 March 2014
16	75,000,000	IFMR Capital Finance Private Limited	2 to 36	--	42,714,739
17	30,000,000	IFMR Capital Finance Private Limited	36	1,571,397	--
18	45,000,000	IFMR Capital Finance Private Limited	36	14,405,289	--
19	150,000,000	IFMR Capital Finance Private Limited	36	110,990,229	--
20	150,000,000	IFMR Capital Finance Private Limited	48	147,502,207	--
21	385,000,000	MAS Financial Services Private Limited	24 to 36	--	244,166,687
22	50,000,000	MAS Financial Services Private Limited	36	2,777,774	--
23	30,000,000	MAS Financial Services Private Limited	36	2,500,011	--
24	50,000,000	MAS Financial Services Private Limited	36	11,111,108	--
25	100,000,000	MAS Financial Services Private Limited	36	36,111,111	--
26	50,000,000	Bellwether Microfinance Fund Private Limited	36	16,666,668	33,333,335
27	50,000,000	Manaveeya Development & Finance Private Limited	36	12,500,006	29,166,670
28	60,000,000	MAS Financial Services Private Limited	36	39,999,996	--
29	40,000,000	MAS Financial Services Private Limited	36	26,666,668	--
30	110,000,000	MAS Financial Services Private Limited	36	110,000,000	--
31	150,000,000	IDFC Limited	48	120,028,943	150,000,000
32	30,000,000	Ananya Finance for Inclusive Growth Private Limited	36	--	3,052,970
33	170,000,000	Reliance Capital Limited	24 to 36	--	102,821,828
34	50,000,000	Reliance Capital Limited	36	10,015,573	--
35	100,000,000	Reliance Capital Limited	36	35,584,945	--
36	150,000,000	Hinduja Leyland Finance Limited	36	141,344,096	--
37	150,000,000	Hero Fin Corp Limited	60	148,236,023	--
38	60,000,000	Mahindra and Mahindra Financial Services Limited	18	--	1,207,157
39	100,000,000	Sundaram Finance Limited	36	100,000,000	--
40	45,000,000	MV Microfin Private Limited	Repayment of 1.5 crores in July '14 and 3 crores in January '15	--	45,000,000
				1,088,012,044	651,463,386

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

13.50% to 15.50%

13.50% to 16.50%

Non Convertible Debentures (Secured)

Sl.No	Sanction amount	Party name	Repayment details - No. of months	31 March 2015	31 March 2014
41	350,000,000	Triodos SICAV II-Tridos Microfinance Fund and Triodos Custody BV as a custodian of Triodos Fair Share Fund	Repayable in 72 half yearly instalments	350,000,000	350,000,000
42	387,000,000	AAV SARL	Repayable in 59 half yearly instalments	387,000,000	--
43	300,000,000	UTI International Wealth Creator 4	Repayable in 72 half yearly instalments	300,000,000	300,000,000
44	300,000,000	FMO-NEDERLANDSE FINAN-MAATSCHAPPIJ VOOR ONTWIKKELINGSL N.V	Repayable in 61 quarterly instalments	262,500,000	300,000,000
				1,299,500,000	950,000,000

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

13.50% to 14.70% 13.75% to 14.70%

Notes

- Term loans and debentures are secured by hypothecation of small business loans of the Company.
- The Company has not defaulted in repayment of loans.
- Loans borrowed from SIDBI and Union Bank are additionally secured by unconditional and irrevocable personal guarantee of Mr. Brahmanand Hegde and Mr. Ramakrishna Nishtala.
- Fixed deposits amounting to 120,985,330 (31 March 2014: 113,582,845) have been pledged towards term loans from banks and others.

6. Short-term borrowings

	31 March 2015	31 March 2014
Secured		
Term loans		
- from banks	--	137,000,000
- from others	--	57,500,000
	--	194,500,000

Sl.No	Sanction amount	Party name	Repayment details	31 March 2015	31 March 2014
1	30,000,000	IFMR Capital Finance Private Limited	Repayable on demand	--	30,000,000
2	137,000,000	DCB Bank Limited	Repayable in three equal installments	--	137,000,000
3	27,500,000	MV Microfin Private Limited	Repayable on demand	--	27,500,000
				--	194,500,000

The loans have been secured against lien on small business loan assets.

