VISTAAR

ANNUAL REPORT 2020

2010-2011
Vistaar launches its Mission to serve MSMEs

2012
Target New customers with New product

2013
Achieved Milestone of ₹100 Cr Portfolio

2014
Vistaar widen's its reach

2015
Expansion, Growth, Evolution

2016
Vistaar is a catalyst-inclusive, insightful, pragmatic and enabling

2017
The Demonetization wave

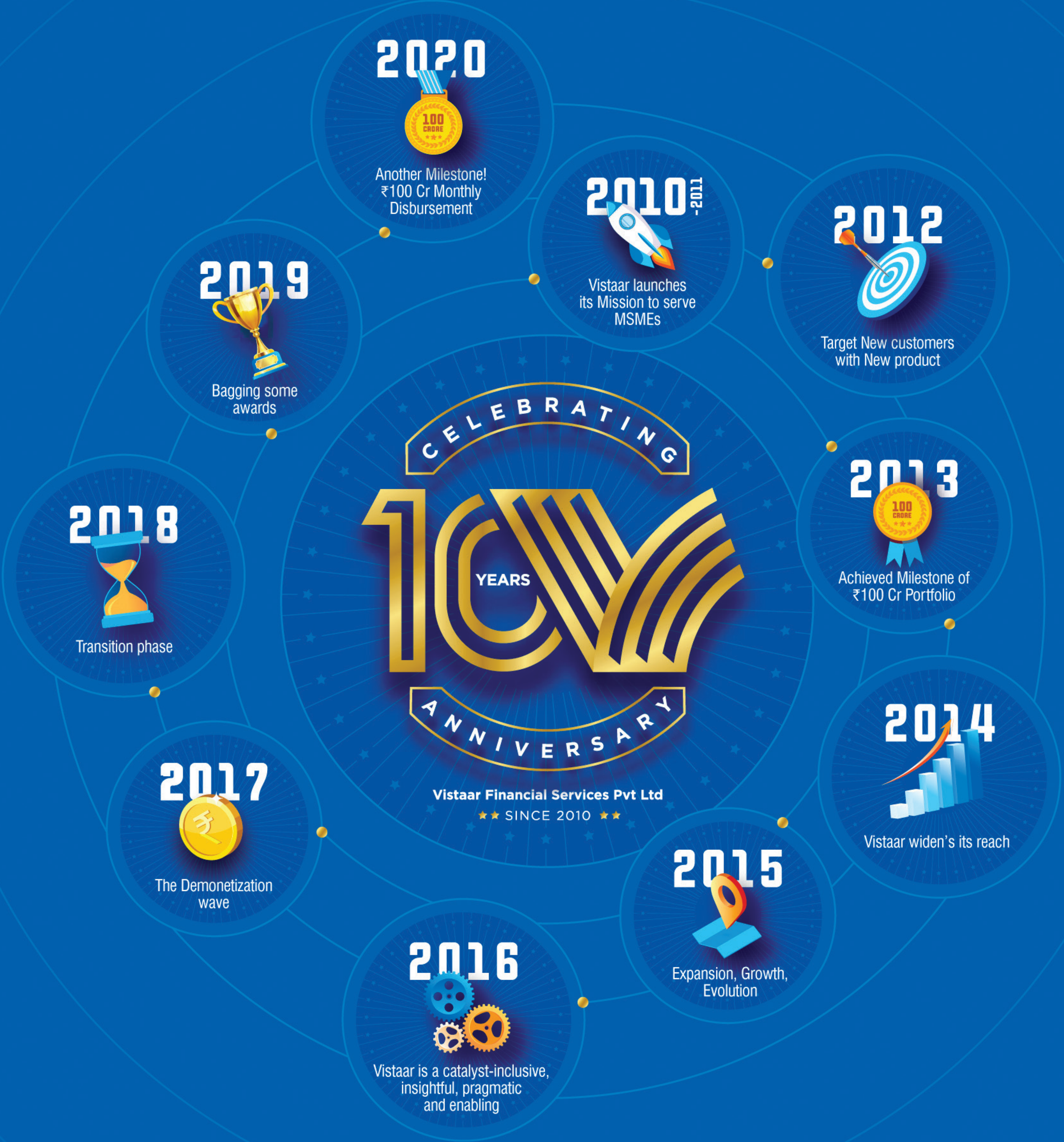
2018
Transition phase

2019
Bagging some awards

2020
Another Milestone! ₹100 Cr Monthly Disbursement

www.vistaarfinance.com

VISTAAR



Achievement ignites new milestone, don't stop keep climbing.

ANNUAL REPORT 2020

www.vistaarfinance.com

Vistaar is a commitment to create new economic opportunities

for deserving small business women and men, enriching lives and transforming communities. The company focuses on the missing middle segment, which is not effectively served by the formal financial system. Vistaar works to make available appropriately designed financial services, for this segment alone. This is nation building done right, one entrepreneur at a time.

2010-11

A BIG BUSINESS STARTS SMALL.

- Richard Branson

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2012

OPPORTUNITIES DON'T HAPPEN. YOU CREATE THEM.

- Chris Grosser

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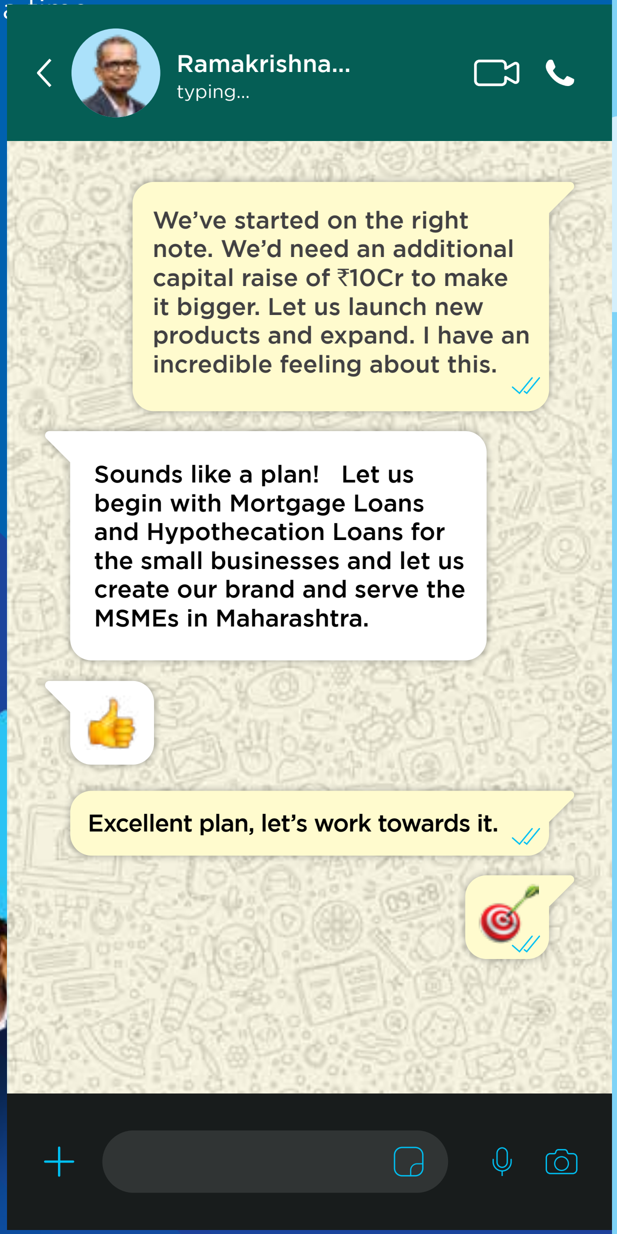

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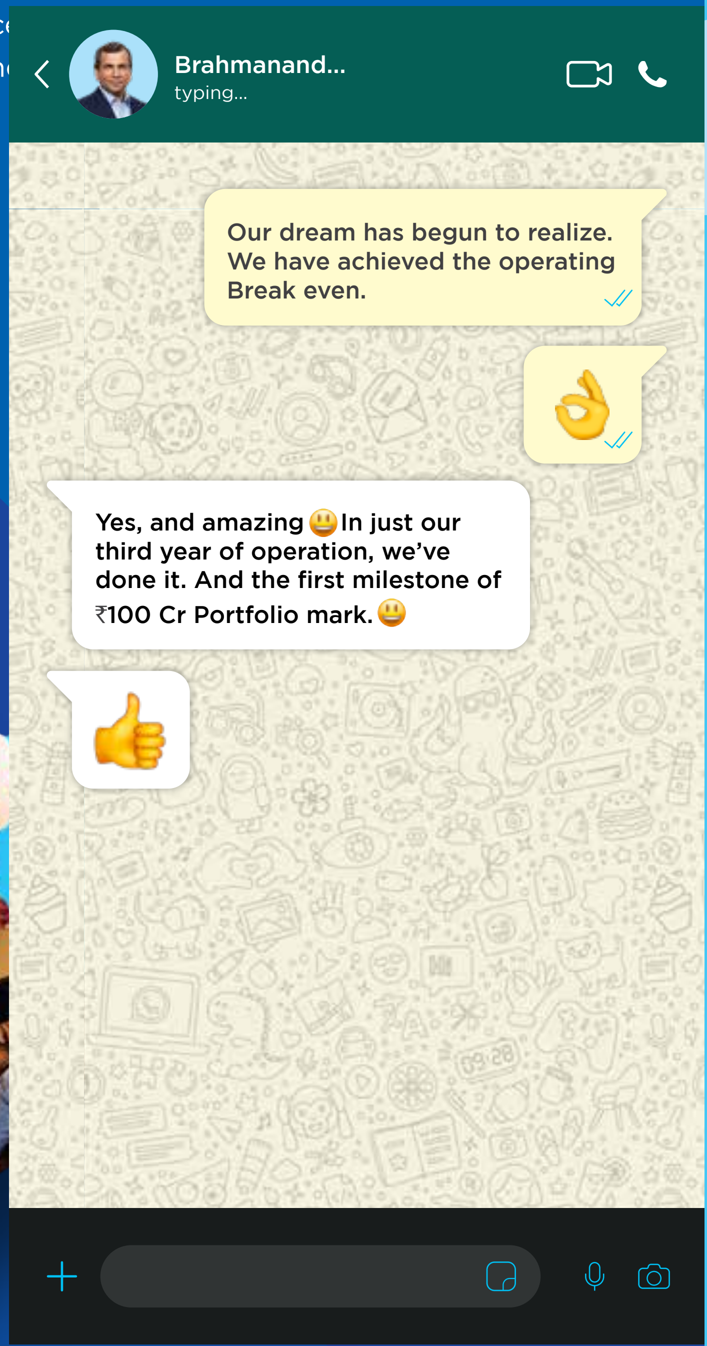

2014

THE SECRET OF GETTING AHEAD IS GETTING STARTED.

- Mark Twain

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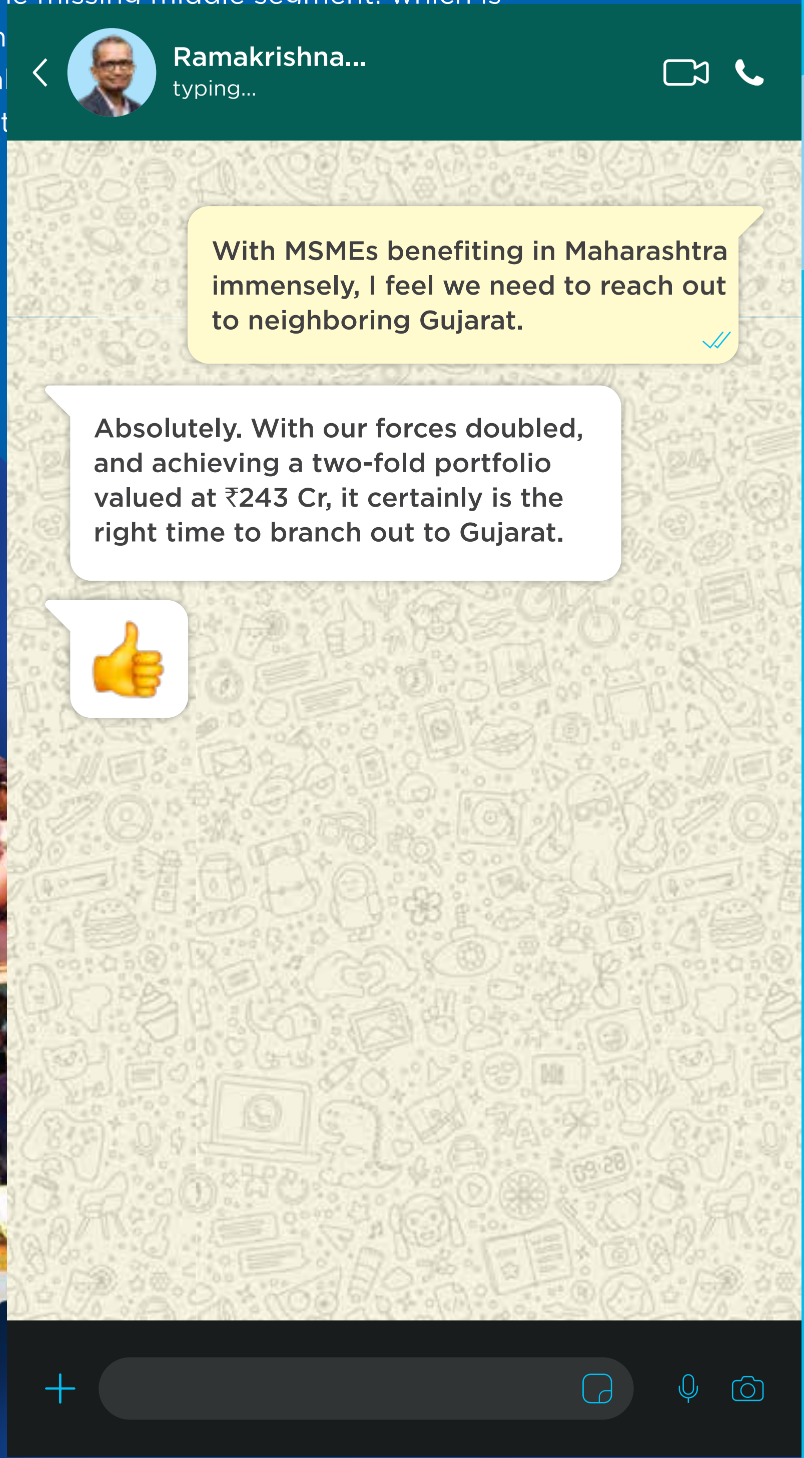

2015

ARISE, AWAKE, AND STOP NOT UNTIL THE GOAL IS ACHIEVED.

- Swami Vivekananda

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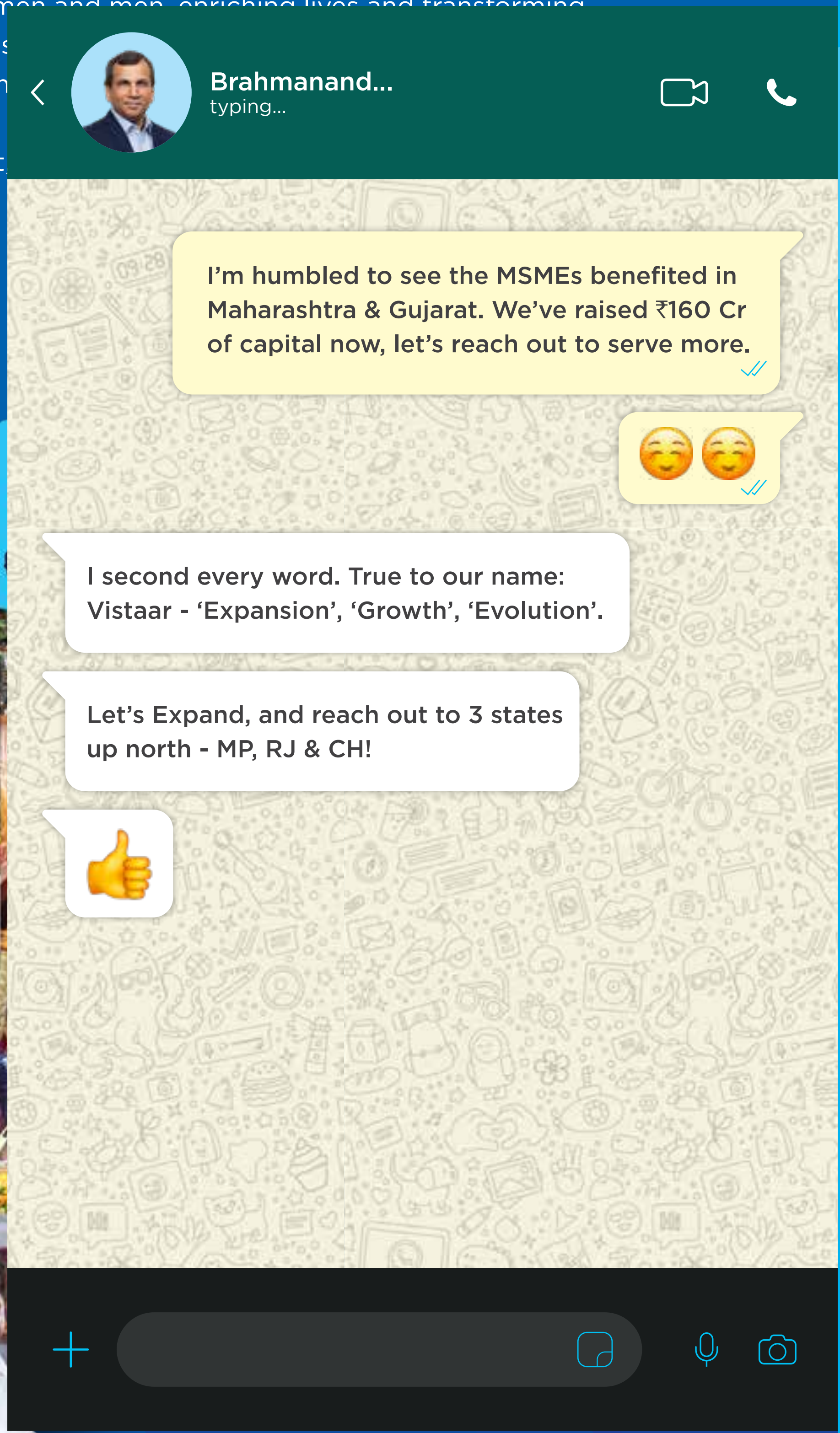
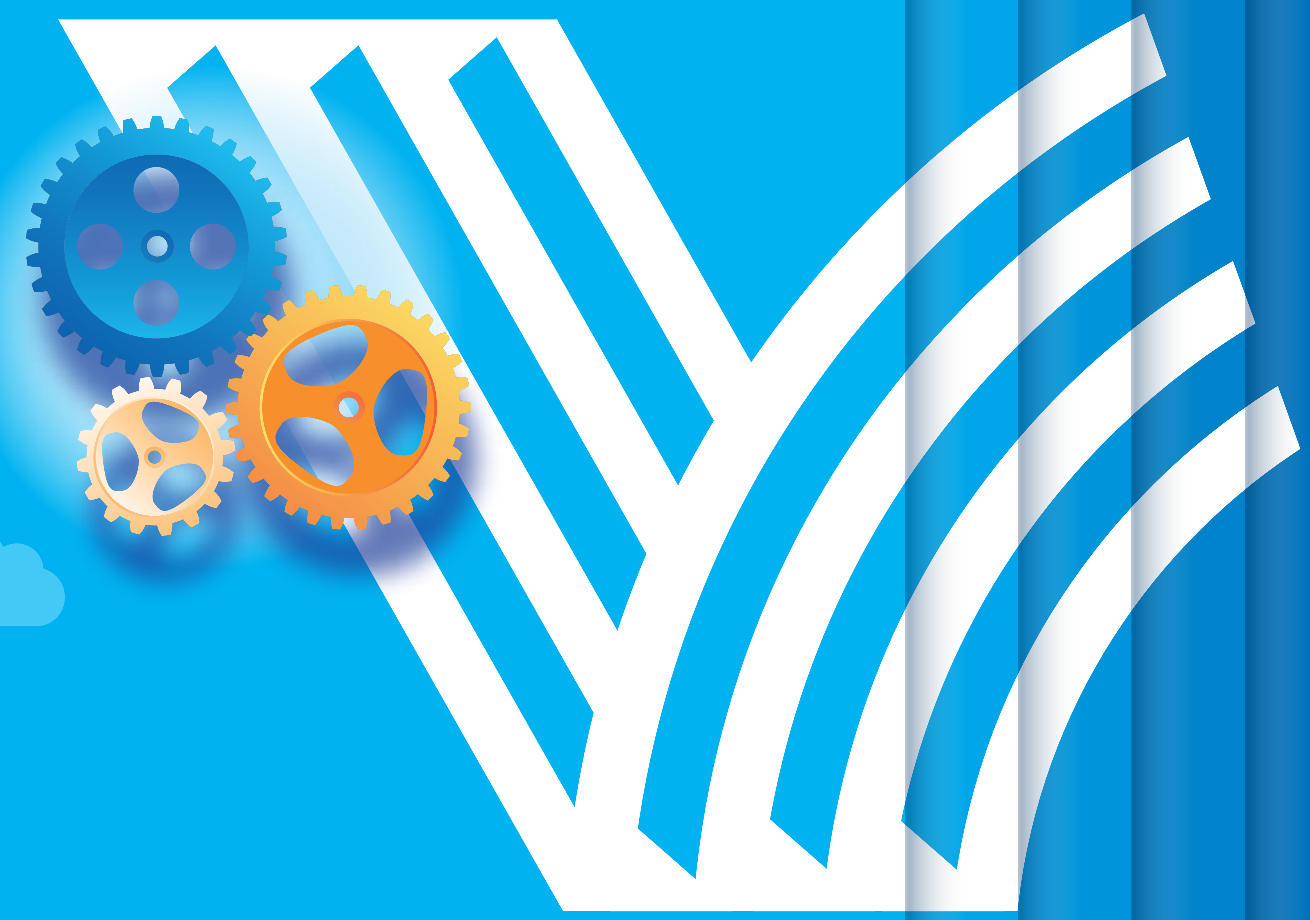
This is nation building done right.



2016



EVERYTHING STARTS WITH A DREAM.

Vistaar is a commitment to create new economic opportunities

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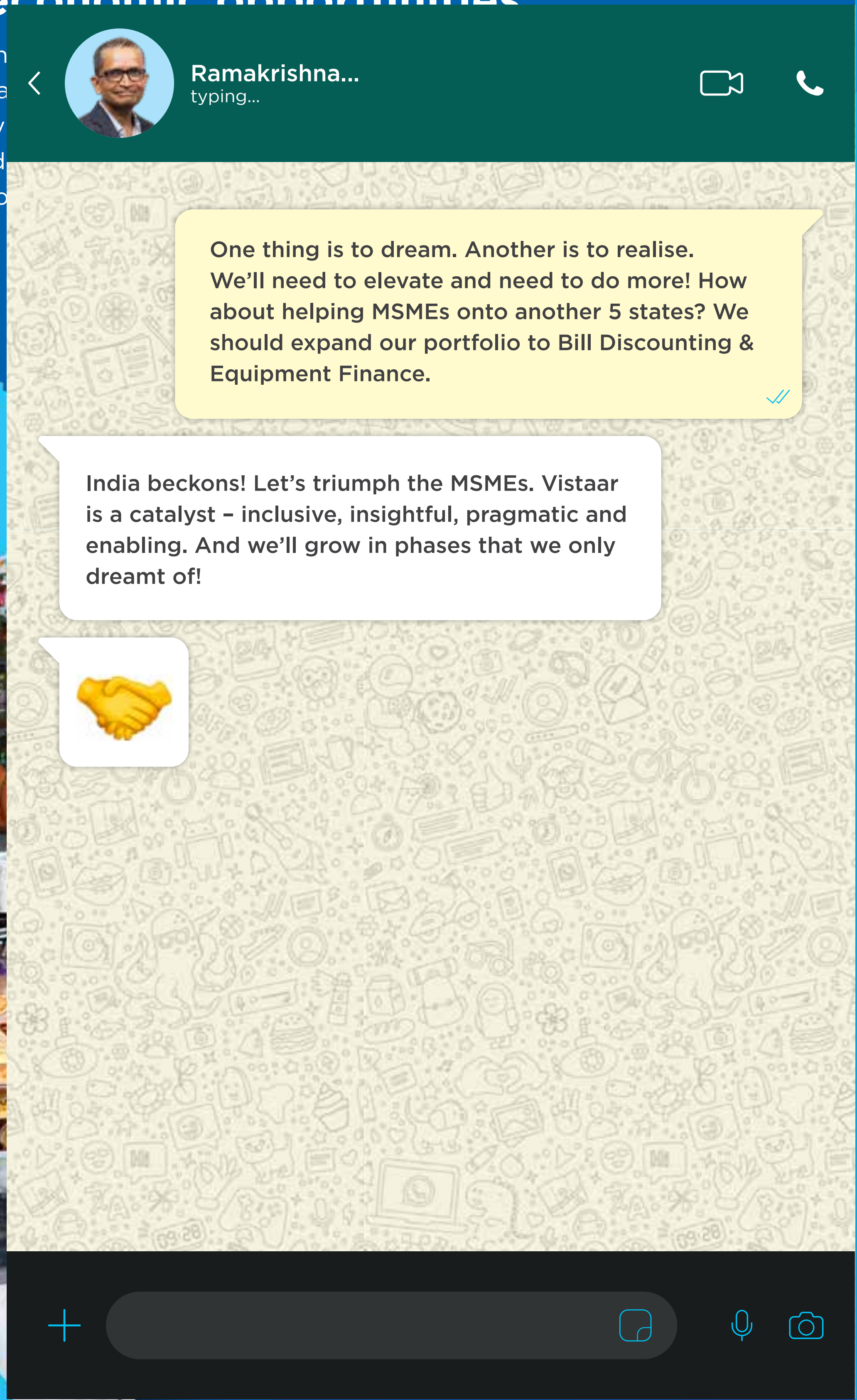

2017

A PROBLEM IS A CHANCE FOR YOU TO DO YOUR BEST.

