VISTAAR

# Growth Takes Patience and Perseverance

## Vistaar poised for next phase of growth

Annual Report FY 2018

## The Story of Bamboo Tree : Power of Patience & Persistence

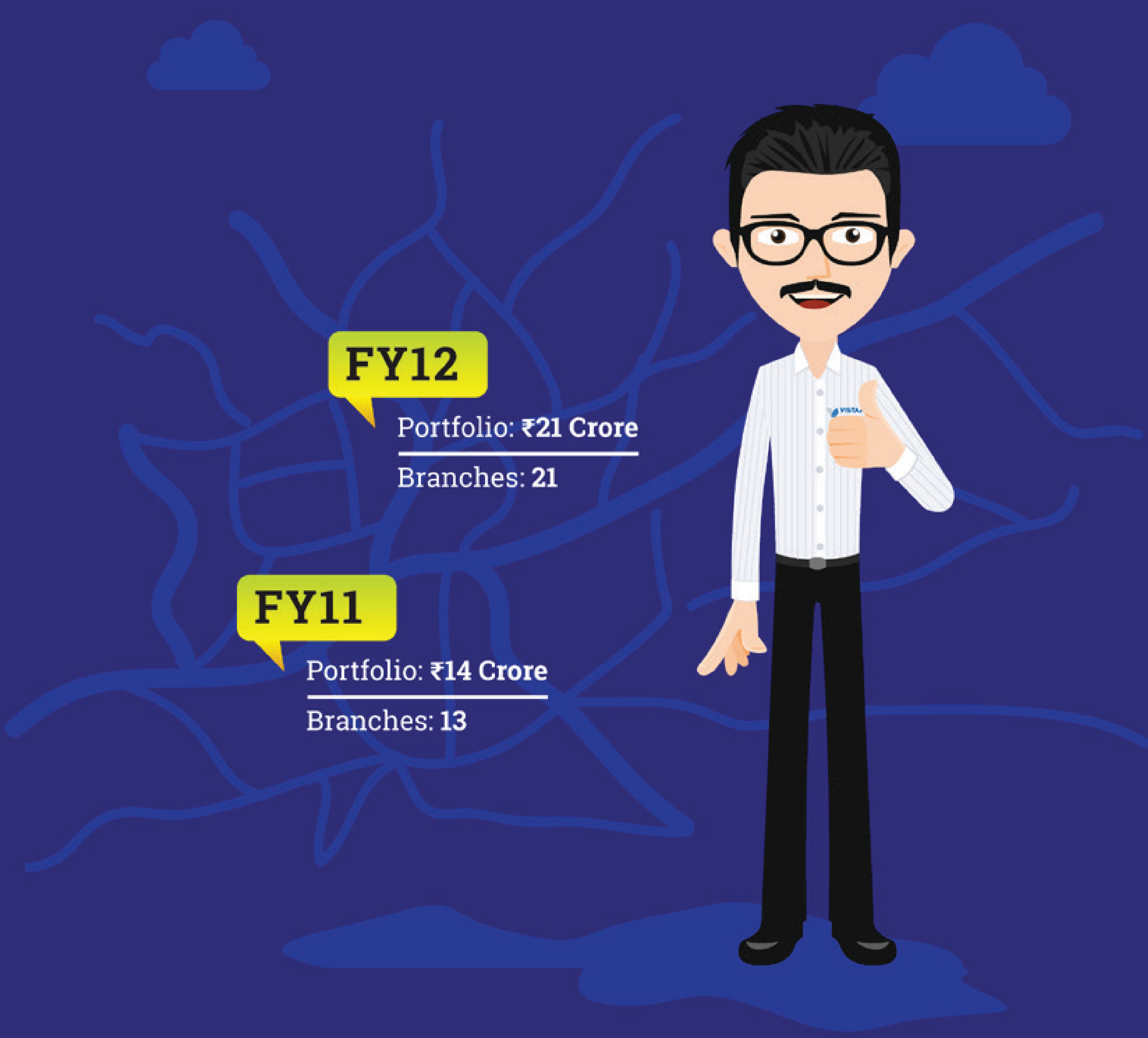
It all begins with a seed and the vision of someone willing to wait.

You take a little seed, plant it, water it, and fertilize it for a whole year, waiting for the fruits of your effort.

## Vistaar makes its start

Vistaar was founded in April 2010 by two first generation entrepreneurs who decided to tap the micro-business segment which was under-served by the current financial system.

It all began with the 'Series A' seed capital of ₹25 Crore.

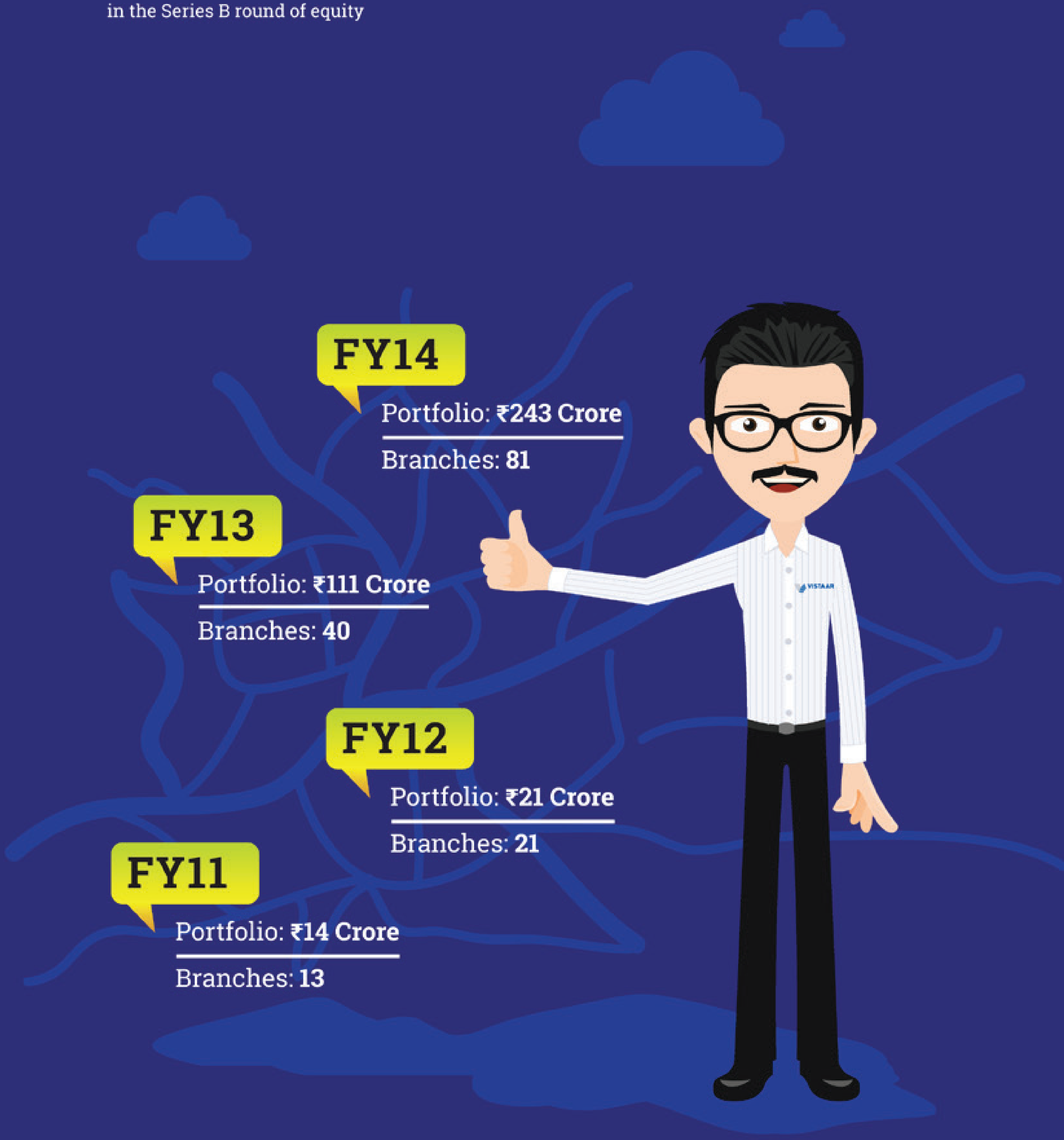


## The Story of Bamboo Tree : Power of Patience & Persistence

In the second year you continue nurturing it with care.

## Vistaar expands its reach

We expanded our Branch network with ₹40 Crore in the Series B round of equity

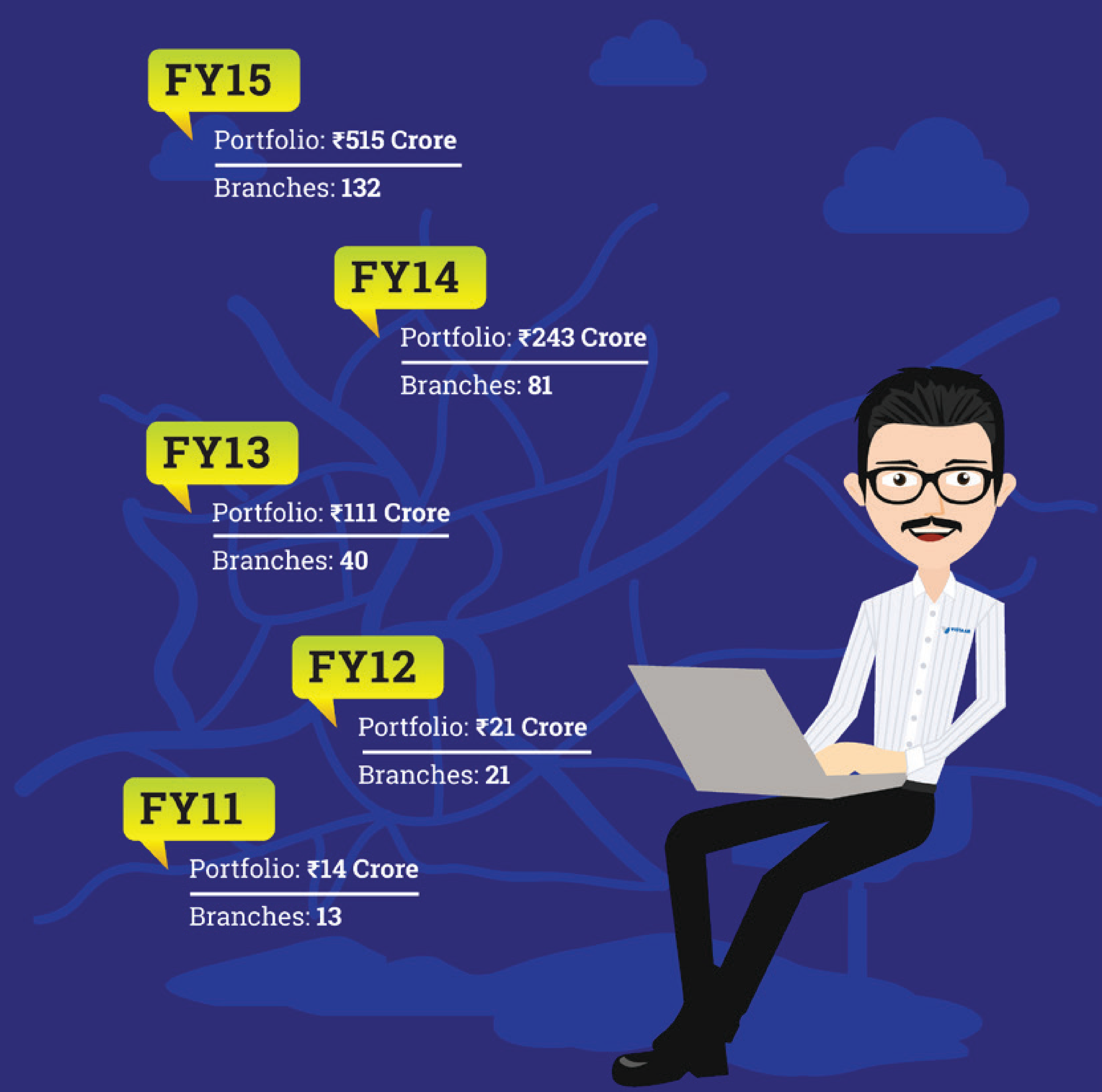


## The Story of Bamboo Tree : Power of Patience & Persistence

The third year also you water it and fertilize it every single day with patience and persistence.

## Vistaar strengthens its roots

With the vision to grow and mission to strengthen the roots, we continued to expand the Branches and garnered ₹160 Crore in the 'Series C' round of equity.



## The Story of Bamboo Tree : Power of Patience & Persistence

As a habit, you keep watering the same spot every day.

And one day, a miracle happens. You see a green shoot sprouting out from the barren ground.

## Vistaar breaks new ground

We continued to expand the Branch base, crossed ₹1000 Crore portfolio and raised ₹250 Crore in the 'Series D' round of equity.

**FY17**
Portfolio: **₹1,124 Crore**
Branches: **201**

**FY16**
Portfolio: **₹884 Crore**
Branches: **198**

**FY15**
Portfolio: **₹515 Crore**
Branches: **132**

**FY14**
Portfolio: **₹243 Crore**
Branches: **81**

**FY13**
Portfolio: **₹111 Crore**
Branches: **40**

**FY12**
Portfolio: **₹21 Crore**
Branches: **21**

**FY11**
Portfolio: **₹14 Crore**
Branches: **13**

## The Story of Bamboo Tree : Power of Patience & Persistence

The tiny shoot grows further in the fourth year.

With joy and enthusiasm, you keep watering and caring for the plant.

## Vistaar grows higher

We continued to capitalise the equities raised in the earlier years for expanding branches and human capital, better portfolio, efficient training & development and so on.

FY18 has been the year of consolidation for us owing to the big transition exercises of demonetisation and GST faced by our customers.

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**FY18**
Portfolio: **₹1,270 Crore**
Branches: **225**

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Branches: **132**

## The Story of Bamboo Tree : Power of Patience & Persistence

In fifth year, something amazing happens, the bamboo starts growing.

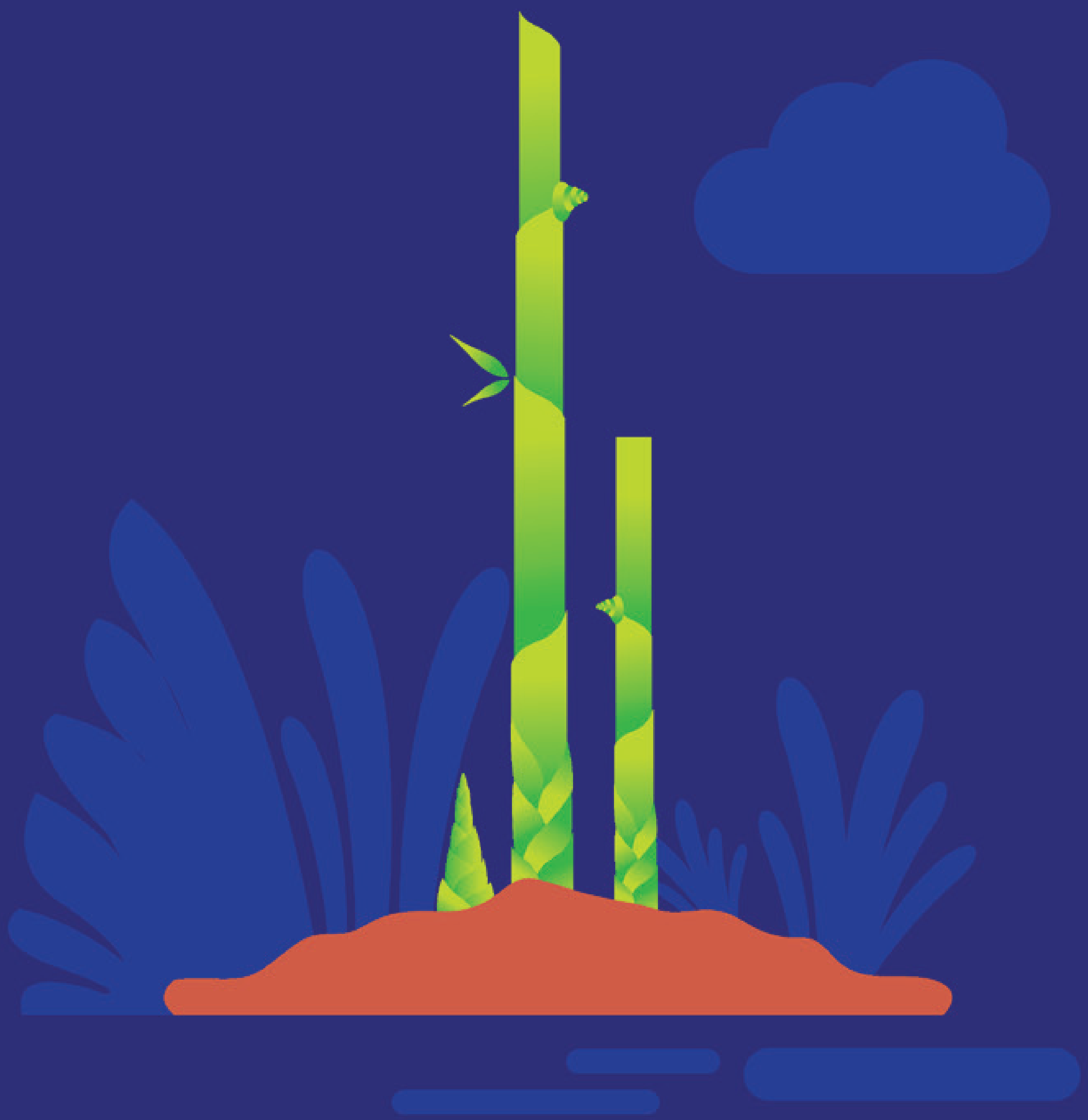
In fact, it grows up to 90 feet in just six weeks, at a rate of about two feet every day.

So what was happening in those long five years?

How can the Bamboo tree remain dormant for four years and then grow exponentially in the fifth?

Well, for the first four years, it develops a root system strong enough to support its potential for outward growth in the fifth year and beyond. This support system enables it to survive in the harshest conditions for many, many years, thanks to the durability, strength and flexibility it developed ahead of time.

The same principle is true for success in business.



## Vistaar as it stands today

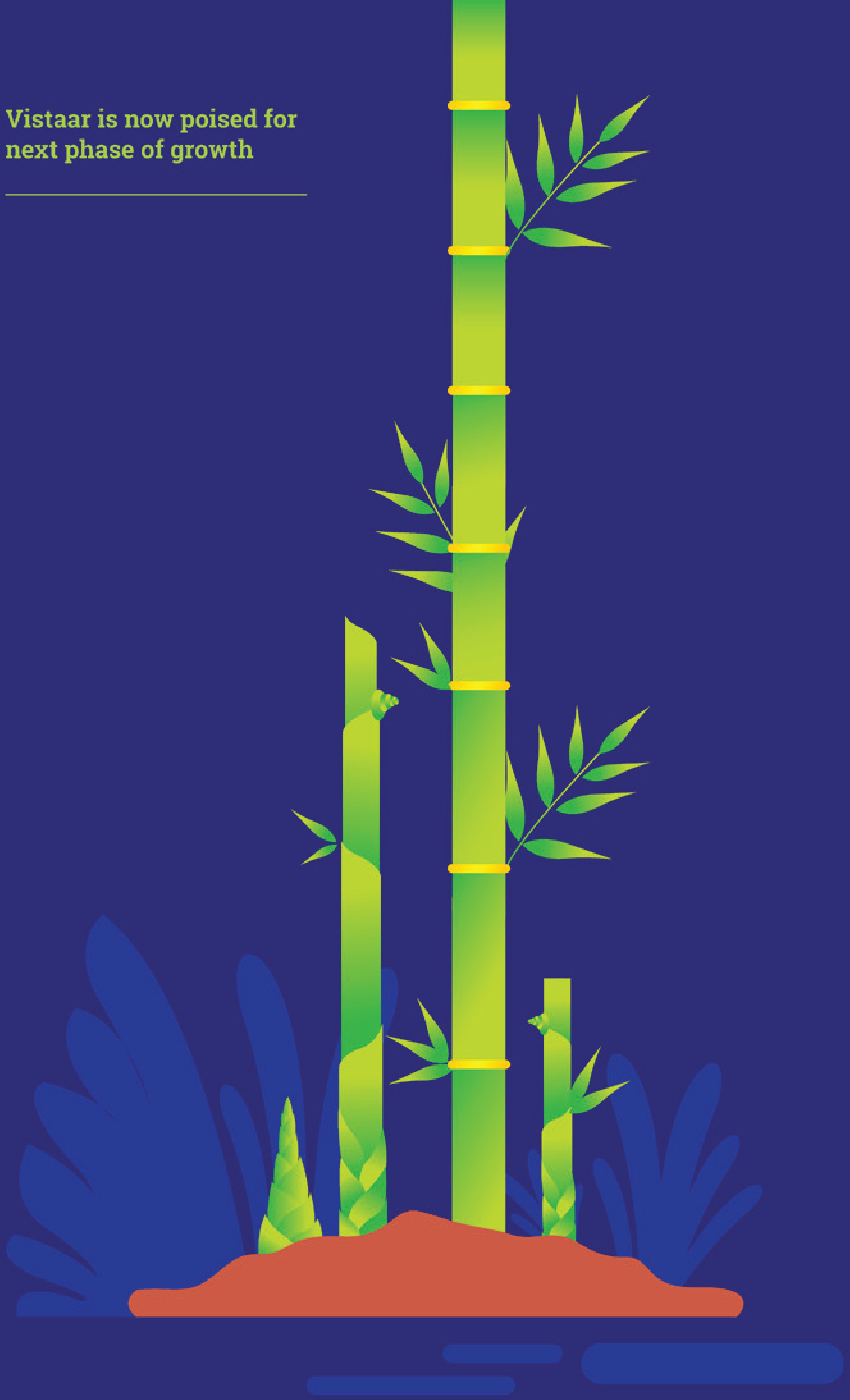
**Strong Foundation:**
**225 Branches, 13 States, 153 Districts**

**Well Capitalised:**
**₹571 Crs. of networth**

**Strong Board & leadership**

**Long-term investors & well-diversified lender base**

Vistaar is now poised for next phase of growth



Higher Disbursements & High quality Portfolio

Happy customers & employees

Healthy Profitability & Strong Balance Sheet

## The Story of Bamboo Tree : Power of Patience & Persistence

Vistaar is poised for next phase of growth and so are our customers.

The story of Bamboo applies to our Customers too.

Customer Name:

**Dotturaj**

Loan Amount: ₹**13 lakhs**
Business: **Twisting Machine**

Mr. Dotturaj had a vision of manufacturing and supplying raw materials for the Power Loom Industry located in Ellampillai in Tamil Nadu state region. In 2005 Dotturaj along with his brother began a dealership by procuring jerry in bulk from Surat and supplying it to the power loom owners. In mid-2006 he purchased his first twisting machine to make jerry and supply it to saree manufacturers. This business was the first profit making venture for Dotturaj. By 2009 the machine count had become 4 and profits increased to 300% by 2009. With increased income, Dotturaj's standard of living bettered and in 2012 he built his own house also bought a plot of land. Today, after 10 years, he owns 8 Pressure Twisting Machines which can produce high grade jerry.

**2015**
Business has grown 133% since 2013

**2015**
Increased stock levels for higher volumes

**2014**
Constructed a manufacturing facility

**2014**
Took a 13 lakh loan from Vistaar

**2013**
Business grew from 50,000 per month in 2005 to 6 lakhs per month

**2006**
Started the Business

### The Growth Story of Dotturaj

# Contents

# Company Information

## Board of Directors

**Mr. C.B. Bhave**
Non-Executive Chairman
- Independent Director
DIN – 00059856

**Ms. Radhika Haribhakti**
Independent Director
DIN – 02409519

**Mr. James Abraham**
Independent Director
DIN – 02559000

**Mr. Sandeep Farias**
Nominee Director
DIN – 00036043

**Mr. Shailesh J. Mehta**
Nominee Director
DIN – 01633893
(w.e.f. 13-Feb-2018)

Mr. Badri Pillapakkam
Nominee Director
DIN – 00272372

**Mr. Sumir Chadha**
Nominee Director
DIN – 00040789

**Mr. Brahmanand Hegde**
Executive Vice Chairman
DIN – 02984527

**Mr. Ramakrishna Nishtala**
Managing Director &
Chief Executive Officer
DIN – 02949469

Note: Mr. AshitLilani (DIN- 00766821), A Nominee Director, resigned from the Board w.e.f. 13-Feb-2018

## Chief Financial Officer & Company Secretary

**Mr. Sudesh Chinchewadi**
CS Membership No: A16422

## List of Lenders, Subscribers & Holders of Debt Issues

Axis Bank Limited
A K Capital Services Limited
Bajaj Finance Limited
Bank of Maharashtra
DCB Bank Limited
Dhanlaxmi Bank Ltd
Equitas Small Finance Bank Limited
FMO-NEDERLANDSE FINAN-MAATSCHAPPIJ VOOR ONTWIKKELINGSL N.V
HDFC Bank Limited
Hero Fincorp Limited
ICICI Bank
IDBI Bank
Indian Bank
IndusInd Bank Limited
Kotak Mahindra Bank
NABKISAN Finance Ltd
Northern Arc Capital Limited
RBL Bank Limited
Reliance Regular Savings Fund-Debt Option
State Bank of India
State Bank of Mauritius
Syndicate Bank
The Federal Bank Limited
The Lakshmi Vilas Bank Limited
Union Bank of India
responsAbility
Vijaya Bank
Yes Bank

## Registered Office, Telephone & Fax no., Website, E-mail ID & CIN

**Vistaar Financial Services Private Limited**
Plot no. 59 & 60 – 23, 22nd Cross, 29th Main,
BTM Layout, 2nd Stage, Bangalore – 560 076,
Karnataka, India

Telephone no.: +91 80-4666 0900
Fax no.: +91 80 - 2668 2645

Website: www.vistaarfinance.com
E-mail ID:corporate@vistaarfinance.com

CIN: U67120KA1991PTC059126

## Statutory Auditors

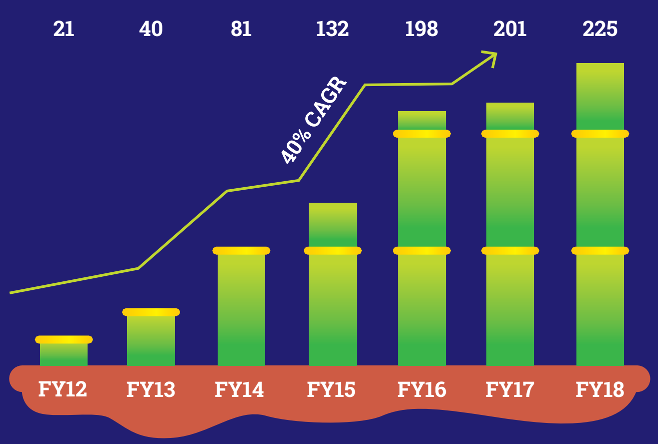
M/s. Walker Chandiok& Co LLP
Chartered Accountants
(ICAI Firm's Registration No.: 001076N/N500013)

# Key indicators - Operational & Financial highlights

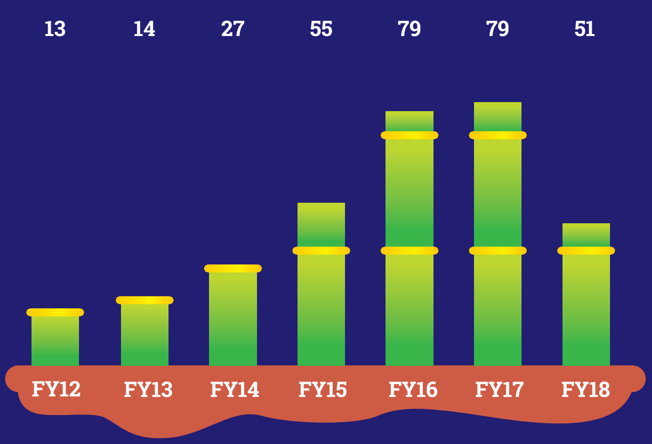
## Operational Highlights:

| Particulars | Unit | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | CAGR 7 |
|---|---|---|---|---|---|---|---|---|---|
| States | No. | 2 | 3 | 4 | 7 | 12 | 12 | 13 | 31% |
| Branches | No. | 21 | 40 | 81 | 132 | 198 | 201 | 225 | 40% |
| Borrowers ('000) | No. | 13 | 14 | 27 | 55 | 79 | 79 | 51 | 22% |
| Employees | No. | 277 | 387 | 820 | 1,318 | 2,125 | 2,337 | 2,107 | 34% |
| Disbursements | ₹crore | 41 | 107 | 201 | 434 | 600 | 670 | 669 | 49% |
| Gross loan portfolio (GLP) | ₹crore | 36 | 111 | 243 | 515 | 844 | 1,124 | 1,270 | 66% |
| – Own portfolio | ₹crore | 29 | 92 | 231 | 456 | 822 | 1,124 | 1,270 | 72% |
| – Assigned/ managed portfolio | ₹crore | 7 | 19 | 12 | 59 | 22 | 4 | - | -100% |
| GLP per branch | ₹crore | 1.7 | 2.8 | 3.0 | 3.9 | 4.3 | 5.6 | 5.6 | 19% |

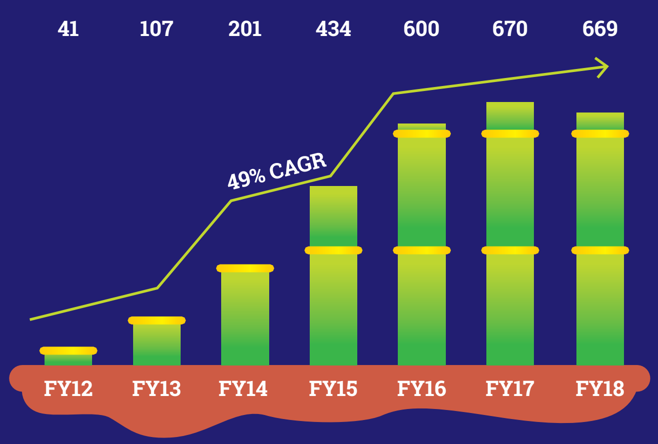
### Branches (No.)