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

14.00% to 15.25%

7. Other liabilities

	31 March 2015		31 March 2014	
	Non-current	Current	Non-current	Current
Current maturities on long-term borrowings	--	855,785,517	--	484,762,137
Payable against assigned/ securitised loans	--	46,011,654	--	10,604,299
Interest accrued but not due on borrowings	--	53,255,898	--	36,177,415
Advance income on assigned/ securitised loans	64,137,459	47,529,860	9,484,607	12,503,058
Advance received from small business loans	--	41,858,331	--	4,236,983
Other statutory liabilities	--	1,421,199	--	1,599,758
TDS payables	--	8,087,161	--	3,961,272
Employee dues	--	44,967,374	--	13,184,096
Capital creditors	--	12,029,870	--	--
Other payables*	--	41,065,394	--	15,565,859
	64,137,459	1,152,012,258	9,484,607	582,594,877

*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 2015		31 March 2014	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
- Gratuity	4,734,162	875,623	2,435,017	457,268
- Compensated absences	--	3,776,868	--	1,321,335
Contingent provisions against standard assets	15,611,104	8,998,145	9,590,472	5,782,694
Contingent provisions against substandard assets	10,395,087	5,991,803	2,847,871	655,627
Contingent provisions against doubtful assets	--	4,790,850	--	1,061,533
Provisions on assigned/ securitised portfolios	459,742	--	135,046	--
Provision for tax (net of advance tax 3,121,307)	--	--	--	2,708,445
	31,200,095	24,433,289	15,008,406	11,986,902
Provision change - (owned portfolio)	31 MARCH 2015		31 MARCH 2014	
Opening balance	19,938,197		8,778,476	
Additions during the year	25,848,792		14,127,241	
Less: Write off		-	2,967,520	
Closing balance	45,786,989		19,938,197	

9. Tangible assets

	Vehicles	Computers	Furniture & fixtures	Office Equipment	Electrical equipment	Total
Gross block						
As at 1 April 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
Additions	--	9,984,407	5,746,564	3,580,374	987,815	20,299,160
Disposals	--	--	--	--	--	--
As at 31 March 2015	1,637,640	26,573,061	12,647,917	12,728,050	3,518,656	57,105,324
Depreciation						
As at 1 April 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
Charge for the year	409,410	6,303,662	3,304,673	3,008,542	146,235	13,172,522
Disposals	--	--	--	--	--	--
As at 31 March 2015	438,573	14,746,092	8,395,447	7,196,397	2,551,074	33,327,583
Net block						
As at 31 March 2014	1,608,477	8,146,224	1,810,579	4,959,821	126,002	16,651,103
As at 31 March 2015	1,199,067	11,826,969	4,252,470	5,531,653	967,582	23,777,741

10. Intangible assets

	Software	Total
Gross block		
As at 1 April 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
Additions	22,885,159	22,885,159
Disposals	--	--
As at 31 March 2015	26,683,188	26,683,188
Amortisation		
As at 1 April 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
Charge for the year	4,627,138	4,627,138
Disposals	--	--
As at 31 March 2015	6,752,002	6,752,002
Net block		
As at 31 March 2014	1,673,165	1,673,165
As at 31 March 2015	19,931,186	19,931,186

11. Intangible assets under development

	31 March 2015	31 March 2014
Software development	6,974,415	9,970,358
Less: Grant received *	--	4,240,645
	6,974,415	5,729,713

* Note: During the previous year the Company has received non refundable grant of USD 63,091 (equivalent to Rs. 4,240,645) 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 (equivalent to Rs 8,740,000) whichever is less.