- Duke Ellington

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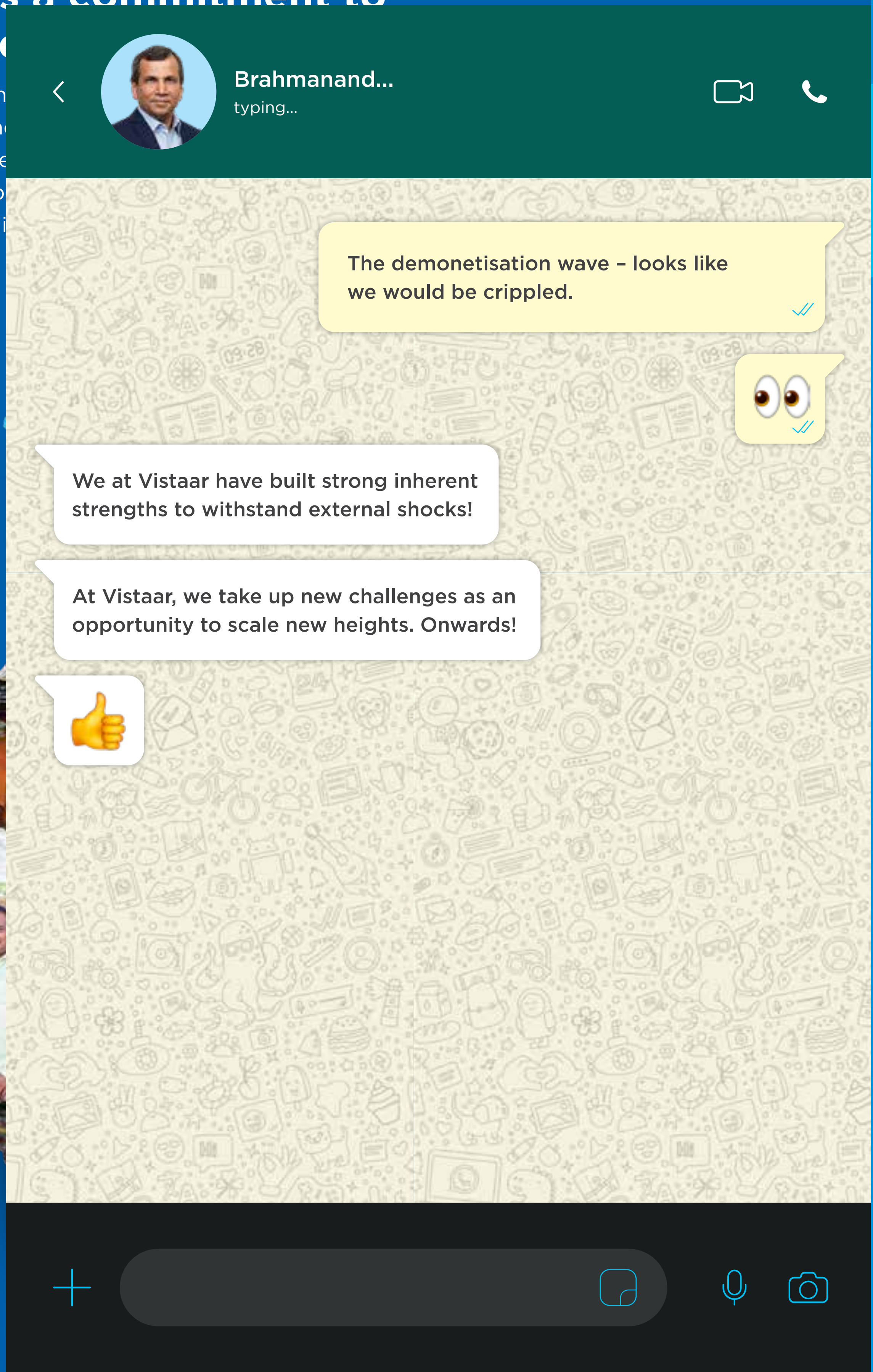

2018

NEITHER SEEK NOR AVOID, TAKE WHAT COMES.

- Swami Vivekananda

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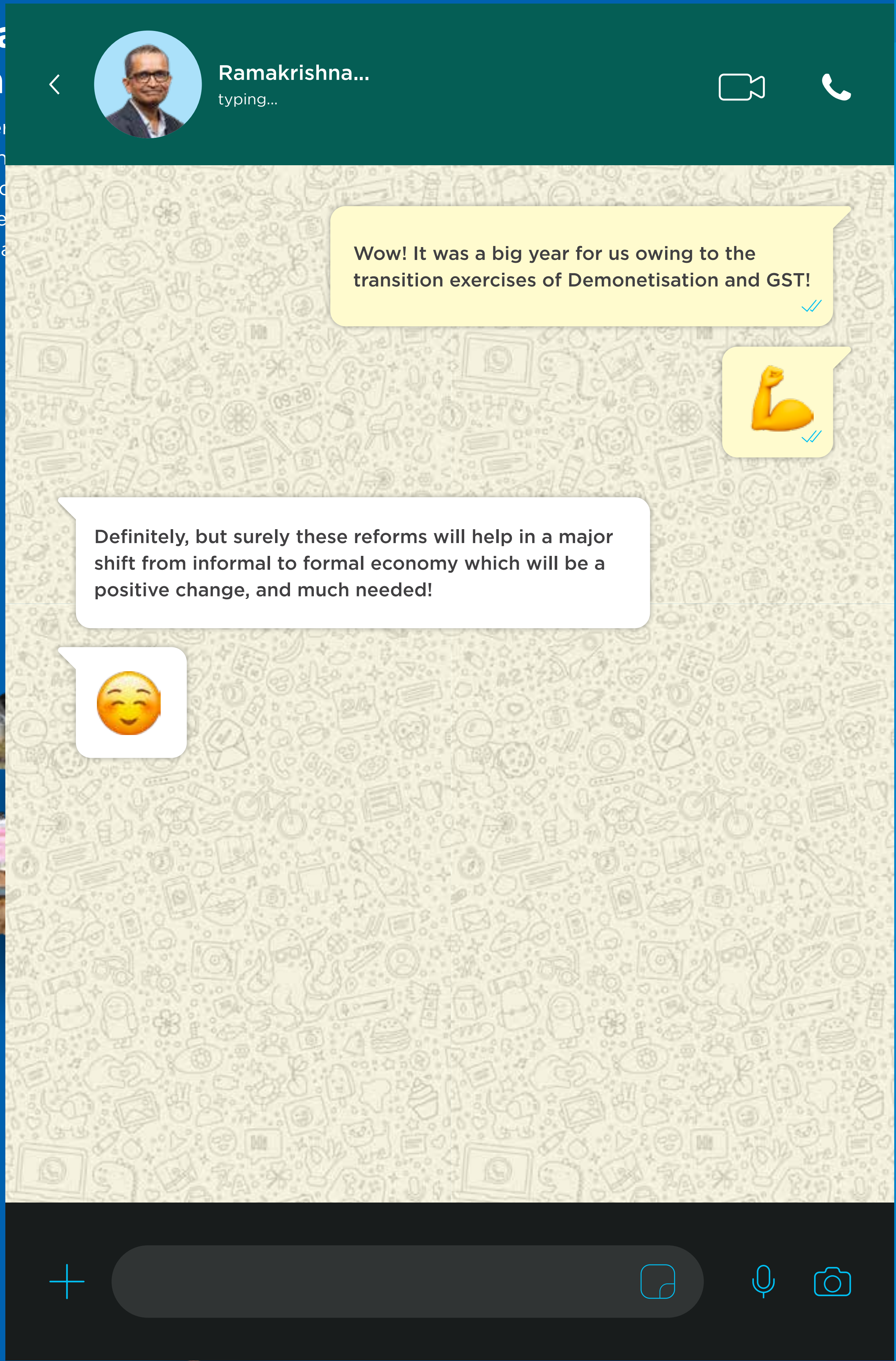
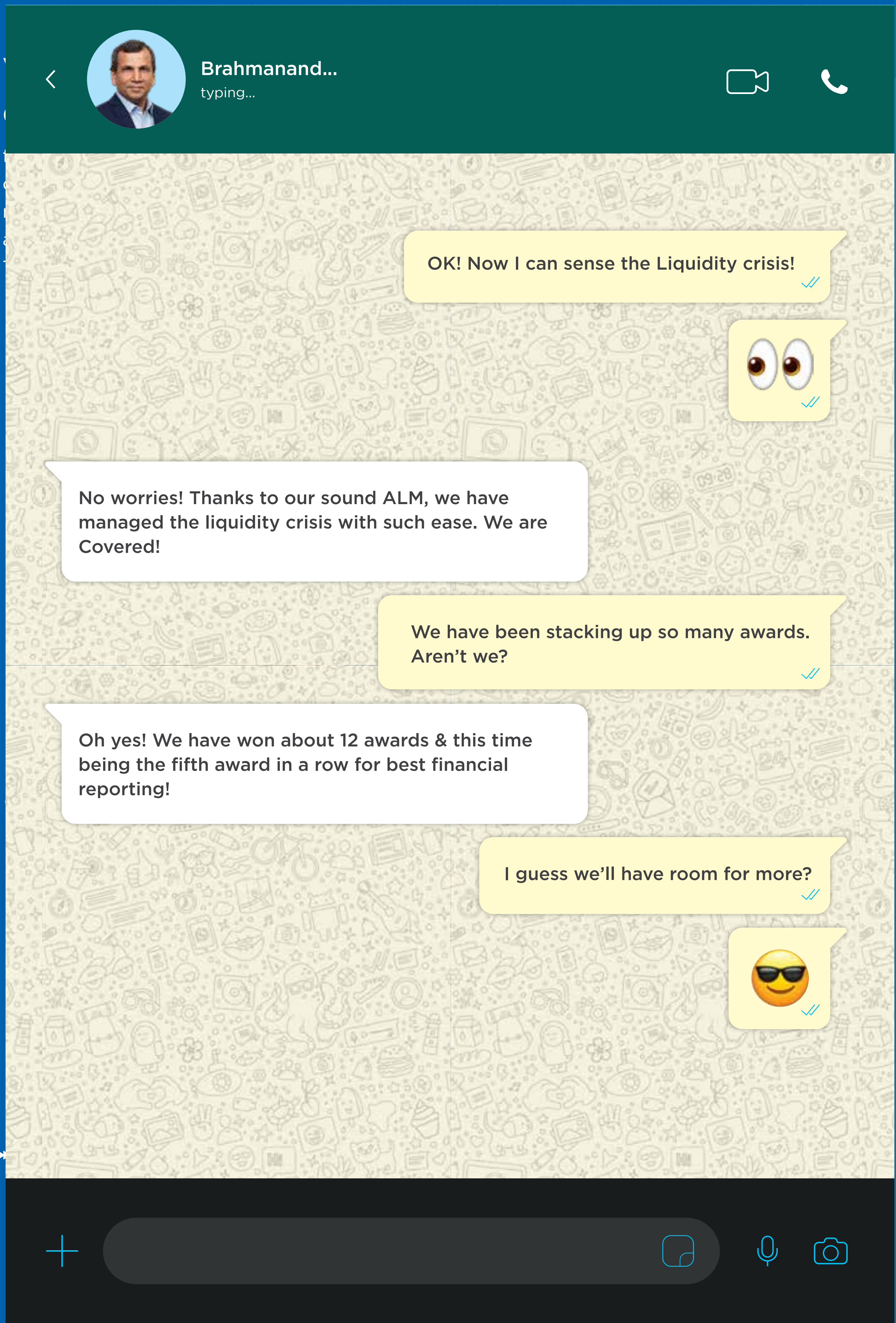


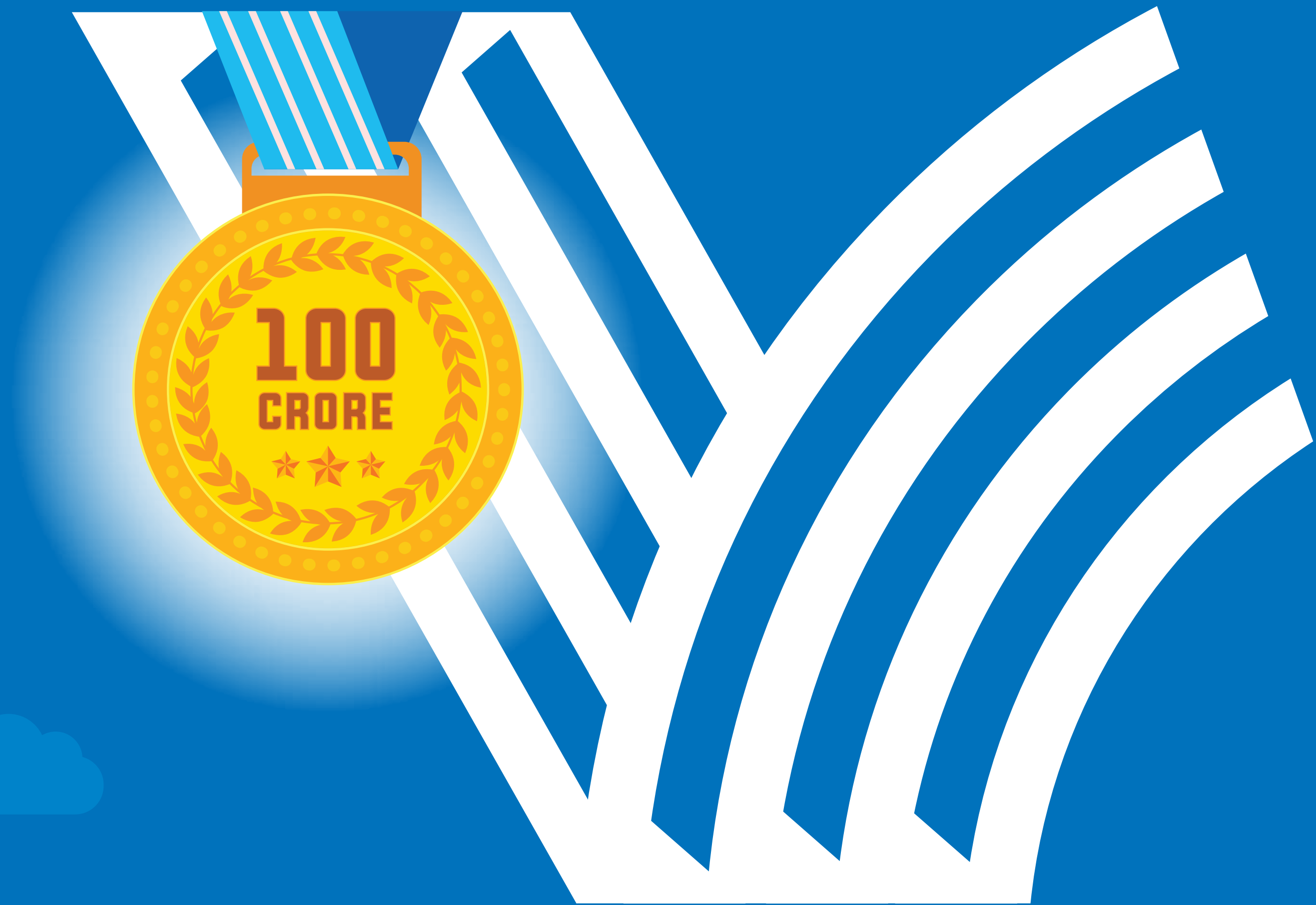
2019

KNOWING IS NOT ENOUGH; WE MUST APPLY. WILLING IS NOT ENOUGH; WE MUST DO.

- Johann Wolfgang von Goethe



2020



AT FIRST THEY WILL ASK WHY YOU'RE DOING IT. LATER THEY'LL ASK HOW YOU DID IT.

Ramakrishna...
typing...

Another milestone! We have achieved ₹100cr monthly disbursement in FY20. #Proud

#Proud and how! Yes, we have achieved good growth and profitability leading to the highest ever in the Decade of Vistaar.

There are 115+ Vistaarians who have been with us for over 5 years and also ten years. I'm humbled by their Loyalty and Faith shown in us.

Vistaar's employees have been our core and played a massive role in our surge. They are the pillars of Vistaar's success. Thank you to each and every one of you!

VISTAAR

CELEBRATING 10 YEARS ANNIVERSARY

Vistaar Financial Services Pvt Ltd

★★ SINCE 2010 ★★

It started with a dream. To have looked back where we started in 2010, to where we've surged now, it's only fair to extend our gratitude to all our stakeholders including Customers, Investors, Lenders, and most importantly to EVERY VISTAARIAN who have contributed to the success of our company's growth in this decade. And looking at the next decade, we shall only elevate from here.

VISTAAR

CONTENTS

BOARD OF DIRECTORS

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

Ms. Manju Agarwal
Independent Director and
Woman Director
DIN - 06921105

Mr. James Abraham
Independent Director
DIN - 02559000

Mr. Sandeep Farias
Nominee Director
DIN - 00036043

Mr. Shailesh J. Mehta
Nominee Director
DIN - 01633893

Mr. Badri Pillapakkam
Nominee Director
DIN - 00272372

Mr. Sumir Chadha
Nominee Director
DIN - 00040789

Mr. Brahmanand Hegde
Executive Vice Chairman
and Director
DIN - 02984527

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

No resignation for the financial year ending 2020.

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Sudesh Chinchewadi
CS Membership No: A16422

List of Lenders, Subscribers & Holders of Debt Issues

AU Small Finance Bank
Axis Bank
Bajaj Finance Limited
Bandhan Bank Ltd
Bank of Baroda
Bank of Maharashtra
Catholic Syrian Bank
DCB Bank Limited
Equitas Small Finance Bank
Federal Bank
Franklin Templeton
HDFC Bank Limited
Hero Fincorp Limited
Hinduja Leyland Finance
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Ltd
Indian Bank
IndusInd Bank
MAS Financial Services Ltd
NABKISAN Finance Ltd
NABSAMRUDDHI Finance Ltd
Poonawala
Ratnakar Bank Limited
SBM Bank(India) Ltd
State Bank of Bikaner & Jaipur
Suryoday Small Finance Bank
Syndicate Bank
TATA Capital Financial Services Ltd
The Lakshmi Vilas Bank Limited
Ujjivan Small Finance Bank
Union Bank of India
Utkarsh Small Finance Bank
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

UPTO FY 20

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

FROM FY 21

M/s. MSKA & Associates
Chartered Accountants
(ICAI Firm's Registration No.: 105047W)

DEBENTURE TRUSTEES

IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17,
R Kamani Marg, Ballard Estate
Mumbai - 400 001

Catalyst Trusteeship Limited
(formerly GDA Trusteeship Ltd)
GDA House, First Floor, Plot No 85,
Bhusari Colony (Right), Paud Road,
Pune - 411 038

Registrar & Share Transfer Agent:
Link Intime India Pvt Ltd
247 Park, C 101 1st Floor, LBS Marg,
Vikhroli (W) Mumbai - 400 083

MESSAGE FROM
MR. C.B. BHAVE

Non-Executive Chairman & Independent Director

Dear Shareholders,

It is my pleasure to present the 10th Annual Report of Vistaar Financial Services Pvt. Ltd., as the Chairman of the Board. This has been a decade of development for Vistaar with many milestones achieved. Vistaar pioneered the MSME lending in the last decade with its unique credit methodology and has helped about 2,00,000 MSMEs by disbursing loans of over ₹4,700 Cr so far. By demonstrating how to lend to MSMEs effectively, Vistaar has facilitated new players to come into this segment and thus created vast opportunities for MSMEs to tap the debt market for their needs in an effective way.

The MSMEs (Micro, Small and Medium Enterprises) contribute significantly in the development of Indian economy through export production, domestic production, low investment requirements, operational flexibility, technology oriented enterprises etc and at the same time providing employment to millions of people. The MSMEs are complementary to large industries operating in the economy & contribute significantly in the development of the country.

In its tenth year of operations, Vistaar continued its focus on its MSME customer segment to build a good quality secured portfolio. Secured enterprise lending, which is the core business of the company, grew by 41% over the last year with good and stable portfolio quality. Profits of the company increased by 32% over the last year.

People are the backbone of our business and in this regard, the Company has introduced several measures to take care of employee needs and to upskill them for career growth. Even though there is a Covid-19 outbreak in India, the company is resilient in managing the situation and invested in capability building and employee engagement to keep the team motivated.

Keeping in mind the developments in the economy and changes affecting the MSME sector, Vistaar has tailor made products to serve the MSME customers more effectively and has embarked on the next decade of growth. Vistaar will continue to bring innovation in MSME lending with the objective of making a marked difference to the lives of young entrepeneuers in our target MSME segment and to be a catalyst of economic growth.

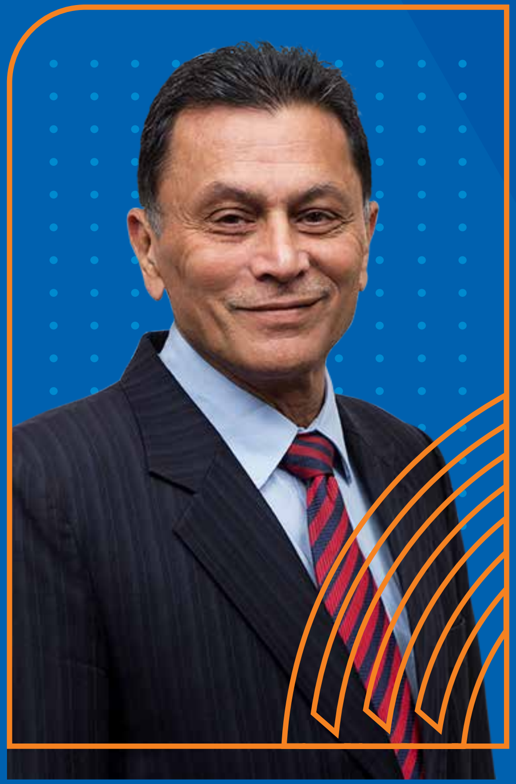
I am privileged to present the Annual report of Vistaar Financial Services for FY20 that highlights its efforts to build a stronger Vistaar.

I AM GRATEFUL TO ALL THE STAKEHOLDERS FOR THE CONFIDENCE REPOSED BY THEM IN VISTAAR.

Wishing you all the best.

Chandrashekhar Bhaskar Bhave

BOARD OF DIRECTORS



Mr. Chandrashekhar Bhaskar Bhave

Non-Executive Chairman - Independent Director

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.

Ms. Manju Agarwal

Independent Director

Ms. Manju Agarwal has a career span of over three decades in the banking sector. Her last assignment was with State Bank of India, as Deputy Managing Director (Digital Banking and New Businesses), wherein she was responsible for rolling out new digital initiatives in the Bank. She was also responsible for Debit Card Strategy, Acquiring Business, Transit solutions, Transaction Banking Business and Government Business of the Bank. Ms Agarwal has worked in SBI in multiple roles and locations including retail banking, SME banking, Agri loans, Operations.

Ms. Manju Agarwal has Core Expertise in Retail Banking including Retail, SME and Agri-Loans, Financial Inclusion, Operations and Customer Service. Retail digital payments including IMPS, UPI, Aadhar Pay, Bharat QR. Issuance and Acquiring business including Transit and Metro Transaction banking including Cash Management Products.

Ms. Manju Agarwal has a Post Graduate from University of Allahabad, An Associate membership of the Indian Institute of Bankers, Certification in Financial Inclusion, by Harvard Kennedy School, USA and Certification in Marketing, by IIM, Kolkata.

James Abraham

Independent Director

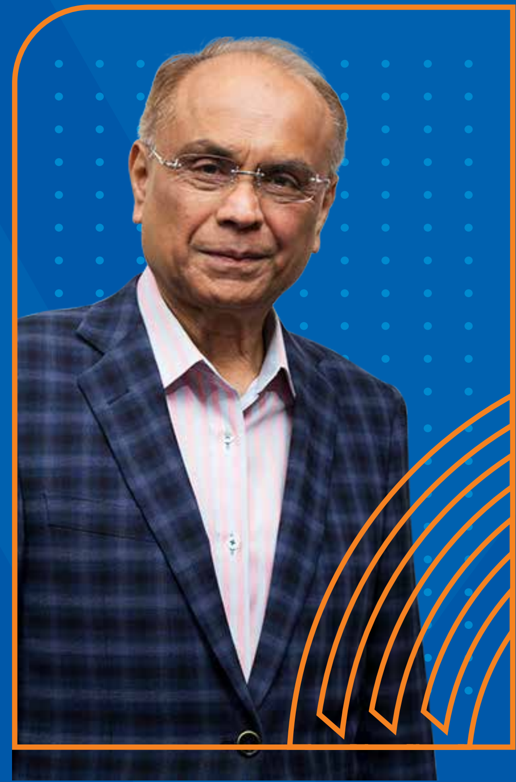
James Abraham has over 25 years of experience as management leader in technology companies in Americas and South East Asia. He started his career with Bell Canada, developing advanced services and business models for emerging technologies (he helped develop and launch Canada's first Frame Relay service).