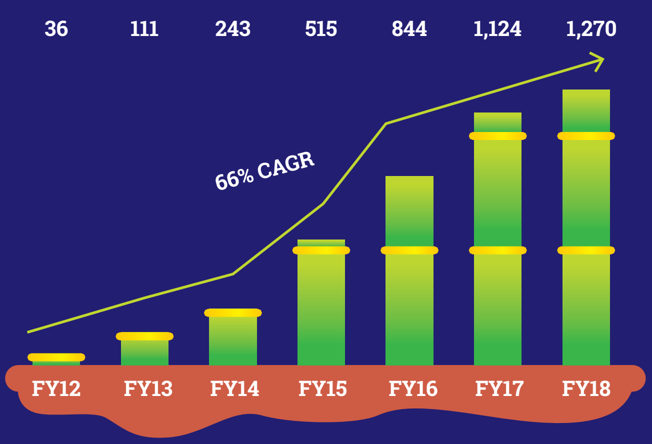

### Borrowers (No.) ('000)



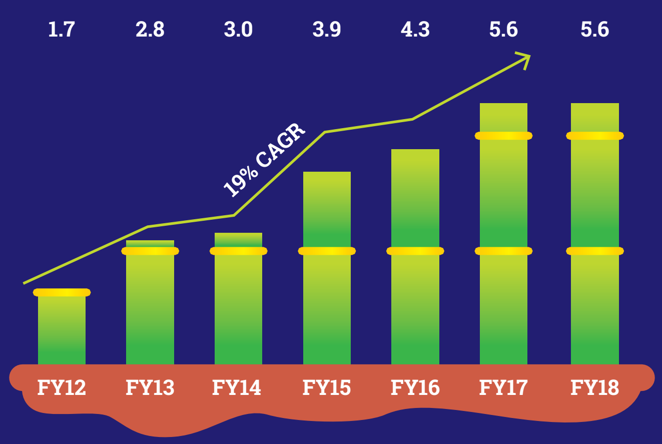

### Disbursements (₹ crore)




### Gross loan portfolio (GLP) (₹ crore)



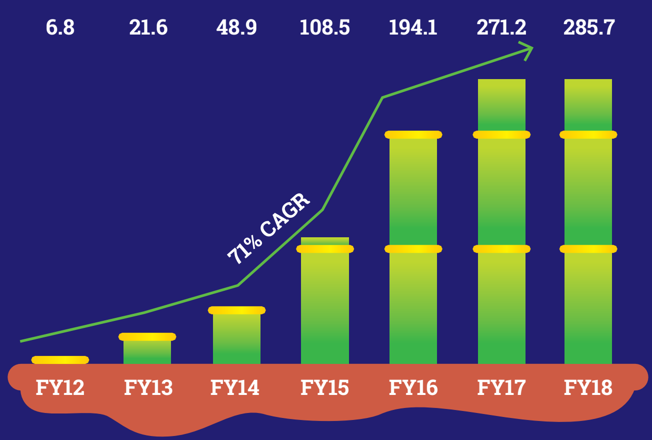

### GLP per branch (₹ crore)



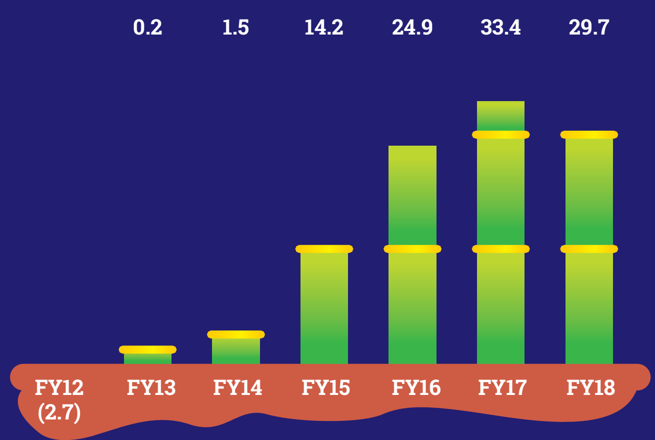

## Financial Highlights:

| Key Financial Numbers: | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Unit** | **FY12** | **FY13** | **FY14** | **FY15** | **FY16** | **FY17** | **FY18** | **CAGR** |
| Total revenue | ₹crore | 6.8 | 21.6 | 48.9 | 108.5 | 194.1 | 271.2 | 285.7 | 71% |
| Profit before tax | ₹crore | (2.7) | 0.2 | 1.6 | 15.1 | 38.8 | 50.5 | 45 | 249% |
| Profit after tax | ₹crore | (2.7) | 0.2 | 1.5 | 14.2 | 24.9 | 33.4 | 29.7 | 241% |
| Earnings per share (Basic) | ₹ | (3.7) | 0.3 | 1.9 | 18.7 | 32.4 | 42.7 | 37.8 | 239% |
| Earnings per share (Diluted) | ₹ | (3.7) | 0.1 | 0.5 | 3.0 | 4.0 | 4.8 | 4.3 | 202% |
| Networth | ₹ crore | 17.5 | 58.4 | 59.0 | 230.9 | 508.5 | 541.3 | 571.4 | 64% |
| Total assets | ₹ crore | 47.7 | 134.4 | 283.5 | 596.9 | 964.1 | 1,314.4 | 1,369.9 | 62% |
| Book value per share | ₹ | 10.1 | 19.2 | 19.4 | 45.0 | 71.0 | 74.9 | 79.0 | -34% |
| **Key Financial Ratios:** | | | | | | | | | |
| Return on average GLP | % | -12.0% | 0.3% | 0.9% | 4.0% | 3.8% | 3.3% | 2.5% | 180% |
| Return on average assets | % | -7.5% | 0.2% | 0.7% | 3.2% | 3.2% | 2.9% | 2.2% | 184% |
| Return on average equity | % | -16.6% | 0.6% | 2.5% | 9.8% | 6.7% | 6.4% | 5.3% | 185% |
| Cost to income ratio | % | 147.6% | 96.3% | 90.1% | 76.3% | 67.3% | 58.5% | 57.9% | |
| Capital adequacy ratio | % | 48.4% | 51.0% | 22.4% | 44.9% | 58.2% | 46.3% | 43.8% | |
| Debt : equity | Times | 1.4 | 1.1 | 3.6 | 1.4 | 0.8 | 1.3 | 1.3 | |

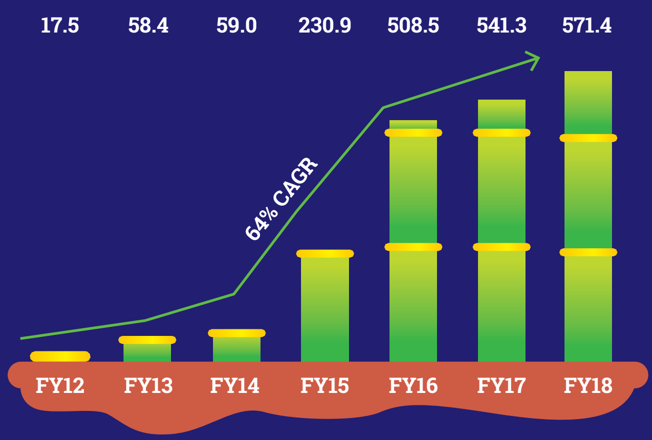
### Total revenue (₹ crore)



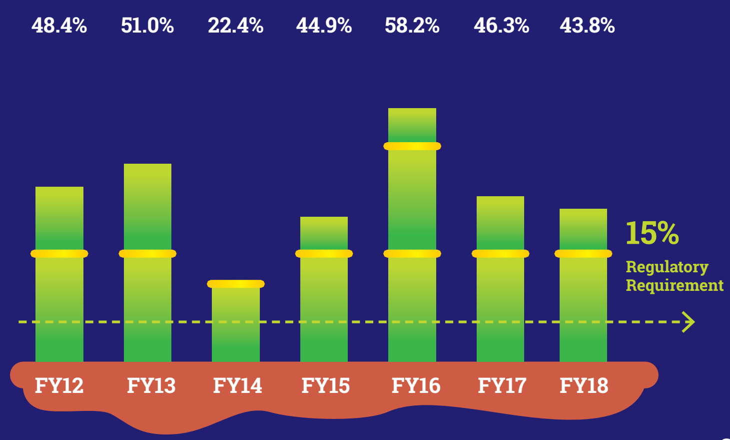

### Profit after tax (₹ crore)




### Networth (₹ crore)




### Capital adequacy ratio (%)



MESSAGE FROM
# MR. C.B. BHAVE

**Non-Executive Chairman & Independent Director**

The story of Vistaar is captivating and it is my pleasure and privilege to present the 6th annual report as the chairman of the Board.

The MSME sector is a dynamic and vibrant sector of the Indian economy. It contributes substantially to the Gross Domestic Product (GDP), exports and employment in our country. There are close to 63 Mn MSMEs in the country employing about 107 Mn people across various sectors constituting a major portion of the workforce. (Source: MSME AR- 2017-18)

The Union Budget 2018-19 allocated Rs 3 lakh crore for Micro-Units Development & Refinance Agency Ltd (MUDRA), a nearly 20% rise from the last year allocation of Rs 2.44 lakh crore. The growth of the MSME sector has been over 11% p.a.

In the wider context of the Indian economy, three initiatives of the Government are likely to bring fundamental changes and unlock India's growth potential. GST has now been in force for nearly a year. Its implementation is a complex challenge. If we get it right, we will have the benefits of one market in the country for most goods and services. It will also give a philip to further formalisation of the economy.

The Insolvency & Bankruptcy code is also under implementation for some time now. The first major case has been successfully resolved. This will quicken the pace of resolution of other cases and will signal to borrowers that it is in their interest to keep the dialogue with the lenders open at all times. Otherwise, they face the possibility of losing control of the enterprise in case of default.

The regulation of the real estate under the Real Estate (Regulation and Development) Act (RERA) will bring in the much needed order in this sector. We are at present experiencing the initial difficulties of trying to bring order in an unregulated space. There is sufficient experience in the country in setting up regulators in different areas. The shifting of focus from the builders and contractors to customers will be the key to the success of RERA.

These initiatives will increase the ease of doing business and the results will be apperant in few years from now. Vistaar on its part has resumed its journey of growth after the challenges of the last 16 months and with its dedicated workforce hopes to cross one milestone of excellence after another.

I am grateful to all the stakeholders for the confidence reposed by them in Vistaar.

Thanking you.

**Chandrashekar Bhaskar Bhave**
**Non – Executive Chairman**
**& Independent Director**

# MESSAGE FROM FOUNDERS

The financial year 2018 has been the year of consolidation owing to the big transition exercises of demonetisation and GST (Goods & Services Tax) faced by our customers. But, we also believe that these reforms will certainly help a major shift from informal to formal economy which in turn will positively change the dynamics of the financial services market.

The Company has completed eight years of operations. And in all these years, our unique business model has enabled us to disburse more than 1,90,000 loans aggregating to over ₹2,700 crores (on cumulative basis) which has helped to strengthen and grow the businesses of our customers. This reinforces our vision of being the preferred specialized financial services provider to the small business entrepreneurs who have always been neglected by the mainstream financial service providers.

Over the last eight years, we have demonstrated sustainable and solid growth with the portfolio growing by over 90 times from ₹14 crores as of March, 2011 to ₹1,270 crores as of March, 2018 and at a healthy CAGR of 76%. The Company rolled-out 24 Branches in FY18 taking the total count to 225 Branches spread across 153 Districts in 13 States.

In terms of earning accolades in FY18, the Company has won third year in a row, the national award for 'Best Financial Reporting of the Year – Medium Business' presented by Times Network. The Banking and Finance Post, Asia and Middle East's premier magazine ranked Vistaar 50th among India's top NBFCs in terms of total income of FY17 and ranked 22nd on service quality and satisfaction of customers in finance sector.

We believe that we are well placed to capture a significant share of the MSME credit demand in India. Our extensive geographical presence, experienced management, efficient operating metrics, comfortable capital position and optimal utilisation of existing infrastructure will enable us to grow at a healthy pace in the years to come. With an inclusive, safe and sound financial system, we remain committed to play a key role in furthering financial inclusion.

Vistaar's employees have been our greatest strength and have played a pivotal role in bringing the Company to this level. They follow the highest standards of ethics and always strive to deliver the best to our Customers.

We would like to extend our sincere gratitude to all our stakeholders including Customers, Investors, Lenders and to each and every Vistaarian who contributed to the Company's growth during all these years. And look forward to even better years ahead for Vistaar.

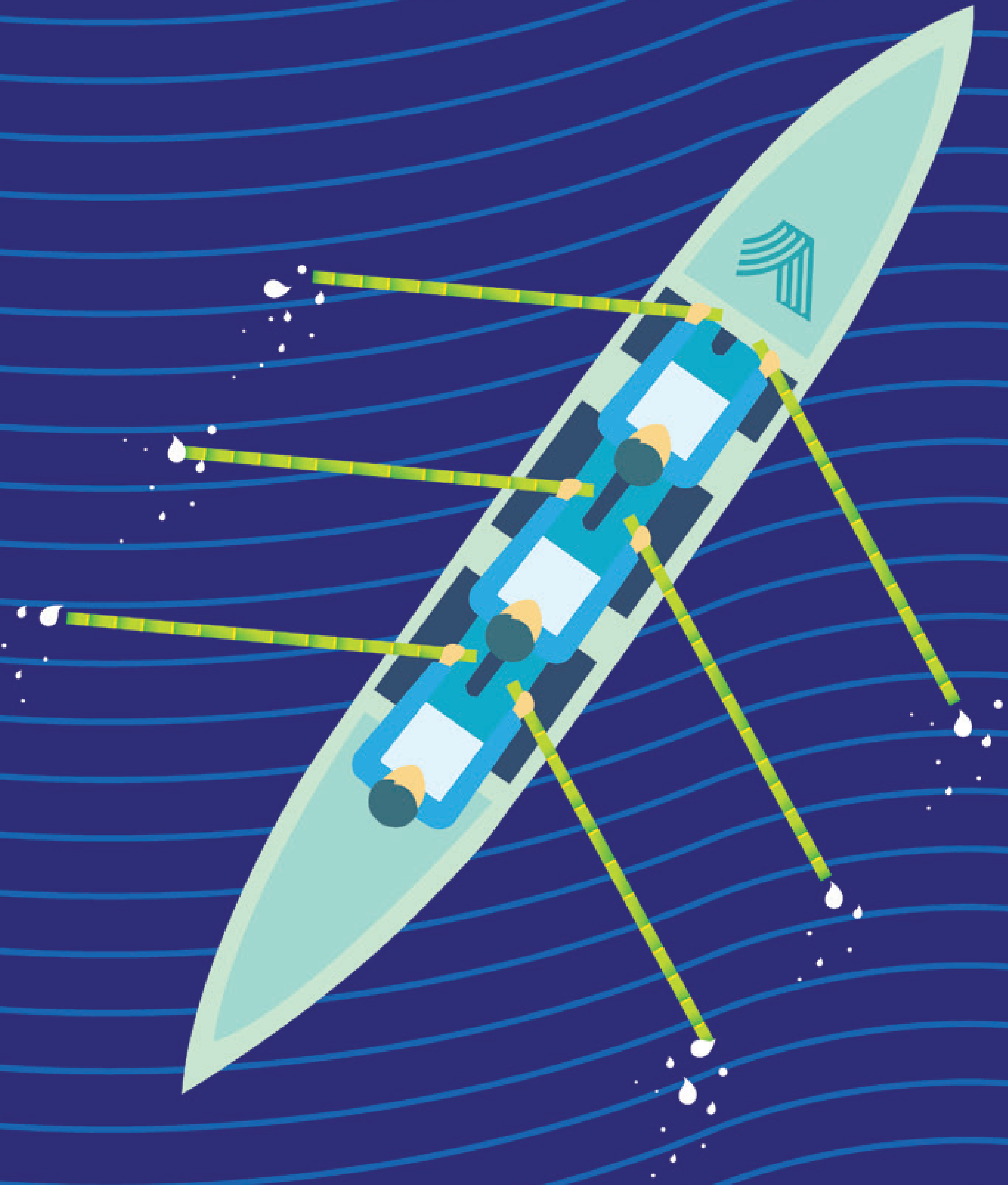
**Mr. Ramakrishna Nishtala**

Managing Director & Chief Executive Officer

**Mr. Brahmanand Hegde**

Executive Vice Chairman

# Board of Directors



## Chandrashekhar Bhaskar Bhave

Mr. C.B. Bhave has over 41 years of vast experience in regulatory and financial services sector. He is a 1975 batch IAS officer. He worked in different positions in the Central and State Governments and also won awards from the Government of Maharashtra for his outstanding work in the area of family welfare and excellence in administration. He then worked in Securities and Exchange Board of India (SEBI) as a Senior Executive Director from 1992-1996, helping create the regulatory infrastructure for Indian capital markets. Mr. Bhave took voluntary retirement from the IAS to set up the National Securities Depository Limited (NSDL), the first depository, in 1996 and was its Chairman and Managing Director from 1996 to 2008. Mr. Bhave worked as the Chairman of SEBI, India's capital market regulator, from 2008 to 2011. During this time, he was also the Chairman of the Asia-Pacific regional Committee and a member of the Technical and Executive Committees of the International Organization of Securities Commissions (IOSCO). He was responsible for revolutionising the Indian capital market by getting market players to accept the new system of dematerialised shares and debentures.

Mr. Bhave is currently a member of the Board of the Public Interest Oversight Board (PIOB), which is a not-for- profit foundation registered in Madrid, Spain. He is also a trustee of the IFRS foundation based in London and a member of the Regulatory Committee of Abu Dhabi Global Markets.

Mr. Bhave has a bachelor's degree in Electrical Engineering from Jabalpur Engineering College.



## Radhika Haribhakti

Ms. Radhika Haribhakti 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 currently heads RH Financial, a boutique Investment Banking Firm focused on M&A and Private Equity. She is also closely involved with the issues of women empowerment, financial inclusion and CSR.

She serves on the Governing Council of Citigroup Micro Enterprise Award and Chairs the Board of Swadhaar Finaccess, which is engaged in providing financial education to economically disadvantaged women.

She is the former Chairperson 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.

She has also been a member of CII's National Committee on Women Empowerment and Bombay Chamber of Commerce's Task Force on 'Mumbai as Offshore Financial Centre'.

Ms. Haribhakti was named among the top 50 business women of India by Business Today.She holds an MBA from the Indian Institute of Management, Ahmedabad.

## James Abraham

James Abraham has over 25 years of experience as management leader in technology companies in Americas and South East Asia. He started his career with Bell Canada, developing advanced services and business models for emerging technologies (he helped develop and launch Canada's first Frame Relay service).

He joined The Boston Consulting Group (BCG) in Toronto in 1994 and has worked in industries as diverse as paper, appliances, oil & gas, and automotive.

In 1998, he moved to Mumbai and later Delhi to help lead the office during its early period. During this period, the BCG offices in India grew from 18 people to over 180 in 2009.

For more than 10 years with BCG in India, he has been involved in infrastructure development projects in the transport and power sector and core manufacturing. He has worked on projects in roads, buildings, oil & gas, power, and manufacturing, on issues ranging from business planning, acquisitions, organisation, and financial structuring. In 2009, James was a Senior-Partner with BCG, when he left to start and head Sunborne Energy. Sunborne is working to make solar power no more expensive than conventional power, using Indian engineering and development skills. In 2014, he launched SolarArise, which focuses on financing and managing solar-power plants over their life-time. SolarArise aims to turn solar plants into low-risk, lucrative investment vehicles, and so attracts the large capital flows necessary to grow the sector. James is a fellow of the Aspen Global Leadership Network, the India-Leadership-Initiative of the Ananta-Aspen Institute, and a moderator of Aspen's values-based leadership programs.

James earned a Bachelor of Science degree in electrical engineering from the University of Waterloo, an M.B.A. (Palmer Scholar) from Wharton, and an M.A. from Johns Hopkins University.

## Sandeep Farias

Sandeep Farias is a Founder and Managing Director of Elevar Equity (www.elevarequity.com), a thesis based investor focused on backing entrepreneurs who deliver essential services to disconnected communities underserved by global networks. He founded Elevar on the view that: "Lack of access to basic services for any individual is really an issue of discrimination and must be challenged. It is imperative that we leverage the power of markets to scale and provide access to life changing services to millions of individuals and communities." It is this idea that drives Sandeep to provide equity to entrepreneurs who challenge discrimination, help them prove their business model, establish the right governance, and raise additional capital to grow.

Previously, Sandeep founded the India operations of Unitus (a global microfinance accelerator) in 2004 and was Chief Innovation Officer of Unitus in 2007. He conceptualized Unitus' India strategy, built the India team and launched a number of strategic projects for the organization. Sandeep came to the impact space from Nishith Desai Associates (NDA), one of India's leading law firms where he founded the firm's development sector practice, incubated new practice areas and led its corporate law practice. He also established the firm's offices in Palo Alto, California and Bangalore, India.

Sandeep serves as a Director of Vistaar Finance, Aarusha Homes, Glocal Healthcare, Shubham Housing Finance and Madura Microfinance and has served as a Director of Ujjivan. Sandeep has an integrated Law & Arts Honors Degree from the National Law School of India University in Bangalore, India.

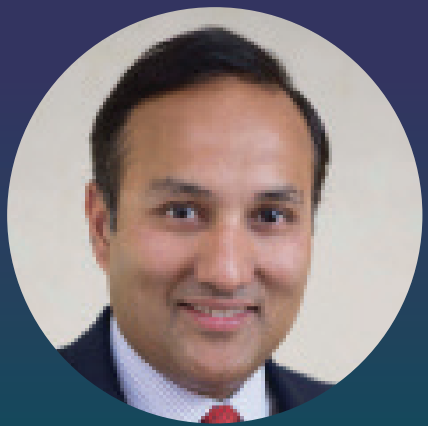
## Badri Pillapakkam

Badri Pillapakkam is the Director, Investment Partner at 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, Co-founder and Managing Director, WestBridge Delaware Advisors LLC.

Sumir has over 15 years of investing experience in India spanning public companies, private equity and venture capital.

Sumir 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.com, Star Health Insurance and SKS Microfinance.

Sumir is the co-founder of WestBridge Capital and Sequoia Capital India. Prior to that, Sumir was part of the Principal Investment Area at Goldman Sachs & Co, based in New York and Singapore, where he focused on venture capital investments in services and software companies in both the United States and India. He began his career as a management consultant at McKinsey & Co., based in New York and New Delhi.

Sumir served as the Chairman of the Indian Private Equity and Venture Capital Association (IVCA), for which he led the effort to re-write a constitution. Sumir also serves on the India Advisory Board of Harvard Business School, and on the Advisory Board of the Princeton Institute for International and Regional Studies.

Sumir has an MBA (with Distinction) from Harvard University and a BSE degree in Computer Science from Princeton University.

## Shailesh J Mehta

Dr. Shailesh Mehta, has over 45 years of vast experience in Financial sector. He was in the founding team of First Deposit Corporation, the predecessor Company Providian. Dr. Shailesh Mehta was the Executive Vice President at the Ohio based Ameritrust Corporation (now Key Corp), where he worked for twelve years. He served as Operating General Partner at West Bridge Capital, General Partner at Invesco, Partner at Indian Operations at Providian Financial Corporation, Venture Partner at Clearstone Venture Partners. He founded the SJM School of Management in IIT-Bombay.

Dr. Shailesh Mehta did his BS from Indian Institute of Technology, Mumbai and MS from Case Western Reserve University. He holds two PhD's from California State University and Case Western Reserve University.

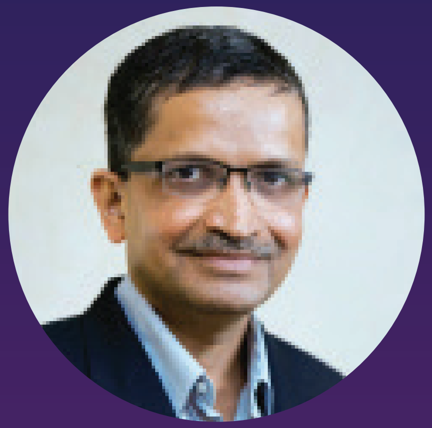
## Brahmanand Hegde

Brahmanand Hegde is the Executive Vice Chairman of 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 Nishtala is the Managing Director & Chief Executive Officer of 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 from early 2008.

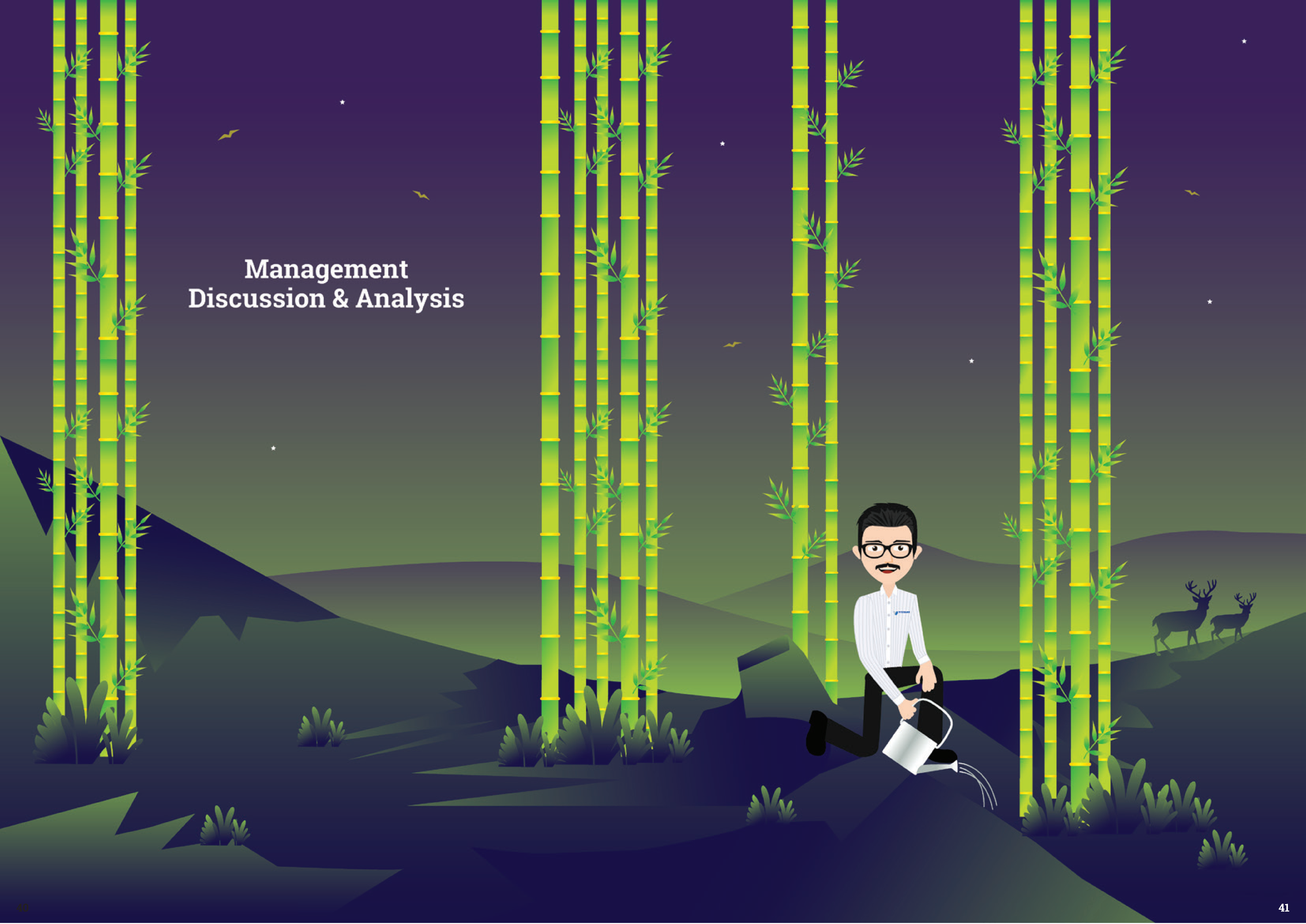
Prior to this he was responsible for coordinating the rollout of Fullerton India's 800-branch network encompassing technology, people and premises.