12. Deferred tax assets (net)

	31 March 2015	31 March 2014
Deferred tax asset arising on		
- Carried forward business losses*	--	4,867,830
- Employee benefits	3,248,536	--
- Contingent provisions for standard assets	18,138,465	--
Deferred tax liability arising on		
- Depreciation and amortisation	(364,001)	--
	21,023,000	4,867,830

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

13. Loans and advances

	31 March 2015		31 March 2014	
	Long-term	Short-term	Long-term	Short-term
Loans to small business				
Secured, considered good	3,155,126,389	1,991,633,736	1,495,937,454	931,265,261
Unsecured, considered good	--	--	--	--
Secured but doubtful	--	6,108,437	--	1,623,370
Less: Assigned/ securitised portfolio	3,155,126,389 263,143,184	1,997,742,173 330,820,699	1,495,937,454 57,748,848	932,888,631 65,714,975
Sub total	2,891,983,205	1,666,921,474	1,438,188,606	867,173,656
Other loans and advances <i>(Unsecured, considered good)</i>				
Security deposits	14,004,371	--	8,251,398	--
Minimum alternate tax	829,280	--	--	--
Advance tax (net of provisions 31,599,564)	2,904,749	--	--	--
Prepaid expense	12,450,141	11,011,546	5,328,725	6,576,782
Other advances	--	5,073,756	--	12,422,709
Total	2,922,171,746	1,683,006,776	1,451,768,729	886,173,147

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

14. Other assets

	31 March 2015		31 March 2014	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Margin money deposit ** (refer note 15)	145,188,922	--	154,472,732	--
Interest accrued but not due on fixed deposits**	16,580,258	2,268,082	6,305,641	8,368,046
Interest accrued but not due on loans to small business	--	73,021,795	--	40,411,560
Interest due but not collected on loans to small business	--	2,018,408	--	913,237
Advances given as collaterals against assignment/ securitisation, net of provision 7,694,051 (31 March 2014: 5,044,364)	67,561,920	--	30,948,845	--
Receivables on assigned/ securitisation	64,137,459	47,529,860	9,484,607	12,503,058
	293,468,559	124,838,145	201,211,825	62,195,901

**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 bank balances

	31 March 2015	31 March 2014
Cash and cash equivalent		
Balances with banks		
-in current accounts	270,851,236	87,396,346
-deposits with original maturity of less than three months	570,000,000	100,000,000
Cash on hand	32,802,698	16,889,426
	873,653,934	204,285,772
Other bank balances		
Margin money deposit *	145,188,922	154,472,732
	1,018,842,856 (145,188,922)	358,758,504 (154,472,732)
Amount disclosed under non current assets (Note 14)	873,653,934	204,285,772

*Represents margin money deposits placed with banks and financial institutions for availing term loans. Also includes cash collaterals towards securitisation/ assignment of loans.

16. Interest and other related income

	Year ended 31 March 2015	Year ended 31 March 2014
Interest on loans to small businesses	847,028,285	379,379,452
Loan processing and service fee	146,015,112	52,667,003
Income from assignment/ securitisation	25,005,687	28,417,650
	1,018,049,084	460,464,105

17. Other operating income

	Year ended 31 March 2015	Year ended 31 March 2014
Profit on sale of investments in mutual funds	--	1,844,739
Interest on fixed deposits	15,852,250	16,070,720
Dividend on investments in units of mutual funds	50,370,734	10,244,060
Others	355,895	219,555
	66,578,879	28,379,074

18. Employee benefits expense

	Year ended 31 March 2015	Year ended 31 March 2014
Salaries and wages	332,248,796	160,429,701
Contributions to provident and other funds	15,150,298	8,335,647
Employee stock option plan expense	4,200,000	3,576,891
Staff welfare expenses	15,588,829	8,884,817
Compensated absences	2,455,533	855,360
Gratuity	2,717,500	1,508,000
	372,360,956	183,590,416

19. Finance costs

	Year ended 31 March 2015	Year ended 31 March 2014
Interest expense on term loans	322,961,981	182,972,471
Discount on issue of commercial paper	5,692,367	--
Loan processing fee on borrowings	10,458,341	5,153,750
	339,112,689	188,126,221

20. Depreciation and amortisation expense

	YEAR ENDED 31 MARCH 2015	YEAR ENDED 31 MARCH 2014
Depreciation of tangible assets	13,172,522	8,166,604
Amortisation of intangible assets	4,627,138	547,610
	17,799,660	8,714,214