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 manging 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.



Shailesh J Mehta

Nominee DIrector

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.

Badri Pillapakkam

Nominee Director

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

Nominee Director

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 servedon the board of many successful investments that he has been instrumental in making including Applabs, GlobalLogic, MarketRx, Pangea3, QuickHeal, Scioinspire, Shaadi, Star Health Insurance and SKS Microfinance.

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.

Sandeep Farias

Nominee DIrector

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.

Brahmanand Hegde

Executive Vice Chairman and Director

Brahmanand Hegde is the Executive Vice Chairman of Vistaar Finance. He is one of the Promoters of Vistaar.

He was a Director – Microfinance 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

Managing Director & Chief Executive Officer

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 COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely crippling economic activity. As a result of the pandemic, the global economy is projected to contract sharply by around 3 percent in 2020, much worse than during the 2008–09 financial crisis.

Even with a sharp rebound in the remainder of the year and sizable fiscal support, the economy is projected to grow at a subdued 1.2 percent in 2020. Several economies in the region are forecast to grow at modest rates, including India at 1.9 percent.

While the economy has slowed down, policymakers will need to ensure that people are able to meet their needs and that businesses can pick up once the acute phases of the pandemic passes

This requires substantial targeted fiscal, monetary, and financial measures to maintain economic ties between workers and firms and lenders and borrowers, keeping intact the economic and financial infrastructure of society. Like in emerging markets and developing economies with large informal sectors, new digital technologies may be used to deliver targeted support.

The significant actions of large central banks in recent weeks include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have infused confidence and have contributed to mitigating amplified effect of the shock thus ensuring that the economy is better placed to return to the path of recovery. The synchronized actions can magnify their impact on individual economies and will also help generate the space for emerging market and developing economies.

INDIAN ECONOMIC OVERVIEW:

It is evident that the economic slowdown is real, consumer confidence is declining and also very evident that FY21 gross domestic product (GDP) growth will further go down, from its forecast of 3.6% in FY20 due to the lockdown. Many reports suggest that the GDP may revive only during Q3 of FY21 with anticipation of normalcy being instilled in economic activities by Q2 of FY21. However, if the lockdown continues further, then GDP growth may slip further to negative.

The proactive intervention of the Reserve Bank of India (RBI) notwithstanding, the impact of COVID-19 has percolated into the financial markets as well, choking the credit channels and raising the risk aversion. Although the RBI's announcements in this policy statement of reducing the repo rate over a period of time, cutting the cash reserve ratio and announcing Targeted Long Term Repo Operations (TLTRO), were primarily focused on easing the tight monetary conditions building up in the economy, the financial market reacted otherwise, says the India Rating & Research Report.

The deployment of TLTRO funds so far has largely been into the bonds issued by public sector entities and large corporates. Given the uncertainty surrounding the COVID-19 pandemic and its impact on the economy, Ind-Ra believes the risk aversion is likely to continue and funds available under TLTRO 2.0 may also not flow to the targeted segment. This risk aversion across financial sector participants coupled with slow banking credit growth will have a second round impact on the GDP growth.

According to the IMF's forecast, Consumer Price Index (CPI) in India will grow to 4.1 percent in 2020, 0.7 percentage points up from an average of 3.4 percent in 2019. In the next four years, the inflation rate is expected to stabilize at around 4 percent.

INDUSTRY OVERVIEW:

Lending has been the most topsy-turvy space in the financial services in India. The default saga of large NBFCs sent shockwaves across lenders. The word economic slowdown grabbed not only the headlines but business cycles of lenders as well. Some hard lessons have been to focus on being prudent and building robust models which has kept every NBFC on their toes.

Outlook for 2021 at this juncture looks very challenging with potential turnaround from the slowdown calling for fairly extreme stimulus measures. We can expect demand to pick up as the partial lockdown also comes to an end and thus benefiting the NBFCs serving the MSME sector.

However, companies across sectors are likely to face liquidity pressures on account of delayed payments.

The asset quality pressure for banks and non-banking finance companies (NBFCs) are also expected to increase in FY2021, notwithstanding the moratorium provided by the RBI to borrowers on their loan repayments. Further, banks and institutions may maintain excess liquidity and curtail growth, resulting in compression of their interest spreads and profitability. Says the ICRA report.

MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES):

As per various market reports, the MSME loans to individuals continues to grow in the commercial lending space. It showed YoY growth of 23 percent (As on Jan,2020). During the first quarter of FY20, the NBFCs had successfully competed with PSBs in getting a larger share of the MSME sector. However, the NBFCs share has declined during the other quarters being the first time in two years. Also, NBFCs' share to the small and medium sized enterprises is higher compared to the small and less formal MSME segment.

There was marginal improvement in commercial asset quality when the overall NPA rate of commercial lending was at 16.8% in Sep'19 which was marginally lower than 17% in Sep'18. At a time when commercial credit growth was slowing down, growing 8.1% over the year, gross NPA has increased only by 6.8% resulting in lowering of NPA rate by 20 basis points. In the MSME segment, NPA rates have increased from 11.7% in Sep'18 to 12.2% in Sep'19.

A number of measures including resolution of Bad loans, capital infusion and transparency in settlement policies implemented during the year helped to bring down NPAs to some extent. At a time when credit growth in the system is slowing down, various reform measures by the Government and RBI will help improve the growth situation gradually.

COMPANY OVERVIEW:

Vistaar Financial Services Private Limited ("Vistaar" or "VFSPL" or "Vistaar Finance" or "Company"), is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and based out of 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 completed ten years of its operations. Vistaar was set up with the core objective of serving the underserved MSME segment. In line with the company's vision, during this decade, we have been able to disburse more than 2,10,000 loans aggregating to over ₹4,300 Crs (on cumulative basis) which has helped us to make an indelible mark in the lives of our customers.

During these years, the company has established a network of about 200 plus branches spread across 14 States and that has helped in widening our reach across the country. It has been a fulfilling journey so far weathering the various challenging situations.

Over the last ten years, we have demonstrated sizable growth with the portfolio growing with a CAGR of 63% from ₹14 Crore as on March, 2011 to ₹1,879 Crore as on March, 2020. Also, with more focus on secured lending we have a healthy Enterprise portfolio of ₹1778 Crore (95% of portfolio) with good portfolio quality.

Vistaar has a unique methodology for its vastly varied customer segments. It constantly innovates on its processes to serve its customers, using differentiation created through linkages. Vistaar focuses on providing customized products aligned to the needs of small businesses on the three key dimensions of loan size, repayment frequency and tenor.

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

VISION, MISSION & FIVE PRINCIPLES:

Vision

Our vision is to be 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 ful-fil their financial needs through customised products and simple processes.

01

Our Customer is at the Centre of everything that we do.

02

I hold myself Accountable for my Performance.

03

I will treat Colleagues the way I expect to be treated.

04

My colleagues and I will deliver greater results, working together, than in isolation.

05

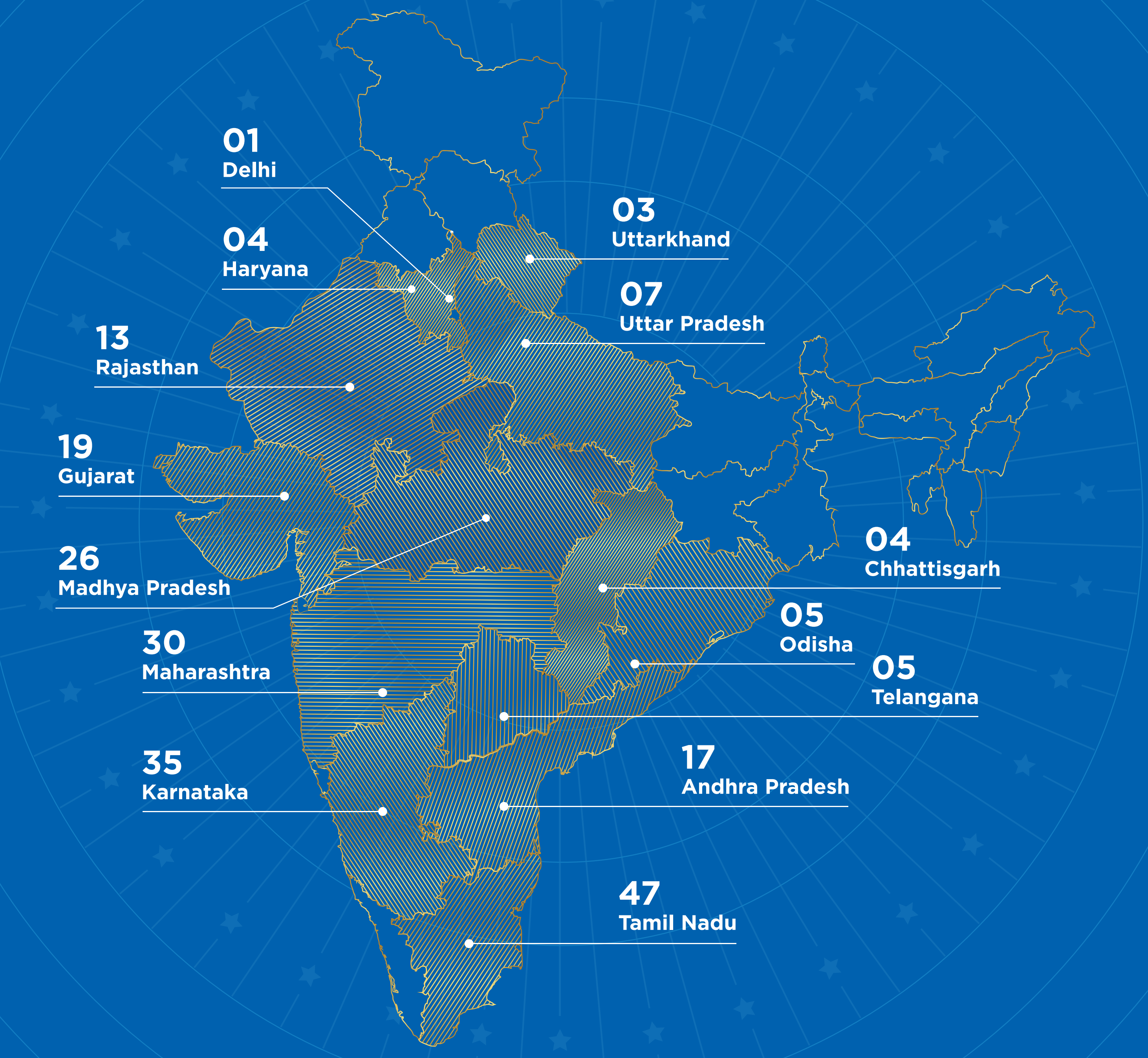
Each of my actions will be to the highest standards of Integrity & Ethics.

A BIG PICTURE OF VISTAAR

Portfolio: **₹1,879 Crs.**

Disbursements: **₹908 Crs.**

Capital Adequacy Ratio: **37.6%**

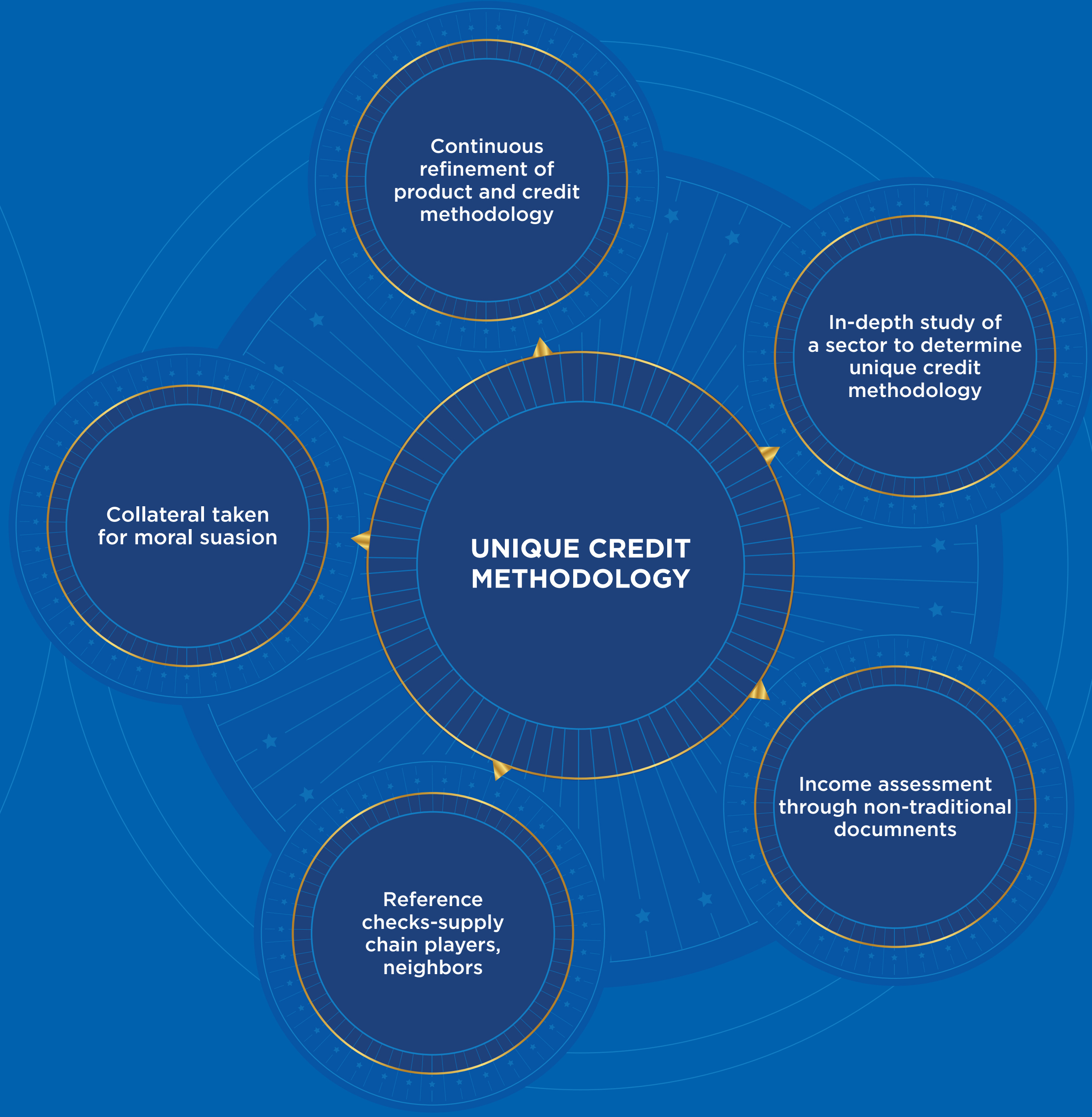


216 Branches
Spread Across 14 States

The Proven Unique Credit Methodology

As an organization 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 behavior 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.

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

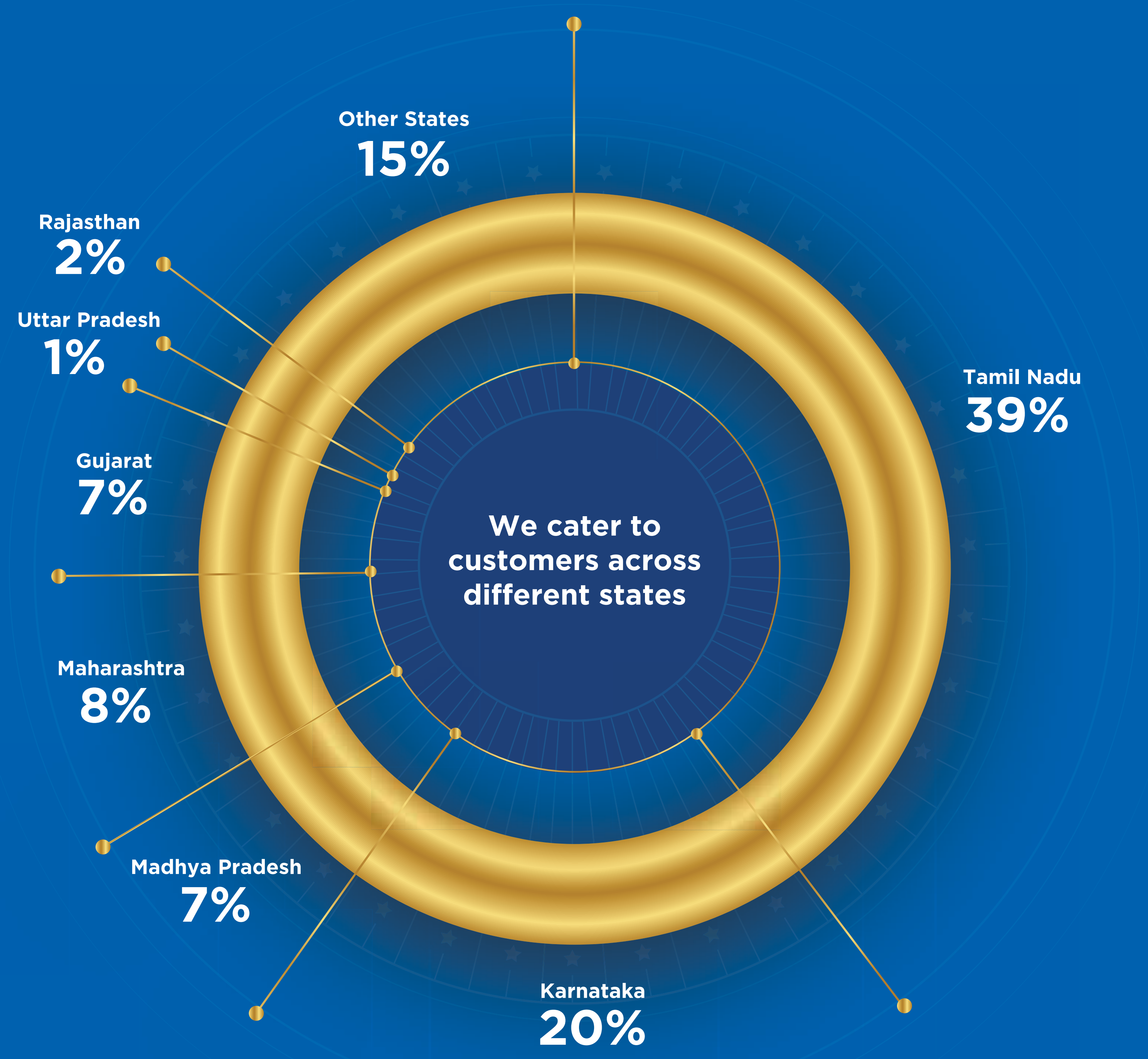


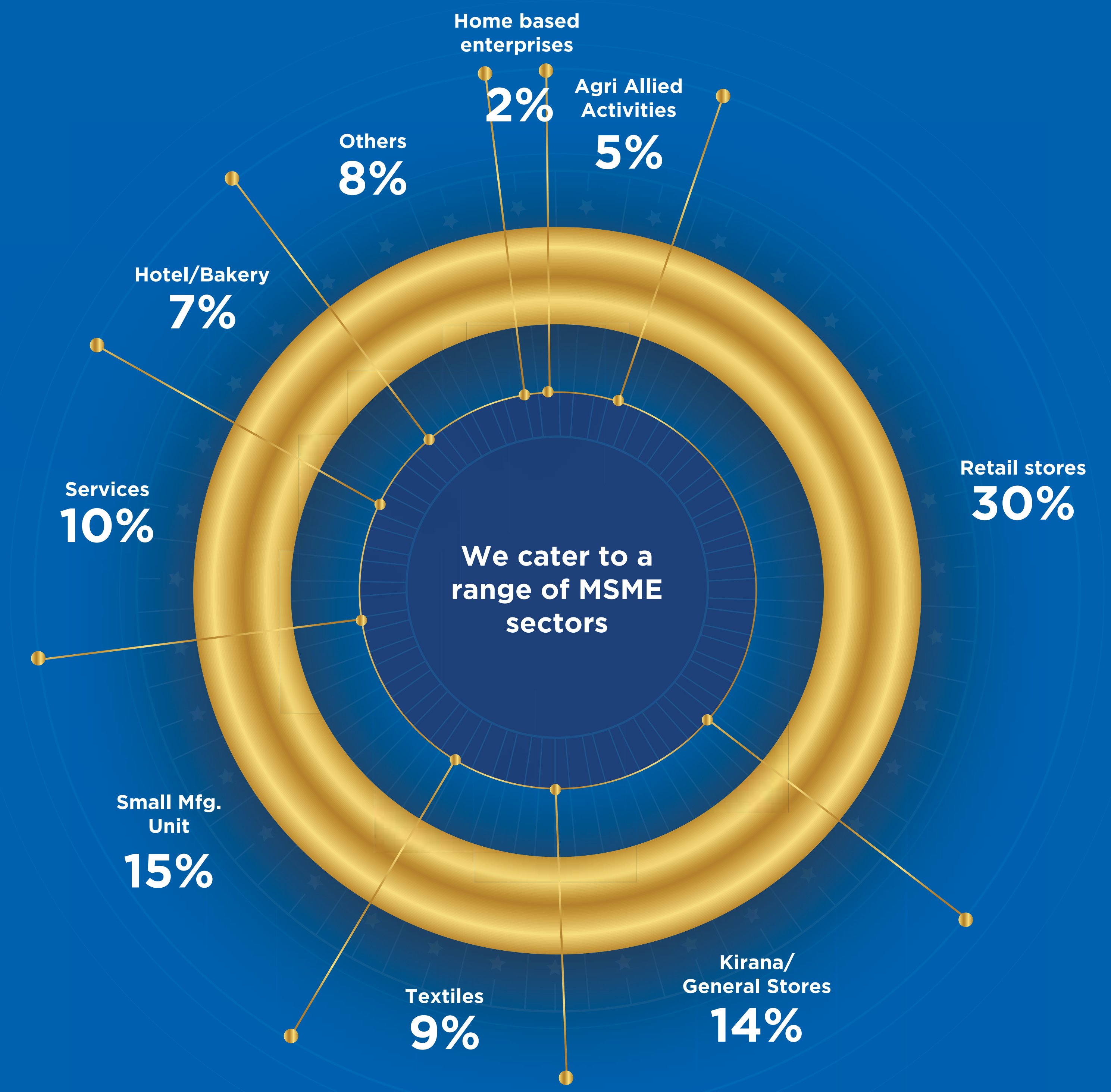
Growth Strategy:

Our expansion strategy is to leverage the existing branch network by improving productivity. The scope of operations of Vistaar is well diversified as we have made our presence in most of our target areas. We have focused completely towards secured enterprise loan book which will result in a healthy portfolio in the long run.

Business & Portfolio Update – FY20

Our gross loan book grew by 30%. Our Enterprise Mortgage book registered a stable growth of 41%. During the year, the Company's branches took the total count to 216 spread across 147 districts and 14 states as of 31st March, 2020.





As of 31st March, 2020, the gross loan portfolio was up by 30% to ₹1,879 crore compared to ₹1,442 crore as of 31st March, 2019.

Human Resource:

Human resource in Vistaar Financial Services has emerged as a strong edifice on which solid principles with regards to employees' interest have been built. Internal Growth has been the hallmark of Vistaar's Human Resource policy to ensure home grown talent is groomed and positioned suitably for appropriate positions to meet various challenges arising from time to time. There has been a strong emphasis that key positions are filled up internally. Through this internal growth policy, it was found that employees felt more engaged and highly committed.

Vistaar employees and the Company have set up Vistaar Employee Benefit Fund, wherein employees and company contribute on a monthly basis. Through this fund, various employee welfare measures are undertaken. In FY 20, scholarships to employees' kids and term life insurance cover for employees were launched.

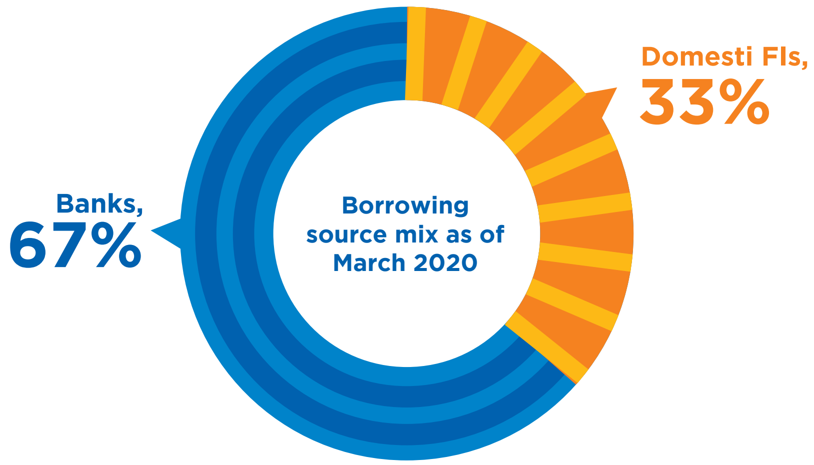
Covid 19 pandemic has disturbed the normalcy in a big way. However, the untiring support from the spirited and determined Human Resource Department ensured the engagement of its employees and their families through various engagement programmes over 2 months of lock down.