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.

Ramakrishna is a Post-Graduate in Industrial Engineering from NITIE, Mumbai and completed his Graduation in Mechanical Engineering from Jawaharlal Nehru Technological University, Kakinada, Andhra Pradesh.

# Management Discussion & Analysis



## Global Economic Overview

As per the "World Economic Outlook" report by IMF, the economic activity in 2017 ended on a high note with growth in the second half of the year reaching above 4%, the strongest since the second half of 2010, supported by a recovery in investment.

Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe. Global growth is projected to soften beyond the next couple of years. With broad-based momentum and expectations of a sizable fiscal expansion in the United States over this year and the next, global growth is now projected at 3.9% for 2018–19.

World growth strengthened in 2017 to 3.8%, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery.

Global growth is expected to tick up to 3.9% this year and next, supported by strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States.

Over the medium term, global growth is projected to decline to about 3.7%. Once the cyclical upswing and US fiscal stimulus have run their course, prospects for advanced economies remain subdued, given their slow potential growth.

In emerging market and developing economies, in contrast, growth will remain close to its 2018–19 level as there is gradual recovery and a projected increase in India's growth provide some offset to China's gradual slowdown and emerging Europe's return to its lower-trend growth rate.

Nevertheless, 40 emerging market and developing economies are projected to grow more slowly in per capita terms than advanced economies.

## An Investment-Led Pickup in Growth

At 3.8%, global growth last year was ½ percentage point faster than in 2016 and the strongest since 2011. Two-thirds of countries accounting for about three-fourths of global output experienced faster growth in 2017 than in the previous year (the highest share of countries experiencing a year-over-year growth pickup since 2010).

Resurgent investment spending in advanced economies and an end to the investment decline in developing economies were important drivers of the uptick in global GDP growth and manufacturing activity.

## Indian Economy Overview

As per the RBI's Monetary Policy, GDP growth in 2017-18 at 6.6% was lower than 7.1% in 2016-17. Projected CPI inflation for 2018-19 is revised to 4.7-5.1% in H1:2018-19 and 4.4% in H2.

Turning to the growth outlook, several factors are expected to accelerate the pace of economic activity in 2018-19. First, there are now clearer signs of revival in investment activity as reflected in the sustained expansion in capital goods production and still rising imports, albeit at a slower pace than in January. Second, global demand has been improving, which should encourage exports and boost fresh investment. On the whole, GDP growth is projected to strengthen from 6.6% in 2017-18 to 7.4% in 2018-19 – in the range of 7.3-7.4% in H1 and 7.3-7.6% in H2 – with risks evenly balanced.

Goods and services tax (GST) implementation had an adverse, even if transient, effect on urban consumption through loss of output and employment in the labour-intensive unorganised sector.

## Industry Overview

**"Non banking Finance Companies (NBFCs) have stepped in to fill the vacuum left by banks and are quickly filling the space left by banks in corporate credit, and their pace of wholesale loan growth annually could be as high as 21%, in the next two years" says CRISIL.**

**India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market.**

**NBFCs have increased their market share in credit to business from 2% in 2015-16 to 2.8% in 2016-17, said the RBI study. NBFCs had disbursed ₹840 billion of commercial loans in 2015-16. But the segment rose sharply to ₹1.24 trillion in 2016-17, growing the book by 8.8%. CRISIL said stable asset quality in the segment had been achieved because of stringent controls.**



## Micro, Small and Medium Enterprises (MSMEs):

**Rightly termed as "the engine of growth", MSME Sector plays a prominent role in the development of our country. With regard to terms of creating employment opportunities, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth, and contributing to the GDP.**

**The MSMEs are widening their domain across various sectors of the economy with a variety of products and services to meet demands of both domestic and global markets. The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. The contribution of Manufacturing MSMEs in the country's total Manufacturing at current prices has remained consistent at about 33% (Source: MSME Annual Report 2017-18). It is also seen that 31% MSMEs were found to be engaged in Manufacturing activities, while 36% were in Trade and 33% in Other Services (Source: MSME Annual Report 2017-18).**

## Company Overview

**Vistaar Financial Services Private Limited ("Vistaar" or "VFSPL" or "Vistaar Finance" or "Company"), is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and based in Bangalore, India. The Company commenced operations in April, 2010 with a focus on lending to Micro, Small and Medium Enterprises ("MSME") segments primarily in the rural and semi-urban parts of India.**

**Vistaar has set a strong and stable foothold in catering to the credit needs of the MSME businesses over the last eight years. The demand for credit in the MSME segment has a very broad spectrum and it varies from very small ticket sizes of few thousands to tens of lakhs. A large portion of this segment is still underserved and there is a very big market to be tapped. After having successfully served the small ticket size demands in the form of Small Business Hypothecation Loans (SBHL), Vistaar then established itself in catering to higher ticket size loans to MSME market in the form of Small Business Mortgage Loans (SBML) and SBML+ with loans up to INR 25 lakhs. Now, in order to expand the horizon of its product offerings, the next step is to further cater to the needs of SME customers with larger loan sizes and also provide working capital loans. Loans with ticket sizes from 25 lakhs to 50 lakhs is the way forward for Vistaar. In order to further serve the SME segment with more product offerings, the Company has rolled out bill discounting and Loan against electronic receivables for the target segment.**

**The businesses such as small manufacturing units, textiles/ power / auto looms, home-based enterprises, services (hotel, bakery, garages, workshops etc.), kirana/general stores and various kinds of shops, etc. continues to be the drivers of Vistaar's growth.**

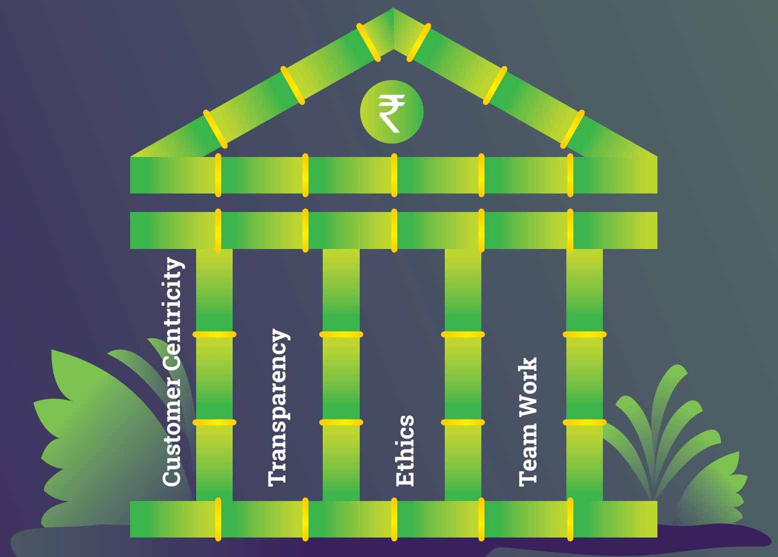
**The Company is guided by its Vision & Mission Statements with the foundation of sound Principles and Values.**

# Vision

**Our vision is to be a catalyst to the underserved so that they will achieve greater economic and social well-being. Specifically we offer a full range of financial services customized to fulfil their every business requirement and move them into the mainstream.**

# Mission

**We shall achieve our vision by deeper understanding of specific customer segments, to fulfil their financial needs through customised products and simple processes.**

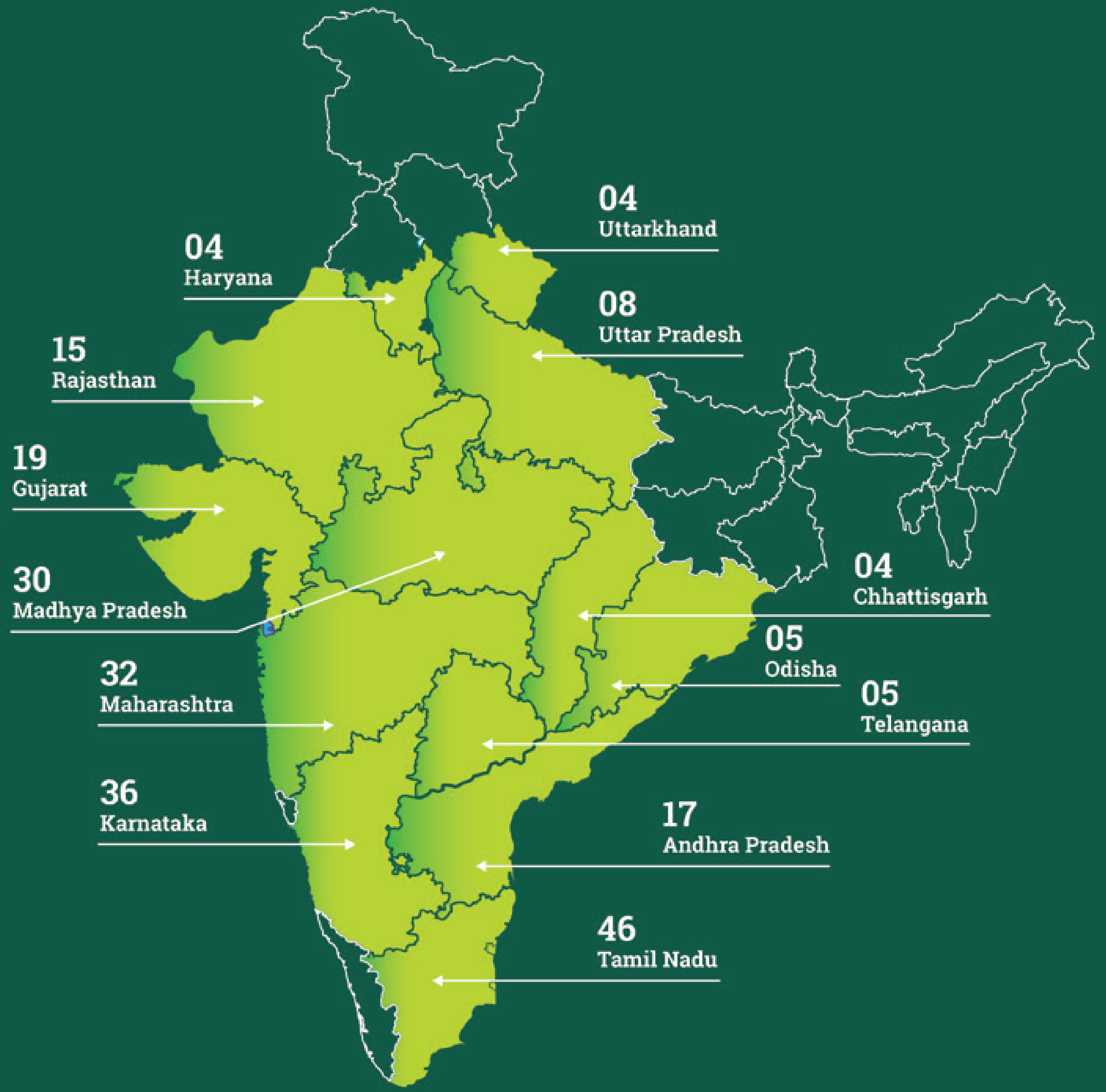



Core Values

## 5 Principles

## A big picture of Vistaar in terms of FY18

| Portfolio: ₹1,270 Crs. | Portfolio: ₹571 Crs. |
|---|---|
| Capital Adequacy Ratio: 44% Crs. | |

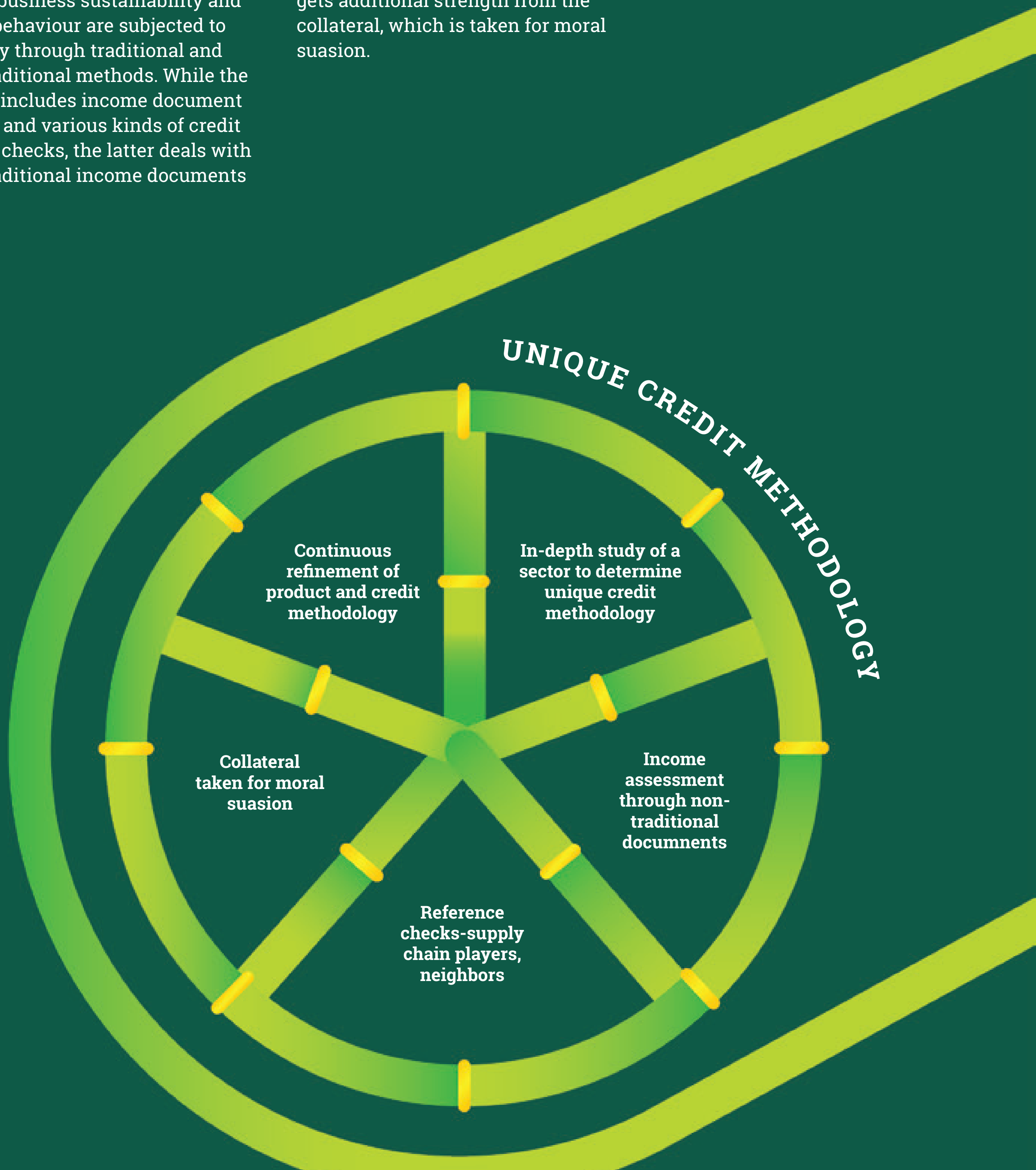



225 Branches
Spread Across 13 States

**The Proven Unique Credit Methodology**

As an organisation that operates in MSMEs space, we have unique credit methodologies for different customer segments. We study our customers' enterprises and value chain in detail and assess peculiarities of the respective segment including risks associated with the business, cyclicality etc. Their income, ability & intention to pay, business sustainability and credit behaviour are subjected to scrutiny through traditional and non-traditional methods. While the former includes income document checks and various kinds of credit bureau checks, the latter deals with non-traditional income documents and reference checks. The sectoral changes are continuously monitored and studied and the changes are incorporated in the credit assessment accordingly. In addition, we are also equipped with conducting Psychometric tests for better reliable credit assessment.

Productive end use of the loan and credit literacy to customers is vital component of the Vistaar methodology. The credit assessment gets additional strength from the collateral, which is taken for moral suasion.



**Expansion Strategy:**

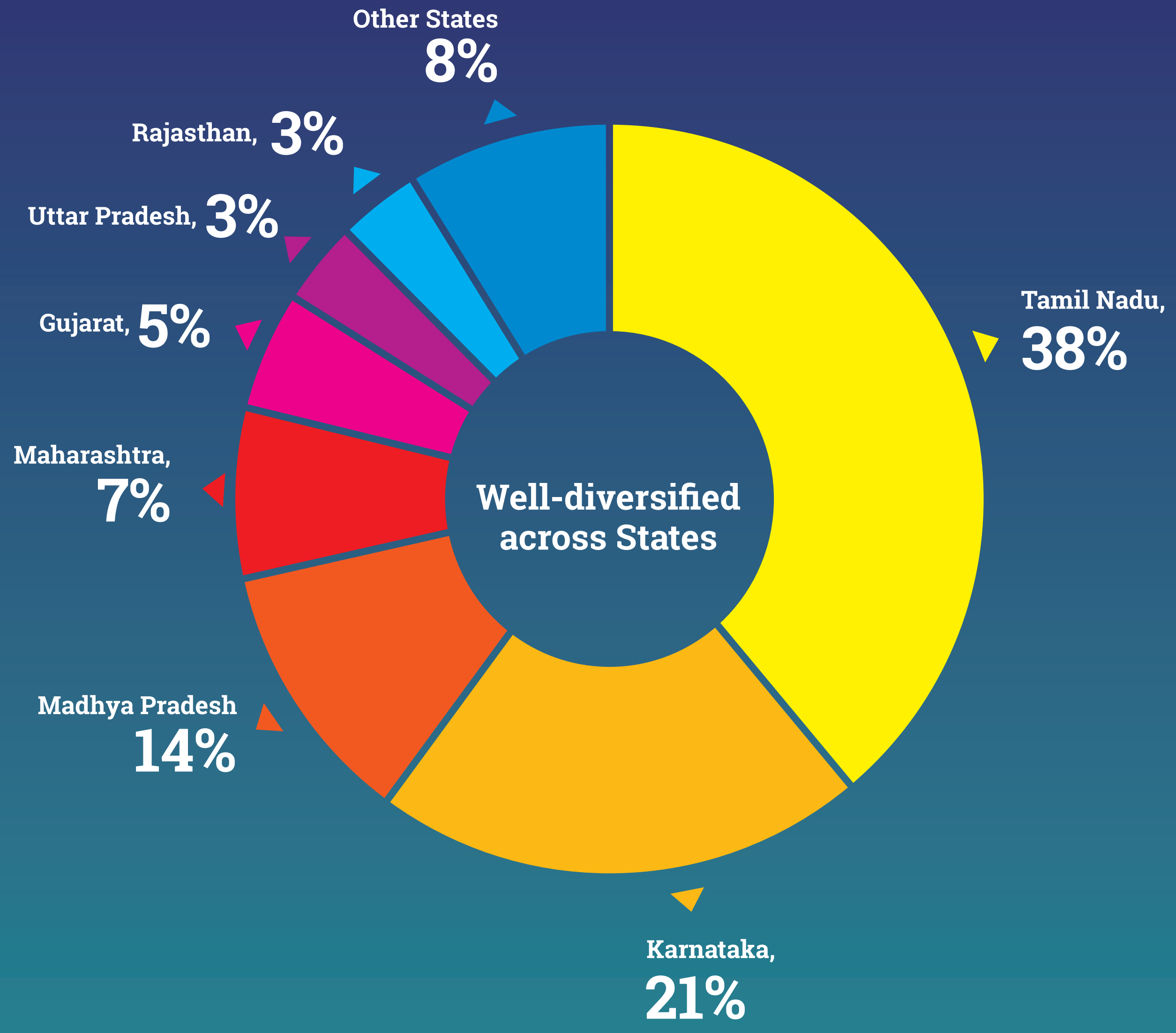
The distribution of livelihoods/ micro enterprises across the country is characterised by geographically proximate clusters. Thus, often power looms, for example, are all concentrated in a radius of 150 to 200 Kms with several towns and villages having most households engaged in this activity. The same holds good for other micro enterprises including handloom, home based industries, handicrafts, agri-allied activities, etc. Urban areas have a concentration of trading activities, small manufacturing enterprises, shops offering a variety of goods and services, etc.

The number of branches have increased to 225 (Mar'18) from 201 (Mar'17). In the FY 2017-18 we have made our presence felt in Telangana State with 5 branches across the state.

**Business & Portfolio Update – FY18**

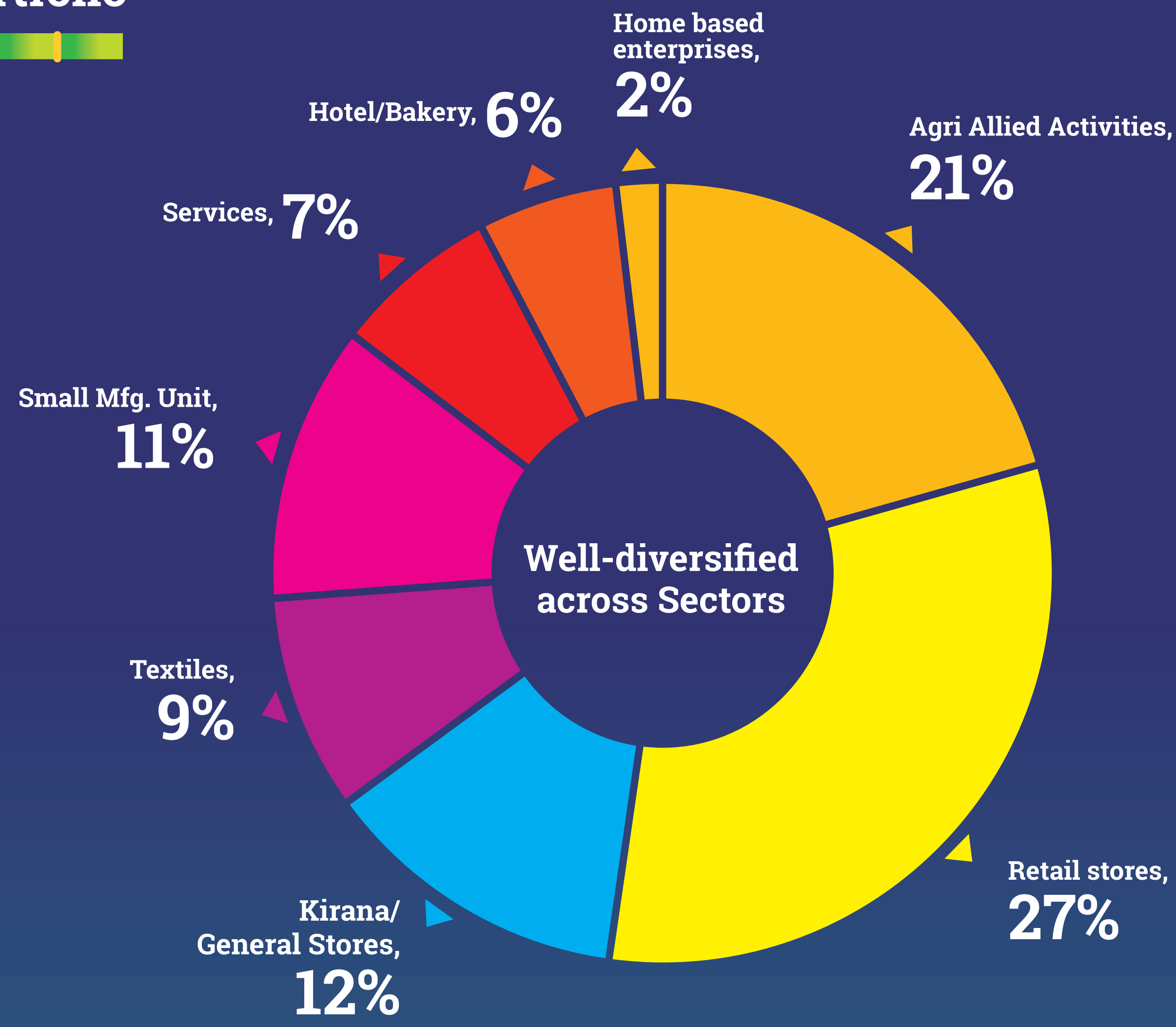
Our enterprise book (non-dairy book) grew by healthy 37%. Our Mortgage book registered a stable growth of 24%. We also ramped up our new vertical Small Business Bill Discounting which saw a substantial growth over last year. During the year, the Company rolled-out 25 new branches taking the total count of branches to 225 spread across 153 districts and 13 states as of 31st March, 2018.

## Portfolio




*Note: *Other states includes Andhra Pradesh, Chhattisgarh, Haryana, Odisha, and Uttarakhand*

## Portfolio




As of 31st March, 2018, the gross loan portfolio was up by 13.0% to ₹1,270 crore as of 31st March, 2018 compared to ₹1,124 crore as of 31st March, 2017.

**Human Resource:**

Career growth plays an important role in identifying the employees having skills, attitude and ambition to succeed and grow in their careers. There are various certification courses which are provided at Vistaar to have clear & defined growth opportunities for all Vistaarians and make them future leaders. Hence, we have a strong career growth policy here at Vistaar.

In order to create a sense of ownership amongst the employees, attractive ESOPs have been offered to middle and senior levels across the organisation.

To enhance engagement and to have an increased interaction with the branch staff, the Executive Vice-Chairman and MD & CEO have periodic town-hall meetings across the organisation periodically in regional languages for better understanding. Through this the employees seek answers on official matters pertaining to them.

Further, Vistaar has initiated Family Engagement programs like MILAN and MILAP. We also conduct regular training on Culture, Vision, Mission, Values and Principles for motivating our employees towards the company's goals.

Vistaar's Human capital base stands at 2,107 as at the end of FY18.

The Company values and appreciates the contribution and commitment of the employees towards performance of the Company during the year.

The focus of the organisational leadership is to enhance employee engagement levels and thus impact the morale and motivation of the workforce to create a high performing and engaged organisation.

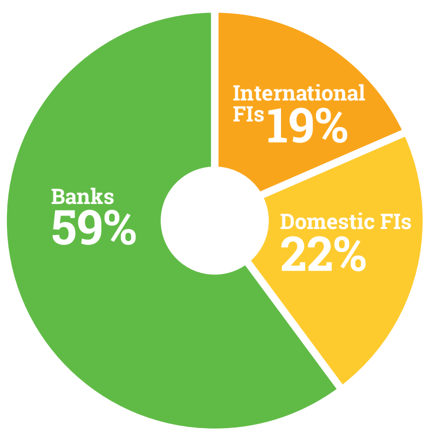
## Access to Multiple Sources of Capital & Credit Rating:

The Company has maintained a healthy capital adequacy ratio over the years, at well above the levels directed by the RBI. As of 31st March, 2018, the overall capital adequacy ratio of the Company was 43.8%. The Company has raised primary capital during five financial years (FY11, FY12, FY13, FY15 and FY16) out of the total history of eight operating years from marquee investors. The increasing bottom-line growth has also been contributing to the overall capital available for the Company.

Vistaar constantly strives to diversify its sources of capital. During FY18, the Company raised ₹253.00 crore of debt from various Banks and Financial Institutions through term loans and Cash Credit to fund its growth. The Company also enjoys working capital limits to take care of its short-term requirements. In the process, two new lenders (PSB) have been on-boarded. As at the end of FY18, the Company had an outstanding debt amount of ₹740.25 crores (excluding vehicle loans of ₹0.77 crores) from 28 banks, domestic and international financial institutions as against ₹404.32 crores (excluding vehicle loans of ₹0.97 crores and including securitisation of ₹3.99 crores) as at the end of FY17.

The long-term credit rating of the Company is '[ICRA] A-'.