21. Other expenses

	Year ended 31 March 2015	Year ended 31 March 2014
Rent	16,614,614	8,455,420
Electricity and water	7,325,829	2,380,562
Repairs and maintenance - others	7,183,470	3,539,409
Insurance	662,296	406,131
Rates and taxes	236,734	41,950
Travelling and conveyance	52,587,907	22,768,467
Printing and stationery	5,407,818	2,543,270
Postage and courier	3,554,268	1,532,041
Information technology costs	19,318,589	3,261,115
Legal and professional	30,689,762	16,363,623
Communication	7,393,952	3,087,197
Commission	5,210,816	1,368,684
Training and recruitment	7,426,523	3,831,079
Branding and marketing	6,211,490	2,095,050
Bank charges	4,320,550	1,865,431
Assets written off	1,069,849	--
Provision for assigned/ securitised portfolio (refer note 21 b)	2,649,687	4,526,591
Miscellaneous	970,306	632,195
	178,834,460	78,698,215

21a. Payment to auditors (excluding service tax)

	31 March 2015	31 March 2014
Audit and certification fees	1,150,000	900,000
Tax audit fees	100,000	100,000
Limited review fees	150,000	150,000
Out of pocket expenses	31,107	21,432
	1,431,107	1,171,432

21b. Provision change (Assigned / securitised portfolio)

	31 March 2015	31 March 2014
Opening balance	5,044,364	517,773
Additions during the year	2,649,687	4,526,591
Less : Reversal during the year	--	--
Closing balance	7,694,051	5,044,364

22. Earnings per equity share (EPS)

	31 March 2015	31 March 2014
Net profit attributable to equity shareholders	141,886,044	14,624,950
Weighted average number of shares outstanding during the year for computing basic EPS (nos)	7,595,843	7,605,643
Add: Effect of potential shares for conversion of CCPS (nos)	39,440,426	21,399,198
Add: Effect of potential shares for conversion of ESOP (nos)	249,916	205,784
Weighted average number of shares used to compute diluted EPS (nos)	47,286,185	29,210,625

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 2015	31 March 2014
1) The amounts recognised in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	5,609,785	2,892,285
Fair value of plan assets as at the end of the year	--	--
Net liability recognised in the Balance Sheet	5,609,785	2,892,285
2) The amounts recognised in the Statement of Profit and Loss are as follows:		
Service cost	2,564,078	1,406,513
Interest cost	225,887	126,247
Expected return on plan assets	--	--
Past service cost	--	--
Net actuarial (gain)/loss recognised in the year	(72,465)	(24,760)
Expense recognised in the Statement of Profit and Loss of the year	2,717,500	1,508,000
3) Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	2,892,285	1,384,285
Service cost	2,564,078	1,406,513
Interest cost	225,887	126,247
Actuarial losses/(gains)	(72,465)	(24,760)
Benefits paid	--	--
Defined benefit obligation as at the end of the year	5,609,785	2,892,285
Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:		
Interest rate	7.81% p.a.	9.12% p.a.
Discount rate	7.81% p.a.	9.12% p.a.
Future salary increase	12% p.a.	12% p.a.
Attrition rate	25% p.a.	25% p.a.
Retirement age	58 years	58 years

Particulars	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Present value of defined benefit obligation	5,609,785	2,892,285	1,384,285	574,550
Fair value of plan asset	--	--	--	--
Surplus/(deficit)	(5,609,785)	(2,892,285)	(1,384,285)	(574,550)
Experience adjustments	(72,465)	(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.