The other highlight of the year was launching a structured and high impact performance management system (PMS) for middle level and senior level management. The goals were sharp, quantifiable and monthly updates on each parameter of the goal sheet led to a healthy discussion between supervisor, subordinate and HR. This has set a strong platform for building high performance culture in the organisation.

Vistaar boasts of its human capital who have been producing stellar results year after year. The management appreciates the contribution of its employees towards the performance of the year.

Access to Multiple Sources of Capital & Credit Rating:

The Company has maintained ahealthy capital adequacy ratio over the years, at well above the levels directed by the RBI. As of 31st March, 2020, the overall capital adequacy ratio of the Company was 37.6%. The Company has raised primary capital during five financial years (FY11, FY12, FY13, FY15 and FY16) out of the total history of nine operating years from marquee investors. The increasing bottom-line growth has also been contributing to the overall capital available for the Company.



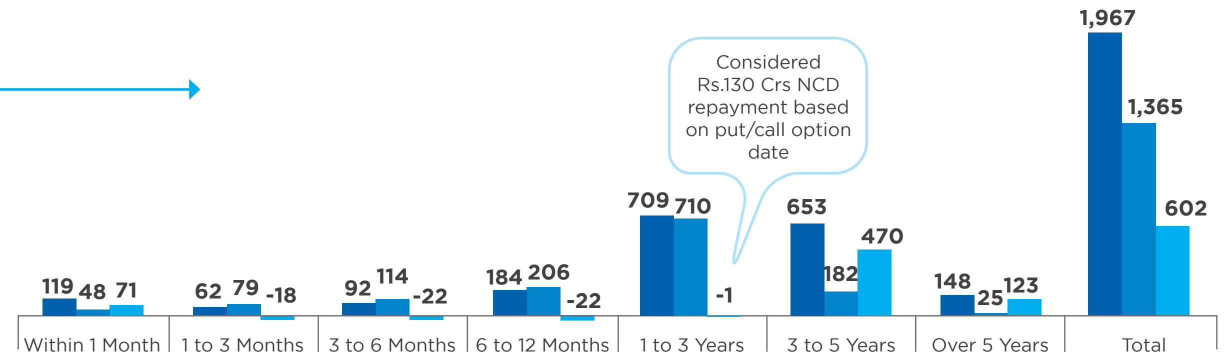
Vistaar constantly strives to diversify its sources of capital. During FY20, the Company raised ₹995 crores of debt from various Banks and Financial Institutions through term loans, Cash Credit and Non-Convertible Debentures (NCDs) & through securitization to fund its growth. The Company also enjoys working capital limits to take care of its short-term requirements. During the year, two new lenders have been on-boarded. As at the end of FY20, the Company had an outstanding debt amount of ₹1,365 crores (excluding vehicle loans of ₹0.24 crores) from 35 banks, domestic financial institutions as against ₹920.29 crores (excluding vehicle loans of ₹0.69 crores).
The long-term credit rating of the Company is '[ICRA] A-' with a stable outlook.

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/committee") in place consisting 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 corrective measures to bridge the gaps, if any.

The committee is also backed by a support group namely 'ALCO Working Group' comprising the senior management which meets on a regular basis and reviews the risk profile, proposed funding plan and interest rates as per the requirements and accordingly reports to ALCO on a 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 Movement



Cumulative mismatch	64	47	25	3	16	167	624	(₹ Crs.)

Note: ALM without considering Moratorium

Inflows Outflows Mismatch

The Company has conservative and prudent ALM policy that helps to provide adequate liquidity at all times, as the total inflows in each maturity bucket is higher than the total outflows in the respective buckets except small mismatch in the 3-12 months period. Negative mismatches will be managed through unutilized CC/OD limits. The behavioral ALM is positive across all the buckets considering the historical pre-payment and settlements. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis.

Financial Performance of FY19 vis-à-vis FY18

Particulars	FY20		FY19		FY20 Vs FY 19
	₹ in crore	Percent to Revenue	₹ in crore	Percent to Revenue	Percent Change
Income					
Revenue from operations	368.34	100.0%	307.59	99.7%	19.8%
Other income	0.10	0.0%	1.02	0.3%	-90.2%
Total revenue	**368.44**	**100.0%**	**308.61**	**100.00%**	**19.4%**
Expenses					
Employee benefits expense	95.67	26.0%	89.34	28.9%	7.1%
Finance costs	119.69	32.5%	88.47	28.7%	35.3%
Depreciation and amortisation expense	8.51	2.3%	4.91	1.6%	73.3%
Provision for loan assets	52.16	14.2%	43.10	14.0%	21.0%
Other expenses	28.01	7.6%	31.93	10.3%	-12.3%
Total expenses	**304.04**	**82.5%**	**257.75**	**83.5%**	**18%**
Profit before tax	**64.40**	**17.5%**	**50.86**	**16.5%**	**26.6%**
Tax expense	**19.36**	**5.3%**	**17.12**	**5.5%**	**13.1%**
Profit after tax	**45.04**	**12.2%**	**33.74**	**10.9%**	**33.5%**

Revenue from operations
The increase in revenue from operations was primarily contributed by 41% growth in secured Enterprise book.

Employee benefit expenses
Employee benefits expenses increased by 7% from ₹89.34 crore in FY19 to ₹95.67 crore in FY20, primarily due to annual increments.

Finance costs
Finance costs increased by 35.3% from ₹88.47 crore in FY19 to ₹119.69 crore in FY20. The Company raised ₹995.00 crores of debt during the year FY20 to fund its growth as compared to 536 crores in FY19.

Depreciation and amortization expense
Depreciation and amortization expenses increased by 73.3% from ₹4.91 crore in FY20 to ₹8.51 crore in FY20. The depreciation expense for the current year includes ₹4.8 crores pertaining to amortization of Right of Use (ROU) asset which was recognized during the year in accordance with Ind AS 116 – accounting standard on leases. The depreciation and amortization expense of property, plant, equipment and intangible assets amount to ₹3.69 crores which is a drop of ~ 25% from FY 19. The drop is primarily on account of incurring lower capital expenditure during the year.

Provision for loan assets and additional provision
Loans are provided for/written off, in accordance with Expected Credit Loss (ECL) Model.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

i) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

ii) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that does not have objective evidence of impairment.

iii Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

During the year, consequent to the Covid19 pandemic, the Company assessed for significant increase in credit risk on all the stage 1 assets as at March 31, 2020. After analyzing various factors including the Company's experience based on past similar events and future outlook, the Company created provision for expected lifetime credit losses. The total provision created based on the above assessment amounted to ₹29.55 crores.

Other expenses
The operating expenses represented 7.6% and 10.3% of the total expenses for FY20 and FY19, respectively. These expenses reduced by 2.7% from ₹31.93 crore in FY19 to ₹28.01 crore in FY20 on account of various cost optimization measures.

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 quality, balancing 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 a dedicated Risk Committee which consists of Board members including independent directors. The committee meets from time to time to assess the areas of potential risks identified by the risk team. Additionally there is an independent audit team which audits compliance to policies of the company and recommends appropriate controls and suggests 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.

The Company's activities expose it to Credit risk, Market risk and Operational risk.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management policy provides for identification and assessment of credit risk, assessment and management of portfolio credit risk and risk monitoring and control. The issues relating to the establishment of exposure limits for various categories, for example, based on geographical regions, product specific, industry/sectoral risks and customer rating are also covered. The policy also deals with rating models aiming at high quality, consistency and uniformity in the appraisal of proposals.

The Company assesses and manages credit risk based on an internal credit rating system evolved based on internal and bureau data. Internal credit rating is performed for each class of financial instruments with different characteristics.

Market Risk

The Company's exposure to market risk is a function of asset liability management activities. The Company is exposed to liquidity risk and interest rate risk.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

The Company monitors forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

Interest rate risk

The policy of the Company is to minimise interest rate cash flow risk exposures on long-term loans and borrowings. The Company is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

The Company has a good liability management system in place that helps to borrow at fixed and variable interest rates and lending at fixed interest rates. Also, raising funds through multiple sources enables a balance between varied interest rates while reducing the cost of borrowing.

Operational Risk

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. These are adequately addressed by the internal control systems. These systems are continuously reviewed, monitored and modified, as necessary.

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 Committee of the Board. The Audit 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 internal audit head 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 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 categories 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.

Technology Risks

The Company has implemented a robust IT policy and Information security policy. These policies are in line with the industry best practices. They are reviewed periodically and suitably strengthened to address emerging threats. The Company has undertaken the following in order to safeguard its information assets:

Cyber Security

- Regular vulnerability assessments and penetration tests to assess/ remediate vulnerabilities in applications and network.
- Building awareness for employees on cyber security.
- Implemented centralised identity and access management for user management, IT asset management and Mobile device management.
- Cloud web security is implemented to manage access to only authorised websites.

Business Continuity planning and Disaster recovery

- Disaster Recovery Drills are conducted regularly as an initiative to achieve best in class RPO (Recovery Point Objective) and RTO (Recovery Time Objective). Backups are being maintained in different locations to ensure data safety.

On-going monitoring

- The critical websites, web applications and network infrastructure of the organisation are monitored continuously for un-interrupted business processing.

A periodic external IS audit is conducted covering all aspects of IT compliance as per Vistaar's IT Policy.

Internal reporting systems

Vistaar has established a robust core-banking solution and other reporting systems which are connected on a 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.

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.

Company's Board of Directors constitutes professionals having vast experiences in various sectors and Companies and constitutes nine members, including three independent directors.

There is a well-established set of policies and procedures laid out across departments and levels that helps in smooth functioning of the business.

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 years, 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.

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

SCOT Analysis (Strengths, Challenges, Opportunities and Threats)

- **Strengths & Opportunities**
  - Expertise in the MSME space with focus on rural and semi-urban areas:
    - Limited access to credit from mainstream banks and Large NBFCs.
    - Exclusive focus segment for Vistaar.
    - Considerable experience over the last ten years in understanding the needs, behaviour and complexities of these customers.
- Unique Credit Methodology:
  - Unique credit methodology in dealing with the focus segment.
  - Credit assessment based on unconventional sources of information.
- 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).
- 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**
  - Regulatory challenges:

    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

Corporate Social Responsibility Report

Corporate Social Responsibility is an approach that contributes to sustainable development by delivering economic, social and environmental benefits to the society.

01 Contributing towards affordable education

Vistaar envisions making a change in the quality of education by creating and replicating sustainable programs for grooming children in the government educational system.

The projects undertaken under Education initiatives include:

- **Viveka tribal center for Learning partnered with Swami Vivekananda Youth Movement**

  The above institution focuses on providing non formal residential schooling for tribal children. It aims at providing quality education along with hygienic & nutritious food to improve the nutritional status of these children.

  It also focuses on providing basic technical knowledge in electronics, mechanics & agriculture. This is also followed by a Career guidance program to empower students' future with linkages to higher education & professional courses.

  Presently facilities are being provided to over 407 students from the tribal communities of Jenukuruba, Kadukuruba, Yerava, Soliga and few other tribes.

- **Stationary kits to school children**

  Assessing the need for providing stationery kits to the children in the Government educational system and as an act of expressing kindness, the employees of Vistaar donated stationery kits to about 800 students of flood affected areas in Athani, Gokak, Chikkodi & Sangli. The company, taking a cue from the above initiative of the employees, aims to reach about 5,000 Government school students of the flood affected areas in the coming financial year.

02 Contribution towards healthcare

One of the key objectives of the Company's CSR initiative is to provide and contribute in the areas of affordable healthcare.

The projects undertaken under Healthcare initiatives include:

- **Community Health Check-up under Dr@School program** partnered with Chanakya Bharathi Trust and Samarpaka Seva Trust:

  Under this project a total number of 16 health camps were conducted at various districts of Karnataka viz., Shirahatti, Hiriyur, Belgaum, Chitradurga and Shikaripura serving around 23,669 beneficiaries.

  Ms. Sneha, a 11 year old girl from Shikaripura, who was covered under Dr@ School Programme by Vistaar, was diagnosed with a Congenital Heart Disease, hole in the heart. Subsequent to the diagnosis, she was operated for the same at Jayadeva Institute of Cardiovascular Sciences, Bangalore for which her medicines and medical test expenses were reimbursed by Vistaar.

03 Response to Covid 19

The year ended with the onset of a global pandemic **COVID-19,** in response to which the Government of India imposed a nationwide lockdown. Under these circumstances, the daily wage earners, underprivileged homeless people, slum dwellers were facing a struggle of losing their means of livelihood and also finding their next meal. In these circumstances, Vistaar engaged in contributions in the following projects aimed at providing relief to such people.

Pursuant to the circular of Ministry of Corporate Affairs dated March 28, 2020 and approval of the committee members an amount of ₹**30 lakhs** was contributed to **PM Cares Fund**.

Vistaar Partnered with **FeedMyBangalore** an initiative by **KVN Foundation ("KVN")** with an unconditional assistance and guidance from BBMP and the Bengaluru Police to provide about **23,300** meals as food packages to the underprivileged homeless migrants prepared by HungerBox, with the logistics being managed by Big basket and Dunzo.

Our Company contributed an amount of ₹**11 Lakhs** to Gubbachi Learning Community in order to help the poor people, daily wage earners and underprivileged homeless migrants during Covid-19 outbreak with Grocery Kits. About **1,30,000** meals were sponsored by Vistaar through distribution of grocery & hygiene kits in various locations of Bangalore.

Also, Partnering with Samarpaka Seva trust, we were able to distribute about **15,540** food packets for the daily wagers and migrants for over a month during the initial lockdown period.

Further, Vistaar has decided to embark on two new education projects in the coming financial year;

- Contribution towards providing scholarships for the students of Indian Institute of Human Settlements.
- Contribution for providing top-up coaching for the SSLC students from Government schools based on their present education state and social background.





DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the audited accounts of the Company for the year ended 31st March 2020.

We wish to inform you that during the financial year 2020 (FY20) the liquidity situation for sector remained difficult on account of IL&FS crisis in the preceding year. Company took many steps to contain the impact of the events during FY20.

Further, the World Health Organisation (WHO) declared Covid 19 a pandemic in the beginning of March 2020. This pandemic rapidly developed into a global crisis forcing governments to enforce lockdown of all economic activity. The immediate focus of the Company was to ensure safety of our employees and accordingly we initiated partial work from home for employees with 50% of the staff working from home from March 15, 2020 even before the Government regulation came in. The lockdown has impacted customer disbursements for the month of March 2020. The Company has however used this as an opportunity to reach out to all the customers, understand the impact of the pandemic on their businesses and design our responses accordingly. The Company has been effectively able to manage all its obligations and continues to raise debt and is confident of meeting all its obligations in the foreseeable future. With strong balance sheet and good governance practices, the Company is confident of tiding through this crisis and emerge stronger. The Company acknowledges the support it has received from all its stakeholders.

The Profit after Tax (PAT) for FY20 is INR 44.83 crores. Assets under Management (AUM) during the same period increased to INR. 1879 crores as against INR. 1442 crores in FY19.

BUSINESS DEVELOPMENTS

Your Company has a total of 216 branches as on 31st March 2020, spread across 14 States with presence in Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Chhattisgarh, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Odisha, Andhra Pradesh and Telangana. During this period, the Company has disbursed ₹908 crores.

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 35 lenders across Banks, Financial Institutions and Overseas Development Financial Institutions, including three new lenders added during the year.

OPERATIONAL OVERVIEW

DESCRIPTION	31 March 2020	31 March 2019
No. of Active Customers	35,196	35,396
No. of states	14	14
No. of Branches	216	220
Asset Under Management (AUM)* (INR. crores)	1,879	1,442
Total Disbursements (Rs. crores)	908	757
Profit Before Taxes (Rs. crores)	64	51
Gross NPA on AUM (in %) (As per Company policy)	3.67%	3.39%
Gross NPA on AUM (in %) (As per RBI norms)	3.67%	3.39%

** AUM includes both Own and Managed portfolios*

Particulars	31 March 2020 (Rs. in crores)	31 March 2019 (Rs. in crores)
Total Income	368.44	308.61
Total Expenditure	243.37	209.74
Profit before depreciation and provisions & write off	**125.32**	**98.87**
Depreciation	8.51*	4.91
Provision & write off	52.16	43.10
Profit before tax	**64.40**	**50.86**
Other comprehensive income, net of tax	-0.21	0.19
Profit after tax	**44.83**	**33.93**

**Includes amortisation of Right of Use asset in accordance with Ind AS 116 Rs. 4.8 crs (March 2019 Nil)*

Your Company has constantly focused on improving its revenue and maintaining a sustainable growth. As on 31st March, 2020, the total revenue registered a growth of 19% and the PAT has increased by 32% over last year on account of steady increase in revenue and lower depreciation and tax costs.

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, 2020 the authorised share capital of the Company is INR. 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 total employee strength of the Company as on 31st March 2020 stood at 1,847.

AMOUNT CARRIED TO THE STATUTORY RESERVES

Based on the financial results of the Company for the financial year 2019-20, the Board of Directors has transferred INR. 8.97 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 2019-20 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 & Director
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 February 17, 2020) issued by the RBI.

The gross NPA as per the policy adopted by the Company as on 31st March 2020 stood at 3.67% on own assets which is in line with RBI norms.

In accordance with the Reserve Bank of India ('the RBI') guidelines relating to COVID-19 Regulatory Package, the Company has granted a moratorium on payments of instalments and/ or interest falling due between 1 March 2020 and 31 August 2020 to eligible borrowers. For such accounts, where the moratorium is granted, the asset /stage-wise classification shall remain stand still during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

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 37.06% as of 31st March 2020 (40.3% as of 31st March 2019) 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 a 'stable' outlook. The rating remained unchanged from the previous year.

CAPITAL EXPENDITURE

During the year under review, the Company has spent INR. 1.08 crores on growth capex. 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 2020.

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 were no related party transactions entered into by the Company other than the remuneration payable to promoter directors. The above transaction does not have a conflict/ 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 operates 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 Nomination & Remuneration 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 2020

	No. of options	Weighted average exercise price (In Rs.)
Options outstanding at the beginning	12,88,394	136.28
Options Granted during the year	40,000	227.30
Options Forfeited during the year	2,71,850	220.84
Options lapsed during the year	-	-
Options cancelled during the year	-	-
Options exercised during the year	-	-
Options outstanding at year end	10,56,544	117.96
Options exercisable at year end	8,62,857	93.06

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 Nomination & Remuneration 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 2020

	No. of options	Weighted average exercise price (In Rs.)
Options outstanding at the beginning	4,05,600	176.67
Options granted during the year	-	-
Options forfeited during the year	92,600	210.46
Options lapsed during the year	-	-
Options cancelled during the year	-	-
Options exercised during the year	-	-
Options outstanding at year end	3,13,000	208.28
Options exercisable at year end	1,82,500	180.64

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.	Sunil Kumar Raina	20,000
2.	Vinod Kumar V	20,000

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

There were no changes in the Directorship of Board of Directors for the period under review. Mr. James Abraham, Independent Director's term ended on May 28, 2020 and was proposed for reappointment as Independent Director for a further period of 5 years at the Board meeting held on May 29, 2020.

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 2019-20. 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.

WEBLINK OF THE ANNUAL RETURN (AS PER SUB SECTION 3 OF SECTION 92 COMPANIES ACT, 2013).

The details of Web-link of the Annual Return (as per sub-section 3 of Section 92 Companies Act, 2013) is as follows: http://www.vistaarfinance.com/investors.php

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 & Remuneration Committee meeting and the Board meeting held on 18 February 2020. Board deliberated on various evaluation attributes indicated in the evaluation questionnaire for all the directors and after due deliberations made an objective assessment and evaluated 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 satisfactory and the functioning of the Board and its Committees were 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 took place on February 18, 2020 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. **Mr. James Abraham**
3. **Ms. Manju Agarwal**

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 systems 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

MSKA & Associates, statutory auditors of the Company have been appointed for five years from FY 2020-21 to FY 2024-25, 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.

The tenure of the current auditors M/s Walker Chandiok & Co LLP comes to an end with the audit for FY 2019-20.

SECRETARIAL AUDITOR

Mr. Thirupal Gorige & Associates LLP, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2019-20, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2019-20 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

There were no foreign currency earnings or outgo during the current year.

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 2019-20 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.

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	**36x**
		Ramakrishna Nishtala	**36x**
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	**5%**
		Ramakrishna Nishtala	**5%**
		Sudesh Chinchewadi	**15%**
	The above is an increase in fixed remuneration. Mr. Brahmanand Hegde and Mr. Ramakrishna Nishtala have not received any variable pay during FY 20. Mr. Sudesh Chinchewadi has received 15% as variable pay.		
3	The percentage increase in the median remuneration of employees in the financial year:	During FY 2019-20, the percentage increase in the median remuneration of employees as compared to previous year was 11%. Increase in median fixed remuneration of the employees is 8%.	
4	The number of permanent employees on the rolls of the Company	There were 1847 employees as on 31st March 2020.	
5	The explanation on the relationship between average increase in remuneration and Company performance:	Factors considered while recommending increase in fixed compensation: • Financial performance of the Company. • Comparison with peer companies. • Industry Benchmarking. • Contribution made by the employee. • 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 2019-20, the total remuneration paid to all three KMP's aggregates to approximately 0.66% 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 11% 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 2020**	**% of closing AUM for FY 2020**
		Brahmanand Hegde	**0.24%**	**0.05%**
		Ramakrishna Nishtala	**0.24%**	**0.05%**
		Sudesh Chinchewadi	**0.19%**	**0.03%**
10	The key parameters for any variable component of remuneration availed by the Directors			
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.	There are no employees receiving remuneration in excess of the Directors.		
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:

Sl. No	Employee Name	Designation	Age	Education	Total experience	Date of joining	Remuneration (In Rs.)	Last Employment & Position held
1	Praveen Arora	Executive Vice President and Chief Business Officer	49	B Tech, Electrical Engineering, PGDM – Finance & Systems	19 years	17-08-2017	1,03,74,996 (Per annum)	Fincare Small Finance Bank

**Mr. Praveen Arora had left the organisation on May 10, 2019.*

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 2019-20

During the year, your Company received award for Best Financial Reporting for FY 19 Medium Businesses. This was instituted by BTVI and CMO Asia.

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, teamwork 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: 29th May, 2020
Place: Bengaluru

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: 29th May, 2020
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 arm's length transactions under third proviso thereto:

Sl. No	Details	
1	Details of contracts or arrangements or transactions not at arm's length basis	
	(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	Details of material contracts or arrangement or transactions at arm's length basis	
	(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 and on behalf of the Board of Directors of Vistaar Financial Services Private Limited

Brahmanand Hegde
Executive Vice Chairman & Director
DIN: 02984527

Date: 29th May, 2020
Place: Bengaluru

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: 29th May, 2020
Place: Bengaluru

Annexure 2

Form MGT - 9

Extracts of the Annual Return as on financial year ended on 31ST MARCH, 2020
[Pursuant To Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014].