**Borrowing Source Mix**

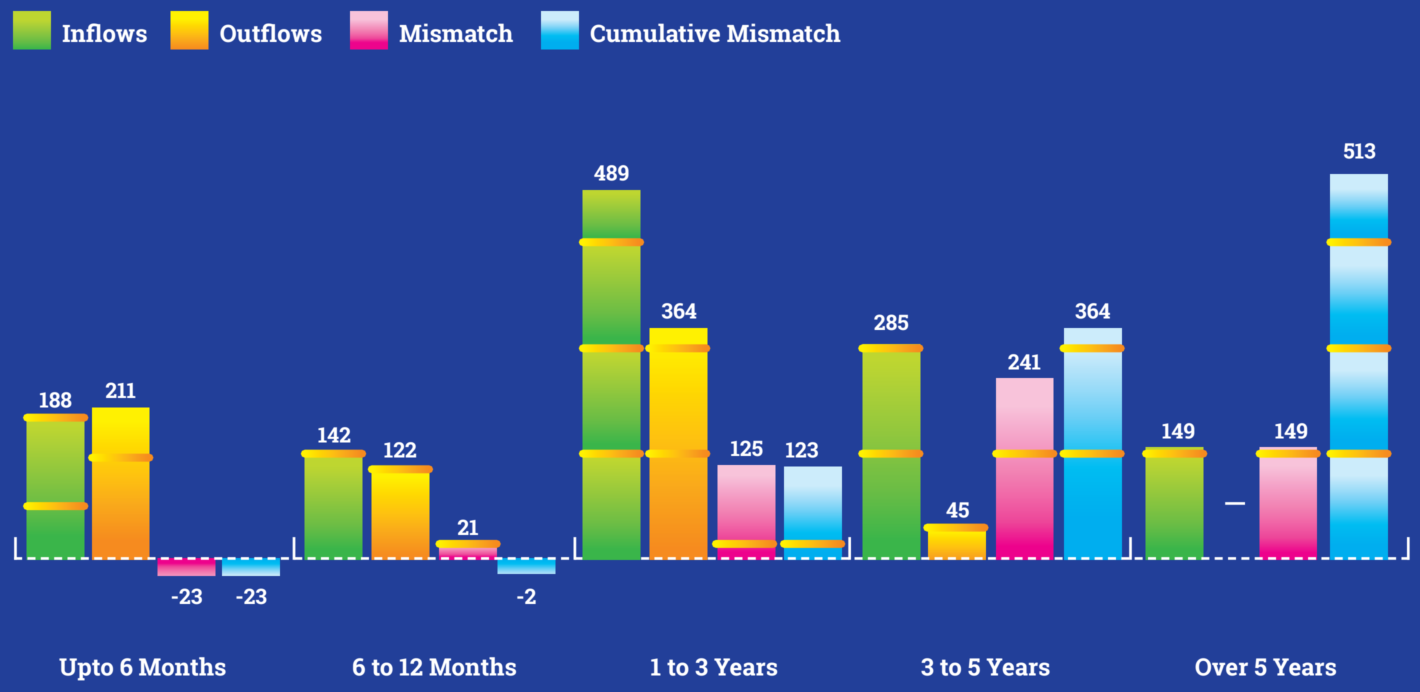



### Asset Liability Management (ALM)

The Company has a well-defined ALM policy to address the risk of mismatch between assets and liabilities either due to liquidity or changes in interest rates. The Company has an Asset Liability Committee ("ALCO") in place comprising of four directors and headed by the independent director. The ALCO periodically reviews the asset and liability positions, cost of funds, sources and mix of funding along with capital planning. It accordingly recommends for corrective measures to bridge the gaps, if any.

The ALCO is also backed by a support group namely 'ALCO Working Group' comprising of the senior management which meets on regular basis and reviews the risk profile, proposed funding plan and interest rates as per the requirements and accordingly report to ALCO on periodic basis. This results in proper planning on an ongoing basis in respect of managing various financial risks viz. asset liability risk, interest rate risk, credit risk and liquidity risk.

**Asset Liability Management (₹crores)**




The Company has conservative and prudent ALM policy that helped to provide the adequate liquidity at all times, as the total inflows is higher than the total outflows. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis.



## Financial Performance of FY18 vis-à-vis FY17

| | FY18 | | FY17 | | FY18 Vs FY 17 |
|---|---|---|---|---|---|
| **Particulars** | **₹in crores** | **Percentage to Revenue** | **₹in crores** | **Percentage to Revenue** | **Percentage Change** |
| **Income** | | | | | |
| Revenue from operations | 282.31 | 98.8% | 266.30 | 98.20% | 6.0% |
| Other income | 3.42 | 1.2% | 4.87 | 1.80% | -29.8% |
| **Total revenue** | **285.73** | **100.0%** | **271.17** | **100.00%** | **5.4%** |
| **Expenses** | | | | | |
| Employee benefits expense | 81.53 | 28.5% | 75.32 | 27.78% | 8.2% |
| Finance costs | 76.90 | 26.9% | 69.96 | 25.80% | 9.9% |
| Depreciation and amortisation expense | 5.04 | 1.8% | 4.72 | 1.74% | 6.7% |
| Provision for loan assets | 42.95 | 15.0% | 33.96 | 12.52% | 26.5% |
| Other expenses | 34.29 | 12.0% | 36.75 | 13.55% | -6.7% |
| **Total expenses** | **240.71** | **84.2%** | **220.71** | **81.39%** | **9.1%** |
| **Profit before tax** | **45.02** | **15.8%** | **50.46** | **18.61%** | **-10.8%** |
| **Tax expense** | **15.36** | **5.4%** | **17.07** | **6.29%** | **-10.0%** |
| **Profit after tax** | **29.66** | **10.4%** | **33.39** | **12.31%** | **-11.2%** |

### Revenue from operations

Revenue from operations increased by 6%, from ₹266.30 crores in FY17 to ₹282.31 crores in FY18. This increase in revenue was primarily due to increase in gross loan portfolio by 13.1% from ₹1,123.68 crores as at the end of FY17 to ₹1,270.23 crores as of FY18.

### Employee benefit expenses

Employee benefit expenses comprise salaries and other employee benefits expenses which represents 33.9% of the total expenses for FY18. Employee benefit expenses increased by 8.2% from ₹75.32 crores in FY17 to ₹81.53 crores in FY18, due to annual increments and also increase in the number of branches and addition of new roles to support the growth.

### Finance costs

The Company's finance costs represented 31.9% of the total expenses for FY18. Finance costs increased by 9.9% from ₹69.96 crores in FY17 to ₹76.90 crores in FY18. The Company raised ₹253.00 crores of debt during the year FY18 to fund its growth.

### Depreciation and amortisation expense

Depreciation and amortisation expenses increased by 6.7% from ₹4.72 crores in FY17 to ₹5.04 crores in FY18. This increase was on account of investments in IT infrastructure, software and new branches and offices setup during the year.

### Provision for loan assets and additional provision

Provisions represented 17.8% and 15.4% of the total expenses for FY18 and FY17, respectively. The provisions were higher by 26.5% increasing from ₹33.96 crores in FY17 to ₹42.95 crores in FY18. Loans are provided for/written off, in accordance with Company's policy, subject to the minimum provision required by the RBI guidelines. The provisioning policy followed by the Company is more prudent as compared to the requirements of the RBI. The Company performs qualitative assessment of its loan portfolio and accordingly estimates provisioning for the loan assets taking into consideration significant events, if any, at each reporting date.

### Other expenses

The operating expenses represented 14.2% and 16.7% of the total expenses for FY18 and FY17, respectively. These expenses reduced by 6.7% from ₹36.75 crores in FY17 to ₹34.29 crores in FY18. The reduction was achieved mainly on account of rationalisation of costs across operating expenses.

# Risk Management & Sustainability Report

## Risk Management

Risk management is an important part of the Company's business and is an ongoing process. The Company follows a disciplined risk management process and has been taking business decisions, ensuring growth and balancing approach on risk reward matrix. The Board of Directors are fully committed to a sound system for identification and mitigation of risks applicable to the Company and for this purpose created an Audit & Risk Committee which constitutes of five Board members including two independent directors. The committee meets from time to time to assess the areas of potential risks identified by the risk team and the independent audit function and put in place appropriate controls and suggest various mitigants thereof. Risk is managed through a framework of policies and principles supported by an independent risk function that ensures that the Company operates within a pre-defined risk framework.

The risk management encompasses identification, analysis, evaluation, treatment and monitoring of strategic, operational, compliance and reporting risks. Despite having a strong risk management framework, the management understands that an organisation's risk culture is dependent on a combined set of individual and corporate values, attitudes, competencies and behavior. Internal control culture (including clear lines of responsibility and segregation of duties), effective internal reporting and contingency planning are all part of an effective operational risk management.

In line with the above philosophy, the management has put in lot of efforts to permeate the Company's vision, mission, values and the core principles across the organization along with strengthening the risk framework.

### Internal Audit and Controls

The Company has an internal control system commensurate with the size, scale and complexity of its operations. It has a well-established Internal Audit Department whose scope and authority is defined in the Internal Audit charter that is approved by the Audit & Risk Committee of the Board. The Audit &Risk Committee of the Board oversees the Internal Audit function of the Company, thus ensuring its objectivity and independence. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems and operational risks management by the Chief Risk Officer periodically through its control mechanism by conducting audit of branches and offices as well as various business processes and functions. The function submits its recommendations to the management to strengthen internal control systems and ensure corrective actions are initiated. Significant audit observations and follow-up actions thereon are reported to the Audit & Risk Committee.

### Internal Financial Control ("IFC")

Internal Financial Control pertains to policies and procedures adopted by the Company to ensure:

- Orderly and efficient conduct of business,
- Adherence to Company policies,
- Prevention detection of frauds and errors,
- Safeguarding of assets,
- Accuracy and completeness of accounting records, and
- Timely preparation of reliable financial information.

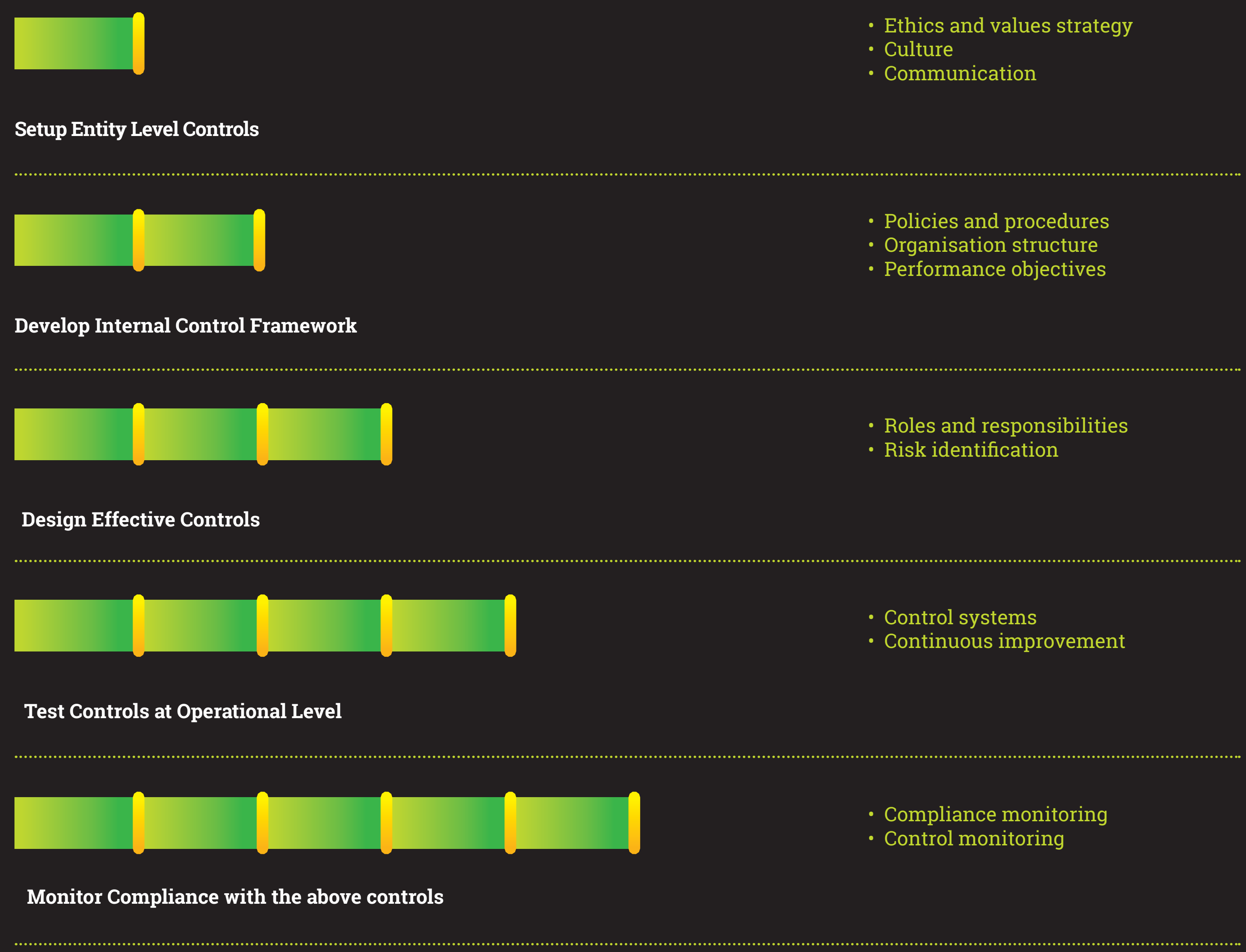
In-order to achieve the above, the below set of risk assessment processes are put in place by the Company:

- A demonstrable framework for IFC
- Documentation of controls that actually mitigate the risk of significant misstatements
- Requisite accountability for financial reporting structure
- Testing of operating effectiveness of controls

The following framework has been put in place in order to minimise risk at an entity level:

- Create internal environment and set goals for the Operational Risk Management (ORM) framework
- **Identify operational risk** – Identify operational risk inherent in all products, activities, processes and systems. Consider both internal and external factors.
- **Assess operational risk** – Assess vulnerability to risks identified above. Use tools such as self-risk assessment, risk mapping and key risks indicators.
- **Monitor operational risk** – Identify appropriate indicators that provide early warnings of an increased risk of future losses.
- **Operational risk loss events** – Track actual loss data and map the same to relevant category to identify actual losses and estimate potential losses.
- **Mitigation of operational risk** – An effective internal control system to include top level reviews, activity controls, physical controls; compliance with exposure limits, a system of approvals and authorizations; and, a system of verification and reconciliation. Identify areas of potential conflicts of interest.
- Independent evaluation of ORM function by Internal Audit..

### Overview of IFC




### Review and monitoring process

The Company has adopted the "Control Self-Assessment (CSA)" as a methodology to review compliance to control procedures and to periodically review existing processes and controls for operational efficiency and effectiveness. This process requires higher participation of process and control owners, which in turn improves accountability.

The findings based on the above assessment are submitted to the Risk team internally who in turn evaluate the findings and report to the Internal audit function. The internal audit function is an independent authority tasked with reporting to the audit committee of the Board their findings including that of the risk management process.

The Company continues to explore opportunities to strengthen the risk management and monitoring process including investing in technology, resources and training.

**The key risks and the mitigation measures adopted by the Company are as follows:**

| Key Risks | Management Strategy to Mitigate Risks |
|---|---|
| **Risk of deterioration in asset quality** | The Company is gradually diversifying its portfolio across various geographies and sectors. The number of Branches and States has been increased from 201 and 12 respectively in FY17 to 225 and 13 in FY18.<br>The provisioning norms adopted by the Company are more stringent than RBI's requirements. Our deep understanding about the nature of borrowers and a strong business model reduces the risk of default significantly. |
| **Liquidity risk** | The Company has a sound liquidity management process in place and has a solid list of stable funding partners ranging from private equity investors, public and private sector banks, domestic and international financial institutions and raised through multiple sources such as equity capital, term loans, non-convertible debentures, cash credit facility and securitisation transactions. |
| **Volatility in interest rates may result in decline in the Company's net interest margins** | The Company has a good liability management system in place that helps to borrow at varied interest rates and lending at fixed interest rates. Also, raising funds through multiple sources enables to strike a balance between varied interest rates while reducing the cost of borrowing. |
| **Weak management reporting systems may delay in making timely business decisions** | Vistaar has established a robust core-banking solution and other reporting systems which are connected on real-time basis with all the Branches. Hence, timely reporting of critical data points helps in taking business decisions. |
| **Corporate governance** | Vistaar has adopted best corporate practices and is committed to conducting its business in accordance with the applicable laws, rules and regulations.<br>The Company has been complying with the requirements of all applicable corporate governance norms in relation to the constitution of the Board and committees. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas.<br>Company's Board of Directors constitutes professionals having vast experiences in various sectors and Companies and constitutes of nine members, including three independent directors.<br>There is a well-established set of policies and procedures laid out across departments and levels that helps in smooth functioning of the business. |
| **Competition from unorganised sector, new entrants and diversification by existing financial institutions** | Over the past eight years, the Company has a widespread rural presence which gives it a distinct advantage. The Company's extensive research and survey helps in gradually increasing its Branch network across varied geographies in the areas where there are less scope of competition and huge market potential. Moreover, the segment Company is catering to, does not have access to credit from the mainstream sources such as Banks and large NBFCs due to their conventional underwriting and credit approval processes. |

## Benefits of the Risk management process

The risk management process has been a key driver in building robust processes by rationalization of controls, improving process owner accountability and building a culture of control consciousness within the entity. Over the past year, the Company has also embarked upon automating critical processes to reduce manual controls, risk of non-compliance and fraud. The continued focus on risk management process has ensured the Company has not faced significant losses either on account of operational inefficiencies, weak controls or frauds.

## SCOT Analysis (Strengths, Challenges, Opportunities and Threats)

### Strengths:

**Expertise in the MSME space with focus on rural and semi-urban areas:**

- Exclusive focus segment for Vistaar
- Considerable experience over the last eight years in understanding the needs behavior and complexities of these customers
- Unique Credit Methodology:
  - Unique Credit Methodology in dealing with the focus segment
  - Credit assessment based on unconventional sources including customer psychometric tests to build a credit score
- Experienced leadership –
  - Strong team of Board members consisting of experienced investors and industry experts
  - Experienced founders and the senior management team having significant knowledge of the target segment and industry.
  - Emphasis on building strong teams.

### Challenges & Threats

- New regulations imposing restrictions on business activities (Unlikely as financial inclusion is the utmost priority of both the Government and RBI)

**Economic downturn and weak monsoon:**

MSME segment is dependent on the demand from rural and semi urban economy.

India is largely an agrarian economy and heavily dependent on the monsoon.

Failure of monsoon would impact the demand from agrarian economy and consequently MSME sector impacting both business and the financial condition.

### Oppurtunities:

- Limited access to credit from mainstream banks and Large NBFCs
- Huge credit gap:
  - 36 million enterprises in the MSME sector contributing to over 45% of India's manufacturing output
  - Unmet demand ₹2.9 trillion (72% of this constitutes Vistaar's target segment)

# CSR Report

## CSR at Vistaar:

Our aspirations go beyond becoming a larger robust financial institution. We strive to contribute actively in social initiatives which can play a critical role in social inclusiveness of the country. We, at Vistaar decided to focus on select areas such as skill development, health & wellness and sanitation at schools, which we believe will help create a maximum impact on society.

As our first CSR activity, we initiated with promoting the development of schools and educators throughout India. The purpose was to empower teachers and heads in Government primary or secondary schools situated in the rural places of Karnataka to address some of the key issues related to learning and development and help schools to become better places for learning. This emphasises on improving Teaching Skills, Teacher-Student Interaction, Lesson Planning, and so on...

Subsequently, we conducted Health & Wellness Camps at various Government schools in the rural and semi urban places of Karnataka which covered about 15 schools and benefited over 1900 students.

In order to set right the inadequacies of the existing sanitation infrastructure across various schools, we are aiming to improve the quality of life among teachers and students through improved sanitary measures which will include new construction, repairs or reconstruction of toilets. We aim to cover schools in various villages and towns to have an uptake of improved hygiene practices to better the living.

Thus, we believe in creating a lasting impression & impact towards creating a better society.

Embarking upon another CSR activity, Vistaar has donated, usable old uniforms to GOONJ, an NGO which distributes old usable clothes to the rural communities as reward for their labor work carried out in the society; from repairing roads, digging wells, recharging water ponds etc.

We are extremely satisfied with the outcomes of these initial programmes and wish to amplify it to different States too, more particularly into semi-urban and rural areas.

Vistaar is committed to identifying and supporting programmes aimed at developing and advancing the community. Partnering with top NGOs has enabled us to create the social value.

Going forward we will continue to ensure that Vistaar's social initiatives continue to make deep, long lasting impact.

A brief outline of the Company's CSR policy, including overview of the projects proposed to be undertaken is available at www.vistaaarfinance.com. Details are provided as part of Board's Report on page no. 80.

Initiatives undertaken by the company on CSR activities during the year are set out in Annexure 3 of this Report in the form as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Policy is available on the website of the Company.

## Belagu Moments:



## Doctor @School Moments:


Volunteer Doctor examining school kids


Govt. school no. 9, Belagavi


# Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the Audited Accounts of the Company for the year ended 31st March 2018.

We wish to inform you that financial year 2018 (FY18) was a year of consolidation for the Company. Our Customers underwent phase of stress due to Demonetisation and Goods & Service Tax (GST). Company took many steps to contain the impact of these events during FY18.

The Profit After Tax (PAT) for FY18 is Rs. 29.66 crores. Assets Under Management (AUM) during the same period increased to Rs.1,270 crores as against Rs. 1,124 Crores in FY17.



## BUSINESS DEVELOPMENTS

Your Company has a total of 225 branches as on 31st March 2018, spread across 13 States with presence in Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Chhattisgarh, Uttar Pradesh, Uttarakhand, Haryana, Odisha, Andhra Pradesh and Telangana. During this period, the Company has disbursed Rs. 669 crores.

The Company has expanded geographically adding 24 branches during the year. This provides opportunity to grow the business and serve the customers in newer geographies and this will also help the Company in mitigating its geographical concentration risk.

The funding for the business is from an optimum mix of equity and debt. The Company continues to follow the policy of diversification of funding sources. The Company has existing relationship with 28 lenders across Banks, Financial Institutions and Overseas Development Financial Institutions, during the year.

## OPERATIONAL OVERVIEW

| DESCRIPTION | 31 March 2018 | 31 March 2017 |
|---|---|---|
| No. of Active Customers | 50,886 | 79,361 |
| No. of states | 13 | 12 |
| No. of Branches | 225 | 201 |
| Asset Under Management (AUM)* (Rs. crores) | 1,270 | 1,124 |
| Total Disbursements (Rs. crores) | 669 | 670 |
| Profit Before Taxes (Rs. crores) | 45 | 50 |
| Gross NPA on AUM (in %) (As per Company policy) | 3.95% | 3.28% |
| Gross NPA on AUM (in %) (As per RBI norms) | 2.71% | 1.51% |

** AUM includes both Own and Managed portfolios*

| Particulars | 31 March 2018 (Rs. in crores) | 31 March 2017 (Rs. in crores) |
|---|---|---|
| Total Revenue | 285.73 | 271.17 |
| Total Expenditure | 195.60 | 182.96 |
| **Profit before depreciation and provisions & write off** | **90.13** | **88.21** |
| Depreciation | 5.04 | 4.72 |
| Provision & write off | 42.95 | 33.96 |
| **Profit before tax** | **45.02** | **50.46** |
| Provision for tax | 15.36 | 17.07 |
| Profit after tax | 29.66 | 33.39 |

Your Company has constantly focused on improving its revenue and maintaining a sustainable growth. As on 31st March, 2018, the total revenue registered a growth of 5% and the PAT has shrinked by 11.2% over last year on account of increase in the provisions and write offs.

## SHARE CAPITAL

During the year under review, there was no change in authorized share capital and paid up capital of the Company and as on 31st March, 2018 the authorised share capital of the Company is Rs. 71.78 crores.

## HUMAN RESOURCE

Your Company attaches importance to the upgradation of Human Resources to achieve the optimum level of desired results of the company and ensuring customer satisfaction. The company has put in place the succession planning across all levels of Management and has structured a special training programme in the name of "Vistaar Vishwa Vidyalaya" for its Employees in order to upgrade the skills of the employees.

The total employee strength of the Company as on 31st March 2018 stood at 2,107.

## AMOUNT CARRIED TO THE STATUTORY RESERVES

Based on the financial results of the Company for the financial year 2017-18, the Board of Directors has transferred Rs. 5.93 crores to the statutory reserves as required by Section 45-IC of the RBI Act, 1934.

## MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments during the FY 2017-18 and till the date of this report, affecting the financial position of the Company.

## CHANGE IN NATURE OF THE BUSINESS (IF ANY)

During the year under review, there was no change in the nature of business of your Company.

## DETAILS OF THE KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, the following persons were the KMP of the Company.

| Name of the KMP | Designation |
|---|---|
| **Mr. Brahmanand Hegde** | Executive Vice Chairman |
| **Mr. Ramakrishna Nishtala** | Managing Director & Chief Executive Officer |
| **Mr. Sudesh Chinchewadi** | Chief Financial Officer & Company Secretary |

## SUBSIDIARY COMPANIES

During the year under review, the Company does not have any subsidiary companies.

## RBI GUIDELINES

Your Company, being a Systemically Important non-deposit taking NBFC, has complied with all applicable regulations of the Reserve Bank of India (RBI). 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.

Your Company has adopted the policy of recognizing assets as Non-Performing Asset (NPA) on installment falling overdue for more than 90 days. The classification and provisioning based on Management's estimates is more prudent than the classification and provision norms pursuant to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (Updated as on March 09, 2017) issued by the RBI.

The gross NPA as per the policy adopted by the Company as on 31st March 2018 stood at 3.95% on own assets which is in line with RBI norms.

## DEPOSITS

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

## CAPITAL ADEQUACY

The Capital adequacy ratio of the Company is healthy at 43.8% as of 31st March 2018 (46.4% as of 31st March 2017) as against the minimum capital adequacy requirement of 15% as prescribed by RBI.



## CREDIT RATING

During the year under review, the Company was rated A- for its borrowings from banks and Non-Convertible Debentures by ICRA Limited (ICRA) with 'stable' outlook.

## CAPITAL EXPENDITURE

During the year under review, the Company has spent Rs. 3.5 crores on growth capex, which includes Rs. 1.76 crores on Information Technology (hardware and software). This will help the Company to increase its operational efficiency and thereby facilitating faster delivery of services to the customers.

## DIVIDEND

With a view to fund the growth plans of your Company, the Board did not recommend payment of dividend for the reporting period 31st March 2018.

## 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. The details of Related Party transactions pursuant to sub-section (1) of section 188 of Companies Act, 2013 is annexed herewith as Annexure 1.

## EMPLOYEE STOCK OPTION PLANS (ESOP)

The Company's ESOP continues with the philosophy of encouraging eligible employees and senior leaders in the Company to be partners in the growth of the organization.

The stock option granted to eligible employees operate under the Employee Stock Option Plan (ESOP) 2010 and Employee Stock Option Plan (ESOP) 2016. The disclosure required under Companies Act, 2013 is given below:

### Employee Stock Option Plan (ESOP) 2010:

The total options issuable under the Employee Stock Option Plan 2010 (the 'Plan') are 29,05,363 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Compensation Committee's recommendation to whom ESOP Trust grants equity shares from its holdings at an exercise price usually equal to the fair market value (FMV). Under the Plan, these options vest over a period of four years and can be exercised any time during employment or within 6 months from the date of separation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

The disclosure required under Companies Act, 2013 is given below.

**Information on the option activity during the year ended 31st March 2018**

| | No. of options | Weighted average exercise price (In Rs.) |
|---|---|---|
| Options outstanding at the beginning | 14,08,444 | 92.64 |
| Options granted during the year | 6,82,400 | 223.97 |
| Options forfeited during the year | 5,13,650 | 164.18 |
| Options lapsed during the year | - | - |
| Options cancelled during the year | - | - |
| Options exercised during the year | 8,550 | 35.09 |
| Options outstanding at year end | 15,68,644 | 126.35 |
| Options exercisable at year end | 7,73,757 | 71.44 |

### Employee Stock Option Plan (ESOP) 2016:

The total options issuable under the Employee Stock Option Plan 2016 are 14,31,852 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Compensation Committee's recommendation to whom ESOP Trust grants equity shares from its holdings at an exercise price usually equal to the fair market value (FMV). Under the Plan, these options vest over a period of four years and can be exercised any time during employment or within 6 months from the date of separation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

**Information on the option activity during the year ended 31st March 2018**

| | No. of options | Weighted average exercise price (In Rs.) |
|---|---|---|
| Options outstanding at the beginning | 3,14,580 | 151.50 |
| Options granted during the year | 1,64,320 | 224.00 |
| Options forfeited during the year | 1,11,600 | 175.41 |
| Options lapsed during the year | - | - |
| Options cancelled during the year | - | - |
| Options exercised during the year | - | - |
| Options outstanding at year end | 3,67,300 | 176.67 |
| Options exercisable at year end | 1,19,290 | 151.50 |

As per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 of the Companies Act, 2013, details of options granted to key managerial personnel and employees options amounting to five percent or more of options granted during the year are as below.

| SI No. | Name of the Employee | No. of options granted |
|---|---|---|
| 1. | Praveen Arora | 2,00,000 |
| 2. | Dhananjay Tiwari* | 2,50,000 |
| | Total | 4,50,000 |

*Options granted to Mr. Dhananjay Tiwari stands forfeited as on 31st March, 2018 pursuant to resignation of the employee from the Company.