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 2015	31 March 2014
Transactions with key management personnel		
<i>- Managerial remuneration</i>		
Mr. Brahmanand Hegde	7,851,976	6,050,060
Mr. Ramakrishna Nishtala	7,851,976	6,050,060

25. Classification and provisions for loan portfolio owned

Asset classification	31 March 2015	31 March 2014
Loan outstanding		
Standard assets	4,495,603,027	2,282,065,770
Substandard assets	58,510,802	22,234,755
Doubtful assets	4,790,850	1,061,737
Less: Provision		
Standard assets	24,609,249	15,373,166
Substandard assets	16,386,890	3,503,294
Doubtful assets	4,790,850	1,061,737
Loan outstanding (net)		
Standard assets	4,470,993,778	2,266,692,604
Substandard assets	42,123,912	18,731,461
Doubtful assets	--	--

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 2015	31 March 2014
Assets de-recognised during the year	588,162,964	82,348,815
Total number of receivables	8,922	880
Book value of assets	588,162,964	82,348,815
Sale consideration	719,067,040	95,782,175
Gain on transaction (Refer note 2 (c) (f))	130,904,076	13,433,360
Bank deposits provided as cash collateral	15,968,171	8,234,882

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 72 months and are renewable on mutually agreeable terms. Lease expenses for the year amounted to 16,614,614 (31 March 2014: 8,455,420).

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.

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	1,344,925,048	--
- Unsecured	--	--
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	--	--
(c) Term Loans	1,952,302,908	--
(d) Inter-corporate loans and borrowing	--	--
(e) Commercial Paper	--	--
(f) Other Loans (specify nature)	--	--
	3,297,227,956	--

Asset side

b) Break-up of loans and advances (standard assets):	Amount outstanding
(a) Secured	4,495,603,027
(b) Unsecured	--
	4,495,603,027

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)	--

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 (c) 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	4,470,993,778	--	4,470,993,778
	4,470,993,778	--	4,470,993,778

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	--	--
	--	--

g) Other information

31 March 2015

(i) Gross Non-Performing Assets	
(a) Related parties	--
(b) Other than related parties	63,301,652
(ii) Net Non-Performing Assets	
(a) Related parties	42,123,912
(b) Other than related parties	--
iii) Assets acquired in satisfaction of debt	--

31. Additional disclosures pursuant to the RBI Master Circular DNBS (PD) CC No.391/03.10.001/2014-15 NBFC-ND-SI dated July 1, 2014

(i) Capital Risk Asset Ratio

S.L no	Items	31 March 2015	31 March 2014
(a)	Capital risk Asset Ratio (%)	44.92%	21.71%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	44.55%	21.48%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	0.37%	0.24%

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)	149,681,603	--	13,830,419	36,211,689
Over one month to 2 months	136,444,718	--	25,024,120	35,783,598
Over 2 months upto 3 months	137,965,310	--	41,711,750	56,833,339
Over 3 months to 6 months	418,807,404	--	94,673,487	132,610,547
Over 6 months to 1 year	824,022,438	--	189,950,492	229,156,076
Over 1 year to 3 years	2,079,115,456	--	470,556,932	710,911,748
Over 3 years to 5 years	710,298,254	--	20,712,814	1,186,005,047
Over 5 years	102,569,496	--	--	--
Total	4,558,904,679	--	856,460,014	2,387,512,044

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

S.L no	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	670,511,779
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet	67,051,178
	a) Off-balance sheet exposures	--
	* First loss	--
	* Others	--
	b) On-balance sheet exposures	--
	* First loss	67,051,178
	* 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	--
	b) On-balance sheet exposures	6,993,622
	i) Exposure to own securitisations	--
	* First loss	6,993,622
	* Others	--
	ii) Exposure to third party securitisations	--
	* First loss	--
	* Others	--

33. Disclosure of frauds as per circular no. DNBS.PD.CC. No.385/ 03.10.042 / 2014-15 dated 1 July 2015

(a) Fraud reporting

Nature of fraud	No. Of cases	Amount of fraud (in lakhs)	Amount written off
Cash misreporting	14	0.35	--
Fraud by borrowers and employees	5	28.90	--

There is no financial loss to the company and there are no over dues from these borrowers

34. Additional disclosures as per circular no. DBNR (PD) CC. No. 002/03. 10.001/ 2014-15

a) Registration obtained from other financial regulators

During the year, the Company has obtained registration having license no. ILG10485503 from the Insurance Regulatory and Development Authority to act as a corporate agent from 31 March 2015 to 31 March 2018 for procuring or soliciting insurance business of one general insurer.

b) Disclosure of penalties imposed by RBI and other regulators

There were no penalties imposed on the Company by RBI or any other regulator.