I. Registration and Other Details:

i.	CIN (Corporate Identification Number)	:	**U67120KA1991PTC059126**
ii.	Registration Date	:	**September 04, 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 on Bombay Stock Exchange)
vii.	Name, Address and Contact details of Registrar or Transfer Agent, if any	:	**Link Intime India Private Limited** Contact Person: Mr. Ganesh Jadhav Link Intime India Pvt. Ltd C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083 Tel: +91 22 49186000 | Fax: +91 22 49186060 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:

Sl. No.	Name and Description of main products/ Services	NIC code of the product /Services	Percentage of contribution to total turnover (%)
1.	Financial Services	64920	98.00%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. 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

*On fully diluted basis

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

A. 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	38,71,780	-	38,71,780	39.63%	38,71,780	-	38,71,780	39.63%	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other....	-	-	-	-	-	-	-	-	-
Sub Total	**38,71,780**	-	**38,71,780**	**39.63%**	**38,71,780**	-	**38,71,780**	**39.63%**	**-**
2) Foreign									
NRIs-Individuals	34,10,176	-	34,10,176	34.91%	34,10,176	-	34,10,176	34.91%	-
Other-Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
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)	**72,81,956**	**-**	**72,81,956**	**74.54%**	**72,46,676**	**-**	**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	9,200	5,250	14,450	0.15%	9,200	5,250	14,450	0.15%	-
ii)Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3,48,400	2,08,589	5,56,989	5.70%	3,60489	1,96,500	5,56,989	5.70%	-
c) Others (specify) -Vistaar Employees Welfare Trust	-	19,15,848	19,15,848	19.61%	-	19,15,848	19,15,848	19.61%	-
Sub total	**3,57,600**	**21,29,687**	**24,87,287**	**25.46%**	**3,69,689**	**21,17,598**	**24,87,287**	**25.46%**	**-**
Total Public shareholding (B)	**3,57,620**	**21,29,704**	**24,87,324**	**25.46%**	**3,69,709**	**21,17,615**	**24,87,324**	**25.46%**	
C. Shares held by custodians for GDR's and ADR's	-	-	-	-	-	-	-	-	-
Grand total (A+B+C)	**76,39,576**	**21,29,704**	**97,69,280**	**100%**	**76,51,665**	**21,17,615**	**97,69,280**	**100%**	**-**

B. 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%	-	-

*on fully diluted basis

C. 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%

*on fully diluted basis

D. 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	51,48,806	7.12%				51,48,806	7.12%
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	82,250	0.11%	-	-	-	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%

Shareholding of Directors and Key Managerial Personnel:

Sl. No		Shareholding at the beginning of the year		Increase/Decrease during the year			Cumulative Shareholding during the year	
	For each of the Directors and KMP	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%

*on fully diluted basis

V. 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	9,04,94,25,618	-	-	**9,04,94,25,618**
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,82,45,469	-	-	4,82,45,469
Total (i+ii+iii)	**9,09,76,71,087**	**-**	**-**	**9,09,76,71,087**
Change in Indebtedness during the financial year				
- Addition	9,14,30,35,144	29,74,93,558	-	9,44,05,28,702
- Reduction	5,43,54,13,353	-	-	5,43,54,13,353
Net Change	**3,70,76,21,791**	**29,74,93,558**		**4,00,51,15,349**
Indebtedness at the end of the financial year				
i) Principal Amount	12,75,70,47,409	29,74,93,558	-	13,05,45,40,967
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,47,96,887	-	-	4,47,96,887
Total (i+ii+iii)	**12,80,18,44,296**	**29,74,93,558**		**13,09,93,37,854**

VI. Remuneration of Directors and Key Managerial Personnel

A. 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	90,46,844	89,48,166	**1,79,55,410**
	(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)	**90,86,444**	**89,87,766**	**1,80,34,610**
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	C B Bhave	Manju Agarwal	James Abraham	Total Amount (in Rs.)
	Independent Directors				
	- Fee for attending board / committee meetings	2,75,000	3,00,000	2,25,000	8,00,000
	- Commission	12,00,000	3,00,000	7,00,000	22,00,000
	- Others, (Director Fee)	-	-	-	-
	Total (1)	**14,75,000**	**6,00,000**	**9,25,000**	**30,00,000**
	Other Non-Executive Directors				
	- Fee for attending board / committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	**14,75,000**	**6,00,000**	**9,25,000**	**30,00,000**
	Total Remuneration to other Directors	**14,75,000**	**6,00,000**	**9,25,000**	**30,00,000**
	Overall Ceiling as per the Act	**Not Applicable**	**Not Applicable**	**Not Applicable**	**Not Applicable**

C. Remuneration to Key Managerial Personnel Other than MD/Manager/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	63,99,658	63,99,658
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
	(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	**64,39,258**	**64,39,258**

VII. Penalties / Punishment/ Compounding of Offences: None

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

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

Brahmanand Hegde
Executive Vice Chairman and Director
DIN: 02984527
Date: 29th May, 2020
Place: Bengaluru

Ramakrishna Nishtala
Managing Director and Chief Executive Officer
DIN: 02949469
Date: 29th May, 2020
Place: Be ngaluru

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

[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
Regd. Office: Plot No-159 & 60 - 23, 22nd Cross,
29th Main BTM Layout, 2nd Stage,
Bangalore - 560 076.

We 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) (U67120KA1991PTC059126). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, 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.

We 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, 2020according 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(**Not applicable during the audit period);**

GORIGE & ASSOCIATES LLP AAL-8217

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015(**Not applicable during the audit period);**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009/2018; (**Not applicable during the audit period);**

(d) Securities and Exchange Board of India (Shares Based Employee Benefits) Regulations, 2014; (**Not applicable during the audit period**);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 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**) and

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998/2018 (**Not applicable during the audit period**).

We 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.

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

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We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directorsand 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.

We 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.

We further report that during the audit period there are no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

For ThirupalGorige& Associates LLP
Practicing Company Secretaries

Place: Bengaluru
Date:29-05-2020

CS ThirupalGorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680B000298831

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Note: Thisreportistobereadwith myletterofevendatewhichisannexedas**AnnexureA**and forms anintegral partof thisreport.

'Annexure A'

To
The Members
VISTAAR FINANCIAL SERVICES PRIVATE LIMITED
Regd. Office: Plot No-159 & 60 - 23, 22nd Cross,
29th Main BTM Layout, 2nd Stage,
Bangalore - 560 076.

Our report of even date is to be read along with this letter.

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

(2) We 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. We believe that the processes and practices wefollowed provide areasonable basis for our opinion.

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

(4) Where ever required, we 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

For Thirupal Gorige & Associates LLP
Practicing Company Secretaries

Place: Bengaluru
Date29-05-2020

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680B000298831

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Annexure 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020:

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: (i) 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; (ii) training, providing and supporting educational needs of the underprivileged segments of society; and (iii) such other activities as may be permitted under Schedule VII of the Companies Act, 2013 and the relevant rules. **Web- link to the CSR policy: http://vistaarfinance.com/policies_guidelines.php**
2. The Composition of the CSR Committee	• **Mr. Chandrashekhar Bhaskar Bhave** – Chairman & Independent Director • **Mr. Sandeep Farias** – Nominee Director • **Mr. Brahmanand Hegde** – Executive Vice Chairman
3. Average net profit of the company for last three financial years as per Section 198 of the Companies Act, 2013	**₹5,052 Lakhs**
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	**₹101 Lakhs**
5. Details of CSR spent during the financial year a) Total amount to be spent for the financial year b) Amount unspent, if any;	 **₹101 Lakhs** **₹16.8 Lakhs**

c) Manner in which the amount spent during the financial year is detailed below

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
a.	'Community Health Checkup' under Dr@School	Healthcare and Sanitation	Rural places in Karnataka and Tamil Nadu	₹60 lakhs	Direct Expenditure	₹47.2 lakhs	Through implementing agency
b.	Feed My Bangalore initiative by KVN Foundation ("KVN")	Healthcare and Food	Daily wage earners and underprivileged homeless in Urban Karnataka amidst COVID-19 lockdown	₹7 lakhs	Direct Expenditure	₹7 lakhs	Through implementing agency
c.	PM Cares Fund	Healthcare	Donation to Prime Minister's Fund for Covid 19	₹30 lakhs	Direct Expenditure	₹30 lakhs	Through implementing agency
	TOTAL	-	-	**₹97 Lakhs**	-	**₹84.2 Lakhs**	-

Details of implementing agency:

- In respect of the Healthcare and Sanitation project, the Company has tied up with Samarpaka Seva Trust and Chanakya Bharathi Trust, registered trusts in Bengaluru.
- On account of the Covid19 crisis, the Company had donated to KVN foundation, a registered trust in Bengaluru, to feed the migrant population during the lockdown.
- Further, the Company had contributed to the Prime Minister's fund for Covid 19 relief to support the Government in its fight against the Covid 19 pandemic.

6. 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	The Company has identified specific projects during FY 20 in respect of supporting education for communities in need. These projects have a budgeted outlay of Rs. 1.45 crores as follows: **Partner/ Activity** — **Amount (Rs Crs)** Samarpaka Seva Trust (Distribution of stationary kits) — 0.68 Swami Vivekananda Youth Movement (Education for Tribal Children) — 0.55 Indian Institute of Human Settlements (Studying urban settlement) — 0.22 **Total** — **1.45** The process of identification and due diligence of the above projects is time consuming. The process has been completed as disclosed above for a few projects against which the necessary spend will be completed.
7. 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 and Director
DIN: 02984527
Date: 29th May, 2020
Place: Bengaluru

Ramakrishna Nishtala
Managing Director and Chief Executive Officer
DIN: 02949469
Date: 29th May, 2020
Place: Be ngaluru

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

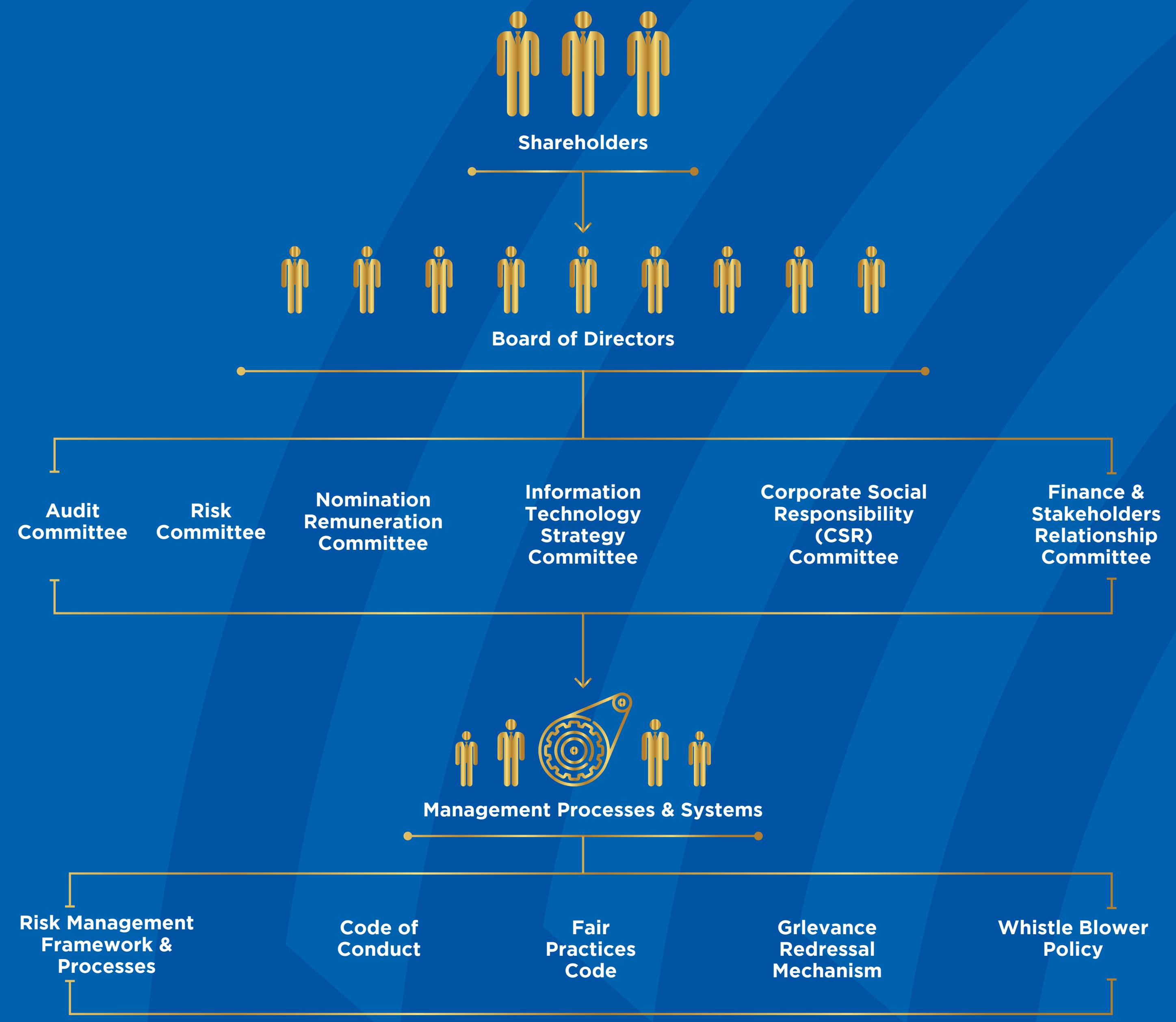
The Company is committed to ensure high standards of transparency and accountability in all its activities. A strong reporting system was developed right at the start after carefully understanding the requirements of different stakeholders for operational and financial information. This system is continuously 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. 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. Our corporate governance philosophy is based on the following principles.

- Maintaining transparency and a high degree of disclosure levels.
- Adherence to the spirit of the law and not just the letter of the law
- Transparent corporate structure driven by distinguished Board Members

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 recognized, which have 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 five 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, 2020. 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 four times during the financial year 2019-20. 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 2019-20 are as follows:

Board/Committee Meetings	No. of Meetings held during FY 2019-20
Board Meetings	04
Audit Committee*	04
Risk Committee*	04
Nomination and Remuneration Committee*	02
Asset Liability Management Committee*	04
Corporate Social Responsibility Committee	01
Finance & Stakeholders Relationship Committee	34
IT Strategy Committee	02

*With effect from February 18, 2020 the Board Committees were re-constituted as following:

- **Audit Committee:** members were reconstituted;
- **Risk Committee:** members were reconstituted;
- **Nomination and Remuneration Committee:** members were reconstituted;
- **Asset Liability Management Committee has been merged into Risk Committee** and consequently the **Board Level** ALCO committee stands dissolved.

Particulars of Board meetings

Particulars	Dates of Meetings held
Meeting of Board of Directors	1. May 03, 2019 2. August 14, 2019 3. November 08, 2019 4. February 18, 2020

PARTICULARS OF COMMITTEE MEETINGS

Name of Committee	Dates of Meetings held
Audit Committee	• May 02, 2019 • August 13, 2019 • November 07, 2019 • February 17, 2020
Risk Committee	• May 02, 2019 • August 13, 2019 • November 07, 2019 • February 17, 2020
Nomination & Remuneration Committee	• May 03, 2019 • February 18, 2020
Asset Liability Management Committee	• May 02, 2019 • August 13, 2019 • November 07, 2019 • February 17, 2020
Corporate Social Responsibility Committee	• December 04, 2019
Finance & Stakeholders Relationship Committee	• April 09, 2019 • April 23, 2019 • May 20, 2019 • May 31, 2019 • June 10, 2019 • June 21, 2019 • July 15, 2019 • July 19, 2019 • July 22, 2019 • July 25, 2019 • July 26, 2019 • August 17, 2019 • August 27, 2019 • Sept 16, 2019 • Sept 23, 2019 • Sept 28, 2019 • Oct 07, 2019 • Oct 31, 2019 • Nov 15, 2019 • Nov 28, 2019 • Nov 29, 2019 • Dec 10, 2019 • Dec 17, 2019 • Dec 18, 2019 • Dec 28, 2019 • Dec 30, 2019 • Jan 02, 2020 • Jan 07, 2020 • Jan 22, 2020 • Jan 29, 2020 • Feb 19, 2020 • Feb 29, 2020 • Mar 04, 2020 • Mar 19, 2020
IT Strategy Committee	• August 13, 2019 • February 17, 2020

ATTENDANCE

Name	Nature of Directorship	Attendance							
		Board	Audit	Risk	Nomination & Remuneration	Asset Liability Management	CSR	Finance & Stakeholders Relationship	IT Strategy Committee
Chandrashekhar Bhaskar Bhave	Non-Executive Chairman & Independent Director	4/4	NA	NA	2/2	NA	1/1	NA	NA
James Abraham	Independent Director	3/4	3/4	3/4	1/2	NA	NA	NA	1/2
Brahmanand Hegde	Executive Vice Chairman	4/4	NA	4/4	2/2	4/4	1/1	34/34	NA
Ramakrishna Nishtala	Managing Director & CEO	4/4	NA	4/4	2/2	4/4	NA	34/34	2/2
Sandeep Farias	Nominee Director	4/4	NA	NA	NA	NA	1/1	NA	NA
Badri Pillapakkam	Nominee Director	4/4	4/4	4/4	NA	4/4	NA	NA	NA
Sumir Chadha	Nominee Director	4/4	NA	NA	1/2	NA	NA	NA	NA
Shailesh J Mehta	Nominee Director	4/4	NA	2/4	NA	NA	NA	NA	NA
Manju Agarwal	Independent and Women Director	4/4	4/4	4/4	NA	4/4	NA	NA	2/2

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 2020 are as follows:

General Body Meeting	Date, Time & Venue	No. of Special Resolution passed
Annual General Meeting	May 30, 2019 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- 05 Ordinary Resolution- 02

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. The Committees were reconstituted as follows with effect from February 18, 2020 the Board Committees as following:

- **Audit Committee:** members were reconstituted with Ms. Manju Agarwal (Chairperson), Mr. James Abraham, Mr. Badri Bahukutumbi Pillapakkam;
- **Risk Committee:** members were reconstituted with Mr. Brahmanand Hegde (Chairman), Mr. James Varghese Abraham, Ms. Manju Agarwal, Mr. Badri Bahukutumbi Pillapakkam, Mr. Shailesh Mehta, Mr. Ramakrishna Nishtala;
- **Nomination and Remuneration Committee:** members were reconstituted with Mr. James Varghese Abraham(Chairman), Mr. Chandrashekhar Bhaskar Bhave, Mr. Sumir Chadha, Mr. Brahmanand Hegde, Mr. Ramakrishna Nishtala;
- **Asset Liability Management Committee** has been merged into Risk Committee and consequently the Board Level ALCO committee stands dissolved.

The Board Committees prepare the groundwork for decision making and report at the subsequent Board Meeting. As of March 31, 2020, the Company has the following committees of the Board of Directors:

- Audit Committee
- Risk Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Finance & Stakeholders Relationship Committee
- IT Strategy Committee
- Asset Liability Management Committee ("ALCO")

AUDIT 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

- **Ms. Manju Agarwal** (Chairperson)*
- **Mr. James Abraham**
- **Mr. Badri Pillapakkam**

*With effect from February 18, 2020 Ms. Manju Agarwal has been inducted as the Chairperson of the Audit Committee and Mr. James Abraham ceases to be the Chairman, however continues to be the Member of the Committee.

Terms of reference

- Recommend appointment, reappointment 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.

RISK COMMITTEE**

Risk Committee will be responsible for managing risk at an overall level. It will be accountable to the Board for managing risk parameters within expectations across time horizons.

Further, this Committee shall also supervise the Asset Liability gap and interest rate structures to address liquidity and interest rate risks. The Committee is also 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*

- **Mr. Brahmanand Hegde(Chairman)**
- **Mr. James Varghese Abraham**
- **Ms. Manju Agarwal**
- **Mr. Badri Pillapakkam**
- **Mr. Shailesh Mehta**
- **Mr. Ramakrishna Nishtala**

*With effect from February 18, 2020 Mr. Brahmanand Hegde has been inducted as the Chairperson of the Audit Committee and Mr. James Abraham ceases to be the Chairman, however continues to be the Member of the Committee.

**With effect from February 18, 2020, Asset Liability Management Committee has been merged into Risk Committee and consequently the Board Level ALCO committee stands dissolved.

Terms of reference

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

NOMINATION AND REMUNERATION 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. The Committee also 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 Varghese Abraham(Chairman)**
- **Mr. Chandrashekhar Bhaskar Bhave**
- **Mr. Sumir Chadha**
- **Mr. Brahmanand Hegde**
- **Mr. Ramakrishna Nishtala**

*With effect from February 18, 2020 Mr. James Varghese Abraham has been inducted as the Chairperson of the Nomination and Remuneration Committee and Mr. Chandrashekhar Bhaskar Bhave ceases to be the Chairman, however continues to be the Member of the Committee.

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 and commission payable to Non-executive Directors of the Company from time to time.
- Review the compensation of the CEO and COO (Executive Directors) of the Company and make recommendations to the Board.
- Review and approve the employee compensation 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.
- To oversee the matters related to the Trusts formed by the Company including change of Trustees.

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

FINANCE AND STAKEHOLDERS RELATIONSHIP 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. This Committee also 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

Terms of reference

Stakeholders related

- To Address stakeholders grievances and related matters
- Consider and resolve the grievances of the stakeholders
- Resolve complaints related to transfer of shares, non-receipt of annual report and other related matters
- Deal with matters relating to the dematerialise and rematerialise of securities
- Approve, register and refuse transfer/transmission of shares and other securities
- Consider and approve the allotment of shares pursuant to exercise of ESOP by employee
- Allot securities including and maintain relationship with stakeholders of the company
- Review & approve the issue of duplicate certificate & change of name of the member on share certificate'

Borrowings related

- Review & approve the borrowings from banks, Financial institutions & others including securitisation.
- Review & approve the opening of Current, CC, CMS & other accounts with banks
- Delegation of powers to the officers of the company to execute necessary documents.
- 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.
- Guarantee for taking loans 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

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*

- **Ms. Manju Agarwal**
  - Independent Director & Chairman of the Committee
- **Mr. James Abraham**
  - Independent Director
- **Mr. Ramakrishna Nishtala**
  - Executive Director
- **Chief Information Officer**
- **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 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.

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

The ALCO was constituted with effect from 28th October, 2014 as sub-committee of Board. Subsequently, in February 2020, same was reconstituted with following Committee members :-

- **MD & CEO**
- **Executive Director**
- **CFO**
- **Risk head**
- **Head of IT**

Terms of reference

The meeting of the ALCO is to be held periodically. ALCO is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the budget and decide risk management objectives. Additionally, here below is the scope of the committee:

- Liquidity risk management.
- Review of maturity profile of ALM tolerance limits.
- Review of various stress testing scenarios.
- Review of contingency funding plan.
- Review of collateral position
- Review of off balance sheet & contingent liabilities
- Management of market (interest rate) risk.
- Funding and capital planning.
- Review and recommend the actual interest rates to be charged from customers for different products from time to time applying the interest rate model including liquidity risks, costs, benefits and also in line with such regulations as may be in force from time to time.
- Review the asset liability management reports to be submitted periodically to RBI.
- Monitor and review the risk arising from movement in exchange rates or foreign currency risks.
- Management of timely and diversified sources and mix of funding.
- Review the results of and progress in implementation of the decisions made in the previous meetings.
- Update the Board about at periodical intervals

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.

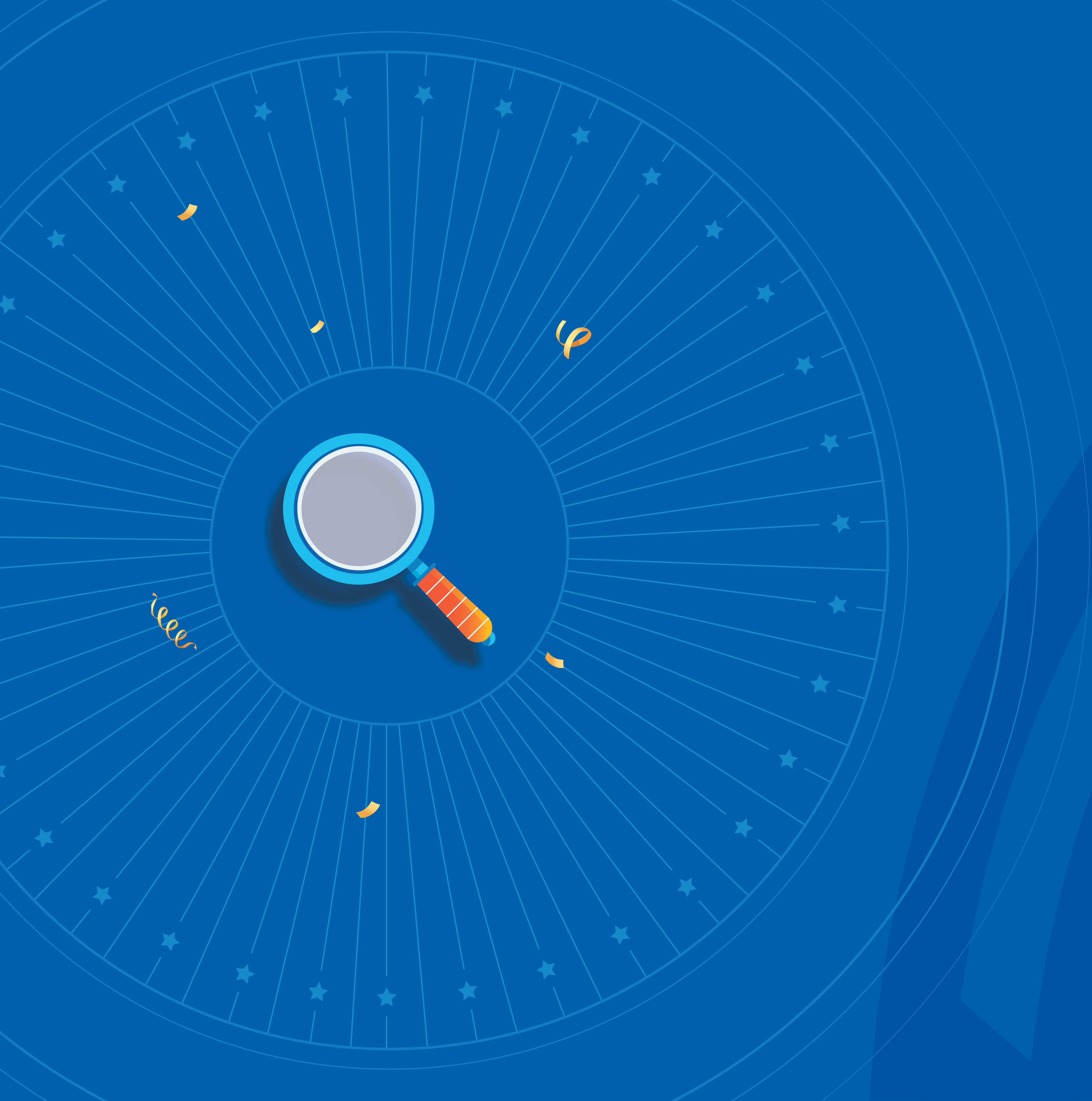
DISCLOSURE

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

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

Brahmanand Hegde
Executive Vice Chairman and Director
DIN: 02984527
Date: 29th May, 2020
Place: Bengaluru

Ramakrishna Nishtala
Managing Director and Chief Executive Officer
DIN: 02949469
Date: 29th May, 2020
Place: Be ngaluru



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report on the Audit of the Financial Statements

Opinion

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 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 2 to the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment losses on loan portfolio Refer note 4(j) to the accompanying financial statement for significant accounting policies and note 7 for loan assets and note 41 for credit risk disclosures. As at 31 March 2020, the Company has reported gross loan assets of ₹183,833 lakhs against which an impairment of ₹5,875 lakhs has been recorded. Ind AS 109, Financial Instruments requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach which involves estimates for probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which	Our audit procedure in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate. These procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions including how management calculates the expected credit losses. Ensured completeness and the appropriateness of data on which the calculation is based. Since modelling
could impact the credit quality of the Company's financial assets. In this process the Company had applied a three stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, then it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for SICR • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors. Considering the significance of the above matter for the impairment to the overall financial statements and degree of management's estimates and judgments involved including the regulatory announcement of moratorium facility for certain customers, this area required the significant auditor attention required to test such complex accounting estimates. Therefore, we have identified this as a key audit matter for current year audit. We also draw attention to Note 2 of the accompanying financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2020, as the same is fundamental to the understanding of the users of financial statements.	assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109; • Tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcement made by the RBI. • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows. We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the status of the borrowers, latest collateral valuations in supporting the estimation of future cash flows and present value; • Evaluated the appropriateness of the Company's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI Regulatory Package and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; • Assessed that the critical assumptions used by the management including the impact of due to the moratorium facility availed by certain customers for estimation of allowance for expected credit losses as at 31 March 2020 which amongst others included testing of the forecasts of future cash flows by corroborating it with the agreed repayment schedule of the borrowers. • Assessed the critical assumptions including management's assessment of the impact of COVID-19 on these assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD);

Key audit matter	How our audit addressed the key audit matter
	• Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 41 "Financial risk management" to the accompanying financial statements disclosed in the financial statements in accordance with the applicable accounting standards.
Information Technology system for the financial reporting process The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related interfaces, configuration and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. Based on our audit, we report that the provisions of section 197 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, reporting under section 197(16) is not applicable.