## CORPORATE GOVERNANCE REPORT

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

## CHANGE IN DIRECTORS

During the period under review, following are the changes in Directors.

- **Mr. Ashit Ranjit Lilani,** Nominee Director, resigned from the Board of the Company with effect from 13th February, 2018.
- **Mr. Shailesh J Mehta** was appointed as Majority Investors Nominee Director of the Company with effect from 13th February, 2018.

## COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In compliance with the RBI Regulations and other applicable laws, the Board has approved the Policy on 'Fit And Proper' Criteria for Directors to bring uniformity in the process of due diligence, while appointing directors during the financial year 2017-18. Also, the Company has a suitable policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

## DECLARATION GIVEN BY INDEPENDENT DIRECTOR

All Independent Directors of the Company have submitted their declaration of independence pursuant to Section 149(7) of Companies Act, 2013. These declarations have been placed before the Board and duly taken on record.

## 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 2.

## 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 Company's premises through various interventions and practices. The Company always endeavors 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 financial year 2014-15. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior.

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

## PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES & DIRECTORS

The Company has a suitable framework to evaluate performance of the Board, Committees and Directors. The performance evaluation process was carried out during the year under review and the results were discussed in the Nomination Committee meeting and the Board meeting held on 12th February, 2018 and 13th February, 2018 respectively. Board deliberated on various evaluation attributes indicated in the evaluation questionnaire for all the directors. After due deliberations made, an objective assessment and evaluation was made that all the directors in the Board have adequate expertise drawn from diverse industries and business and bring specific competencies relevant to the Company's business and operations.

The Board found that the performance of all the Directors was quite satisfactory and the functioning of the Board and its Committees were quite effective. The Board evaluated its performance as a whole and was satisfied with its performance and the composition of Independent and Non-Independent Directors.

## MEETING OF INDEPENDENT DIRECTORS

During the period under review, a separate meeting of Independent Directors has taken place on 9th March, 2018 as required under section 149(8) read with clause VII of schedule IV the Companies Act, 2013.

## BOARD INDEPENDENCE

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013.

Based on the confirmation/ disclosures received from the Directors and on evaluation of the relationships disclosed, the following Directors are Independent:

1. **Mr. Chandrashekhar Bhaskar Bhave**
2. **Ms. Radhika Haribhakti**
3. **Mr. James Abraham**



## DIRECTORS' RESPONSIBILITY STATEMENT

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

a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) 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

During the year under review, the Company has not given any loan or made investment in other Companies. Hence, section 186 of the Companies Act, 2013 is not applicable to the Company.

## STATUTORY AUDITOR

Walker, Chandiok & Co LLP, statutory auditors of the Company have been appointed for five years from FY 2015-16 to FY 2019-20, subject to ratification and confirmation by the shareholders on an annual basis based on the recommendation received by your Board of Directors of the Company as prescribed under Section 139 of the Companies Act, 2013.

## SECRETARIAL AUDITOR

Mr. Thirupal Gorige, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2017-18, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2017-18 forms part of the Annual Report as Annexure 3 to the Board's report.

## 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 in foreign currency | Amount (In Rs.) |
|---|---|
| Grant received towards training | 65,77,007 |
| Reimbursement of expenses | - |
| **Total** | **65,77,007** |

| Imports in foreign currency | Amount (In Rs.) |
|---|---|
| Capital goods (software) | - |
| **Total** | **-** |

## DETAILS OF RISK MANAGEMENT POLICY AS PER SECTION 134(3)(n)

The Company has a detailed risk management policy and framework. The policy helps in identifying the risk and sub-elements of risk. The risk management framework helps the Company to mitigate the risks.

In the opinion of the Board there are no risks which are threatening the existence of the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and the Companies (Corporate Social Responsibility) Rules, 2014 are applicable to the Company for FY 2017-18 and the details of the compliance of CSR forms part of the Annual Report as Annexure 4 to the Board's report.

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

Your Company has not received any significant and material orders passed by the Regulators or Courts or Tribunals

## DETAILS OF VIGIL MECHANISM

The Company has a suitable vigil mechanism policy and framework 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 the 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** | **Ratio** |
| | | **Brahmanand Hegde** | **71.36x** |
| | | **Ramakrishna Nishtala** | **69.53x** |
| 2 | The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year | **Name of the Director/KMP** | **% increase** |
| | | **Brahmanand Hegde** | **6%** |
| | | **Ramakrishna Nishtala** | **6%** |
| | | **Sudesh Chinchewadi** | **0.3%** |
| | The above increase is inclusive of performance based pay. Increase in fixed remuneration is 6% for Mr. Brahmanand Hegde, 6% for Mr. Ramakrishna Nishtala &0.3% for CFO & Company Secretary. | | |
| 3 | The percentage increase in the median remuneration of employees in the financial year: | During FY 2017-18, the percentage increase in the median remuneration of employees as compared to previous year was -1%.<br>Increase in median fixed remuneration of the employees is 16%. | |
| 4 | The number of permanent employees on the rolls of the Company | There were 2,107 employees as on 31st March 2018. | |
| 5 | The explanation on the relationship between average increase in remuneration and Company performance: | Factors considered while recommending increase in fixed compensation:<br>• Financial performance of the Company.<br>• Comparison with peer companies.<br>• Industry Benchmarking.<br>• Contribution made by the employee.<br>• Regulatory guidelines as applicable to Managerial Personnel. | |
| 6 | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company; | For FY 2017-18, the total remuneration paid to all three KMP's aggregates to approximately 1.03% 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 fixed and variable remuneration is 3% for Employees other than Managerial Personnel. | |



| Sr No | Requirements | Disclosure | | |
|---|---|---|---|---|
| 9 | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company; | **Particulars** | **% of gross revenue for FY 2018** | **% of closing AUM for FY 2018** |
| | | **Brahmanand Hegde** | **0.39%** | **0.09%** |
| | | **Ramakrishna Nishtala** | **0.40%** | **0.09%** |
| | | **Sudesh Chinchewadi** | **0.24%** | **0.05%** |
| 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 | | |

**Statement of particulars of employees pursuant to provisions of section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

| SI. No | Employee Name | Designation | Age | Education | Total experience | Date of joining | Remuneration (In Rs.) | Employment & Position held |
|---|---|---|---|---|---|---|---|---|
| 1 | T K Srinath | Executive Vice President & Chief Human Resource Officer | 51 | Graduate in Mechanical Engineering & Masters in Personnel Management | Over 26 years | 28-03-2016 | 69,15,178 | TVS group, Group President – Human Resources |
| 2 | Dhananjay Tiwari | Executive Vice President & Chief Risk Officer | 50 | Graduate in Mechanical Engineering & Masters in Management | Over 24 years | 24-08-2017 | 64,68,634 | HDFC Bank Limited,<br>Senior Vice President II & Head Underwriting-Retail Assets & Retail Agri Credit- North |

### MANAGEMENT RESPONSE TO THE QUALIFICATION

There are no adverse remarks made by the statutory auditors and secretarial auditor in their reports.

### AWARDS AND RECOGNITIONS DURING FY 2017-18

During the year, your Company received awards and recognitions. Some of the key accolades received during the year includes:

- "Best Financial Reporting of the Year FY17 – Medium Business" by Times Network CMO Asia - Asia CFO Excellence Awards"
- Vistaar was ranked 50th in India's TOP 50 NBFCs with its Total Income of Rs.271 Crs. (FY17)

### 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 of Vistaar Financial Services Private Limited

**Brahmanand Hegde**
**Executive Vice Chairman**
**DIN: 02984527**
**Date: 3rd May, 2018**
**Place: Bengaluru**

**Ramakrishna Nishtala**
**Managing Director & Chief Executive Officer**
**DIN: 02949469**
**Date: 03rd May, 2018**
**Place: Bengaluru**

# Annexure 1

**Form No. AOC-2**
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

| Sl. No | | Particulars | Details |
|---|---|---|---|
| 1 | (a) | Name(s) of the related party and nature of relationship | Nil |
| | (b) | Nature of contracts/arrangements/transactions | Nil |
| | (c) | Duration of the contracts / arrangements/transactions | Nil |
| | (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Nil |
| | (e) | Justification for entering into such contracts or arrangements or transactions | Nil |
| | (f) | date(s) of approval by the Board | Nil |
| | (g) | Amount paid as advances, if any: | Nil |
| | (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | Nil |
| 2 | (a) | Name(s) of the related party and nature of relationship | Nil |
| | (b) | Nature of contracts/arrangements/transactions | Nil |
| | (c) | Duration of the contracts / arrangements/transactions | Nil |
| | (d) | Salient terms of the contracts or arrangements or transactions including the value, if any: | Nil |
| | (e) | Date(s) of approval by the Board, if any: | Nil |
| | (f) | Amount paid as advances, if any: | Nil |

For andon behalf of the Board of Directors of Vistaar Financial Services Private Limited

**Brahmanand Hegde**
**Executive Vice Chairman**
DIN: 02984527

Date: 3rd May, 2018
Place: Bengaluru

**Ramakrishna Nishtala**
**Managing Director & Chief Executive Officer**
DIN: 02949469

Date: 3rd May, 2018
Place: Bengaluru



# Annexure 2

**Form MGT - 9**
EXTRACTS OF THE ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED 31ST MARCH, 2018
AS PER CLAUSE A OF SUB SECTION 3 OF SECTION 134 OF THE COMPANIES ACT, 2013.

### I. Registration and Other Details:

| | | | |
|---|---|---|---|
| i. | CIN (Corporate Identification Number) | : | **U67120KA1991PTC059126** |
| ii. | Registration Date | : | **04-Sep-1991** |
| iii. | Name of the Company | : | **Vistaar Financial Services Private Limited** |
| iv. | Category/Sub category of the Company | : | **Non-Banking Financial Services** |
| v. | Address of the Registered Office and contact details | : | **Plot No. 59 & 60-23, 22nd Cross, 29th Main BTM Layout, 2nd Stage, Bengaluru – 560076** |
| vi. | Whether listed Company | : | **No** (Only Non-Convertible Debentures are listed) |
| vii. | Name, Address and Contact details of Registrar or Transfer Agent, if any | : | **Link Intime India Private Limited**<br>Contact Person: Mr. Ganesh Jadhav<br>Link Intime India Pvt. Ltd<br>C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083<br>Tel: +91 22 49186000 \| Fax: +91 22 49186060<br>Email: mumbai@linkintime.co.in |

### II. Principal Business Activities of The Company:

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

| SI. No. | Name and Description of main products/ Services | NIC code of the product /Services | Percentage of contribution to total turnover (%) |
|---|---|---|---|
| 1. | Financial Services | 64920 | 98.71% |

### III. Particulars of Holding, Subsidiary and Associate Companies:

| SI. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary or Associates | Percentage of share held | Applicable Section |
|---|---|---|---|---|---|
| 1. | WestBridge Crossover Fund, LLC | - | Holding Company | 52.71% | Sub-Section 46 of Section 2 of Companies Act, 2013 |

## I. Share holding Pattern (Equity share capital Breakup as percentage of Total Equity)

i) Category – wise share holding

| Categories of share holders | 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 | 38,36,500 | 35,280 | 38,71,780 | 39.63% | 38,36,500 | 35,280 | 38,71,780 | 39.63% | - |
| Central Govt | - | - | - | - | - | - | - | - | - |
| State Govt(s) | - | - | - | - | - | - | - | - | - |
| Bodies Corp. | - | - | - | - | - | - | - | - | - |
| Banks / FI | - | - | - | - | - | - | - | - | - |
| Any Other…. | - | - | - | - | - | - | - | - | - |
| **Sub Total** | **38,36,500** | **35,280** | **38,71,780** | **39.63%** | **38,36,500** | **35,280** | **38,71,780** | **39.63%** | **-** |
| **2) Foreign** | | | | | | | | | |
| NRIs-Individuals | | | | | | | | | |
| Other–Individuals | | | | | | | | | |
| Bodies Corp. | | | | | | | | | |
| Banks / FI | 34,10,176 | - | 34,10,176 | 34.91% | 34,10,176 | - | 34,10,176 | 34.91% | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| **Sub Total** | **34,10,176** | **-** | **34,10,176** | **34.91%** | **34,10,176** | **-** | **34,10,176** | **34.91%** | **-** |
| **Total Shareholding of Promoters (A)** | **72,46,676** | **35,280** | **72,81,956** | **74.54%** | **72,46,676** | **35,280** | **72,81,956** | **74.54%** | **-** |
| **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) FIIs | 20 | 17 | 37 | 0.00% | 20 | 17 | 37 | 0.00% | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub total** | **20** | **17** | **37** | **0.00%** | **20** | **17** | **37** | **0.00%** | **-** |



| Categories of share holders | 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 | |
| **2)Non-Institutions** | | | | | | | | | |
| **a) Bodies Corp.** | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| **b) Individuals** | - | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | 2,250 | 2,250 | 0.02% | - | 10,800 | 10,800 | 0.10% | 0.08% |
| ii)Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 2,12,000 | 3,14,989 | 5,26,989 | 5.39% | 3,29,650 | 1,97,339 | 5,26,989 | 5.39% | - |
| **c) Others (specify) -Vistaar Employees Welfare Trust** | - | 19,58,048 | 19,58,048 | 20.04% | - | 19,49,498 | 19,49,498 | 19.96% | (0.08%) |
| **Sub total** | **2,12,000** | **22,74,287** | **24,87,287** | **25.45%** | **3,29,650** | **21,57,637** | **24,87,287** | **25.46%** | **-** |
| **Total Public shareholding (B)** | **2,12,020** | **22,75,304** | **24,87,324** | **25.45%** | **3,29,670** | **21,57,654** | **24,87,324** | **25.46%** | |
| C. Shares held by custodians for GDR's and ADR's | | | | | | | | | |
| **Grand total (A+B+C)** | **74,58,696** | **23,10,584** | **97,69,280** | **100%** | **75,76,346** | **21,92,934** | **97,69,280** | **100%** | **0.00%** |

- **Shareholding of Promoters:**

| Sl. No | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | % of Shares Pledged / encumbered to total shares | % change in shareholding 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 | | |
| 1 | Brahmanand Hegde | 19,35,890 | 2.68% | - | 19,35,890 | 2.68% | - | - |
| 2 | Ramakrishna Nishtala | 19,35,890 | 2.68% | - | 19,35,890 | 2.68% | - | - |
| 3 | WestBridge Crossover Fund, LLC | 3,81,15,750 | 52.71% | - | 3,81,15,750 | 52.71% | - | - |

- **Changes in promoters shareholding (please specify, if there is no change) :**

| Sl. No | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during 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 | 4,19,87,530 | 58.07% | 4,19,87,530 | 58.07% |
| 2 | Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| 3 | At the end of the year | 4,19,87,530 | 58.07% | 4,19,87,530 | 58.07% |

**Details of increase and decrease in the Promoters Shares**

| Share Transfer Details | | | | |
|---|---|---|---|---|
| Date of Transfer of Shares | No. shares | Type of shares | Transferred From | Transferred To |
| Nil | Nil | Nil | Nil | Nil |

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

| Sl. 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 | 1,09,09,884 | 15.09% | - | - | - | 1,09,09,884 | 15.09% |
| 2 | ON Mauritius | 93,18,492 | 12.89% | - | - | - | 93,18,492 | 12.89% |
| 3 | ICP Holdings I | 43,72,387 | 6.05% | - | - | - | 43,72,387 | 6.05% |
| 4 | Vistaar Employees Welfare Trust | 51,91,006 | 7.18% | Refer Note -1 | Transfer | 8,550 | 51,82,456 | 7.17% |
| 5 | Sudesh Chinchewadi | 1,20,080 | 0.17% | - | - | - | 1,20,080 | 0.17% |
| 6 | Sankar Sastri | 1,17,650 | 0.16% | - | - | - | 1,17,650 | 0.16% |
| 7 | Prashant Gokhale | 76,750 | 0.11% | Refer Note -1 | Transfer | 5,500 | 82,250 | 0.11% |
| 8 | Anand Gokhale | 57,000 | 0.08% | - | - | - | 57,000 | 0.08% |
| 9 | Mahesh S G | 45,000 | 0.06% | - | - | - | 45,000 | 0.06% |
| 10 | Ashok Kumar Nagpal | 34,920 | 0.05% | - | - | - | 34,920 | 0.05% |



**Note – 1**

| Share Transfer Details | | | | |
|---|---|---|---|---|
| Date of Transfer of Shares | No. shares | Type of shares | Transferred From | Transferred To |
| 28-Feb-18 | 4,650 | Equity | Vistaar Employees welfare Trust | Ravi S Pandey |
| 28-Feb-18 | 3,900 | Equity | Vistaar Employees welfare Trust | Gaurav Shrivastava |
| 05-Apr-17 | 5,500 | Equity | Mr. Ganti Veerabhadra Sarma | Mr. Prashant A Gokhale & Reicha Gokhale |

**Shareholding of Directors and Key Managerial Personnel:**

| Sl. 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 | 19,35,890 | 2.68% | - | - | - | 19,35,890 | 2.68% |
| 2 | Ramakrishna Nishtala | 19,35,890 | 2.68% | - | - | - | 19,35,890 | 2.68% |
| 3 | Sudesh Chinchewadi | 1,20,080 | 0.17% | - | - | - | 1,20,080 | 0.17% |

- **Indebtedness**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment (In ₹.)**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 6,92,19,39,454 | 7,85,76,045 | - | **7,00,05,15,499** |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 8,98,88,466 | - | - | 8,98,88,466 |
| **Total (i+ii+iii)** | **7,01,18,27,920** | **7,85,76,045** | **-** | **7,09,04,03,965** |
| **Change in Indebtedness during the financial year** | **-** | **-** | **-** | **-** |
| - Addition | 2,33,26,60,000 | - | - | 2,33,26,60,000 |
| - Reduction | 2,27,92,97,115 | - | - | 2,27,92,97,115 |
| **Net Change** | **5,33,62,885** | **-** | **-** | **5,33,62,885** |
| **Indebtedness at the end of the financial year** | **-** | **-** | **-** | **-** |
| i) Principal Amount | 7,04,79,29,975 | 59,48,416 | - | 7,05,38,78,391 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 7,30,90,443 | - | - | 7,30,90,443 |
| **Total (i+ii+iii)** | **7,12,10,20,418** | **59,48,416** | **-** | **7,12,69,68,834** |

## Remuneration of Directors and Key Managerial Personnel

- **Remuneration to Managing Director, Whole-time Directors and/or Manager:** Amount (In ₹.)

| Sl. 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 | 91,32,520 | 90,67,791 | **1,81,39,311** |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 39,600 | 39,600 | **79,200** |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | **Total (A)** | **91,72,120** | **90,46,391** | **1,82,18,511** |
| | **Ceiling as per the Act** | **Not Applicable** | **Not Applicable** | **Not Applicable** |

- **Remuneration to other directors:**

| Sl. No | Particulars of Remuneration | C B Bhave | Radhika Haribhakti | | James Abraham | Total Amount (in Rs.) |
|---|---|---|---|---|---|---|
| | **Independent Directors** | | | | | |
| | - Fee for attending board / committee meetings | 3,60,000 | 2,40,000 | | 2,80,000 | **8,80,000** |
| | -Commission | 4,17,000 | 5,00,000 | | 5,00,000 | **14,17,000** |
| | - Others, (Director Fee) | - | - | | - | - |
| | **Total (1)** | **7,77,000** | **7,40,000** | | **7,80,000** | **22,97,000** |
| | Other Non-Executive Directors | - | - | | - | - |
| | -Fee for attending board / committee meetings | - | - | | - | - |
| | - Commission | - | - | | - | - |
| | - Others, please specify | - | - | | - | - |
| | **Total (2)** | - | - | | - | - |
| | **Total (B)=(1+2)** | **7,77,000** | **7,40,000** | | **7,80,000** | **22,97,000** |
| | **Total Remuneration to other directors** | **7,77,000** | **7,40,000** | | **7,80,000** | **22,97,000** |
| | **Overall Ceiling as per the Act** | **Not Applicable** | **Not Applicable** | **Not Applicable** | **Not Applicable** | **Not Applicable** |

- **Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:**

| Sl. No | Particulars of Remuneration | CFO & Company Secretary | Total |
|---|---|---|---|
| 1 | **Gross salary** | **(Amt in Rs.)** | **(Amt in Rs.)** |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 52,89,109 | **52,89,109** |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 96,297 | **96,297** |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of | - | - |
| | Profit | - | - |
| | - others, specify... | - | - |
| 5 | Others, please | - | - |
| | Specify | - | - |
| | **Total** | **53,85,406** | **53,85,406** |

- **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) |
|---|---|---|---|---|---|
| • **Company** | | | | | |
| **Penalty** | None | | | | |
| **Punishment** | None | | | | |
| **Compounding** | None | | | | |
| • **Directors** | | | | | |
| **Penalty** | None | | | | |
| **Punishment** | None | | | | |
| **Compounding** | None | | | | |
| • **Other Officers in Default** | | | | | |
| **Penalty** | None | | | | |
| **Punishment** | None | | | | |
| **Compounding** | None | | | | |

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

**Brahmanand Hegde**
**Executive Vice Chairman**
**DIN: 02984527**
Date: 3rd May, 2018
Place: Bengaluru

**Ramakrishna Nishtala**
**Managing Director**
**DIN: 02949469**
Date: 3rd May, 2018
Place: Be ngaluru

# Annexure 3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018**

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

To,

The Members,

**Vistaar Financial Services Private Limited.**

Plot No 59 & 60 - 23, 22nd Cross,
29th Main BTM Layout, 2nd Stage,
Bangalore KA 560076

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, 2018, 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, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(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;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009; (Not applicable during the audit period);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999; (Not applicable during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable during the audit period)
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securitas and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/ rules applicable specifically to the Company:

(i) NBFC regulations;

(ii) Insurance laws

(iii) Guidelines issued by RBI & IRDA;

(iv) Order/Regulations issued by the Govt. of India from time to time;



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.

**'Annexure A'**

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 there are following events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place:

(i.) Implementation of IT framework for NBFC Sector, 2017

**Place: Bangalore** **Name and Signature: Thirupal Gorige**
**Date: 03/05/2018** **Designation: Practicing Company Secretary**
**Stamp: FCS No. 6680; CP No.6424**

Note: This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

**To**
**The Members**
**VISTAAR FINANCIAL SERVICES PRIVATE LIMITED**
**Plot No 59 & 60 - 23, 22nd Cross, 29th Main**
**BTM Layout, 2nd Stage, Bengaluru – 560076**

My report of even date is to be read alongwith this letter.

(1) Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

(2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

(3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

(4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management as conducted the affairs of the company

**Place: Bangalore** **Name and Signature: Thirupal Gorige**
**Date: 03/05/2018** **Designation: Practicing Company Secretary**
**Stamp: FCS No. 6680; CP No.6424**

# Annexure 4

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

| Particulars | Remarks |
|---|---|
| 1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | The CSR Policy is designed to support initiatives aimed at:<br>• Ensuring socio-economic development of the community through different participatory and need-based initiatives in the best interest of the poor and deprived sections of the society;<br>• Training, providing and supporting educational needs of the underprivileged segments of society; and<br>• Such other activities as may be permitted under Schedule VII of the Companies Act, 2013 and the relevant rules<br>**Web- link to the CSR policy:**<br>**http://vistaarfinance.com/legal.htm**l |
| 2. The Composition of the CSR Committee | • **Mr. Chandrashekhar Bhaskar Bhave** – Chairman & Independent Director<br>• **Mr. Sandeep Farias** – Nominee Director<br>• **Mr. Brahmanand Hegde** – Executive Director |
| 3. Average net profit of the company for last three financial years as per Section 198 of the Companies Act, 2013 | **₹24.18 Crores** |
| 4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) | **₹48.36 Lakhs** |
| 5. Details of CSR spent during the financial year<br>a) Total amount to be spent for the financial year<br>b) Amount unspent, if any;<br>c) Manner in which the amount spent during the financial year is detailed below | <br>**₹48.36 Lakhs**<br>**₹48.36 Lakhs** |

(In Rupees)

| 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 |
|---|---|---|---|---|---|---|---|
| Sl. No | CSR project or activity identified. | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs Sub heads: (1)Direct expenditure (2)Overheads | Cumulative expenditure up to the reporting period | Amount spent direct or through implementing agency |
| 01 | Project 'Belagu' is to empower teachers & heads in Government primary or secondary schools to address some of the key issues & help schools to become better places for learning. | Education | Rural places in Karnataka | 20 Lakhs | Direct Expenditure | 14 Lakhs | Through implement agency |
| 02 | Project 'Health and Sanitation' | Health & Wellness | Semi Urban & Rural places in Karnataka | 50 Lakhs | Direct Expenditure | 6.31 Lakhs | Through implement agency |
| | **TOTAL** | - | - | **70 Lakhs** | - | **20.31 Lakhs** | - |

**Details of implementing agency:**

The Company has tied up with Shraddha Trust, a registered trust based in Bengaluru which runs professional training and school improvement programs under the banner of 'The Teacher Foundation', a training and resource centre and Samarpaka Seva trust for the Health and Sanitation program.

| | |
|---|---|
| In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report | • Company has done extensive field Survey during the year to identify needy beneficiaries. This was an elaborate process requiring long time. After identifying the needy beneficiaries, Company has started implementing its CSR activities with the help of external implementation Partners. As the implementation started in last quarter of the financial year, company could not spend full amount required as per law. Company has made plans to spend this amount in FY19. |
| A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company. | The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Objectives and policy of the company. |

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

**Brahmanand Hegde**
**Executive Vice Chairman**
**DIN: 02984527**

**Date: 3rd May 2018**
**Place: Bengaluru**

**Ramakrishna Nishtala**
**Managing Director& Chief Executive Officer**
**DIN: 02949469**

**Date: 3rd May 2018**
**Place: Bengaluru**

# Corporate Governance Report

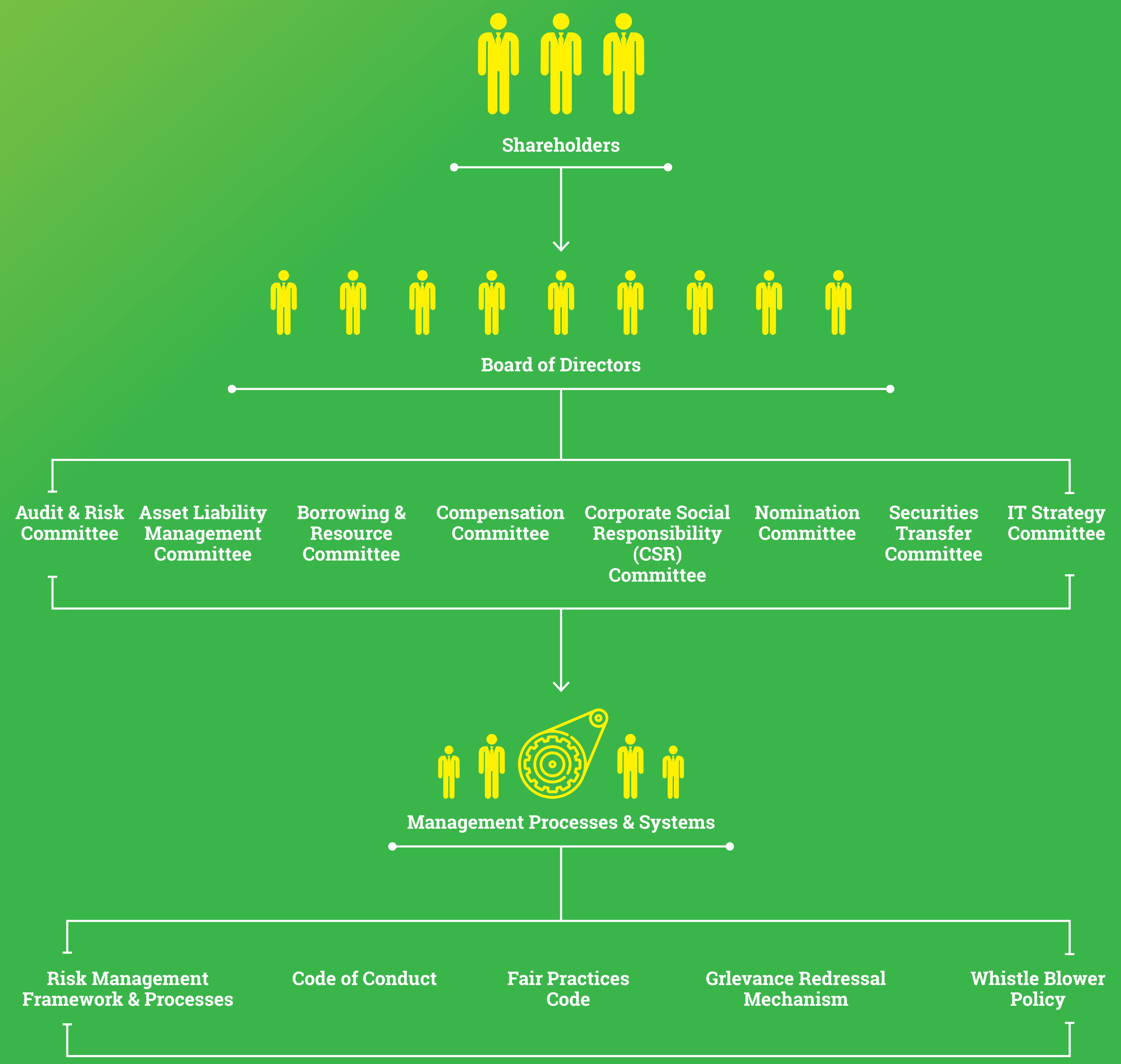
## CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to ensure high standards of transparency and accountability in all its activities. A strong reporting system was developed right at the start after carefully understanding the requirements of different stakeholders for operational and financial information. This system is continuously upgraded over time and has helped us meet stakeholders' expectations consistently. Transparent communication is the most important element in this process, as is the adherence to the highest possible standards of disclosure and transparency. Despite being a private company, we voluntarily chose to adhere to strict compliance and governance practices. Our disclosures and the majority of compliances are in-line with those of listed companies. The Company adheres to all principles of corporate governance in its true spirit and at all times.