c) Ratings assigned by credit rating agencies and migration of ratings during the year

The Company was given a rating of BBB for its borrowings from banks and Non Convertible Debentures during July 2014. The outlook on the Company was revised from stable to positive. The rating for existing commercial paper as at July 2014 was A2 indicating strong degree of safety regarding timely repayments.

d) Concentration of Deposits, Advances, Exposures and NPAs

i) Concentration of Advances

Total advances to twenty largest borrowers	48,730,000
Percentage of advances to twenty largest borrowers to total advances of the NBFC	1%

ii) Concentration of Exposures

Total exposures to twenty largest borrowers/customers	43,099,559
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/ customers	0.95%

iii) Concentration of Exposures

Total exposures to top four NPA accounts	7,869,707
--	-----------

iv) Sector-wise NPAs

S.L No	Sector	Percentage of NPAs to total advances in that sector
1	Agriculture & allied activities	--
2	MSME	1.39%
3	Corporate borrowers	--
4	Services	--
5	Unsecured personal loans	--
6	Auto loans	--
7	Other personal loans	--

e) Movement of NPAs

S.L no	Particulars	31 March 2015	31 March 2014
i	Net NPAs to Net Advances (%)	0.93%	0.81%
ii	Movement of NPAs (Gross)		
	- Opening balance	23,296,492	6,595,868
	- Additions during the year	44,906,310	22,058,183
	- Reductions during the year	(4,901,150)	(5,357,559)
	- Closing balance	63,301,652	23,296,492
iii	Movement of Net NPAs		
	- Opening balance	18,731,461	3,447,499
	- Additions during the year	34,258,124	18,738,144
	- Reductions during the year	(10,865,673)	(3,454,182)
	- Closing balance	42,123,912	18,731,461
iv	Movement of provisions for NPAs (excluding provision on standard assets)		
	- Opening balance	4,565,031	3,148,369
	- Provisions made during the year	17,452,259	3,876,515
	- Write-off/ write-back of excess provisions	(839,550)	(2,459,853)
	- Closing balance	21,177,740	4,565,031

35. Customer complaints

	31 March 2015
No. of complaints pending at the beginning of the year	--
No. of complaints received during the year	241
No. of complaints redressed during the year	240
No. of complaints pending at the end of the year	1

36. Provisions and contingencies

All provisions and contingencies under the statement of profit and loss account as per RBI circular No. DNBR (PD) CC.No.029/3.10.001/2014-15 dated 10 April 2015

Particulars	31 March 2015	31 March 2014
Provision for depreciation on investment	--	--
Provision for standard assets	9,236,083	9,562,210
Provision for towards NPA	16,612,709	4,565,031
Provision for assigned/secured loans	2,649,687	4,526,591
Provision made towards income tax	25,769,812	5,829,752
Provision for leave encashment	2,455,533	855,360
Provision for gratuity	2,717,500	1,508,000

37. Contingent liabilities and commitment

Credit enhancement provided by the Company towards assets assignment/securitisation transactions including Minimum Retention Ratio (MRR) : 74,044,260 (31 March 2014: 40,889,898).

Commitment towards software product support and management fee for data centre 6,106,500 (31 March 2014: Nil).

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

39. Expenditure in foreign currency

	31 March 2015	31 March 2014
Legal and professional fees	450,000	938,922
Training and recruitment expense	664,496	--
Security issue expenses	4,302,206	--
Information technology costs	2,561,224	--
	7,977,926	938,922

40. Value of import in foreign currency on CIF basis

	31 March 2015	31 March 2014
Capital goods (software)	946,774	--

41. Comparatives

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

For **Walker Chandio & Co LLP**
Chartered Accountants

For and on behalf of the Board of Directors of **Vistaar Financial Services Private Limited**

per **Sanjay Banthia**
Partner

Brahmanand Hegde
Managing Director
DIN: 02984527

Ramakrishna Nishtala
Director
DIN: 02949469

Sudesh Chinchewadi
CFO & Company Secretary
M.No - 16422

Bengaluru
29 May 2015

Bengaluru
29 May 2015