17. 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 I a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the accompanying financial statements;

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 Ind AS specified under section 133 of the Act;

e. the matter described in paragraph 4 under the Emphasis of Matter, in our opinion, may have an adverse effect on the functioning of the Company;

f. 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 2020 from being appointed as a director in terms of section 164(2) of the Act;

g. we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 29 May 2020 as per Annexure II expressed unmodified opinion; and

h. 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 44 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; 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 financial statements. Hence, reporting under this clause is not applicable.

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

Manish Gujral
Partner
Membership No: 105117
UDIN No: 20105117AAAABZ5449

Place : Mumbai
Date : 29th May, 2020

Annexure I to the Independent Auditor's Report of even date to the members of Vistaar Financial Services Private Limited, on the financial statements for the year ended 31 March 2020

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 'Property, plant and equipment') 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 segments 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) The Company is regular in depositing 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 and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

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

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Finance Act 1994	Service Tax & 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 government or any dues to debenture-holders during the year.

(ix) During the year ended 31 March 2020, the Company did not raise moneys by way of initial public offer or further public (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required have been maintained in bank accounts.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by 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 Ind AS.

(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

Manish Gujral
Partner
Membership No: 105117
UDIN No: 20105117AAAABZ5449

Place : Mumbai
Date : 29th May, 2020

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 of Vistaar Financial Services Private Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Responsibilities of Management and Those Charged with Governance 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 for the Audit of the Internal Financial Controls

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') 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 the company 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.

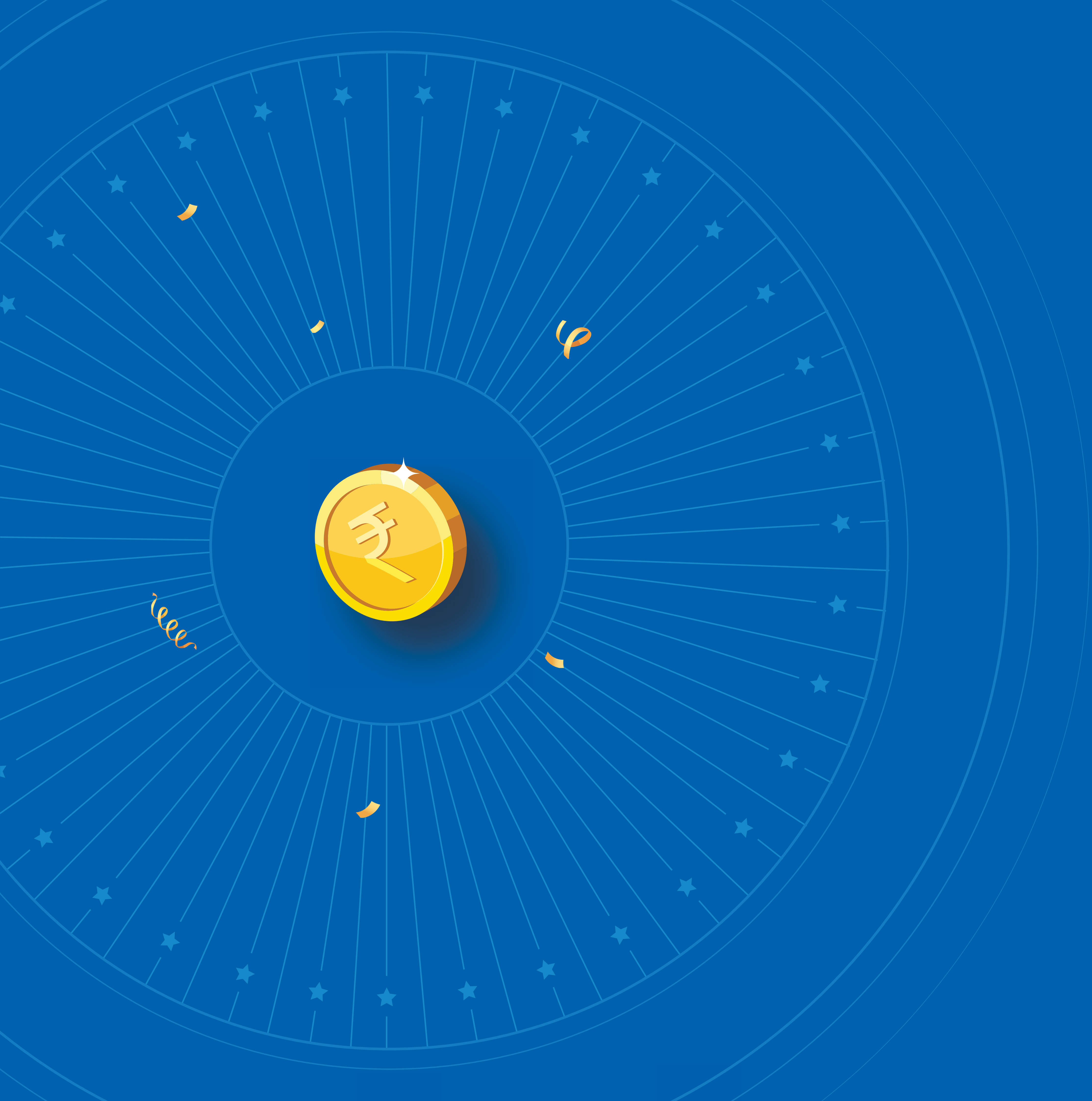
Opinion

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 2020, 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

Manish Gujral
Partner
Membership No: 105117
UDIN No: 20105117AAAABZ5449

Place : Mumbai
Date : 29th May, 2020



FINANCIAL STATEMENTS

Balance Sheet as at 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	5	8,184	6,657
(b) Bank balances other than (a) above	6	6,431	1,063
(c) Loans	7	177,958	142,585
(d) Other financial assets	8	985	234
Total financial assets		**193,558**	**150,539**
2 Non-financial assets			
(a) Current tax assets (net)		1,419	704
(b) Deferred tax assets (net)	9	2,252	1,720
(c) Property, plant and equipment	10	234	438
(d) Right of use asset	37	993	-
(f) Capital work-in-progress	11	4	4
(e) Other Intangible assets	12	73	137
(g) Other non-financial assets	13	828	431
Total non-financial assets		**5,803**	**3,434**
Total assets		**199,361**	**153,973**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Debt securities	14	19,900	34,013
(b) Borrowings (other than debt securities)	15	110,646	56,482
(c) Other financial liabilities	16		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(i) total outstanding dues other than micro enterprises and small enterprise		4,240	3,591
Total financial liabilities		**134,786**	**94,086**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		51	51
(b) Provisions	17	225	122
(c) Other non-financial liabilities	18	284	239
Total non-financial liabilities		**560**	**412**
3 Equity			
(a) Equity share capital	19	6,762	6,762
(b) Other equity	20	57,253	52,713
Total equity		**64,015**	**59,475**
Total liabilities and equity		**199,361**	**153,973**

Summary of significant accounting policies 4

The accompanying notes 1 - 51 form an integral part of these financial statements.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N / N500013

Manish Gujral
Partner

Membership No: 105117

Place: Mumbai
Date: 29th May, 2020

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 29th May, 2020

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 29th May, 2020

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 29th May, 2020

Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
1 Revenue from operations			
(i) Interest income	21	33,471	29,019
(ii) Dividend income	22	-	1
(iii) Fees and commission income	23	1,438	1,224
(iv) Net gain on fair value changes	24	358	515
(v) Net gain on derecognition of financial instruments under amortised cost category		1,567	-
Total revenue from operations		**36,834**	**30,759**
2 Other income	25	10	102
3 Total income (1+2)		**36,844**	**30,861**
4 Expenses			
(i) Finance costs	26	11,969	8,847
(ii) Fee and commission expense	27	861	721
(iii) Impairment on financial instruments	28	5,216	4,310
(iv) Employee benefits expenses	29	9,567	8,934
(v) Depreciation and amortisation expense	31	851	491
(vi) Other expenses	30	1,940	2,472
Total expenses		**30,404**	**25,775**
5 Profit before tax (3-4)		**6,440**	**5,086**
6 Tax expense:			
(a) Prior year taxes	36	(50)	(124)
(b) Current tax	36	2,511	1,738
(c) Deferred tax (credit)/ charge	36	(525)	98
		1,936	**1,712**
7 Profit for the year (5-6)		**4,504**	**3,374**
8 Other comprehensive income, net of tax			
(i) Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit plans	34	(28)	29
Income tax relating to remeasurement gains on defined benefit plans	36	7	(10)
Other comprehensive income		**(21)**	**19**
9 Total comprehensive income for the year (7+8)		**4,483**	**3,393**
10 Earnings per equity share (of ₹10 each):	32		
Basic (in ₹)		6.52	4.93
Diluted (in₹)		6.47	4.89
Summary of significant accounting policies	4		

The accompanying notes 1 - 51 form an integral part of the financial statements.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number:
001076N / N500013

Manish Gujral
Partner
Membership No: 105117
Place: Mumbai
Date: 29th May, 2020

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 29th May, 2020

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 29th May, 2020

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 29th May, 2020

Statement of Cash Flows for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Profit before tax		6,440	5,086
Adjustments for:			
Depreciation and amortisation expense		851	491
Impairment of loans		4,930	3,760
Loan assets written-off		286	550
Share-based payments to employees		57	144
Profit on sale of investments		(358)	(515)
Profit on sale of property, plant and equipment		(2)	(1)
Interest expense on lease liabilities		146	-
Provision no longer required written back		-	(66)
Dividend income		-	(1)
Operating profit before working capital changes		**12,350**	**9,448**
Adjustment for change in working capital:			
(Increase) / decrease in loans		(40,589)	(22,066)
(Increase) / decrease in other assets		(1,148)	(123)
Increase / (decrease) in other liabilities and provisions		625	(836)
Cash used in operating activities		**(28,762)**	**(13,577)**
Income tax paid, net of refunds		(3,176)	(1,818)
Net cash (used in) / generated from operating activities	**(A)**	**(31,938)**	**(15,395)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets (net of changes in capital work in progress)		(108)	(245)
Proceeds from sale of property, plant and equipment		10	7
Purchase of investments in mutual funds		(1,20,741)	(88,922)
Proceeds from sale of investments in mutual funds		1,21,099	89,437
Investment in fixed deposit		(5,948)	(331)
Redemption of fixed deposit		580	79
Dividend income from mutual funds		-	1
Net cash (used in) / generated from investing activities	**(B)**	**(5,108)**	**26**
Cash flows from financing activities			
Recovery of loan given to Trust		-	14
Proceeds from term loans			
Proceeds of loan availed from banks		68,349	27,261
Proceeds of loan availed from others		24,905	6,500
Proceeds of loan availed from non-convertible debentures		-	19,900
Repayment of term loans			
Repayment of loan availed from banks		(34,544)	(18,875)
Repayment of loan availed from others		(7,521)	(3,005)
Repayment of loan availed from non-convertible debentures		(14,113)	(11,824)
Proceeds of short-term borrowings, (net)		2,975	-
Principal payment of lease liabilities		(573)	-
Net cash generated from financing activities	**(C)**	**39,478**	**19,971**
Net increase/(decrease) in cash and cash equivalents during the year	**(A+B+C)**	**2,432**	**4,602**
Cash and cash equivalents at the beginning of the year (refer note 5)		5,053	451
Cash and cash equivalents at the end of the year (refer note 5)		**7,485**	**5,053**

Note 1: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/ N500013

Manish Gujral
Partner
Membership No: 105117
Place: Mumbai
Date: 29th May, 2020

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 29th May, 2020

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 29th May, 2020

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 29th May, 2020

Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital*

	Balance as at 1 April 2018	Changes in equity share capital during the year 2018-19	Balance as at 31 March 2019	Changes in equity share capital during the year 2019-20	Balance as at 31 March 2020
Equity shares of ₹10 each, issued, subscribed and fully paid-up:	795	4	799	-	799
Class A equity shares of ₹10 each, issued, subscribed and fully paid-up:	0	-	0	-	0
Compulsory Convertible Preference Shares of ₹10 each, issued, subscribed and fully paid-up:	5,931	-	5,931	-	5,931
Class A Compulsory Convertible Preference Shares of ₹1 each, issued, subscribed and fully paid-up:	32	-	32	-	32
Total	**6,758**	**4**	**6,762**	**-**	**6,762**

B. Other equity**

	Reserves and surplus				
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Total
Balance at 01 April 2018	**2,080**	**40,562**	**548**	**5,976**	**49,166**
Profit for the year	-	-	-	3,374	**3,374**
Remeasurement gains on defined benefit plans, net of tax	-	-	-	19	**19**
Amount recovered from ESOP Trust	-	10	-	-	**10**
Share based compensation for the year	-	-	144	-	**144**
Transfer from Statement of Profit and Loss to Statutory Reserve	679	-	-	(679)	-
Balance at 31 March 2019	**2,759**	**40,572**	**692**	**8,690**	**52,713**
Profit for the year	-	-	-	4,504	**4,504**
Remeasurement gains on defined benefit plans, net of tax	-	-	-	(21)	**(21)**
Share based compensation for the year	-	-	57	-	**57**
Transfer from Statement of Profit and Loss to Statutory Reserve	897	-	-	(897)	-
Balance at 31 March 2020	**3,656**	**40,572**	**749**	**12,276**	**57,253**

* Refer note 19
** Refer note 20
The accompanying notes 1 - 51 form an integral part of the financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/ N500013

Manish Gujral
Partner
Membership No: 105117
Place: Mumbai
Date: 29th May, 2020

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 29th May, 2020

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 29th May, 2020

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 29th May, 2020

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 (the '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 Update on the operations of the Company in light of COVID-19 pandemic

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreak was declared as a global pandemic by the World Health Organization. Numerous governments have introduced a variety of measures to contain the spread of the virus. On 24 March 2020, the Indian Government announced a strict lockdown, which has now been extended upto 31 May 2020 and has provided guidelines for restrictions and relaxations in different zones across India during such period. The extent to which the COVID-19 will impact the Company's operations and financial metrics will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic.

In accordance with the Reserve Bank of India ('the RBI') guidelines relating to COVID-19 Regulatory Package, the Company has granted a moratorium on payments of instalments and/ or interest falling due between 1 March 2020 and 31 August 2020 to eligible borrowers. For such accounts, where the moratorium is granted, the asset /stage-wise classification shall remain stand still during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

Basis the relaxation granted in the lockdown rules, a significant number of the branches of the Company are operational. The employees in these branches are permitted to work in accordance with the extant guidelines issued by the Ministry of Home Affairs (MHA) and respective state governments. The Company expects to start disbursements to customers selectively from June 2020 onwards. The collections from customers during the lockdown continue to happen and the Company expects the collections to improve in the coming months. The Company has sufficient funds and outstanding sanctioned credit facilitites together with moratorium received on payments of instalments from certain lenders which are adequate for the foreseeable future. Accordingly, the Company does not expect a stress in the liquidity situation in the immediate future.

The Company has recognized provisions as on 31 March 2020 towards its loan assets, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

3 Basis of preparation

a) Statement of compliance

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 29 May 2020.

b) Historical cost convention

These financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

4 Summary of significant accounting policies

a) Basis of measurement

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies have been applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

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 property, plant and equipment, deferred tax, accrual for employee benefits and impairment of loans under the expected credit loss model. 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.

Significant management judgements

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Provisions - At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) - Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income taxes - Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected credit loss ('ECL') - The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss to estimate ECL:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

(All amounts in ₹ lakhs unless otherwise stated)

c) Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when Company's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for in the year in which it is received by the Company.

d) Borrowing costs

All ancillary borrowing cost are charged to the Statement of Profit and Loss on accrual basis as per the effective interest rate method.

e) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and compulsorily convertible preference shareholders (after deducting attributable taxes) by the weighted average number of equity shares and compulsorily convertible preference shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) 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 dilutive potential equity shares.

f) Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company.

Subsequent measurement (amortisation method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates useful life of intangible assets to be 3 years.

Intangible assets under development

Expenditure incurred which are eligible for capitalisation under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

g) Property, plant and equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

Other tangible assets

PPE other than land are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value and impairment)

The Company depreciates plant and equipment (other than service equipment) over their estimated useful lives using the straight-line method. Depreciation on Service Equipment and other items of Property, Plant and Equipments is provided on Written Down Value Method based on the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end.

Asset Category	Estimated useful life as per management (years)	Estimated useful life per Companies Act 2013 (years)
Computer equipment	3	3
Furniture and fixtures*	4	10
Office equipment*	4	5
Electrical equipment*	3	10
Vehicles*	4	8

*For these class of assets, based on internal assessment carried out, 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.

Depreciation on assets purchased during the year up to ₹5,000 is provided @ 100%.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

PPE other than land are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work-in-progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress'. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances'.

h) Leases

The Company has adopted IND AS 116 from April 1, 2019. As permitted by the standard, comparative figures have not been restated and these are presented in accordance with the Company's previous policies. Both the new and the previous accounting policies are described below.

Policy adopted for leases from 1 April 2019

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments, including payments which are substantively fixed;

b) variable lease payments that depend on a rate, initially measured using the rate as at the commencement.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
As permitted by IND AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Policy adopted for leases before 1 April 2019

Company as a lessee
At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Operating leases

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

Changes in significant accounting policies
The Company has applied Ind AS 116 "Leases" from April 1, 2019. The Company has applied IND AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is to be recognized in retained earnings at 1 April 2019. Accordingly the comparative information presented for 2019 has not been restated i.e. it is presented, as previously reported, under earlier standard, Leases and related interpretations. Additionally, the disclosure requirements in IND AS 116 have not generally been applied to comparative information.

The main changes resulting from adoption of IND AS 116 are disclosed below.

Definition of a lease
The Company now assesses whether a contract is a lease based on the definition of a lease, as explained in note 4(h).

Before 1 April 2019, the Company classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership to the Company as a lessee. After the adoption of IND AS 116, the Company recognises right-of-use assets and lease liabilities from the commencement date of the lease for all leases except for short-term leases (lease terms of 12 months or less) and leases of low-value assets.

The Company has made the following adjustments in the presentation of financial statements as a result of the adoption of IND AS 116 at 1 April 2019:

a) Right-of-use assets and lease liabilities are presented separately in the Company's financial statements.

b) Accrued lease payments, which were previously included in financial liabilities are now included in lease liabilities.

c) Cash payments under operating leases, which were classified within operating activities in the statement of cash flows under earlier standard, are now classified within financing activities, except for short-term leases and leases of low-value assets.

Impacts on transition
At transition, for leases that were operating leases under earlier standard, lease liabilities are recognized and measured at the present value of the remaining lease payments, discounted at the incremental borrowing rates as at 1 April 2019. The Company elected to measure the right-of-use assets under these operating leases at an amount equal to the lease liability, adjusted by the amounts of any prepaid or accrued lease payments relating to that lease.

The increases (decreases) in relevant statement of financial position items on transition is mentioned in the note 37. Under the transition methods chosen, there is no effect on equity from the initial application of IND AS 116 at the transition date.

i) Financial instruments
A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

a) Amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Amortised cost

A financial asset is measured at amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

Modification of cash flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss.

De-recognition of financial assets

De-recognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments and hedge accounting

The derivative financial instruments are accounted for at FVTPL. The Company does not apply hedge accounting.

j) Impairment of financial assets

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

i) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

ii) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.

iii) Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation. Refer note 41 for further explanation.

Loss Given Default (LGD) - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support. Refer note 41 for further explanation.

Exposure at Default (EAD) - EAD is based on the amount of outstanding exposure as on the assessment date on which ECL is computed including amount guaranteed by way of letter of credit. Refer note 41 for further explanation.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

l) Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is

recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

m) Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Company has an obligation towards gratuity which is being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

The Company has "long-term incentive plan" (LTIP) plan as another long term employee benefit. The LTIP plan entitles certain eligible employees to receive amounts annually in accordance with their entitlement at the end of fixed term. Liability in respect of LTIP is estimated on the basis of an actuarial valuation performed 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 to statement of profit and loss in the period in which such gains or losses are determined.