The approach of the Company has always been to create such eco-system which addresses the customer needs and achieves business objectives at the same time. Our high standards in governance and disclosures are well recognised which has been proven by the fact that we have won awards for 'Best Financial Reporting - Medium Business' by CMO Asia - Asia CFO Excellence Awards for the last two financial years in a row.

## CORPORATE GOVERNANCE FRAMEWORK

Active participation of the Board and management in building strong governance and compliance frameworks bring in the necessary alignment and accountability.






## BOARD OF DIRECTORS

The Board is composed of individuals whose knowledge, background, experience and judgment are valuable to the Company, with the ability to provide advice to management. The fundamental role of the members of the Board is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders.

The Board consists of 9 Directors as on 31st March, 2018. All Independent Directors possess requisite qualifications and are very experienced in their respective fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board from time to time.

## BOARD & COMMITTEE MEETINGS AND ATTENDANCE

The Board met Six times during the financial year 2017-18. The Board of Directors had met with a gap not exceeding the minimum gap of one hundred and twenty days between any two meetings, as per the provisions of the Companies Act, 2013. The dates of the Board meetings are fixed after taking into account the convenience of all the Directors and sufficient notice is given to them. All the information required for decision making are incorporated in the agenda and those that cannot be included in the agenda are tabled at the meeting.

The details of Board & Committee meetings and Directors' attendance during the financial year 2017-18 are as follows:

| Board/Committee Meetings | No. of Meetings held during FY 2017-18 |
|---|---|
| Board Meetings | 06 |
| Audit & Risk Committee | 05 |
| Asset Liability Management Committee | 04 |
| Borrowing & Resource Committee | 20 |
| Corporate Social Responsibility (CSR) Committee | 02 |
| Compensation Committee | 05 |
| Nomination Committee | 01 |
| Securities Transfer Committee | 02 |
| IT Strategy Committee | 01 |

### Particulars of Board meetings

| Particulars | Dates of Meetings held |
|---|---|
| Meeting of Board of Directors | • 20 April, 2017<br>• 15 May, 2017<br>• 05 September, 2017<br>• 03 November, 2017<br>• 29 November, 2017<br>• 13 February, 2018 |

## PARTICULARS OF COMMITTEE MEETINGS

| Name of Committee | Dates of Meetings held |
|---|---|
| Audit & Risk Committee | • 15 May, 2017<br>• 04 September, 2017<br>• 03 November, 2017<br>• 28 November, 2017<br>• 12 February, 2018 |
| Asset Liability Management Committee | • 15 May, 2017<br>• 04 September, 2017<br>• 28 November,2017<br>• 12 February, 2018 |
| Borrowing & Resource Committee | • 24 April, 2017<br>• 28 April, 2017<br>• 29 May, 2017<br>• 20 June, 2017<br>• 28 June,2017<br>• 16 August, 2017<br>• 24 August, 2017<br>• 19 September, 2017<br>• 22 November, 2017<br>• 30 November, 2017<br>• 18 December, 2017<br>• 21 December, 2017<br>• 29 December, 2017<br>• 20 February, 2018<br>• 26 February, 2018<br>• 20 March, 2018<br>• 22 March, 2018<br>• 23 March, 2018<br>• 26 March, 2018<br>• 31 March, 2018 |
| Compensation Committee | • 12 May, 2017<br>• 13 July, 2017<br>• 04 September, 2017<br>• 28 November, 2017<br>• 12 February, 2018 |
| Corporate Social Responsibility Committee | • 05 September, 2017<br>• 30 January, 2018 |
| Nomination Committee | • 12 February, 2018 |
| Securities Transfer Committee | • 05 April, 2017<br>• 28 February, 2018 |
| IT Strategy Committee | • 11 November, 2018 |



## ATTENDANCE

| Name | Nature of Directorship | Board | Nomination | Borrowing & Resource | CSR | Compensation | Audit & Risk | Asset Liability Management | Securities Transfer |
|---|---|---|---|---|---|---|---|---|---|
| Chandrashekhar Bhaskar Bhave* | Non-Executive Chairman & Independent Director | 6/6 | NA | NA | 2/2 | NA | 5/5 | NA | NA |
| Radhika Haribhakti | Independent Director | 4/6 | 0/1 | NA | NA | NA | NA | 3/4 | NA |
| James Abraham | Independent Director | 4/6 | NA | NA | NA | 5/5 | 4/5 | NA | NA |
| Brahmanand Hegde | Executive Vice Chairman | 6/6 | 1/1 | 20/20 | 2/2 | NA | NA | 4/4 | 2/2 |
| Ramakrishna Nishtala | Managing Director & CEO | 6/6 | NA | 20/20 | NA | NA | NA | 4/4 | 2/2 |
| Sandeep Farias | Nominee Director | 5/6 | NA | 17/20 | 2/2 | 3/5 | NA | NA | 2/2 |
| Ashit R Lilani* | Nominee Director | 2/6 | NA | NA | NA | 3/5 | NA | NA | NA |
| Badri Pillapakkam | Nominee Director | 4/6 | NA | NA | NA | NA | 4/5 | 4/4 | NA |
| Sumir Chadha | Nominee Director | 4/6 | 1/1 | NA | NA | 3/5 | NA | NA | NA |
| Shailesh J Mehta** | Additional Director | 1/6 | NA | NA | NA | NA | NA | NA | NA |

*Mr. Ashit Ranjit Lilaniresigned from the Board with effect from 13 February, 2018

**Shailesh J Mehta has been appointed as Additional Director, (Majority Investors Nominee Director) with effect from 13 February, 2018.

## PROFILE

The profile of all the Directors of the Company are available in the Company's website, viz. www.vistaarfinance.com/team.html

## ANNUAL GENERAL MEETING AND SHAREHOLDERS' MEETINGS

The details of the Annual General Meetings / Extraordinary General Meeting held during the year ended 31st March 2018 are as follows:

| General Body Meeting | Date, Time & Venue | No. of Special Resolution passed |
|---|---|---|
| Extraordinary General Meeting | 17 May, 2017 at 11:00 am at the registered office: Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076 | Special Resolution - 2<br>Ordinary Resolution - Nil |
| Annual General Meeting | 12June, 2017 at 11:00 am at the registered office: Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076 | Special Resolution - 1<br>Ordinary Resolution - 1 |
| Extraordinary General Meeting | 29 September 2017, at 11:00 am at the registered office: Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076 | Special Resolution- Nil<br>Ordinary Resolution- 1 |

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

## BOARD COMMITTEES

In order to have a more focused attention on the affairs of the Company, the Board has formed various committees. These Committees prepare the groundwork for decision making and report at the subsequent Board Meeting. As of March 31, 2017, the Company has the following committees of the Board of Directors:

- Audit & Risk Committee
- Asset Liability Management Committee
- Borrowing & Resource Committee
- Compensation Committee
- Corporate Social Responsibility Committee
- IT Strategy Committee
- Nomination Committee
- Securities Transfer Committee

## AUDIT & RISK COMMITTEE

This Committee provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (1) the Company's compliance with legal and regulatory requirements; (2) the integrity of the Company's financial statements; (3) the independent auditor's qualifications, independence and performance; (4) the Company's internal accounting and financial controls; and (5) Internal Controls over Financial Reporting (ICFR).

### Members

- **Mr. James Abraham**
  **- Independent Director & Chairman of the Committee**
- **Mr. Chandrashekhar Bhaskar Bhave**
  **– Independent Director**
- **Mr. Badri Pillapakkam**
  **– Nominee Director**

### Terms of reference

- Recommend 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:
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report
- Significant adjustments made in the financial statements arising out of the audit findings
- Compliance with accounting and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- 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 which are 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 the 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

## ASSET LIABILITY MANAGEMENT COMMITTEE

This Committee supervise the Asset Liability gap and interest rate structures to address liquidity and interest rate risks. The Committee is responsible for supervising and directing the Asset/Liability Management policies and procedures and to decide the business strategy of the Company (on assets and liabilities sides) in line with the company's budget and decided risk management objectives.

### Members

- **Ms. Radhika Haribhakti**
  **- Independent Director & Chairman of the Committee**
- **Mr. Badri Pillapakkam**
  **- Nominee Director**
- **Mr. Brahmanand Hegde**
  **– Executive Director**
- **Mr. Ramakrishna Nishtala**
  **- Executive Director**

### Terms of reference

- 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 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

## BORROWING AND RESOURCE COMMITTEE

This Committee oversee borrowing funds activity and availing any credit facilities from any Banks, financial institutions or other lenders including but not limited to securitization transactions, assignment of receivables or such other transactions as may be considered necessary from time to time. The Committee decides to open various Bank accounts in the name of the Company like Current account, Cash Credit Account, CMS Account or such other account including various services such as ECS, NEFT and internet banking facility etc. provided by the Banks for the purpose of regular day-to-day business operations of the Company and change of authorized signatories from time to time for operating the said accounts.

### Members

- **Mr. Brahmanand Hegde**
  **– Executive Director & Chairman of the Committee**
- **Mr. Ramakrishna Nishtala**
  **- Executive Director**
- **Mr. Sandeep Farias**
  **– Nominee Director**

### Terms of reference

- Review and recommend funding strategy of 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 the employees to execute transactions on behalf of the Company
- Approve opening of current and other accounts with various banks upon such terms and conditions as may be agreed upon with the said bank
- Approve changes in persons authorized to operate current and other accounts and their signing limits for operating such accounts and also for mutual fund operations
- Approve closure of current and other accounts of the Company established with various banks

## COMPENSATION COMMITTEE

This Committee reviews compensation of executive directors, key managerial personnel and other employees of the Company and frames ESOP scheme, recommend grant of ESOPs to various eligible employees of the Company. Further, the Committee supervise the administration of the ESOP scheme based on the Board's approval.

### Members:

- **Mr. James Abraham**
  **- Independent Director & Chairman of the Committee**
- **Mr. Sandeep Farias**
  **- Nominee Director**
- **Mr. Sumir Chadha**
  **- Nominee Director**
- **Mr. Ashit Lilani**
  **– Nominee Director**

### Terms of reference

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

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per Section 135 of the Companies Act, 2013, the Company had constituted a Corporate Social Responsibility (CSR) Committee of the Board to indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013. The Committee recommend the amount of expenditure to be incurred on the CSR activities and Monitor the CSR Policy of the company from time to time.

### Members

- **Mr. Chandrashekhar Bhaskar Bhave**
  **– Independent Director & Chairman of the Committee**
- **Mr. Sandeep Farias**
  **– Nominee Director**
- **Mr. Brahmanand Hegde**
  **– Executive Director**

### Terms of reference

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- Recommend the amount of expenditure to be incurred on the activities referred to in Schedule VII of the Companies Act, 2013
- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- Creating opportunities for employees to participate in socially responsible initiatives
- Monitor the Corporate Social Responsibility Policy of the Company from time to time

## IT STRATEGY COMMITTEE

This committee has been formed in compliance with the Reserve Bank of India's Master Direction on Information Technology (IT) framework for Non-Banking Financial Companies (NBFCs) vide Master Direction no. DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017. This Committee is required to frame an IT policy to ensuring that the management has put an effective strategic planning process in place.

**Members**

- **Mr. James Abraham**
  **- Independent Director & Chairman of the Committee**
- **Mr. Ramakrishna Nishtala**
  **– Executive Director**
- **Mr. Nikhil Bandi**
  **– Chief Information Officer**
- **Mr. Dhananjay Tiwari**
  **– Chief Risk Officer**

**Terms of reference**

- The IT Strategy Committee shall deliberate on the IT strategy and technology master policy documents and place before the Board Approval
- Ensure that the Management has put an effective Strategic planning process in place.
- Ascertaining that the management has implemented the process and practices that ensure the IT delivers value to the business
- Ensuring IT investments represent a balance of risks and benefits and that the budgets are acceptable
- Monitoring the method that the Management uses to determine the IT resources needed to achieve the strategic goals and provide high level direction for sourcing and use of IT resources.
- Ensuring proper balance of IT investments for sustaining Vistaar's growth and becoming aware about exposure towards IT risks and controls.

## NOMINATION COMMITTEE

This Committee identify and formulate criteria for determining qualifications, positive attributes for Board and independence of a Director. The Committee recommend to the Board, appointment and removal of Director.

**Members**

- **Ms. Radhika Haribhakti**
  **- Independent Director & Chairman of the Committee**
- **Mr. Sumir Chadha**
  **– Nominee Director**
- **Mr. Brahmanand Hegde**
  **– Executive Director**

**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

## SECURITIES TRANSFER COMMITTEE

This Committee is constituted to review & approve transfer and transmission of securities of the Company, deletion of names from share certificates, consolidation of share certificates, change of name of member on share certificates, issue of duplicate share certificates and to review dematerialisation of shares.

**Members**

- **Mr. Brahmanand Hegde**
  **- Executive Director & Chairman of the Committee**
- **Mr. Ramakrishna Nishtala**
  **- Executive Director**
- **Mr. Sandeep Farias**
  **– Nominee Director**

**Terms of reference**

- Approve transfer/transmission of Company's securities
- Issue of duplicate share / debenture certificates
- Split up /sub-division and consolidation of shares
- Issue of new certificates on re-materialization
- Sub-division and other related formalities

## 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 the branch employees to reinforce the importance of the Code of Conduct.

## MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER & COMPANY SECRETARY CERTIFICATION

Managing Director and Chief Financial Officer & Company Secretary has given an 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 Reserve Bank of India 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 regular 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.

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

**Brahmanand Hegde**
**Executive Vice Chairman**
**DIN: 02984527**
Date: 3rd May, 2018
Place: Bengaluru

**Ramakrishna Nishtala**
**Managing Director**
**DIN: 02949469**
Date: 3rd May, 2018
Place: Bengaluru

# 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 2018, 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for 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 these 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. 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 these 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 2018, 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, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure 1, 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 prescribed 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 03 May 2018 as per Annexure II expressed an unmodified opinion;

g. 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company, as detailed in Note 29 to the financial statements, has disclosed the impact of pending litigations on 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; and

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**

Chartered Accountants
Firm's Registration No.: 001076N/N500013

**SD/-**

**per Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: 3 May 2018

## Annexure I

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, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

(ii) The Company is a Non-Banking Financial Company, primarily engaged in the business of lending in small business segment and does not hold any inventories. 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, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, 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) 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, there are delays from 22 days to 114 days with respect to deposit of professional tax with appropriate authorities due to pending registration. This was subsequently regularized for the year ended 31 March 2018. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and goods and service tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

| Name of the statute | Nature of the dues | Amount (₹) | Amount paid under Protest (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax and interest thereon | 3,006,240 | 450,936 | AY 2014-15 | CIT (Appeals) |
| Finance Act, 1994 | Service Tax and Interest thereon | 19,149,381 | Nil | FY 2011-12 to 2015-16 | Commissioner of Service Tax |

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/ N500013

**SD/-**

**Per Manish Gujral**

Partner

Membership No.: 105117

Place: Mumbai

Date: 3 May 2018



## Annexure II

### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements Vistaar Financial Services Private Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's 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 information, as required under the Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of ` are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**SD/-**

**Per Manish Gujral**

Partner

Membership No.: 105117

Place: Mumbai | Date: 3 May 2018

# Financial Statements

## Balance Sheet as at 31 March 2018

(All amounts in ₹ lakhs except otherwise stated)

| | Notes | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | 6,758 | 6,747 |
| Reserves and surplus | 4 | 50,377 | 47,382 |
| | | 57,135 | 54,129 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | 40,876 | 48,554 |
| Other long-term liabilities | 7 | 51 | 229 |
| Long-term provisions | 8 | 2,333 | 2,988 |
| | | 43,260 | 51,771 |
| **Current liabilities** | | | |
| Short-term borrowings | 6 | 3,564 | 140 |
| Other current liabilities | 7 | 32,694 | 24,877 |
| Short-term provisions | 8 | 334 | 539 |
| | | 36,592 | 25,556 |
| | | **136,987** | **131,456** |
| **II. ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 9 | 668 | 795 |
| Intangible assets | 10 | 155 | 192 |
| Capital work in progress | | 2 | 54 |
| Intangible assets under development | 11 | 6 | 12 |
| Deferred tax assets (net) | 12 | 1,152 | 1,336 |
| Long-term loans and advances | 13 | 94,494 | 79,256 |
| Other non-current assets | 14 | 686 | 804 |
| | | **97,163** | **82,449** |
| **Current assets** | | | |
| Cash and bank balances | 15 | 4,089 | 13,470 |
| Short-term loans and advances | 13 | 33,695 | 33,391 |
| Other current assets | 14 | 2,040 | 2,146 |
| | | 39,824 | 49,007 |
| | | **136,987** | **131,456** |

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
Firm's Registration No.: 001076N/N500013

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

SD/-
**per Manish Gujral**
Partner
Membership No.: 105117
Mumbai
03 May 2018

SD/-
**Brahmanand Hegde**
Executive Vice Chairman
DIN : 02984527
Bengaluru
03 May 2018

SD/-
**Ramakrishna Nishtala**
Managing Director
DIN : 02949469

SD/-
**Sudesh Chinchewadi**
CFO & Company Secretary
CS M.No: A16422



## Statement of Profit and Loss for the Year ended 31 March 2018

(All amounts in ₹ lakhs except otherwise stated)

| | Notes | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 16 | 28,231 | 26,630 |
| Other income | 17 | 342 | 487 |
| | | **28,573** | **27,117** |
| **Expenses** | | | |
| Employee benefits expense | 18 | 8,153 | 7,532 |
| Finance costs | 19 | 7,690 | 6,996 |
| Depreciation and amortisation expense | 9 & 10 | 504 | 472 |
| Provisions and loans written-off | 20 | 4,295 | 3,396 |
| Other expenses | 21 | 3,429 | 3,675 |
| | | **24,071** | **22,071** |
| **Profit before tax** | | **4,502** | **5,046** |
| **Tax expense** | | | |
| Tax expense for earlier years | | - | 21 |
| Current tax | | 1,352 | 2,328 |
| Deferred tax charge/ (credit) | 12 | 184 | (642) |
| | | **1,536** | **1,707** |
| **Profit after tax** | | **2,966** | **3,339** |
| **Earnings per equity share [Nominal value per share ₹10 (31 March 2017: ₹10)]** | | | |
| - Basic | 22 | 37.83 | 42.65 |
| - Diluted | | 4.27 | 4.79 |
| 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
Firm's Registration No.: 001076N/N500013

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

SD/-
**per Manish Gujral**
Partner
Membership No.: 105117
Mumbai
03 May 2018

SD/-
**Brahmanand Hegde**
Executive Vice Chairman
DIN : 02984527
Bengaluru
03 May 2018

SD/-
**Ramakrishna Nishtala**
Managing Director
DIN : 02949469

SD/-
**Sudesh Chinchewadi**
CFO & Company Secretary
CS M.No: A16422

# Cash Flow Statement for the Year ended 31 March 2018

(All amounts in ₹ lakhs unless otherwise stated)

| | | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | 4,502 | 5,046 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 504 | 472 |
| Provision for/write-off loan assets | | | |
| - Provision for loan assets | | (865) | 2,056 |
| - Loan assets written off | | 5,686 | 1,424 |
| Employee stock option plan expense | | 3 | 10 |
| Profit on sale of investments | | (151) | (119) |
| Profit on sale of assets | | (1) | (2) |
| Dividend income | | (119) | (280) |
| **Operating profit before working capital changes** | | **9,559** | **8,607** |
| Changes in working capital: | | | |
| Increase in loans and advances | | (15,580) | (29,693) |
| Increase in other assets | | 225 | 155 |
| Increase in other liabilities and provisions | | (5,726) | (1,341) |
| **Cash used in operating activities** | | **(11,522)** | **(22,272)** |
| Income tax paid/received (Net) | | (1,841) | (2,435) |
| Net cash used in operating activities | (A) | **(13,363)** | **(24,707)** |
| **Cash flows from investing activities** | | | |
| Purchase of fixed assets (net of changes in capital work in progress) | | (287) | (718) |
| Proceeds from sale of fixed assets | | 6 | 8 |
| Purchase of investments in mutual funds | | (62,648) | (92,492) |
| Proceeds from sale of investments in mutual funds | | 62,798 | 92,611 |
| Dividend income from mutual funds | | 119 | 280 |
| **Net cash used in investing activities** | **(B)** | **(12)** | **(311)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares including securities premium, (net) | | - | 6 |
| Repayment of loan provided to Trust | | 35 | - |
| Proceeds from long-term borrowings | | | |
| Proceeds of loan availed from banks | | 23,300 | 25,200 |
| Proceeds of loan availed from others | | 27 | 5,060 |
| Proceeds of loan availed from Non-Convertible Debentures | | - | 19,300 |
| Repayment of long-term borrowings | | | |
| Repayment of loan availed from banks | | (13,204) | (10,732) |
| Repayment of loan availed from others | | (4,031) | (3,749) |
| Repayment of loan availed from Non-Convertible Debentures | | (5,557) | (4,250) |
| Proceeds of short-term borrowings, (net) | | 3,424 | (637) |
| **Net cash provided by financing activities** | **(C)** | **3,994** | **30,198** |
| **Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)** | | (9,381) | 5,180 |
| Cash and cash equivalents at the beginning of the year | | 13,470 | 8,290 |
| **Cash and cash equivalents at the end of the year (refer note 15)** | | **4,089** | **13,470** |
| **Note 1:** Cash and cash equivalents as per note 15 | | **4,089** | **13,470** |
| | | **4,089** | **13,470** |

As per our report of even date.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

SD/-
**per Manish Gujral**
Partner
Membership No.: 105117
Mumbai
03 May 2018

SD/-
**Brahmanand Hegde**
Executive Vice Chairman
DIN : 02984527
Bengaluru
03 May 2018

SD/-
**Ramakrishna Nishtala**
Managing Director
DIN : 02949469

SD/-
**Sudesh Chinchewadi**
CFO & Company Secretary
CS M.No: A16422



# Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

**1 Background**

Vistaar Financial Services Private Limited ('the Company') is a Non Banking Financial Company (NBFC) incorporated on September 4, 1991. The Company has obtained a fresh Certificate of Registration from the Reserve Bank of India (RBI) 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 primarily 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 (as amended) and the provision of the RBI as applicable to NBFCs.

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, accrual for employee benefits and provision for standard and non-performing assets. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized. 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.

i Interest income 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.

ii 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

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

iv Commission income is accrued on the effective commencement of the policies basis confirmation obtained from the insurance company.

v 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.

vi Cash profit arising at the time of securitisation/ assignment of loan portfolio (Premium loan transfer transactions) is amortised over the life of the underlying loan portfolio and the unamortised amount is disclosed as 'Cash profit on loan transfer transactions pending recognition' within 'Other liabilities' on the balance sheet. Cash loss arising on premium loan transfer transactions are accounted for immediately in the Statement of profit and loss.

The contractual right retained by the Company to receive a portion of interest ('Unrealised profits') arising at the time of securitization/ assignment of loan portfolio (Portfolio at Risk - Excess Interest Spread ('PAR-EIS') loan transfer transactions) is recorded at its present value and disclosed as 'Receivables on assigned/ securitisation' within 'Other assets" on the balance sheet.
In accordance with RBI guidelines, the unrealised profits in respect of securitised/ assigned loan portfolio that is not due for collection is recorded at its present value and disclosed as 'Advance income on securitisation/assignment of loans' within 'Other liabilities" on the balance sheet.

vii 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.

viii 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 (Years) | Estimated useful life per Companies Act 2013 (Years) |
|---|---|---|
| **Tangible assets** | | |
| Computer equipment | 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. Grants received for expenses are taken to the statement of Profit or Loss.

**i. Borrowing costs**

The loan processing and other ancillary charges incurred at the time of origination of the loan are amortised over the term of respective loans. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**j. Investments**

Investment that are readily realisable and intended to be held for not more than one year from the date in which such investments are made 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. On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fee and duties. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

**k. 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.

**iiiCompensated 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 be availed by the employees.

**ivEmployee 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 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 is 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 year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a right issue to existing shareholders, share splits, and reverse splits (consolidation of shares).

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 dilutive 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 for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

**q. Asset classification and provisioning/ write-off of assets**

Loans are classified as standard and non-performing assets in accordance with the Company's policy. A loan is classified as NPA, where interest/installment is overdue for a period of 91 days and above, from the day it becomes due.

Loans are provided for/written off, in accordance with Company's policy, subject to the minimum provision required as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, issued by the RBI. The provisioning policy followed by the Company is more prudent as compared to the requirements of the above master direction.

The Company performs qualitative assessment of its loan portfolio and accordingly estimates provisioning for the loan assets taking into consideration significant events, if any, at each reporting date.

**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.

**s. Transaction cost**

Transaction costs (including loan origination costs) are incremental costs that are directly attributable to the acquisition of share capital and financial liabilities. Transaction cost includes fees paid to advisors and levies by regulatory agencies, including taxes and duties. Transaction costs incurred towards:

i Issuance of share capital and debentures is taken to the securities premium account of the Company

ii Acquisition of borrowings is expensed to the Statement of Profit and Loss on a straight line basis over the term of the borrowing.

## 3 Share capital

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Authorised** | | |
| 11,449,980 (31 March 2017: 11,449,980) equity shares of ₹10 each | 1,145 | 1,145 |
| 500 (31 March 2017: 500) Class A equity shares of ₹10 each [₹5,000 (31 March 2017:₹5,000)] | 0 | 0 |
| 60,000,000 (31 March 2017: 60,000,000) Compulsorily convertible preference shares of ₹10 each | 6,000 | 6,000 |
| 3,300,000 (31 March 2017: 3,300,000) Class A compulsorily convertible preference shares of ₹1 each | 33 | 33 |
| | **7,178** | **7,178** |
| **Issued, subscribed and paid-up** | | |
| 9,769,220 (31 March 2017: 9,769,220) equity shares of ₹10 each, fully paid-up | 977 | 977 |
| Less : Amount recoverable from the ESOP trust [face value of 1,823,054 shares (31 March 2017: 1,932,248 shares) allotted to the ESOP trust] (refer note 3e) | 182 | 193 |
| | **795** | **784** |
| 60 (31 March 2017: 60) Class A equity shares of ₹10 each, fully paid-up [₹600 (31 March 2017: ₹600)] | 0 | 0 |
| 59,306,300 (31 March 2017: 59,306,300) compulsorily convertible preference shares of ₹10 each, fully paid-up | 5,931 | 5,931 |
| 3,232,958 (31 March 2017: 3,232,958) class A compulsorily convertible preference shares of ₹1 each, fully paid-up | 32 | 32 |
| | **6,758** | **6,747** |

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **a) Reconciliation of share capital (equity)** | | | | |
| Balance at the beginning of the year | 9,769,220 | 977 | 9,053,294 | 905 |
| Add : Issued during the year | - | - | 715,926 | 72 |
| | **9,769,220** | **977** | **9,769,220** | **977** |
| Less : Amount recoverable from the ESOP trust [face value of 1,823,054 shares (31 March 2017: 1,932,248 shares) allotted to the ESOP trust] (refer note 23) | 1,823,054 | 182 | 1,932,248 | 193 |
| **Balance at the end of the year** | **7,946,166** | **795** | **7,836,972** | **784** |
| **Reconciliation of share capital (Class A equity)** | | | | |
| Balance at the beginning of the year | 60 | 0 | 60 | 0 |
| Add : Issued during the year | - | - | - | - |
| **Balance at the end of the year** | **60** | **0** | **60** | **0** |
| **Reconciliation of share capital (Compulsorily convertible preference shares)** | | | | |
| Balance at the beginning of the year | 59,306,300 | 5,931 | 59,306,300 | 5,931 |
| Add : Issued during the year | - | - | - | - |
| **Balance at the end of the year** | **59,306,300** | **5,931** | **59,306,300** | **5,931** |
| **Reconciliation of share capital (Class A compulsorily convertible preference shares)** | | | | |
| Balance at the beginning of the year | 3,232,958 | 32 | 3,232,958 | 32 |
| Add : Issued during the year | - | - | - | - |
| **Balance at the end of the year** | **3,232,958** | **32** | **3,232,958** | **32** |

**b. Rights and preference of shareholders:**

**Rights and preference of equity shareholders:**

The Company has two classes of equity shares namely equity shares and Class A equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. 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. Further, with the conversion of CCPS, Class A equity shares shall be converted to equity shares and the differential voting rights shall fall away.