(All amounts in ₹ lakhs unless otherwise stated)

n) Share based payments - Employee Stock Option Scheme ('ESOP')

The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

o) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:
- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.
Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

p) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

	As at 31 March 2020	As at 31 March 2019
5 Cash and cash equivalents		
Cash on hand	53	191
Balances with banks in current accounts	8,131	6,466
Total	**8,184**	**6,657**
Cash and cash equivalents for the purpose of Statement of Cash flows:		
Cash and cash equivalents	8,184	6,657
Less: Bank overdraft (refer note 16)	(699)	(1,604)
	7,485	**5,053**
6 Other bank balances		
Fixed deposit with banks with original maturity more than three months	627	592
Balances with bank to the extent held as margin money	5,804	471
	6,431	**1,063**
7 Loans		
Secured, considered good (carried at amortised cost)		
Loans to small business, net of deferral	1,79,563	1,40,497
Unsecured, considered good (carried at amortised cost)		
Loans to small business	-	1,253
Interest accrued but not due on loans to small business	2,613	2,026
Interest accrued and due on loans to small business	1,657	914
Total	**1,83,833**	**1,44,690**
Less: Impairment loss allowance	(5,875)	(2,105)
Total	**1,77,958**	**1,42,585**

Notes:

a)The reconciliation of loans to small business is as below:		
Secured, considered good*	1,82,679	1,42,956
Unsecured, considered good	-	1,253
	1,82,679	**1,44,209**
Less: Deferral of net income on origination of loans	(3,116)	(2,459)
Loans to small business, net of deferral	**1,79,563**	**1,41,750**

*Net of direct assignment ₹5,191 (31 March 2019: ₹Nil)

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
8 Other financial assets		
Security deposits	229	234
Receivables on assignment	756	-
Total	**985**	**234**
9 Deferred tax assets (net)		
Deferred tax asset arising on account of:		
Employee benefits	61	43
Impairment loss allowance	1,447	749
Disallowance u/s 43B of Income-tax Act, 1961 and other provisions	35	125
Amortisation of transaction cost / income on assets on finance as per EIR model	785	873
Depreciation and amortisation	173	175
	2,501	**1,965**
Deferred tax liability arising on account of:		
Recognition of income on assignment transaction	229	-
Recognition of interest income of non-performing assets	20	245
	249	245
Net deferred tax asset	**2,252**	**1,720**

10 Property, plant and equipment (PPE)

	Land	Vehicles	Computers	Furniture and fixtures	Office equipment	Electrical equipment	Total PPE
Gross block							
Deemed cost as at 1 April 2018	**11**	**113**	**271**	**344**	**190**	**90**	**1,019**
Additions	-	-	111	22	12	0	145
Disposals	-	21	5	10	0	-	36
Balance as at 31 March 2019	**11**	**92**	**377**	**356**	**202**	**90**	**1,128**
Additions	-	17	40	18	2	16	93
Disposals	-	12	2	40	5	12	71
Balance as at 31 March 2020	**11**	**97**	**415**	**334**	**199**	**94**	**1,150**
Accumulated depreciation							
As at 1 April 2018	**-**	**24**	**108**	**109**	**71**	**39**	**351**
Depreciation charge for the year	-	39	125	112	57	36	369
Disposals	-	16	5	9	0	-	30
Balance as at 31 March 2019	**-**	**47**	**228**	**212**	**128**	**75**	**690**
Depreciation charge for the year	-	29	99	101	45	15	289
Disposals		8	1	38	5	11	63
Balance as at 31 March 2020	**-**	**68**	**326**	**275**	**168**	**79**	**916**
Net block							
As at 31 March 2019	**11**	**45**	**149**	**144**	**74**	**15**	**438**
As at 31 March 2020	**11**	**29**	**89**	**59**	**31**	**15**	**234**

Note:

a Contractual obligations

There are no contractual commitments for the acquisition of property, plant and equipment.

b Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2020 (31 March 2019: Nil).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
11 Capital work in progress		
Capital work in progress	4	4
12 Other intangible assets		
	Computer Software	**Total**
Gross block		
As at 1 April 2018	**522**	**522**
Additions	104	104
Disposals	-	-
As at 31 March 2019	**626**	**626**
Additions	16	16
Disposals	-	-
As at 31 March 2020	**642**	**642**
Amortisation		
As at 1 April 2018	**367**	**367**
Charge for the year	122	122
Disposals	-	-
As at 31 March 2019	**489**	**489**
Charge for the year	80	80
Adjustments	-	-
As at 31 March 2020	**569**	**569**
Net block		
As at 31 March 2019	**137**	**137**
As at 31 March 2020	**73**	**73**
13 Other non-financial assets		
Prepaid expenses	143	179
Unamortised borrowing cost	557	173
Other Advances	128	79
Total	**828**	**431**

	As at 31 March 2020	As at 31 March 2019
14 Debt securitites		
Non-convertible debentures ('NCD')*	19,900	34,013
	19,900	**34,013**
*Refer note 38 for terms of NCD.		
15 Borrowings ^		
Secured		
Term loans		
- from banks	81,947	48,142
- from financial institutions	25,724	8,340
Unsecured		
Term loans from financial institutions	-	-
Working capital loans from banks	2,975	-
	1,10,646	**56,482**
^ Refer note 38 for terms of borrowings from banks and financial institutions.		
16 Other financial liabilities		
Interest accrued but not due on borrowings	430	462
Payable towards assignment/securitisation of loans	209	-
Employee dues	132	207
Bonus payable to employees (refer note 44)	932	626
Accrued expenses	572	474
Bank overdraft	699	1,604
Lease liability	1,049	-
Other payables*	217	218
	4,240	**3,591**
* 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.		
17 Provisions		
Provision for employee benefits		
Gratuity (refer note 34)	167	73
Compensated absences	58	49
	225	**122**
18 Other non-financial liabilities		
Advance received from small business loans	126	134
Tax deducted at source payable	55	8
Other statutory dues payable	103	97
	284	239

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
19 Share capital		
Authorised		
(i) 11,449,980 (31 March 2019: 11,449,980) equity shares of ₹ 10 each	1,145	1,145
(ii) 500 (31 March 2019: 500) class A equity shares of ₹ 10 each [₹ 5,000 (31 March 2019: ₹ 5,000)]	0	0
(iii) 60,000,000 (31 March 2019: 60,000,000) compulsorily convertible preference shares of ₹ 10 each	6,000	6,000
(iv) 3,300,000 (31 March 2019: 3,300,000) class A compulsorily convertible preference shares of ₹ 1 each	33	33
	7,178	**7,178**
Issued, subscribed and paid-up		
(i) 9,769,220 (31 March 2019: 9,769,220) equity shares of ₹ 10 each, fully paid-up	977	977
Less : Amount recoverable from the ESOP trust [face value of 1,782,471 shares (31 March 2019: 1,782,471 shares) allotted to the ESOP trust] [refer note 19(e)]	178	178
	799	**799**
(ii) 60 (31 March 2019: 60) Class A equity shares of ₹ 10 each, fully paid-up [₹ 600 (31 March 2019: ₹ 600)]	0	0
(iii) 59,306,300 (31 March 2019: 59,306,300) compulsorily convertible preference shares of ₹ 10 each, fully paid-up	5,931	5,931
(iv) 3,232,958 (31 March 2019: 3,232,958) class A compulsorily convertible preference shares of ₹ 1 each, fully paid-up	32	32
	6,762	**6,762**

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
a) Reconciliation of share capital (equity)				
Balance at the beginning of the year	97,69,220	977	97,69,220	977
Add : Issued during the year	-	-	-	-
	97,69,220	**977**	**97,69,220**	**977**
Less : Amount recoverable from the ESOP trust [face value of 1,782,471 shares (31 March 2019: 1,782,471 shares) allotted to the ESOP trust]	17,82,471	178	17,82,471	178
Balance at the end of the year	**79,86,749**	**799**	**79,86,749**	**799**
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	5,93,06,300	5,931	5,93,06,300	5,931
Add : Issued during the year	-	-	-	-
Balance at the end of the year	**5,93,06,300**	**5,931**	**5,93,06,300**	**5,931**
Reconciliation of share capital (class A compulsorily convertible preference shares)				
Balance at the beginning of the year	32,32,958	32	32,32,958	32
Add : Issued during the year	-	-	-	-
Balance at the end of the year	**32,32,958**	**32**	**32,32,958**	**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 for 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 (one rupee) 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 2020		As at 31 March 2019	
	Percent of shareholding	No. of shares	Percent of shareholding	No. of shares
Equity shares				
Mr. Brahmanand Hegde	19.82	19,35,890	19.82	19,35,890
Mr. Ramakrishna Nishtala	19.82	19,35,890	19.82	19,35,890
Westbridge Crossover Fund LLC	34.91	34,10,153	34.91	34,10,153
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	3,47,05,574	58.52	3,47,05,574
Elevar Equity Mauritius	18.40	1,09,09,868	18.40	1,09,09,868
ON Mauritius	15.71	93,18,475	15.71	93,18,475
ICP Holdings I	7.37	43,72,383	7.37	43,72,383
Class A Compulsorily Convertible Preference Shares				
Vistaar Employee Welfare Trust	100.00	32,32,958	100.00	32,32,958

d) The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2020. The Company has not bought back equity shares during five years immediately preceding 31 March 2020, 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 35).

f) "For details of equity shares reserved for issuance under the ESOP plan of the Company, refer note 35.
For details of shares reserved for issuance of conversion of CCPS and Class A CCPS, refer note 19(b) regarding terms of conversion of CCPS."

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2020	As at 131 March 2019
20 Other equity		
Statutory reserve u/s 45(IC) of the RBI Act, 1934	3,656	2,759
Securities premium	40,572	40,572
Share options outstanding account	749	692
Surplus in the Statement of Profit and Loss	12,276	8,690
	57,253	**52,713**

Nature and purpose of reserve

a) Statutory reserve u/s 45(IC) of the RBI Act, 1934

The Company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of euqal to/more than twenty per cent of its net profit of the year, before declaration of dividend.

b) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013. The amount disclosed is net of amount recoverable from the ESOP Trust (to the extent of premium on shares) ₹1,282 (31 March 2019: ₹1,282) [refer note 19(e) and 35).

c) Share options outstanding account

The Company provide share based payment scheme to its employees. The share options outstanding account represents amount recognised over the vesting period and will be transferred to securities premium on allotment of equity shares.

	Year ended 31 March 2020	Year ended 131 March 2019
21 Interest Income		
Interest on loans to small businesses	33,235	28,931
Interest on margin money deposits	168	25
Interest on fixed deposits	68	63
	33,471	**29,019**
22 Dividend income		
Dividend on investments in units of mutual funds	-	1
	-	**1**
23 Fee and commision income		
Fee income from customers	1,278	1,187
Commission income from insurance business	135	37
Servicing fee on securatisation	25	-
	1,438	**1,224**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2020	Year ended 131 March 2019
24 Net gain on fair value changes		
Profit on sale of investments in mutual funds	358	515
	358	**515**
25 Other income		
Profit on sale of fixed assets	2	1
Others	8	35
Provision no longer required written back	-	66
	10	**102**
26 Finance costs		
Interest expense on term loans		
- Banks	7,003	4,453
- Financial institutions	1,895	730
- NCDs	2,878	3,629
- Overdraft facility	23	6
Bank charges	24	29
Interest expense on lease liabilities	146	-
	11,969	**8,847**
27 Fees and commission expense		
Commission	313	266
Underwriting charges	457	377
Other fees	91	78
	861	**721**
28 Impairment of financial instruments		
Impairment of loans	4,930	3,760
Loan assets written off	286	550
	5,216	**4,310**
29 Employee benefits expenses		
Salaries and wages	8,641	7,961
Contributions to provident and other funds	520	447
Share based compensation (refer note 19 and 35)	57	144
Gratuity expense (refer note 34)	66	55
Insurance expenses	121	122
Staff welfare expenses	162	205
	9,567	**8,934**
30 Other expenses		
Rent	-	560
Electricity and water	96	92
Repairs and maintenance - others	155	104
Rates and taxes	11	8
Travelling and conveyance	489	509
Printing and stationery	39	35
Postage and courier	35	30
Information technology costs	416	422
Legal and professional fees	314	340
Remuneration to auditors [refer note 30 (a)]	32	29
Contribution towards CSR [refer note 30 (b)]	82	53
Communication	84	77
Training and recruitment	112	176
Branding and marketing	64	27
Miscellaneous	11	10
	1,940	**2,472**

		Year ended 31 March 2020	Year ended 31 March 2019
30a)	**Payment to auditors (excluding taxes)**		
	- Audit fees	29	27
	- Tax audit fees	2	1
	- Out of pocket expenses	1	1
		32	**29**
30(b)	**Corporate social responsibility (CSR)** As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company.		
	Gross amount required to be spent by the Company during the year.	101	90
	Amount spent during the year on puposes other than construction /acquisition of any asset		
	- Paid	67	53
	- Yet to be paid^	15	-
		82	**53**
	^The Company has committed the expenditure during the year and has received the invoice from the organisation for the expense. The invoice was paid subsequent to the balance sheet date.		
31	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment (refer note 10)	289	369
	Amortisation on intangible assets (refer note 12)	80	122
	Amortisation of right of use asset (refer note 37)	482	-
		851	**491**
32	**Earnings per equity share (EPS)**		
	Net profit attributable to equity shareholders	**4,483**	**3,393**
	Weighted average number of shares outstanding during the year for computing basic EPS (nos)	6,88,00,238	6,87,86,611
	Add: Effect of potential shares for conversion of ESOP (nos)	5,35,291	6,56,255
	Weighted average number of shares used to compute diluted EPS (nos)	**6,93,35,529**	**6,94,42,866**
	Profit per share :		
	Basic	6.52	4.93
	Diluted	6.47	4.89
	Nominal value per equity share	10	10

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

33 Related party disclosures

Description of relationship

i) Holding Company

Westbridge Crossover Fund LLC
(having more than one-half of the total voting power)

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 2020	31 March 2019
Transactions with key management personnel		
- Managerial remuneration (refer note below)		
Mr. Brahmanand Hegde	95	82
Mr. Ramakrishna Nishtala	94	76
Repayment of loan received		
Vistaar Employee Welfare Trust	-	14
v) Closing balance of related parties receivables / (payables):		

Nature of transaction	31 March 2020	31 March 2019
Loan outstanding	**1,460**	**1,460**
Vistaar Employee Welfare Trust		
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"		

(All amounts in ₹ lakhs unless otherwise stated)

34 Employee benefits

A 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 29, Employee benefits expense.

B Defined benefit plan

The Company provides for a gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payments to vested employees at retirement death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs on completion of 5 continuous years of service as per Payment of Gratuity Act 1972. However, no vesting condition applies in case of death. The weighted average duration of defined benefit obligation is 2 years (31 March 2019: 2 years).

The Company makes contribution to fund managed by insurer which is funded defined benefit plan for qualifying employees.

Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

a) **Salary increases** - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

b) **Investment risk** - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

c) **Discount rate** - Reduction in discount rate in subsequent valuations can increase the plan's liability

d) **Mortality and disability** - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

e) **Withdrawals** - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

The following tables summarises the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet:

		31 March 2020	31 March 2019
1	**The amounts recognised in the Balance Sheet are as follows:**		
	Present value of the obligation as at the end of the year	287	200
	Fair value of plan assets as at the end of the year	121	127
	Net liability recognised in the Balance Sheet	**166**	**73**
2	**Changes in the present value of defined benefit obligation**		
	Defined benefit obligation as at beginning of the year	200	192
	Service cost	60	44
	Interest cost	13	13
	Actuarial losses/(gains)		
	- change in financial assumptions	16	(33)
	- change in demographic assumptions	-	(29)
	- experience variance (i.e. actual experiences assumptions)	14	33
	Benefits paid	(16)	(20)
	Defined benefit obligation as at the end of the year	**287**	**200**

		31 March 2020	131 March 2019
3	**Change in the fair value of plan assets**		
	Fair value as at the start of the year	127	-
	Total Contributions	**-**	**146**
	Contributions to the fund	-	137
	Contributions by way of benefit payment	-	9
	Benefits paid	(15)	(21)
	Interest income on plan assets	7	2
	Re-measurements		
	Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) (31 March 2019: ₹ 15,000)	2	0
	Fair value as at the end of the year	**121**	**127**
	Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:		
	Discount rate	5.1% p.a.	6.6% p.a.
	Salary escalation	10% p.a.	10% p.a.
	Attrition rate:		
	Head Office	20% p.a.	20% p.a.
	Field staff	50% p.a.	50% p.a.
	Retirement age	58 years	58 years
	Mortality — Indian Assured Lives Mortality [2012-14] Ultimate		
4	**Net gratuity cost for the year ended 31 March 2020 and 31 March 2019 comprises of following components:**		
	Current service cost	60	44
	Net interest cost on the net defined benefit liability	13	13
	Interest income on plan assets	(7)	(2)
	Components of defined benefit costs recognized in Statement of Profit and Loss	**66**	**55**
5	**Other comprehensive income**		
	Remeasurements on defined benefit obligations		
	Change in financial assumptions	16	(33)
	Change in demographic assumptions		(29)
	Experience variance (i.e. actual experience vs assumptions)	14	33
	Remeasurements on plan assets		
	Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) (31 March 2019: ₹15,000)	(2)	0
	Components of defined benefit costs recognized in other comprehensive income	**28**	**(29)**
6	**Maturity profile of defined benefit obligation**		
	Particulars		
	Within the next 12 months (next annual reporting period)	160	100
	Between 2 to 5 years	-	100
	More than 5 years	-	-

(All amounts in ₹ lakhs unless otherwise stated)

7 The major categories of plan assets (as a percentage of total plan assets)

	As at 31 March 2020	As at 31 March 2019
Funds managed by insurer	100%	100%

8 Quantitative sensitivity analysis for significant assumptions is as below

Assumption	Change in assumption		
Discount rate	Increase by 100 basis points	(11)	(7)
	Decrease by 100 basis points	12	8
Salary escalation rate	Increase by 100 basis points	11	8
	Decrease by 100 basis points	(11)	(7)
Withdrawal rate	Increase by 100 basis points	(4)	(2)
	Decrease by 100 basis points	4	3

Notes:

(i) Sensitivity due to mortality is not material, hence the impact of change is not calculated.

(ii) The actuarial valuation of plan assets and the present valuation of defined benefit obligation were computed at year end. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(iii) Discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

(iv) The salary escalation rate is computed after considering the seniority, the promotion and other relevant factors such as, demand and supply in employment market.

35 Share-based payment

Under Employee Stock Option Scheme (ESOP) of the Company, share options of the Company are granted to the employees. The share based compensation plan 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 2020		31 March 2019	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	12,88,394	136.28	15,68,644	126.35
Granted during the year	40,000	227.30	1,33,000	250.60
Forfeited during the year	2,71,850	220.84	3,80,250	143.77
Exercised during the year	-	-	33,000	35.09
Options outstanding at the end	10,56,544	117.96	12,88,394	136.28
Options exercisable at year end	8,62,857	93.06	8,31,069	93.28

The options outstanding as at 31 March 2020 were with the exercise price of ₹ 35.09 to ₹ 250.60. The ESOP can be exercised at any time during employment or within six months from the date of resignation.

The Employee Stock Option Plan 2010 has been granted over the years with different vesting dates. The following inputs were used to determine the fair value for options granted during the year:

	31 March 2020	31 March 2019
Expected life (in years)	1 - 10 years	1 - 4 years
Volatility (%)	20%	20%
Risk free rate (%)	7.30% - 7.77%	7.30% - 7.77%
Exercise price (₹)	227.30	250.60
Dividend yield	-	-
Option fair value	49.24	54.36
The fair value of options granted before 1 April 2017 is as below:		
Expected life (in years)		1 - 10 years
Volatility (%)		20%
Risk free rate (%)		6.27% - 7.57%
Exercise price (₹)		35.09 - 224
Dividend yield		-
Option fair value		12.40 - 57.28

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 within 6 years from date of vesting 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 2020		31 March 2019	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	4,05,600	208.28	3,67,300	176.67
Granted during the year	-	-	2,53,000	250.60
Forfeited during the year	92,600	210.46	2,14,050	204.23
Exercised during the year	-	-	650	151.50
Options outstanding at the end	3,13,000	208.28	4,05,600	208.28
Options exercisable at year end	1,82,500	180.64	1,39,450	161.77

The options outstanding as at 31 March, 2020 were with the exercise price of ₹ 151.50 to ₹ 250.60. The ESOP can be exercised at any time during employment or within six months from the date of resignation.

(All amounts in ₹ lakhs unless otherwise stated)

The Employee Stock Option Plan 2016 has been granted over the years with different vesting dates. The following inputs were used to determine the fair value for options granted year:

	31 March 2020	31 March 2019
Expected life (in years)	-	1 - 10 years
Volatility (%)	-	20%
Risk free rate (%)	-	7.30% - 7.77%
Exercise price (₹)	-	250.60
Dividend yield	-	-
Option fair value	-	125.63
The fair value of options granted before 1 April 2017 is as below:		
Expected life (in years)		1 - 10 years
Volatility (%)		20%
Risk free rate (%)		7.31% - 7.52%
Exercise price (₹)		151.50 - 224
Dividend yield		-
Option fair value		76.48 - 104.50

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

VEWT plan was approved in the Extraordinary General Meetings 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 2020		31 March 2019	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year	31,37,097	112.22	31,37,097	112.22
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end	31,37,097	112.22	31,37,097	112.22
Exercisable at year end	-	-	-	-

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 2020 is 4 years (31 March 2019: 5 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. As of 31 March 2020 there are no unvested RSU's outstanding.

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
36 Income tax expense		
a) Income tax expense recognised in Statement of profit and loss		
Current tax for the year	2,511	1,738
Adjustment in respect of earlier years	(50)	(124)
Deferred tax (credit) / charge	(525)	98
	1,936	**1,712**
b) Income tax recognised in other comprehensive income		
Taxes on re-measurement of defined benefit plans	7	(10)
c) Reconciliation of income tax expense and the accounting profit for the year		
Profit before tax	6,440	5,086
Enacted tax rates	25.168%	34.944%
Income tax expense calculated on corporate tax rate	1,621	1,777
Expense disallowed under the provisions of Income tax Act, 1961	35	68
Reversal of deferred tax on account of change in tax rates	455	(9)
Reversal of deferred tax on account of interest on NPA written-off	(177)	-
Adjustment to deferred tax on account of change in tax base on filing of return	52	-
Income tax in respect of earlier years	(50)	(124)
At the effective income tax rate of 29.96% (31 March 2019: 33.67%)	**1,936**	**1,712**

d) Movement in deferred tax assets (net)

Particulars	As at 31 March 2019	(Charged) / credit to statement of profit and loss	(Charged) / credit to other comprehensive income	As at 31 March 2020
Deferred tax assets				
Employee benefits	43	11	7	61
Impairment loss allowance	749	698	-	1,447
Disallowance u/s 43B and other provisions	125	(90)	-	35
Amortisation of transaction cost / income on assets on finance as per EIR model	873	(88)	-	785
Depreciation and amortisation	175	(2)	-	173
Total deferred tax assets	**1,965**	**529**	**7**	**2,501**
Deferred tax liabilities				
Recognition of income on assignment transaction	-	229	-	229
Recognition of interest income of non-performing assets	245	(225)	-	20
	245	**4**	**-**	**249**
Net deferred tax asset	**1,720**	**525**	**7**	**2,252**

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2018	(Charged) / credit to statement of profit and loss	(Charged) / credit to other comprehensive income	As at 31 March 2019
Deferred tax assets				
Employee benefits	90	(37)	(10)	43
Impairment loss allowance	834	(85)	-	749
Disallowance u/s 43B and other provisions	123	2	-	125
Amortisation of transaction cost / income on assets on finance as per EIR model	891	(18)	-	873
Depreciation and amortisation	104	71	-	175
	2,042	**(67)**	**(10)**	**1,965**
Deferred tax liabilities				
Recognition of interest income of non-performing assets	214	31	-	245
	214	**31**	**-**	**245**
	1,828	**(98)**	**(10)**	**1,720**

37 The Company leases premises in its normal course of business. The lease term varies from three to six years. Some property leases contain extension options after the contract period.

As lessee

Details of right-of-use assets are as follows:

	Premises	Total
Gross carrying value as on 1 April 2019 (refer note 4(h))	**1,446**	**1,446**
Additions	29	29
Derecognition	-	-
Modifications		-
Gross carrying value as on 31 March 2020	**1,475**	**1,475**
Accumulated depreciation as on 1 April 2019	**-**	**-**
Depreciation	482	482
Accumulated depreciation on derecognition	-	-
Accumulated depreciation as on 31 March 2020	**482**	**482**
As at 31 March 2020	**993**	**993**

Note: As permitted by the standard "IND AS 116-Leases", the Company has initially applied the modified retrospective approach under which comparative information is not restated. The maturity analysis of lease liabilities are disclosed in note 40. The effective interest rate for lease liabilities is 10%, with maturity between 2021-2025.

Amounts recognised in balance sheet	**As at 31 March 2020**
Lease liabilities	1,049

The increases (decreases) in balance sheet items on transition is summarized below:

	1 April 2019
Right-of-use assets	1,446
Lease liabilities	1,446

A reconciliation of the undiscounted operating lease commitment at 31 March 2019 and lease liabilities recognised in the balance sheet at transition date is presented below:

Operating lease commitment at 31 March 2019	1,685
Undiscounted lease liabilities	1,685
Discounted using the incremental borrowing rate at 1 April 2019	1,446
Lease liabilities recognised at 1 April 2019	1,446

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

38 Disclosure for Borrowings from Banks, Financial Institutions and Debentures

(a) Indian rupee loan from banks

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2020	Balance outstanding as at 31 March 2019	Due within 1 year		Due within 2-8 year		Total
					No of installments	Amount	No of installments	Amount	
Monthly repayment									
I. With moratorium of 12 months									
5 years	11.95%	1,000	250	450	12	200	4	50	250
II. With moratorium of 1-3 months									
2-3 years	11.25%	2,500	2,121	721	12	909	16	1,212	2,121
3-5 years	9.4% - 12.95%	39,475	18,176	20,176	12	7,411	48	10,765	18,176
IV. Without moratorium									
2-3 years	10.4% - 12.75%	22,280	10,673	9,582	12	6,312	23	4,361	10,673
3-6 years	9.45% - 13.75%	83,500	49,018	15,828	12	13,745	81	35,273	49,018
Quarterly repayment									
I. With moratorium of 3 months									
2-3 years	9.25% - 10.30%	2,800	1,709	1,385	4	734	9	975	1,709
Total			**81,947**	**48,142**		**29,311**		**52,636**	**81,947**

Notes:

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

b)Fixed deposit amounting to ₹ 5,033 lakhs (31 March 2019: ₹ 444 lakhs) have been pledged towards availing term loan from banks.

(b) Indian rupee loan from financial institutions

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2020	Balance outstanding as at 31 March 2019	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									
1-2 years	11.95%	1,500	1,458	-	12	750	12	708	1,458
2-3 years	8.5% -12.85%	5,017	4,177	9	12	1,673	18	2,504	4,177
3-6 years	8.41%-13%	27,069	17,236	7,786	12	6,038	36	11,198	17,236
Quarterly repayment									
I. With moratorium of 3 months									
2-3 years	11.50%	1,000	1,000	544	12	333	16	667	1,000
3-6 years	12.25%	1,950	1,853	-	4	293	15	1,560	1,853
Total			**25,724**	**8,340**		**9,087**		**16,637**	**25,724**

Notes:

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

b) Fixed deposit amounting to ₹ 377 (31 March 2019: ₹ nil) have been pledged towards availing term loan from banks.