The Company declares and pays dividend in proportion to the number of equity shares and CCPS held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting (AGM), except interim dividend.

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.

**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, Class A equity shareholders and Class A CCPS 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 (aggregating to ₹1 per annum) for all CCPS issued. In addition, if the holders of equity shares are paid dividend in excess of aforesaid dividend rate, the holders of the CCPS shall be entitled to dividend on as if converted basis along with equity shareholders.

**Rights and preference of holders of Class A Compulsorily Convertible Preference Shares ('CCPS') :**

The holders of Class A CCPS does not carry any voting rights. Further, Class A CCPS carry only a pre-determined non-cumulative dividend of 0.0001 percent per annum.

The holders of Class A CCPS may convert the CCPS into equity shares at any time of their choice upon occurrence of the 'Compulsory Conversion Event' and subject to payment of applicable conversion price at the rate of 1 (one) fully paid equity shares per 1 (one) CCPS. 'Compulsory Conversion Event' is the date of completion of 19 years from the date of issuance of CCPS or a capital event as defined in the share holders agreement.

In the event of liquidation of the Company, the holders of Class A CCPS will be entitled to receive in preference to the holders of equity shares, including Class A equity shares, the subscription price of the relevant Class A CCPS but only after payment of any liquidation preference that the holders of all other classes of preference shares of the Company are entitled to. The holders of Class A CCPS shall not be entitled to participate in the surplus after payment of the subscription price unless the holders of Class A CCPS seek conversion and receive their pro-rata entitlement as equity shareholders of the Company.

**c. The details of shareholder holding more than 5 percent shares**

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Percent of shareholding | No. of shares | Percent of shareholding | No. of shares |
| **Equity shares** | | | | |
| Mr. Brahmanand Hegde | 19.82 | 1,935,890 | 19.82 | 1,935,890 |
| Mr. Ramakrishna Nishtala | 19.82 | 1,935,890 | 19.82 | 1,935,890 |
| Westbridge Crossover Fund LLC | 34.91 | 3,410,153 | 34.91 | 3,410,153 |
| **Class A Equity shares** | | | | |
| ON Mauritius | 28.33 | 17 | 28.33 | 17 |
| Elevar Equity Mauritius | 26.67 | 16 | 26.67 | 16 |
| ICP Holdings I | 6.67 | 4 | 6.67 | 4 |
| Westbridge Crossover Fund LLC | 38.33 | 23 | 38.33 | 23 |
| **Compulsorily Convertible Preference Shares** | | | | |
| Westbridge Crossover Fund LLC | 58.52 | 34,705,574 | 58.52 | 34,705,574 |
| Elevar Equity Mauritius | 18.40 | 10,909,868 | 18.40 | 10,909,868 |
| ON Mauritius | 15.71 | 9,318,475 | 15.71 | 9,318,475 |
| ICP Holdings I | 7.37 | 4,372,383 | 7.37 | 4,372,383 |
| **Class A Compulsorily Convertible Preference Shares** | | | | |
| Vistaar Employee Welfare Trust | 100.00 | 3,232,958 | 100.00 | 3,232,958 |

d. The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2017. The Company has not bought back equity shares during five years immediately preceding 31 March 2017, nor has it issued any share for consideration other than cash.

e. The Company has given interest and collateral free loan to the 'ESOP Trust' to provide financial assistance for purchase of equity shares of the Company under various employee stock option schemes. The Company has issued over the years 2,163,637 equity shares to the ESOP Trust. These shares were issued at fair value. 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) to the extent the options have not been exercised. (refer note 24).

f. For details of equity shares reserved for issuance under the ESOP plan of the Company, refer note 24.

For details of shares reserved for issuance of conversion of CCPS and Class A CCPS, please refer note 3(b) regarding terms of conversion of CCPS.

## 4 Reserves and surplus

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Statutory reserve u/s 45(IC) of the RBI Act, 1934** | | |
| Balance at the beginning of the year | 1,487 | 819 |
| Add: Transferred from the Statement of Profit and Loss | 593 | 668 |
| | **2,080** | **1,487** |
| **Securities premium** | | |
| Balance at the beginning of the year | 41,854 | 40,888 |
| Add: Premium on issue of equity shares/CCPS | - | 1,013 |
| Add: Transferred from employee share option outstanding | - | 28 |
| Less: Expenses incurred on issuance of CCPS and NCDs | - | (75) |
| | 41,854 | 41,854 |
| Less: Amount recoverable from the ESOP Trust (refer note 3e) | (1,292) | (1,318) |
| | **40,562** | **40,536** |
| **Share options outstanding account** | | |
| Balance at the beginning of the year | 214 | 232 |
| Add: Share based compensation for the year (refer note 18) | 3 | 10 |
| Less: Transferred to securities premium* | - | (28) |
| | **217** | **214** |
| **Surplus / (Deficit) in the Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 5,145 | 2,474 |
| Add: Profit for the year | 2,966 | 3,339 |
| Less: Transfer to statutory reserve u/s 45(IC) of the RBI Act, 1934 | (593) | (668) |
| | 7,518 | 5,145 |
| | **50,377** | **47,382** |

*Employee share options outstanding to be transferred to securities premium at the time of vesting of Restricted Stock Unites (RSUs) and allotment of equity shares to holders of class A CCPS and employee stock options.

## 5 Long-term borrowings

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Non - current | Current | Non - current | Current |
| **Secured** | | | | |
| Term loans | | | | |
| - from banks | 24,203 | 15,552 | 17,921 | 11,738 |
| - from financial institutions | 2,560 | 2,227 | 4,636 | 3,429 |
| Non Convertible Debentures ('NCD') | 14,113 | 11,825 | 25,938 | 5,557 |
| **Unsecured** | | | | |
| Term loans | | | | |
| - from financial institutions | - | 59 | 59 | 726 |
| | 40,876 | 29,663 | 48,554 | 21,450 |
| Less: Current maturities disclosed under "other current liabilities", (refer note 7) | - | (29,663) | - | (21,450) |
| | **40,876** | **-** | **48,554** | **-** |

### (a) Terms of repayment of Indian rupee loan from banks as on 31 March 2018

| Original maturity of loan | Rate of interest | Sanction limit | Balance as at 31 March 2018 | Due within 1 year | | Due within 2-5 year | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | No of installments | Amount | No of installments | Amount | |
| **Monthly repayment** | | ₹ | ₹ | | ₹ | | ₹ | ₹ |
| I. With moratorium of 12 months | | | | | | | | |
| 5 years | 10.70% | 1,000 | 650 | 12 | 200 | 27 | 450 | 650 |
| II. With moratorium of 1-3 months | | | | | | | | |
| 2-3 years | 9.45% - 11.90% | 5,700 | 2,644 | 12 | 1,923 | 12 | 721 | 2,644 |
| 3-6 years | 9.35% - 12.00% | 22,500 | 15,108 | 12 | 5,246 | 48 | 9,862 | 15,108 |
| III. Without moratorium | | | | | | | | |
| 2-3 years | 10.20% - 12.25% | 7,000 | 2,586 | 12 | 2,012 | 4 | 574 | 2,586 |
| 3-6 years | 9.35%-13.75% | 26,000 | 16,262 | 12 | 5,051 | 37 | 11,211 | 16,262 |
| **Quarterly repayment** | | | | | | | | |
| I. With moratorium of 3 months | | | | | | | | |
| 2-3 years | 9.25% - 10.30% | 3,000 | 2,505 | 4 | 1,120 | 11 | 1,385 | 2,505 |
| **Total** | | | **39,755** | | **15,552** | | **24,203** | **39,755** |

### Terms of repayment of Indian rupee loan from banks as on 31 March 2017

| Original maturity of loan | Rate of interest | Sanction limit | Balance as at 31 March 2017 | Due within 1 year | | Due within 2-5 year | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | No of installments | Amount | No of installments | Amount | |
| **Monthly repayment** | | ₹ | ₹ | | ₹ | | ₹ | ₹ |
| I. With moratorium of 12 months | | | | | | | | |
| 5 years | 11.45% | 1,000 | 850 | 12 | 200 | 39 | 650 | 850 |
| II. With moratorium of 1-3 months | | | | | | | | |
| 2-3 years | 10.04% -12.74% | 9,200 | 5,935 | 12 | 3,291 | 24 | 2,644 | 5,935 |
| 3-6 years | 10.75%- 12.25% | 14,200 | 9,848 | 12 | 3,288 | 32 | 6,560 | 9,848 |
| III. Without moratorium | | | | | | | | |
| 2-3 years | 10.90%-12.25% | 7,000 | 4,906 | 12 | 2,313 | 16 | 2,593 | 4,906 |
| 3-6 years | 9.75%- 14.00% | 12,812 | 7,420 | 12 | 2,391 | 37 | 5,029 | 7,420 |
| **Quarterly repayment** | | | | | | | | |
| I. With moratorium of 3 months | | | | | | | | |
| 2-3 years | 10.30% | 1,500 | 700 | 4 | 255 | 7 | 445 | 700 |
| **Total** | | | **29,659** | | **11,738** | | **17,921** | **29,659** |

Notes:

a) Term loan from banks are secured by hypothecation of portfolio loans of the Company.

b) Fixed deposits amounting to ₹302 lakhs (2017: ₹376 lakhs) have been pledged towards availing term loans from banks.

### (b) Terms of repayment of Indian rupee loan from financial institutions as on 31 March 2018

| Original maturity of loan | Rate of interest | Sanction limit | Balance as at 31 March 2018 | Due within 1 year | | Due within 2-5 year | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | No of installments | Amount | No of installments | Amount | |
| **Secured Loans** | | ₹ | ₹ | | ₹ | | ₹ | ₹ |
| **Monthly repayment** | | | | | | | | |
| I. Without moratorium | | | | | | | | |
| 2-3 years | 8.50% - 10.00% | 94 | 33 | 12 | 24 | 12 | 9 | 33 |
| 3-6 years | 8.41% - 11.50% | 6,561 | 3,664 | 12 | 1,658 | 30 | 2,006 | 3,664 |
| **Quarterly repayment** | | | | | | | | |
| I. With moratorium of 3 months | | | | | | | | |
| 2-3 years | 11.00% | 1,500 | 1,090 | 4 | 545 | 4 | 545 | 1,090 |
| **'Unsecured Loans** | | | | | | | | |
| **Monthly repayment** | | | | | | | | |
| I. Without moratorium | | | | | | | | |
| 3-4 years | 12.00% | 3,000 | 59 | 1 | 59 | - | - | 59 |
| **Total** | | | **4,846** | | **2,286** | | **2,560** | **4,846** |

### Terms of repayment of Indian rupee loan from financial institutions as on 31 March 2017

| Original maturity of loan | Rate of interest | Sanction limit | Balance as at 31 March 2017 | Due within 1 year | | Due within 2-5 year | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | No of installments | Amount | No of installments | Amount | |
| **Secured Loans** | | ₹ | ₹ | | ₹ | | ₹ | ₹ |
| **Monthly repayment** | | | | | | | | |
| I. Without moratorium | | | | | | | | |
| 2-3 years | 8.50%-13.90% | 4,094 | 1,394 | 12 | 1,362 | 24 | 32 | 1,394 |
| 3-6 years | 9.31%- 12.75% | 6,535 | 5,170 | 12 | 1,522 | 34 | 3,648 | 5,170 |
| **Quarterly repayment** | | | | | | | | |
| I. With moratorium of 3 months | | | | | | | | |
| 2-3 years | 11.00% | 1,500 | 1,500 | 4 | 545 | 7 | 955 | 1,500 |
| **Unsecured Loans** | | | | | | | | |
| Monthly repayment | | | | | | | | |
| I. Without moratorium | | | | | | | | |
| 2-3 years | 12.00% | 1,500 | 51 | 1 | 51 | - | - | 51 |
| 3-4 years | 12.00% | 1,500 | 735 | 12 | 675 | 1 | 60 | 735 |
| **Total** | | | **8,850** | | **4,155** | | **4,695** | **8,850** |

**Notes:**

**a) Term loan from financial institutions are secured by hypothecation of portfolio loans of the Company.**

**b) Fixed deposits amounting to ₹nil (2017: ₹19 lakhs) have been pledged towards availing term loans from financial institutions.**



### (c) Particulars of Debentures as on 31 March 2018

| Sl No | Date of allotment | Maturity date | Coupon rate | Sanction amount | Balance as at 31 March 2018 | Due within one year | Due within 2 - 3 years | Total | Redemption terms |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | ₹ | ₹ | ₹ | | |
| NCD 1 | 02-Sep-13 | 10-Sep-18 | 13.75% | 3,000 | 375 | 375 | - | 375 | Repayable in 16 quarterly instalments |
| NCD 2 | 30-Nov-16 | 29-Nov-19 | 11.90% | 7,500 | 6,563 | 3,750 | 2,813 | 6,563 | Repayable in 8 quarterly instalments |
| NCD 3 | 06-Jan-17 | 06-Apr-18 | 11.90% | 2,000 | 2,000 | 2,000 | - | 2,000 | Bullet repayment at the end of 24 months |
| NCD 4 | 06-Jan-17 | 04-Jan-19 | 11.90% | 1,500 | 1,500 | 1,500 | - | 1,500 | Bullet repayment at the end of 36 months |
| NCD 5 | 06-Jan-17 | 06-Jan-20 | 11.90% | 1,500 | 1,500 | - | 1,500 | 1,500 | Bullet repayment at the end of 15 months |
| NCD 6 | 25-Jun-15 | 25-Jun-21 | 13.25% | 4,200 | 4,200 | 4,200 | - | 4,200 | Bullet repayment at the end of 72 months |
| NCD 7 | 29-Nov-13 | 29-Nov-19 | 11.20% | 3,000 | 3,000 | - | 3,000 | 3,000 | Bullet repayment at the end of 72 months |
| NCD 8 | 27-Jul-16 | 27-Jul-22 | 11.70% | 6,800 | 6,800 | - | 6,800 | 6,800 | Bullet repayment at the end of 72 months |
| NCD 9 | 20-Nov-14 | 13-Nov-18 | 13.50% | 3,870 | - | - | - | - | Bullet repayment at the end of 59 months |
| **Total** | | | | **33,370** | **25,938** | **11,825** | **14,113** | **25,938** | |

### Particulars of Debentures as on 31 March 2017

| Sl No | Date of allotment | Maturity date | Coupon rate | Sanction amount | Balance as at 31 March 2017 | Due within one year | Due within 2 - 3 years | Total | Redemption terms |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | ₹ | ₹ | ₹ | | |
| NCD 1 | 02-Sep-13 | 10-Sep-18 | 13.75% | 3,000 | 1,125 | 750 | 375 | 1,125 | Repayable in 16 quarterly instalments |
| NCD 2 | 30-Nov-16 | 29-Nov-19 | 11.90% | 7,500 | 7,500 | 937 | 6,563 | 7,500 | Repayable in 8 quarterly instalments |
| NCD 3 | 06-Jan-17 | 06-Apr-18 | 11.90% | 2,000 | 2,000 | - | 2,000 | 2,000 | Bullet repayment at the end of 15 months |
| NCD 4 | 06-Jan-17 | 04-Jan-19 | 11.90% | 1,500 | 1,500 | - | 1,500 | 1,500 | Bullet repayment at the end of 24 months |
| NCD 5 | 06-Jan-17 | 06-Jan-20 | 11.90% | 1,500 | 1,500 | - | 1,500 | 1,500 | Bullet repayment at the end of 36 months |
| NCD 6 | 25-Jun-15 | 25-Jun-21 | 13.25% | 4,200 | 4,200 | - | 4,200 | 4,200 | Bullet repayment at the end of 72 months |
| NCD 7 | 29-Nov-13 | 29-Nov-19 | 11.20% | 3,000 | 3,000 | - | 3,000 | 3,000 | Bullet repayment at the end of 72 months |
| NCD 8 | 27-Jul-16 | 27-Jul-22 | 11.70% | 6,800 | 6,800 | - | 6,800 | 6,800 | Bullet repayment at the end of 72 months |
| NCD 9 | 20-Nov-14 | 13-Nov-18 | 13.50% | 3,870 | 3,870 | 3,870 | - | 3,870 | Bullet repayment at the end of 59 months |
| **Total** | | | | **33,370** | **31,495** | **5,557** | **25,938** | **31,495** | |

Note: a) Non-convertible debentures are secured by hypothecation of portfolio loans of the Company.

## 6 Short-term borrowings

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Bank overdraft | 3,564 | 140 |
| | **3,564** | **140** |

## 7 Other liabilities

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Non - current | Current | Non - current | Current |
| Current maturities of long-term borrowings (refer note 5) | - | 29,663 | - | 21,450 |
| Payable towards assignment/securitisation of loans | - | - | - | 118 |
| Interest accrued but not due on borrowings | - | 699 | - | 852 |
| Interest strip on securitisation/assignment of loans | - | - | 229 | 86 |
| Cash profit on loan transfer transactions pending recognition | - | - | - | 8 |
| Advance received from small business loans | - | 269 | - | 396 |
| Tax deducted at source payable | - | 83 | - | 81 |
| Other statutory dues payable | - | 91 | - | 57 |
| Provision for tax [net of advance tax paid ₹227 lakhs (31 March 2017: ₹227 lakhs)] | 51 | - | - | 54 |
| Employee dues | - | 163 | - | 128 |
| Bonus payable to employees (refer note 28(c)) | - | 854 | - | 787 |
| Creditors for capital expenditure | - | 6 | - | 71 |
| Accrued expenses | - | 656 | - | 614 |
| Other payables* | - | 210 | - | 175 |
| | **51** | **32,694** | **229** | **24,877** |

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

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Long-term | Short-term | Long-term | Short-term |
| **Provision for employee benefits** | | | | |
| Provision for gratuity | 158 | 34 | 125 | 24 |
| Provision for compensated absences | - | 55 | - | 93 |
| **Provision for loans and advances** | | | | |
| Contingent provisions against standard assets | 543 | 245 | 909 | 422 |
| Provision for non-performing assets | 1,632 | - | 1,901 | - |
| Provisions on assigned/ securitised portfolio | - | - | 53 | - |
| | **2,333** | **334** | **2,988** | **539** |

| Provision change- (owned portfolio) | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Opening balance | 3,232 | 1,184 |
| Additions during the year | 4,060 | 3,295 |
| Less: Write-off against provision | (4,872) | (1,247) |
| **Closing balance** | **2,420** | **3,232** |

| Provision change- (assigned / securitised portfolio) | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Opening balance | 53 | 141 |
| Additions during the year | - | 8 |
| Less: Reversal during the year | (53) | (96) |
| **Closing balance** | **-** | **53** |

## 9 Tangible assets

| | Land | Vehicles | Computers | Furniture and fixtures | Office equipment | Electrical equipment | Total |
|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | |
| **As at 1 April 2016** | **-** | **85** | **423** | **265** | **218** | **52** | **1,043** |
| Additions | 11 | 60 | 109 | 303 | 91 | 91 | 665 |
| Disposals | - | - | 12 | 38 | 4 | 4 | 58 |
| **As at 31 March 2017** | **11** | **145** | **520** | **530** | **305** | **139** | **1,650** |
| Additions | - | 27 | 102 | 82 | 46 | 15 | 272 |
| Disposals | - | 16 | 13 | 18 | 1 | - | 48 |
| **As at 31 March 2018** | **11** | **156** | **609** | **594** | **350** | **154** | **1,874** |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 April 2016** | **-** | **15** | **235** | **152** | **114** | **33** | **549** |
| Charge for the year | - | 28 | 114 | 131 | 50 | 35 | 358 |
| Disposals | - | - | 11 | 33 | 4 | 4 | 52 |
| **As at 31 March 2017** | **-** | **43** | **338** | **250** | **160** | **64** | **855** |
| Charge for the year | - | 38 | 121 | 124 | 71 | 39 | 393 |
| Disposals | - | 14 | 13 | 15 | 0 | - | 42 |
| **As at 31 March 2018** | **-** | **67** | **446** | **359** | **231** | **103** | **1,206** |
| **Net block** | | | | | | | |
| **As at 31 March 2017** | **11** | **102** | **182** | **280** | **145** | **75** | **795** |
| **As at 31 March 2018** | **11** | **89** | **163** | **235** | **119** | **51** | **668** |

## 10 Intangible assets

| | Software | Total |
|---|---|---|
| **Gross block** | | |
| **As at 1 April 2016** | **356** | **356** |
| Additions | 124 | 124 |
| Adjustment towards grant received | (32) | (32) |
| Disposals | - | - |
| **As at 31 March 2017** | **448** | **448** |
| Additions | 74 | 74 |
| Disposals | - | - |
| **As at 31 March 2018** | **522** | **522** |
| **Amortisation** | | |
| **As at 1 April 2016** | **142** | **142** |
| Charge for the year | 114 | 114 |
| Disposals | - | - |
| **As at 31 March 2017** | **256** | **256** |
| Charge for the year | 111 | 111 |
| Disposals | - | - |
| **As at 31 March 2018** | **367** | **367** |
| **Net block** | | |
| **As at 31 March 2017** | **192** | **192** |
| **As at 31 March 2018** | **155** | **155** |

## 11 Intangible assets under development

| | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Software development | 6 | 12 |
| | **6** | **12** |

## 12 Deferred tax assets (net)

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Deferred tax asset arising on** | | |
| Employee benefits | 90 | 83 |
| Contingent provisions for loan asset | 834 | 1,016 |
| Disallowance u/s 43B and other provisions | 123 | 185 |
| **Deferred tax liability reversal on** | | |
| Depreciation and amortisation | 105 | 52 |
| | **1,152** | **1,336** |

## 13 Loans and advances

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Long-term | Short-term | Long-term | Short-term |
| **Loans to small business** | | | | |
| **Secured** | | | | |
| Standard assets | 88,591 | 29,438 | 75,257 | 33,119 |
| Substandard assets | 4,500 | - | 3,011 | - |
| Doubtful assets | 513 | - | 581 | - |
| | **93,604** | **29,438** | **78,849** | **33,119** |
| **Unsecured** | | | | |
| Standard assets | - | 3,981 | - | - |
| | **-** | **3,981** | **-** | **-** |
| | **93,604** | **33,419** | **78,849** | **33,119** |
| **Loans given as collateral towards asset assignment/ securitised transaction** | | | | |
| Secured, considered good | - | - | - | 42 |
| | - | - | - | 42 |
| Other loans and advances (Unsecured, considered good) | | | | |
| Security deposits | 291 | - | 284 | - |
| Advance tax [net of provisions ₹346 lakhs (31 March 2017: ₹220 lakhs)] | 500 | - | 15 | - |
| Prepaid expense | - | 92 | - | 65 |
| Unamortised borrowing cost | 99 | 99 | 108 | 68 |
| Other advances | - | 85 | - | 97 |
| | **890** | **276** | **407** | **230** |
| | **94,494** | **33,695** | **79,256** | **33,391** |

## 14 Other assets

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Non - current | Current | Non - current | Current |
| **Unsecured, considered good** | | | | |
| Margin money deposit with banks (refer note 15) | 256 | - | 418 | - |
| Margin money deposit with financial institutions* | - | - | 20 | - |
| Fixed deposit with banks with original maturity more than 12 months | 378 | - | 107 | - |
| Interest accrued but not due on fixed deposits | 52 | 3 | 30 | 28 |
| Interest accrued but not due on loans to small business | - | 1,797 | - | 1,813 |
| Interest due but not collected on loans to small business | - | 240 | - | 219 |
| Receivables on assigned/ securitisation | - | - | 229 | 86 |
| | **686** | **2,040** | **804** | **2,146** |

(*)Represents margin money deposits placed with financial institutions for availing term loans.

## 15 Cash and bank balances

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks | | |
| - in current accounts | 3,862 | 13,173 |
| - deposits with original maturity less than three months | 17 | - |
| Cash on hand | 136 | 150 |
| | **4,015** | **13,323** |
| **Other bank balances** | | |
| Fixed deposit with banks with original maturity more than 3 months | 406 | 107 |
| Margin money deposit * | 302 | 565 |
| | **4,723** | **13,995** |
| Amount disclosed under non-current assets (refer note 14) | | |
| Fixed deposit with banks with original maturity more than 12 months | (378) | (107) |
| Margin money deposit* | (256) | (418) |
| | **4,089** | **13,470** |

*Represents margin money deposits placed with banks ₹302 lakhs (31 March 2017: ₹376 lakhs ) for availing term loans. Also includes cash collaterals towards securitisation/assignment of loans ₹ Nil (31 March 2017: ₹189 lakhs).

## 16 Revenue from operations

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest on loans to small businesses | 25,718 | 23,896 |
| Loan processing and service fee | 2,178 | 2,490 |
| Income from assignment/ securitisation | 309 | 172 |
| Interest on margin money deposits | 26 | 72 |
| | **28,231** | **26,630** |

## 17 Other income

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest on fixed deposits | 34 | 13 |
| Dividend on investments in units of mutual funds | 119 | 280 |
| Commission income from insurance business | 26 | 55 |
| Profit on sale of investments in mutual funds | 151 | 119 |
| Profit on sale of fixed assets | 1 | 2 |
| Others | 11 | 18 |
| | **342** | **487** |

## 18 Employee benefits expense

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries and wages | 7,399 | 6,748 |
| Contributions to provident and other funds | 431 | 373 |
| Share based compensation (refer note 2(l), 13 and 24) | 3 | 10 |
| Compensated absences | (40) | 52 |
| Gratuity expenses | 57 | 56 |
| Staff welfare expenses | 303 | 293 |
| | **8,153** | **7,532** |



## 19 Finance costs

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest expense on term loans | | |
| Banks | 3,786 | 2,782 |
| Financial Institutions | 431 | 1,044 |
| NCDs | 3,287 | 2,795 |
| Overdraft facility | 16 | 6 |
| Loan processing fee on borrowings | 112 | 265 |
| Bank charges | 58 | 104 |
| | **7,690** | **6,996** |

## 20 Provisions and loans written-off

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Contingent provision against standard assets | (543) | 928 |
| Provision for non-performing assets | (269) | 1,120 |
| Provision for loss on assigned assets | (53) | 8 |
| Loan assets written-off (refer note below) | 5,686 | 1,424 |
| Recoveries against loans written-off | (526) | (84) |
| | **4,295** | **3,396** |

Note:

1. Loan assets written-off includes write-offs against provision created ₹4,872 (31 March 2017: ₹1,247) and write-offs during the year ₹287 (31 March 2017: ₹93)
2. During the year, the Company has revised the estimate relating to write-off of loan portfolio on Small Business Hypothecation Loans, Small Business Mortgage Loans and Small Business Bill Discounting products. Had the Company applied the previous year estimate, the amount of write-off would have been ₹2,220 and the profits would have been higher by ₹1,233.

## 21 Other expenses

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Rent | 503 | 428 |
| Electricity and water | 79 | 86 |
| Repairs and maintenance - others | 126 | 154 |
| Insurance | 7 | 9 |
| Rates and taxes | 6 | 13 |
| Travelling and conveyance | 749 | 789 |
| Printing and stationery | 55 | 73 |
| Postage and courier | 67 | 77 |
| Information technology costs | 339 | 313 |
| Legal and professional fees | 859 | 1,018 |
| Remuneration to auditors [refer note 21 (a)] | 26 | 26 |
| Contribution towards CSR [refer note 21 (b)] | 10 | 10 |
| Communication | 71 | 89 |
| Commission | 175 | 161 |
| Training and recruitment | 228 | 213 |
| Branding and marketing | 52 | 136 |
| Miscellaneous | 77 | 80 |
| | **3,429** | **3,675** |

## 21 (a) Payment to auditors (excluding taxes)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| - Audit fees | 23 | 23 |
| - Tax audit fees | 1 | 1 |
| - Out of pocket expenses | 2 | 2 |
| | **26** | **26** |

## 21 (b) Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company.

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Gross amount required to be spent by the company during the year. | 49 | 27 |
| Amount spent during the year on puposes other than construction/acquisition of any asset | | |
| - Paid | 10 | 10 |
| - Yet to be paid | - | - |
| | **10** | **10** |

## 22 Earnings per equity share (EPS)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Net profit attributable to equity shareholders | 2,966 | 3,339 |
| Weighted average number of shares outstanding during the year for computing basic EPS (nos) | 7,837,758 | 7,826,996 |
| Add: Effect of potential shares for conversion of CCPS (nos) | 60,921,006 | 60,907,456 |
| Add: Effect of potential shares for conversion of ESOP (nos) | 761,432 | 894,377 |
| Weighted average number of shares used to compute diluted EPS (nos) | **69,520,196** | **69,628,830** |
| **Profit per share:** | | |
| Basic | 37.84 | 42.66 |
| Diluted | 4.27 | 4.80 |
| Nominal value - per equity share | 10 | 10 |

## 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:

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| 1 **The amounts recognised in the Balance Sheet are as follows:** | | |
| Present value of the obligation as at the end of the year | 192 | 149 |
| Fair value of plan assets as at the end of the year | - | - |
| **Net liability recognised in the Balance Sheet** | **192** | **149** |
| 2 **The amounts recognised in the Statement of Profit and Loss are as follows:** | | |
| Service cost | 65 | 59 |
| Interest cost | 9 | 7 |
| Expected return on plan assets | - | - |
| Past service cost | - | - |
| Net actuarial (gain)/loss recognised in the year | (17) | (10) |
| **Expense recognised in the Statement of Profit and Loss of the year** | **57** | **56** |



| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| 3 **Changes in the present value of defined benefit obligation** | | |
| Defined benefit obligation as at beginning of the year | 149 | 95 |
| Service cost | 65 | 59 |
| Interest cost | 9 | 7 |
| Actuarial losses/(gains) | (17) | (10) |
| Benefits paid | (14) | (2) |
| **Defined benefit obligation as at the end of the year** | **192** | **149** |
| **Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:** | | |
| Interest rate | 7.08% p.a. | 6.54% p.a. |
| Discount rate | 7.08% p.a. | 6.54% p.a. |
| Future salary increase | 13% p.a. | 12% p.a. |
| Attrition rate | 25% p.a. | 25% p.a. |
| Retirement age | 58 years | 58 years |

| Particulars | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | 192 | 149 | 94 | 56 | 29 |
| Fair value of plan asset | - | - | - | - | - |
| Surplus/(deficit) | (192) | (149) | (94) | (56) | (29) |
| Experience adjustments | (17) | (10) | (1) | (1) | (0) |

### 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 17, Employee benefits expense.

## 24 Share based compensation plan

The Company and/or its shareholders provide share based payment schemes to its employees. During 31 March 2018, the share based compensation plans in existence are as below:

#### a. Employee Stock Option Plan 2010

An 'Employee Stock Option Plan 2010' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 2 July 2010. The total options issuable under the Plan are 2,905,363 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Compensation Committee's recommendation to whom ESOP Trust grants equity shares from its holdings at an exercise price usually equal to the fair market value (FMV). Under the Plan, these options vest over a period of four years and can be exercised any time during employment or within 6 months from the date of separation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

**Option activity during the year is summarised below:**

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | **No. of options** | **Weighted average exercise price** | **No. of options** | **Weighted average exercise price** |
| Options outstanding at the beginning | 1,408,444 | 92.64 | 1,169,344 | 68.22 |
| Granted during the year | 682,400 | 223.97 | 379,750 | 165.08 |
| Forfeited during the year | 513,650 | 164.18 | 128,561 | 85.23 |
| Lapsed during the year | - | - | - | - |
| Cancelled during the year | - | - | - | - |
| Exercised during the year | 8,550 | 35.09 | 12,089 | 76.78 |
| Options outstanding at the end | 1,568,644 | 126.35 | 1,408,444 | 92.64 |
| Options exercisable at year end | 773,757 | 71.44 | 502,532 | 58.54 |

The weighted average grant date fair value of options granted during the year ended 31 March 2018 was ₹68.31 (31 March 2017 ₹54.55) for each option. The weighted average share price of options exercised during the year ended 31 March 2018 is ₹35.09 (31 March 2017: ₹151.50) for each option.

The weighted average remaining contractual life for the ESOP Plan as at 31 March 2018 is 3 years (31 March 2017: 4 years).

**b. Employee Stock Option Plan 2016**

An 'Employee Stock Option Plan 2016' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 23 May 2016. The total options issuable under the Plan are 1,431,852 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Compensation Committee's recommendation to whom ESOP Trust grants equity shares from its holdings at an exercise price usually equal to the fair market value (FMV). Under the Plan, these options vest over a period of four years and can be exercised any time during employment or within 6 months from the date of separation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

**Option activity during the year is summarised below:**

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Options outstanding at the beginning | 314,580 | 151.50 | - | - |
| Granted during the year | 164,320 | 224.00 | 366,980 | 151.50 |
| Forfeited during the year | 111,600 | 175.41 | 52,400 | 151.50 |
| Lapsed during the year | - | - | - | - |
| Cancelled during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Options outstanding at the end | 367,300 | 176.67 | 314,580 | 151.50 |
| Options exercisable at year end | 119,290 | 151.50 | - | - |

The weighted average grant date fair value of options granted during the year ended 31 March 2018 was ₹68.21 (31 March 2017 ₹68 ) for each option.

The weighted average remaining contractual life for the ESOP Plan as at 31 March 2018 is 7.8 years (31 March 2017 8 years).

**c. Vistaar Employee Welfare Trust Plan ('VEWT Plan')**

VEWT plan was approved in the Extraordinary General Meeting held on 28 May 2015 and 01 December 2015. The total shares issuable under the plan stand at 3,232,958. The plan provides for issuance of Class A CCPS to eligible employees based on Company's Compensation Committee's recommendation to whom the ESOP Trust grants Class A CCPS from its holdings at an exercise price usually equal to the fair market value (FMV). These shares generally vest over a period upto two years subject to meeting certain performance criteria.

**Option activity during the year is summarised below:**

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Outstanding at the beginning | 3,137,097 | 112.22 | 3,232,958 | 112 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | - | - | 95,861 | 114 |
| Lapsed during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Outstanding at the end | 3,137,097 | 112.22 | 3,137,097 | 112.22 |
| Exercisable at year end | - | - | 2,725,439 | 107.05 |

There has been no grant under the scheme during the current year and the previous year.
The weighted average remaining contractual life for the ESOP Plan as at 31 March 2018 is 6 years (31 March 2017 7 years).



**d. Restricted Stock Units (RSU's)**

A shareholder of the Company transferred 586,400 equity shares in March 2012 for allotment to eligible employees of the Company based on the Compensation Committee's recommendation. Under the arrangement, equity shares vest over a period of four years until such time the shares are escrowed with the Company.

**Information on Restricted Stock Units is given below:**

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Outstanding at the beginning | - | - | 55,280 | - |
| Granted during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Lapsed during the year | - | - | - | - |
| Cancelled during the year | - | - | - | - |
| Released from escrow during the year | - | - | 55,280 | - |
| Outstanding at the end (Unvested) | - | - | - | - |
| Exercisable at year end | - | - | - | - |

There are no RSUs outstanding at the beginning and at the end of the year.

e. The share based compensation is computed under intrinsic value method and amortised on straight line basis over the vesting period. For the year ended 31 March 2018, the Company has recorded share based compensation of ₹2.5 lakhs (31 March 2017: ₹10 lakhs) (refer note 18).

**The impact on the net results and earnings/(loss) per share, had the fair value method been followed, is as follows;**

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Net profit as reported | 2,966 | 3,339 |
| Add: Stock-based employee compensation expense included in the Statement of Profit and Loss | 3 | 10 |
| Less: Stock-based employee compensation expense determined under the fair value method | | |
| Pro-forma net profit | **2,969** | **3,349** |
| Profit per share – Basic | | |
| As reported | 37.83 | 42.65 |
| Pro forma | 37.88 | 42.79 |
| Profit per share – Diluted | | |
| As reported | 4.27 | 4.04 |
| Pro forma | 4.27 | 4.81 |

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 10 years** | **1 to 7 years** |
| **Risk free interest rate** | **6.3% - 9.12%** | **6.5% - 9.12%** |
| **Volatility** | **Nil** | **Nil** |

## 25 Related party disclosures

| Description of relationship |
|---|
| **i) Parties where control exists** |
| Westbridge Crossover Fund LLC |
| **ii) Key management personnel (KMP)** |
| Mr. Brahmanand Hegde |
| Mr. Ramakrishna Nishtala |
| **iii) Other related parties** |
| Vistaar Employee Welfare Trust (Shareholder) |

**iv) The transactions with related parties during the year**

| Nature of transaction | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Transactions with key management personnel** | | |
| Managerial remuneration (refer note below) | | |
| Mr. Brahmanand Hegde | 92 | 86 |
| Mr. Ramakrishna Nishtala | 90 | 84 |
| **Loan granted** | | |
| Vistaar Employee Welfare Trust | - | 1,085 |
| **Repayment of loan received** | | |
| Vistaar Employee Welfare Trust | 35 | 81 |
| **Shares issued to Trust** | | |
| Vistaar Employee Welfare Trust | - | 1,085 |

**v) Closing balance of related parties receivables / (payables)**

| Nature of transaction | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Receivables** | | |
| **Vistaar Employee Welfare Trust** | **1,474** | **1,512** |

**Note:**
The managerial remuneration disclosed above does not include
- perquisites, including share based compensation
- the provision for gratuity and compensated absences made on the basis of actuarial valuation

## 26 Operating leases

The Company has entered into non – cancellable leasing arrangements in respect of its headoffice premises for a period of 6 years. The Company has also taken cancellable leases for its other office premises and vehicle leases. These leases expire over the period up to December 2022 and are further renewable at the mutual consent of the Company and the lessor. The lease agreements carry an escalation up to 22.5 percent on the rent payable at the end of every one to three years, as the case may be, from the date of executing the lease agreements.

Lease expenses for the year amounted to ₹503 lakhs (31 March 2017: ₹428 lakhs).

**Future minimum lease payments with respect to non-cancellable operating lease are as follows:**

| | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Within one year | 52 | 72 |
| Later than one year but not later than 5 years | - | 52 |
| Later than 5 years | - | - |

## 27 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 geographical segment.



## 28 Contingent liabilities and commitment

a Credit enhancement provided by the Company towards assets assignment/securitisation transactions including Minimum Retention Ratio (MRR) : ₹ Nil (31 March 2017: ₹231 lakhs).

b Commitment towards purchase of various assets including software ₹77 lakhs (31 March 2017: ₹70 lakhs).

**29** The Company has certain litigations pending with income tax authorities and service tax authorities which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 28 above for further details.

On 1 January 2016, the Payment of Bonus (Amendment) Act, 2015 (the 'Act') was notified in the official gazette increasing the minimum wages for payment of statutory bonus with retrospective effect from 01 April 2014. The Company has made the payment of bonus as per the Act amounting to ₹68 lakhs for the fiscal year 2016. The Hon'ble High Court of Karnataka vide order dated 02 February 2016 stayed the retrospective application of the Act. Accordingly, the Company did not provide for the payment of bonus as per the Act amounting to ₹41 lakhs for the fiscal year 2015. Considering the facts of the matter, the Company believes that the final outcome should be in favour of the Company and will not have any material adverse effect on the financial position and results of operation.

## 30 Classification and provisions for loan portfolio owned

| Asset classification | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Loan outstanding** | | |
| Standard assets | 122,010 | 108,376 |
| Substandard assets | 4,500 | 3,011 |
| Doubtful assets | 513 | 581 |
| **Less: Provision** | | |
| Standard assets | 788 | 1,331 |
| Substandard assets | 1,373 | 1,326 |
| Doubtful assets | 259 | 575 |
| **Loan outstanding (net)** | | |
| Standard assets | 121,222 | 107,045 |
| Substandard assets | 3,127 | 1,685 |
| Doubtful assets | 254 | 6 |

## 31 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (Updated as on February 23, 2018) issued by the RBI.

| Liabilities side : | Amount outstanding | Amount overdue |
|---|---|---|
| **a. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:** | | |
| (a) Debentures(other than falling within the meaning of public deposits) | | |
| Secured | 26,574 | - |
| Unsecured | - | - |
| (b) Deferred credits | - | - |
| (c) Term loans (secured) | 45,372 | - |
| (d) Inter-corporate loans and borrowing | - | - |
| (e) Commercial paper | - | - |
| (f) Other loans (specify nature) | 3,564 | - |
| | **75,510** | **-** |

| Assets side: | Amount outstanding |
|---|---|
| **b. Break-up of loans and advances:** | |
| (a) Secured | 123,041 |
| (b) Unsecured | 3,981 |
| | **127,022** |
| **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 | 123,041 | 3,961 | 127,002 |
| | **123,041** | **3,961** | **127,002** |

**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**

| Particulars | 31 March 2018 |
|---|---|
| **(i) Gross Non-Performing Assets** | |
| (a) Related parties | - |
| (b) Other than related parties | 5,013 |
| **(ii) Net Non-Performing Assets** | |
| (a) Related parties | - |
| (b) Other than related parties | 3,381 |
| **(iii) Assets acquired in satisfaction of debt** | - |

## 32. Additional disclosure required by RBI

### (i) Capital Risk Asset Ratio

| Sl.No. | Items | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|
| (a) | Capital risk Asset Ratio (%) | 43.8% | 46.25% |
| (b) | Capital risk Asset Ratio (%) - Tier I Capital (%) | 43.2% | 45.2% |
| (c) | Capital risk Asset Ratio (%) - Tier II Capital (%) | 0.6% | 1.2% |

### (ii) Derivaties:

The Company has no transaction/exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on 31 March 2018 (31 March 2017: Nil)

### (iii) Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous years.

**(iv) Maturity pattern of certain items of assets and liabilities**

Maturity pattern of certain Assets and Liabilities as on 31 March 2018

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | Advances* | Investments | Borrowings from Banks | Market Borrowings |
| 1 day to 30/31 days (one month) | 3,195 | - | 4,760 | 2,332 |
| Over one month to 2 months | 3,669 | - | 1,251 | 1,075 |
| Over 2 months upto 3 months | 4,546 | - | 1,532 | 4,526 |
| Over 3 months to 6 months | 7,401 | - | 3,909 | 1,678 |
| Over 6 months to 1 year | 14,608 | - | 7,664 | 4,500 |
| Over 1 year to 3 years | 48,542 | - | 19,741 | 16,670 |
| Over 3 years to 5 years | 28,543 | - | 4,462 | 3 |
| Over 5 years | 14,887 | - | - | - |
| **Total** | **125,391** | **-** | **43,319** | **30,784** |

**Maturity pattern of certain Assets and Liabilities as on 31 March 2017**

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | Advances* | Investments | Borrowings from Banks | Market Borrowings |
| 1 day to 30/31 days (one month) | 2,989 | - | 1,141 | 347 |
| Over one month to 2 months | 2,929 | - | 939 | 1,265 |
| Over 2 months upto 3 months | 2,924 | - | 954 | 624 |
| Over 3 months to 6 months | 8,363 | - | 2,932 | 1,237 |
| Over 6 months to 1 year | 15,783 | - | 5,912 | 6,239 |
| Over 1 year to 3 years | 47,750 | - | 15,988 | 19,195 |
| Over 3 years to 5 years | 22,563 | - | 1,933 | 4,638 |
| Over 5 years | 6,765 | - | - | 6,800 |
| **Total** | **110,066** | **-** | **29,799** | **40,345** |

*net of provisions on NPA

**(v) Disclosures relating to securitisation:**

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Credit enhancements provided and outstanding (Gross) | | |
| Interest subordination | - | 316 |
| Principal subordination | - | 42 |
| Cash collateral | - | 189 |



**(v) Disclosures relating to securitisation (contd.)**

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| | No./Amount | No./Amount |
| 1. No. of SPVs sponsored by the NBFC for securitisation transactions | - | 2 |
| 2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | - | 399 |
| 3. Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet | - | 231 |
| a) Off-balance sheet exposures | | |
| * First loss | - | - |
| * Others | - | - |
| b) On-balance sheet exposures | | |
| * First loss | - | 231 |
| * 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 | | |
| i) Exposure to own securitisations | | |
| * First loss | - | - |
| * Others | - | 316 |
| ii) Exposure to third party securitisations | | |
| * First loss | - | - |
| * Others | - | - |

**(vi) Assignment**

The Company has not undertaken any assigment transactions during the current year and the previous year.

**(vii) Details of financial assets sold to securitisation / reconstruction company for asset reconstruction:**

The Company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year.

**(viii) Details of non-performing financial assets purchased / sold:**

The Company has not purchased / sold non-performing financial assets in the current and previous year.

**(ix) Details of financing of parent company products:**

This disclosure is not applicable as the Company does not have any holding/parent company.

**(x) Unsecured advances**

Refer note 13 for unsecured advances. The Company has not given any advances against the rights, licenses, authorisations, etc.

**(xi) Registration obtained from other financial regulators**

The Company has obtained registration having license no. CA0146 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 1 April 2016 to 31 March 2019 for procuring or soliciting insurance business for life, general and health insurers.

**(xii) Disclosure of penalties imposed by RBI and other regulators**

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

**(xiii) Ratings assigned by credit rating agencies and migration of ratings during the year**

The overall rating of the Company by ICRA Limited is A-. Further, the Company has obtained rating from ICRA Limited in respect of outstanding Non-Convertible Debentures and term loans. The ratings obtained for the said transactions are provided below:

| Deposit instrument | Outstanding amount | Date of rating | Rating assigned | Valid upto |
|---|---|---|---|---|
| Non-Convertible Debentures | 375 | 12-Jul-17 | ICRA A- (Stable) | 10-Sep-18 |
| Non-Convertible Debentures | 4,200 | 12-Jul-17 | ICRA A- (Stable) | 25-Jun-21 |
| Non-Convertible Debentures | 6,800 | 12-Jul-17 | ICRA A- (Stable) | 22-Jul-22 |
| Non-Convertible Debentures | 3,000 | 12-Jul-17 | ICRA A- (Stable) | 29-Nov-19 |
| Non-Convertible Debentures | 11,563 | 12-Jul-17 | ICRA A- (Stable) | 06-Jan-20 |
| Term loans | 44,601 | 12-Jul-17 | ICRA A- (Stable) | 30-Jun-18 |

Notes: The rating is subject to annual surveillance till final repayment/redemption of rated facilities

**(xiv) Draw down from reserves**

There has been no draw down from reserves during the year ended 31 March 2018 (31 March 2017: Nil).

**(xv) Provisions and Contingencies (shown under the head expenditure in Statement of Profit and Loss)**

| | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Provision for loan assets | 4,533 | 3,387 |
| Provision for current tax | 1,352 | 2,349 |
| Provision for leave encashment | (40) | 52 |
| Provision for gratuity | 57 | 56 |

**(xvi) Concentration of Deposits, Advances, Exposures and NPAs**

| | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Concentration of Advances** | | |
| Total advances to twenty largest borrowers | 1,062 | 471 |
| Percentage of advances to twenty largest borrowers to total advances of the Company | 1.59% | 0.70% |
| **Concentration of Exposures** | | |
| Total exposures to twenty largest borrowers/customers | 1,062 | 467 |
| Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/ customers | 0.84% | 0.42% |
| **Concentration of Exposures** | | |
| Total exposures to top four NPA accounts | 81 | 78 |

**(xvii) Sector-wise NPAs**

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Sector** | **Percentage of gross NPAs to total advances in that sector** | **Percentage of gross NPAs to total advances in that sector** |
| Agriculture & allied activities | 10.94% | 6.01% |
| MSME | 2.07% | 1.70% |
| Corporate borrowers | - | - |
| Services | - | - |
| Unsecured personal loans | - | - |
| Auto loans | - | - |
| Other personal loans | - | - |



**(xviii) Movement of NPAs**

| Sl No | Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|---|
| i | Net NPAs to Net Advances (%) | 2.71% | 1.58% |
| ii | Movement of NPAs (Gross) | | |
| | i) Opening balance | 3,592 | 1,843 |
| | ii) Additions during the year | 7,025 | 3,339 |
| | iii) Reductions during the year | (5,604) | (1,590) |
| | iv) Closing balance | 5,013 | 3,592 |
| iii | Movement of Net NPAs | | |
| | i) Opening balance | 1,692 | 1,062 |
| | ii) Additions during the year | 2,232 | 1,998 |
| | iii) Reductions during the year | (543) | (1,368) |
| | iv) Closing balance | 3,381 | 1,692 |
| iv | Movement of provisions for NPAs (excluding provision on standard assets) | | |
| | i) Opening balance | 1,901 | 781 |
| | ii) Provisions made during the year | 4,792 | 2,496 |
| | iii) Write-off during the year | (4,872) | (1,247) |
| | iv) Write-back of excess provisions | (189) | (129) |
| | v) Closing balance | 1,632 | 1,901 |

**(xv) Customer complaints**

| | 31 March 2018 | 31 March 2017 |
|---|---|---|
| No. of complaints pending at the beginning of the year | - | 4 |
| No. of complaints received during the year | 98 | 51 |
| No. of complaints redressed during the year | 98 | 55 |
| No. of complaints pending at the end of the year | - | - |

**(xvi) Details of investments**

This disclosure is not applicable as the Company does not have any investments.

## 33 Disclosure of frauds as per Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. circular no. RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016

**Instances of fraud for the year ended 31 March 2018**

There were no instances of fraud reported for the year ended 31 March 2018.

**Instances of fraud for the year ended 31 March 2017**

| Nature of fraud | No. of cases | Amount of fraud (in lakhs) | Amount written off |
|---|---|---|---|
| Cash misappropriation by employee | 1 | 1 | - |
| Fraudulent representation by customers | 2 | 6 | 3 |
| | **3** | **7** | **3** |

In respect of the above three cases, provision has been created for an amount of ₹6 lakhs

**34** 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.

## 35 Expenditure in foreign currency

There is no expenditure in foreign currency in the current year and previous year.

### 36 Value of import in foreign currency on CIF basis

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Capital goods (Software) | - | 2 |

### 37 Earnings in foreign currency

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Reimbursement of expenses incurred | 66 | 14 |

### 38 Comparatives

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

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

SD/-
**per Manish Gujral**
Partner
Membership No.: 105117
Mumbai
03 May 2018

SD/-
**Brahmanand Hegde**
Executive Vice Chairman
DIN : 02984527
Bengaluru
03 May 2018

SD/-
**Ramakrishna Nishtala**
Managing Director
DIN : 02949469

SD/-
**Sudesh Chinchewadi**
CFO & Company Secretary
CS M.No: A16422



# Awards & Recognitions


"IFC – Mint Strategy Award"
in September 2016

"Segment Leadership & Financial Inclusion"
by SKOCH Award in June, 2016


"The India CFO Award for Excellence in Finance
in a Start-Up" by IMA to Mr. Sudesh Chinchewadi,
CFO & CS in May, 2016


Vistaar ranked 50th in India's TOP 50 NBFCs
with its Total Income of ₹271 Crs. (FY17)

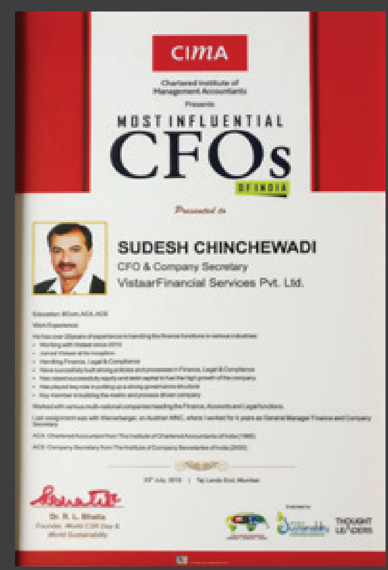




"Best Financial Reporting for FY15, FY16 & FY17 – Medium Business" award by Times Network & CMO Asia

"CEO with HR Orientation" by Vijayavani -
BFSI award to Mr. Brahmanand Hegde, MD &
CEO in September, 2015


"Most Influential CFOs of India" by CImA,
London to Mr. Sudesh Chinchewadi,
CFO & CS in July, 2015



# Senior Management

## Sudesh Chinchewadi

**Executive Vice President**

**Chief Financial Officer and Company Secretary**

Sudesh has more than 18 years of experience in handling the financial, accounting, taxation and compliance functions in various industries. He has worked with reputed MNCs like Coca Cola, Givaudan, Wienerberger prior to joining Vistaar. He is a Chartered Accountant from The Institute of Chartered Accountants of India and Company Secretary from The Institute of Company Secretaries of India.

## PraveenArora

**Executive Vice President**

**Chief Business Officer**

Praveen Arora has vast retail finance experience straddling the space of consumer loans, car loans, home loans, personal loans, micro finance and mortgages.

His career of over two decades has been largely with GE Money, India for 14 years and with Fincare Small Finance Bank across sales, product and operations functions for 5 years. He was instrumental in setting up first franchisee and also setting up housing finance business for GE Money. His last role was as Chief Operating Officer - MFI and Bank Partnerships with Fincare based out of Bangalore. He is a Graduate in Electrical Engineering from IIT Delhi and holds a MBA from IIM Calcutta.

## Dr Ashok Nagpal

**Senior Vice President**

**Head – Credit, Risk and Collections**

Dr. Ashok has over 12 years experience in Veterinary Life Sciences, Livelihood Services, New Initiatives in Rural Finance, Risk Management, Business Planning, Product Development, Internal Audit, Marketing, Human resources and Stratergy in Financial Services. He is a Veterinarian with Post-Graduate Diploma in Agri-Business Management from IIM-Ahmedabad.



## TK Srinath

**Executive Vice President**

**Chief Human Resources Officer**

TK Srinath has about 26 years of experience across the Human Resources and Operation functions. His areas of expertise are Talent Management, Learning and Development, Organizational Capability Building and Change Management. Prior to joining Vistaar, Srinath was with the TVS group in Madurai, where he was the Group President – Human Resources. Prior to TVS, he was associated with Grundfos, a Danish Multinational, as Regional Director – Human Resources heading Human Resources for India, Middle East, Africa and South America based out of Chennai.

Srinath is a Graduate in Mechanical Engineering from the RV College of Engineering Bangalore affiliated to the Bangalore University and also has a Masters in Personnel management from the University of Pune. He is a certified assessor in development centres and is also certified in Predictive Index (PI) and Thomas profiling instruments

## Nikhil Bandi

**Senior Vice President**

**Chief Information Officer & Head of Operations**

Nikhil has 17 years of experience in IT and has worked in India, US and Japan. He worked as Asst. VP and Head of IT applications for TATA AIA Life Insurance and managed more than 40 business applications across technologies. He holds a Bachelor's degree in engineering from Bhilai Institute Of Technology and Advanced Diploma in Business Administration from Welingkar Institute of Management Mumbai.

## Mohan K Pattabhiraman

**Senior Vice President**

**Head of Internal Audit**

Mohan specializes in Internal Audit, Risk Assessment, Fraud Examination, Investigation and Corporate Governance. He has 23 years of experience predominantly as an Internal Audit specialist in the International Trade, Manufacturing, Logistics and Travel Management sectors. In the past, he worked in AFL Limited & DTDC Courier & Cargo Limited in India and for more than a decade in the PAN Africa region during his stint with Sumaria Group, Triton Group and Insignia Group. He is a trained, certified Business Excellence Assessor (EFQM Model) and is among the few certified trainers of The Institute of Internal Auditors (IIA), USA. Mohan has conducted many workshops both in India and abroad on his areas of specialization. Mohan has been recognized by the IIA Tanzania and the National Board of Accountants and Auditors, Tanzania as a valuable resource person of the Board and for his outstanding contribution in developing the capacity of the internal auditors and the profession in Tanzania.

## NOTES

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VISTAAR

**We Welcome Your Feedback**


**Vistaar Financial Services Pvt. Ltd.**

Plot No 59 & 60- 23, 22nd Cross, 29th Main, BTM 2nd Stage, Bengaluru 560076.
Ph: 080 - 4666 0900 Fax: 080 - 2668 2645. | Email: contactus@vistaarfinance.com


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