(All amounts in ₹ lakhs unless otherwise stated)

(c) Debentures

Sl No	Date of allotment	Maturity date	Coupon rate	Sanction amount	Balance outstanding as at 31 March 2020	Balance outstanding as at 31 March 2019	Due within one year	Due within 2 - 3 years	Total	Redemption terms
NCD 1	29-Nov-13	29-Nov-19	11.20%	3,000	-	3,000	-	-	-	Bullet repayment at the end of 72 months
NCD 2	27-Jul-16	27-Jul-22	11.70%	6,800	-	6,800	-	-	-	Bullet repayment at the end of 72 months
NCD 3	30-Nov-16	29-Nov-19	11.90%	7,500	-	2,813	-	-	-	Repayable in 8 quarterly instalments
NCD 4	06-Jan-17	06-Jan-20	11.90%	1,500	-	1,500	-	-	-	Bullet repayment at the end of 36 months
NCD 5	22-Jun-18	22-Jun-21	10.50%	6,500	6,500	6,500	-	6,500	6,500	Bullet repayment at the end of 36 months
NCD 6	23-Jul-18	23-Jul-22	10.50%	6,500	6,500	6,500	-	6,500	6,500	Bullet repayment at the end of 48 months
NCD 7	24-Aug-18	24-Aug-23	10.50%	6,900	6,900	6,900	-	6,900	6,900	Bullet repayment at the end of 60 months
Total					**19,900**	**34,013**	**-**	**19,900**	**19,900**	

Notes:

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

(d) Working capital loans from banks

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2020	Balance outstanding as at 31 March 2019	Due within 1 year	
					No of instalments	Amount
I. Without moratorium						
Less than 1 year	9.85%	3,300	2,975	-	1	2,975
Total			**2,975**	**-**		**2,975**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

39 Capital management

The capital management objectives of the Company are:
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the risk weighted assets as prescribed by the Reserve Bank of India (RBI).

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes have been made to the objectives, policies and processes from the previous years.

Gearing Ratio

	As at 31 March 2020	As at 31 March 2019
Debt securities	19,900	34,013
Borrowings (other than debt securities)	1,10,646	56,482
Net debt	**1,30,546**	**90,494**
Total equity	**64,015**	**59,475**
Net debt to equity ratio	**2.04**	**1.52**

40 Financial instruments and fair value disclosures

The carrying value and fair value of financial assets and liabilities are as follows :-

	Fair value through profit and loss	Fair value through OCI	Amortised cost	Total	Fair value
As at 31 March 2020					
Financial Assets					
Cash and cash equivalents	-	-	8,184	8,184	8,184
Bank balances other than above	-	-	6,431	6,431	6,431
Loans	-	-	1,77,958	1,77,958	1,77,958
Other financial assets	-	-	985	985	985
Total financial assets	**-**	**-**	**1,93,558**	**1,93,558**	**1,93,558**
Debt securities	-	-	19,900	19,900	19,900
Borrowings (other than debt securities)	-	-	1,10,646	1,10,646	1,10,646
Other financial liabilities	-	-	4,240	4,240	4,240
Total financial liabilities	**-**	**-**	**1,34,786**	**1,34,786**	**1,34,786**
As at 31 March 2019					
Financial Assets					
Cash and cash equivalents	-	-	6,657	6,657	6,657
Bank balances other than above	-	-	1,063	1,063	1,063
Loans	-	-	1,42,585	1,42,585	1,42,585
Other financial assets	-	-	234	234	234
Total financial assets	**-**	**-**	**1,50,539**	**1,50,539**	**1,50,539**
Debt securities	-	-	34,013	34,013	34,013
Borrowings (other than debt securities)	-	-	56,482	56,482	56,482
Other financial liabilities	-	-	3,591	3,591	3,591
Total financial liabilities	**-**	**-**	**94,086**	**94,086**	**94,086**

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

(All amounts in ₹ lakhs unless otherwise stated)

41 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, financial assets measured at amortised cost	Ageing analysis	Credit risk analysis, diversification of customers/asset base, credit limits, collateral and static pool analysis.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sufficient cash, cash credit and overdraft limits, committed credit lines and borrowing facilities
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Pass on the Interest rate increase/ decreasee to customers
Market Risk - Security Price	Investments in securities	Sensitivity analysis	Portfolio diversification, exposure limits/ limits on equity exposure

The Board has the overall responsibility of risk management. There are committees of the Board which take care of managing overall risk in the organization. In accordance with the RBI guidelines to enable NBFCs to adopt best practices and greater transparency in their operations, the Board of Directors of the Company has constituted a Risk Management Committee to review risk management in relation to various risks, namely, market risk, credit risk, and operational risk.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, loan assets and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

Credit risk management policy provides for identification and assessment of credit risk, assessment and management of portfolio credit risk, and risk monitoring and control. The issues relating to the establishment of exposure limits for various categories, for example, based on geographical regions, product specific, industry and rating are also covered. The policy also deals with rating models aiming at high quality, consistency and uniformity in the appraisal of proposals.

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are overdue. A default on a financial asset is when the counterparty fails to make contractual payments. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

i) Low credit risk on financial reporting date
ii) Moderate credit risk
iii) High credit risk

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

The Company provides for expected credit loss based on the following:

Asset group	Basis for categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and other financial assets	Life time expected credit loss fully provided for

Financial assets that expose the entity to credit risk*

	As at 31 March 2020	As at 31 March 2019
Low credit risk on financial reporting date		
Cash and cash equivalents	8,184	6,657
Bank balances other than above	6,431	1,063
Loans and corresponding interest receivables *	1,79,097	1,35,447
Other financial assets	985	234
Moderate credit risk		
Loans *	4,726	9,215
High credit risk		
Loans *	10	27

* These represent gross carrying values of financial assets, without deduction for expected credit losses

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Loans

Credit risk related to borrower's are mitigated by considering collateral's from borrower's. The Company closely monitors the credit-worthiness of the borrower's through internal systems. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

(All amounts in ₹ lakhs unless otherwise stated)

b) Expected credit losses for financial assets other than loans

i) The Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.
- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though the reconciliation of expected credit loss for all sub categories of financial assets (other than loans) are disclosed further:

	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
31 March 2020				
Cash and cash equivalents	8,184	0%	-	8,184
Bank balances other than above	6,431	0%	-	6,431
Other financial assets	985	0%	-	985
31 March 2019				
Cash and cash equivalents	6,657	0%	-	6,657
Bank balances other than above	1,063	0%	-	1,063
Other financial assets	234	0%	-	234

ii) Expected credit loss for loans

Credit risk

Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. It arises principally from the Company's loans and advances to customers, and investment in debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure, which are as follows:

Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation.

Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations. It may arise in the form of single geographic or sector concentration.

A1 Credit risk measurement

The Company classifies its risk based on geographies and the type of risk associated with the business of borrowers and accordingly classifies the loan assets as:

a) Low credit risk

b) Moderate credit risk

c) High credit risk

The Company considers qualitative factors that include past recoveries, historical default rates and macro-economic factors affecting a particular region.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

A2 Expected credit loss measurement

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months.

Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

A2.1 Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when a set of portfolio experiences difficulties due to certain macro-economic factors.

A2.2 Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficult. These are instances where:

- Inability to continue with his business on account of permanent incapacitation.
- Policy changes from the Government including instances such as demonetisation and introduction of new tax legislation such as 'Goods and Services Tax (GST).

A2.3 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

PD or default rate is an estimate of the likelihood of the default event (as defined in the previous step) occurring in future. Accordingly, a lower PD signifies lower credit risk. PD is estimated by using historical data, and is done over a particular time horizon. It is done by performing vintage analysis over the historical data of default to assess how default rates change over time, and compute the risk of default in the next 12 months and the entire lifetime of the loan.

Loss given default (LGD) computation model

LGD is the credit loss that will be incurred if the borrower defaults. It is calculated as the difference between the present value (using the EIR of the loan) of the amount that the entity expects to receive after the default event occurs and the contractual amounts due. Accordingly, the type of loan facility (secured/unsecured, type of security etc.) are important considerations while grouping loan assets into categories while determining LGD rates.
All the alternative recovery options, including monetizing the security, debt restructuring etc. are considered while determining the expected credit losses after default. External costs of monetizing the collateral are also considered (if applicable).

(All amounts in ₹ lakhs unless otherwise stated)

A.3 Credit risk exposure

	ECL Staging			
	Stage 1	**Stage 2 ^**	**Stage 3**	**Total**
31 March 2020				
Low credit risk	-	1,73,506	4,438	1,77,944
Moderate credit risk	-	2,386	2,340	4,726
High credit risk	-	10	0	10
Gross carrying amount	**-**	**1,75,902**	**6,778**	**1,82,679**
Loss allowance	-	3,524	2,351	5,875
Carrying amount	**-**	**1,72,377**	**4,427**	**1,76,804**
31 March 2019				
Low credit risk	1,29,802	2,284	2,881	1,34,967
Moderate credit risk	6,429	773	2,013	9,215
High credit risk	24	3	-	27
Gross carrying amount	**1,36,255**	**3,060**	**4,894**	**1,44,209**
Loss allowance	944	46	1,115	2,105
Carrying amount	**1,35,311**	**3,014**	**3,779**	**1,42,104**

^ As at 31 March 2020, the amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition on account of COVID-19 pandemic and consequent impact on their economic activity. These assets are not credit impaired. Assets with DPD less than thirty days is as below:

Credit risk exposure	As at 31 March 2020
Low credit risk	1,71,394
Moderate credit risk *	2,151
High credit risk	9
Gross carrying amount	**1,73,554**
Loss allowance	3,433
Carrying amount	**1,70,121**

A.4 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12 months ECL	**Lifetime ECL**	**Lifetime ECL**	
Loans and advances to customers at amortised cost				
Balance as at 31 March 2018	743	99	1,530	2,372
Transfer to 12 months ECL	2	(2)	-	-
Transfer to life time ECL not credit impaired	(1,311)	1,322	(11)	-
Transfer to Lifetime ECL credit impaired	(38)	(1,504)	1,542	-
Net remeasurement of loss allowance	245	(40)	2,750	2,955
New financial assets originated or purchased	1,359	181	91	1,631
Financial assets that have been derecognised	(56)	(10)	(123)	(189)
Write offs	-	-	(4,664)	(4,664)
Balance as at 31 March 2019	**944**	**46**	**1,115**	**2,105**
Transfer to 12 months ECL	3	(3)	-	-
Transfer to life time ECL not credit impaired *	(3,571)	3,378	193	-
Transfer to Lifetime ECL credit impaired	(747)	(527)	1,274	-
Net remeasurement of loss allowance	2,085	635	1,346	4,066
New financial assets originated or purchased	1,686	-	-	1,686
Financial assets that have been derecognised	(400)	(5)	(137)	(542)
Write offs	-	-	(1,440)	(1,440)
Balance as at 31 March 2020	**-**	**3,524**	**2,351**	**5,875**

* The amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition and not credit impaired.

The following table further explains changes in the gross carrying amount of the Loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12 months ECL	**Lifetime ECL**	**Lifetime ECL**	
Loans and advances to customers at amortised cost				
Balance as at 31 March 2018	1,18,638	3,370	5,014	1,27,022
Transfer to 12 months ECL	76	(61)	(15)	-
Transfer to life time ECL not credit impaired	(3,795)	3,850	(55)	-
Transfer to Lifetime ECL credit impaired	(2,448)	(2,982)	5,430	-
New financial assets originated or purchased	69,250	358	311	69,919
Financial assets that have been derecognised/ repaid	(45,467)	(1,474)	(1,127)	(48,068)
Write offs	-	-	(4,664)	(4,664)
Balance as at 31 March 2019	**1,36,254**	**3,061**	**4,894**	**1,44,209**
Transfer to 12 months ECL	67	(62)	(5)	-
Transfer to life time ECL not credit impaired *	(1,75,604)	1,75,187	417	-
Transfer to Lifetime ECL credit impaired	(2,301)	(1,343)	3,644	-
New financial assets originated or purchased	99,871	-	-	99,871
Financial assets that have been derecognised/repaid	(58,287)	(943)	(731)	(59,961)
Write offs	-	-	(1,440)	(1,440)
Balance as at 31 March 2020	**-**	**1,75,900**	**6,779**	**1,82,679**

* The amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition and not credit impaired (refer note 41 A-3).

A.5 Concentration of credit risk

The Company monitors concentration of credit risk by type of industry in which the borrower operates

	As at 31 March 2020	As at 31 March 2019
Gross carrying amount of loans	1,82,679	1,44,209
Concentration by industry		
Dairy	9,053	16,349
Enterprise	1,73,626	1,27,860
	1,82,679	**1,44,209**

A.6 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.
The outstanding contractual amounts of such assets written off during the year ended March 31, 2020 was ₹ 1,440 (March 31, 2019 ₹ 4,664). The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

B) Liquidity risk

"Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps."

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2020	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	41,373	64,836	21,809	2,528	1,30,546
Other financial liabilities at amortised cost	3,575	570	95	-	4,240
Total	**44,948**	**65,406**	**21,904**	**2,528**	**1,34,786**

31 March 2019	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	37,851	35,339	17,306	-	90,495
Other financial liabilities at amortised cost	3,591	-	-	-	3,591
Total	**41,442**	**35,339**	**17,306**	**-**	**94,086**

C) Market Risk

a) Interest rate risk

i) Liabilities

The policy of the Company is to minimise interest rate cash flow risk exposures on long-term loans and borrowings. The Company is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

	As at 31 March 2020	As at 31 March 2019
Variable rate borrowing	62,643	43,852
Fixed rate borrowing	67,903	46,644
Total borrowings	**1,30,546**	**90,496**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

	31 March 2020	31 March 2019
Interest sensitivity*		
Interest rates – increase by 100 basis points	1,305	817
Interest rates – decrease by 100 basis points	(1,305)	(817)
* Holding all other variables constant		

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

42 Segment information

The Company is engaged in lending to small businesses which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates primarily in India and there is no other geographical segment.

43 Commitments

a) Commitment towards purchase of various assets including software ₹ Nil (31 March 2019: ₹ 46 lakhs).

44 Contingent liabilities

The Company has certain litigations pending with service tax authorities amounting to ₹ 191 lakhs 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.

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.

45 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 17, 2020) issued by the RBI.

a Schedule to the Balance Sheet

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	19,900	-
Unsecured		-
(b) Deferred credits		-
(c) Term loans (secured)	1,08,101	-
(d) Inter-corporate loans and borrowing		-
(e) Commercial paper		-
(f) Other loans (Overdraft facilities and working capital loans)	3,674	-
	1,31,675	**-**

Assets side:	Amount outstanding
b. Break-up of loans and advances:	
(a) Secured	1,82,679
(b) Unsecured	-
	1,82,679
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 investment	
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	1,82,679	-	1,82,679
	1,82,679	**-**	**1,82,679**

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 2020
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	6,778
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	4,427
iii) Assets acquired in satisfaction of debt	-

46 Additional disclosure required by RBI

(i) Capital Risk Asset Ratio

Sl.No.	Items	As at 31 March 2020	As at 31 March 2019
(a)	Capital risk Asset Ratio (%)	37.6%	40.3%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	40.8%	39.6%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	-3.2%	0.7%
(e)	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
(f)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

(ii) Derivatives:
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 2020 (31 March 2019: Nil)

(iii) Exposures:
The Company has no exposure to the real estate sector and capital market directly or indirectly in the cur rent and previous years.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

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

Maturity pattern of certain assets and liabilities as on 31 March 2020

	Assets		Liabilities	
	Advances*	Investments	Borrowings from Banks*	Market Borrowings*
1 day to 7 days	808		436	33
8 to 14 days	-		-	25
15 days to 30/31 days	-		2,154	705
Over one month to 2 months	799		2,011	585
Over 2 months upto 3 months	2,257		1,907	671
Over 3 months to 6 months	6,745		8,449	2,451
Over 6 months to 1 year	13,371		17,328	4,618
Over 1 year to 3 years	50,943		38,380	26,456
Over 3 years to 5 years	40,879		11,728	10,081
Over 5 years	66,876		2,528	-
Total	**1,82,680**	**-**	**84,921**	**45,625**

* The maturity pattern has been adjusted for moratorium availed from certain lenders as well as moratorium extended to eligible borrowers and who have opted for it.

Maturity pattern of certain assets and liabilities as on 31 March 2019

	Assets		Liabilities	
	Advances*	Investments	Borrowings from Banks*	Market Borrowings*
1 day to 7 days	2,513	-	1,730	399
8 to 14 days	-	-	-	-
15 days to 30/31 days	-	-	-	-
Over one month to 2 months	2,569	-	1,757	1,200
Over 2 months upto 3 months	2,575	-	2,016	266
Over 3 months to 6 months	7,636	-	5,237	8,650
Over 6 months to 1 year	14,481	-	9,414	7,181
Over 1 year to 3 years	51,283	-	25,090	10,249
Over 3 years to 5 years	33,947	-	2,898	14,408
Over 5 years	28,090	-	-	-
Total	**1,43,094**	**-**	**48,142**	**42,353**

*net of provisions on NPA

(v) Disclosures relating to securitisation:

Particulars	As at 31 March 2020	As at 31 March 2019
Credit enhancements provided and outstanding (Gross)		
Interest subordination	-	-
Principal subordination	3,422	553
Cash collateral	5,381	184

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
	No./Amount	No./Amount
1. No. of SPVs sponsored by the NBFC for securitisation transactions	10	1
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	38,509	4,290
3. Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss	3,422	553
* 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	5,381	184
* Others	-	-
ii) Exposure to third party securitisations		
* First loss	-	-
* Others	-	-

(vi) Assignment

The Company has undertaken assignment transactions during the current year and disclosure relating to the same is as follows;

Particulars	As at 31 March 2020	As at 31 March 2019
No. of accounts	2,213	-
Aggregate value (net of provisions) of accounts sold	8,892	-
Aggregate consideration	7,379	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

(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 Company has not financed parent company products in the current year and previous year.

(x) Unsecured advances

Refer note 7 for unsecured advances. The Company has not given any advances against any 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 2019 to 31 March 2022 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	6,500	09-Jul-19	ICRA A- Stable	09-Jul-20
Non-Convertible Debentures	6,500	09-Jul-19	ICRA A- Stable	09-Jul-20
Non-Convertible Debentures	6,900	09-Jul-19	ICRA A- Stable	09-Jul-20
Term loans	69,747	09-Jul-19	ICRA A- Stable	09-Jul-20
Securitisation transactions	6,013	31-Jan-20	ICRA AA[SO]	31-Jan-21
Securitisation transactions	11,920	23-Dec-19	ICRA AA[SO]	23-Dec-20
Securitisation transactions	1,449	17-Dec-19	ICRA AA[SO]	17-Dec-20
Securitisation transactions	3,149	06-Dec-19	ICRA A+[SO]	06-Dec-20
Securitisation transactions	4,062	30-Aug-19	IND A+[SO]	30-Sep-20
Securitisation transactions	1,909	17-Dec-19	ICRA AA[SO]	17-Dec-20
Securitisation transactions	2,326	26-Dec-19	ICRA AA[SO]	26-Dec-20
Securitisation transactions	3,874	07-Nov-19	ICRA AA[SO]	07-Dec-20
Securitisation transactions	1,626	03-Dec-19	IND AA-(SO)	03-Dec-20
Securitisation transactions	2,172	03-Oct-19	IND AA(SO)	03-Oct-20

Notes:

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

(All amounts in ₹ lakhs unless otherwise stated)

(xiv) Draw down from reserves

There has been no draw down from reserves during the year ended 31 March 2020 (31 March 2019: Nil).

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

	As at 31 March 2020	As at 31 March 2019
Impairment of loans	4,930	3,760
Provision for current tax	2,461	1,614
Provision for leave encashment	9	(6)
Provision for gratuity	66	57

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

	As at 31 March 2020	As at 31 March 2019
Concentration of Advances		
Total advances to twenty largest borrowers	997	961
Percentage of advances to twenty largest borrowers to total advances of the Company	0.55%	0.67%
Concentration of Exposures		
Total exposures to twenty largest borrowers/customers	997	961
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/ customers	0.55%	0.67%
Concentration of NPAs		
Total exposures to top four NPA accounts	94	89

(xvii) Sector-wise NPAs

	As at 31 March 2020	As at 31 March 2019
Sector	Percentage of gross NPAs to total advances in that sector	Percentage of gross NPAs to total advances in that sector
Agriculture & allied activities	29.80%	14.01%
MSME	1.83%	2.22%
Corporate borrowers	-	-
Services	2.69%	3.39%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

(xviii) Movement of NPAs

Sl No	Particulars	31 March 2020	31 March 2019
i	Net NPAs to Net Advances (%)	2.50%	2.66%
ii	Movement of NPAs (Gross)		
	i) Opening balance	4,893	5,013
	ii) Additions during the year	3,900	5,331
	iii) Reductions during the year	(2,015)	(5,451)
	iv) Closing balance	6,778	4,893
iii	Movement of Net NPAs		
	i) Opening balance	3,778	3,483
	ii) Additions during the year	1,170	946
	iii) Reductions during the year	(521)	(651)
	iv) Closing balance	4,427	3,778
iv	Movement of provisions for NPAs (excluding provision on standard assets)		
	i) Opening balance	1,115	1,530
	ii) Provisions made during the year	2,730	4,385
	iii) Write-off during the year	(1,440)	(4,664)
	iv Write-back of excess provisions	(54)	(136)
	v) Closing balance	2,351	1,115

(xix) Customer complaints

	As at 31 March 2020	As at 31 March 2019
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	357	302
No. of complaints redressed during the year	352	302
No. of complaints pending at the end of the year	5	-

(xx) Details of investments

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

47 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 29 September 2016

There were no instances of reportable fraud for the year ended 31 March 2020 and 31 March 2019.

(All amounts in ₹ lakhs unless otherwise stated)

48 Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated 13 March 2020

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS 109	Net carrying amount	Provisions as required under IRACP norms	Difference between Ind AS and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Performing assets						
Standard	Stage 1	-	-	-	-	-
Standard	Stage 2 *	1,75,900	3,524	1,72,376	704	2,820
Subtotal		**1,75,900**	**3,524**	**1,72,376**	**704**	**2,820**
Non performing assets (NPA)						
Sub standard	Stage 3	3,767	1,326	2,441	377	949
Doubtful						
Upto 1 year	Stage 3	2,950	1,003	1,947	590	413
1 to 3 years	Stage 3	61	22	39	18	4
More than 3 years	Stage 3					
Subtotal for doubtful		**3,011**	**1,025**	**1,986**	**608**	**417**
Loss	Stage 3	-				
Subtotal for NPA		**6,778**	**2,351**	**4,427**	**985**	**1,366**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
		1,82,678	**5,875**	**1,76,803**	**1,689**	**4,186**

* The amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition and not credit impaired (refer note 41 A-3).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(All amounts in ₹ lakhs unless otherwise stated)

49 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.

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

51 Value of import in foreign currency on CIF basis
There are no import of capital goods during the current and previous year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/ N500013

Manish Gujral
Partner

Membership No: 105117
Place: Mumbai
Date: 29th May, 2020

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 29th May, 2020

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 29th May, 2020

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 29th May, 2020

SENIOR MANAGEMENT

SUDESH CHINCHEWADI

Executive Vice President
Chief Financial Officer and
Company Secretary

Sudesh has more than 24 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.

NIKHIL BANDI

Executive Vice President
Chief Information Officer &
Head of Operations

Nikhil has 22 years of experience in IT and has worked in India, US and Japan. In the past he worked as 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.

VINOD KUMAR

Senior Vice President
- Head of Credit & Policy

Vinod Kumar V is the Head of Credit, & Policy at Vistaar. He comes with a rich experience of 24 years in Financial Industry. He started his banking career with State Bank of Travancore (Associate of SBI). Later he had worked with Axis Bank, HSBC, Janalakshmi Financial Services, and Ujjivan Small Finance Bank.

In his stint with HSBC he worked in the capacity of the Head of Wholesale Credit Approvals (Offshore) for the Asia Pacific Region. Before joining Vistaar he was with Ujjivan Small Finance Bank as the National Credit Manager for MSE Loans.

Vinod holds a bachelor degree in Science from MG University, PGP in Business Analytics and Business Intelligence from Great Lakes Institute of Management, and CAIIB from Indian Institute of Banking and Finance.

DR. ASHOK NAGPAL

Senior Vice President
Head - BPS, Operational Risk and Collections

Dr. Ashok Nagpal is one of the founder employees of Vistaar and presently heads the Operational Risk, Analytics, BPS, Products & Marketing functions at Vistaar. Dr. Ashok has over 15 years of vast & varied experience ranging from Veterinary Life Sciences to various functions of the financial industry viz. Livelihood Services, Business Planning, Product Development, Rollout, Marketing, Human Resources, Strategy, Business Operations, Internal Audit, Risk Management, Credit & Collections.

SUNAND SAHU

Vice President
Head – Internal Audit

Sunand Sahu heads the Internal Audit function at Vistaar and has a work experience spanning over 20 years.

Sunand is responsible for monitoring process adherence, ensuring compliance to statutory requirements and reviewing the adequacy of existing systems and controls from time to time.

He was associated with the Bharat Financial Inclusion (Formerly known SKS Microfinance), one of the leading microfinance company in the country and then with Fullerton India Credit Company Limited in the Internal Audit Function. He was associated with one of the largest BC in Hyderabad which had the maximum number of PSU as their corporate agents.

Before moving to Vistaar he was associated with RBL Fin serve Limited (Formerly known as Swadhaar Fin serve private limited, in Mumbai)

Sunand holds post graduate in MBA Finance from the Indian School of Business Management and Administration, Mumbai.

AWARDS & RECOGNITIONS

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

"IFC – Mint Strategy Award" in September 2016

Best Financial Reporting Award for five consecutive years

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

"Inclusive Finance India 2018" Award was presented by NITI Ayog, ACCESS Development Services & HSBC

"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

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

NOTES

VISTAAR

Vistaar Financial Services Pvt. Ltd.

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