VISTAAR

ANNUAL REPORT 2021

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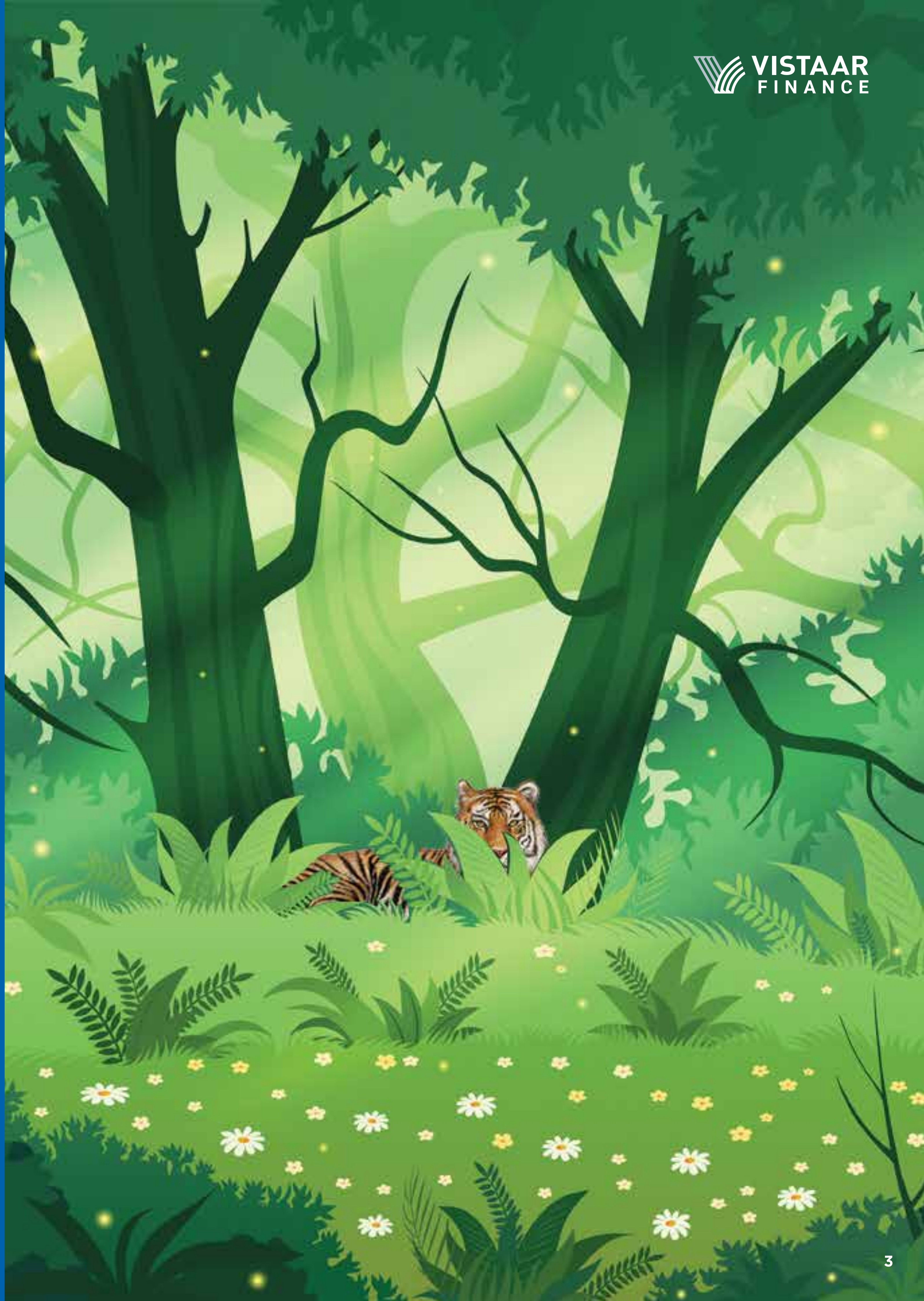
ANNUAL REPORT 2021

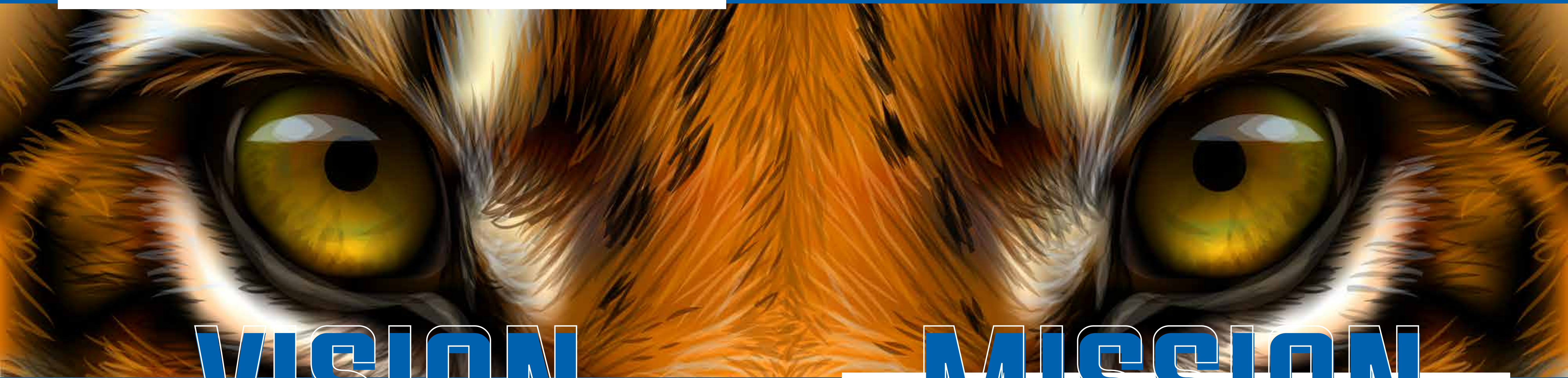
In 2010 Vistaar Financial Services was incorporated with a mission to serve the small businesses. An idea that was like spotting a tiger in the jungle. An idea seemingly simple but which also carried the huge responsibility of creating new economic opportunities for deserving small business women and men. Something which would help transform communities and enrich lives.

The company focuses on the missing middle segment, which is not effectively served by the formal financial system. Vistaar works to make available Loans for small businesses, the MSMEs. Vistaar, a pioneer in this segment launched products, new markets, laid down processes and helped in the development of the sector which opened the doors for many entrants, learning from what has been achieved and that has helped the industry grow further. Vistaar remains the bellwether of the serving more than 2.3 lakh customers over the years in more than 191 locations across India.

This is nation building done right, one entrepreneur at a time.



VISTAAR FINANCE



VISION

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

MISSION

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

OUR REALITY IS A REFLECTION OF OUR BELIEFS!

Our single minded focus on the MSME sector and the objective to be the flagbearer of lending to the local entrepreneurs has helped us in carrying our mission with pride. These are the customers we address through our unique credit methodology aand practices that we have built over time.

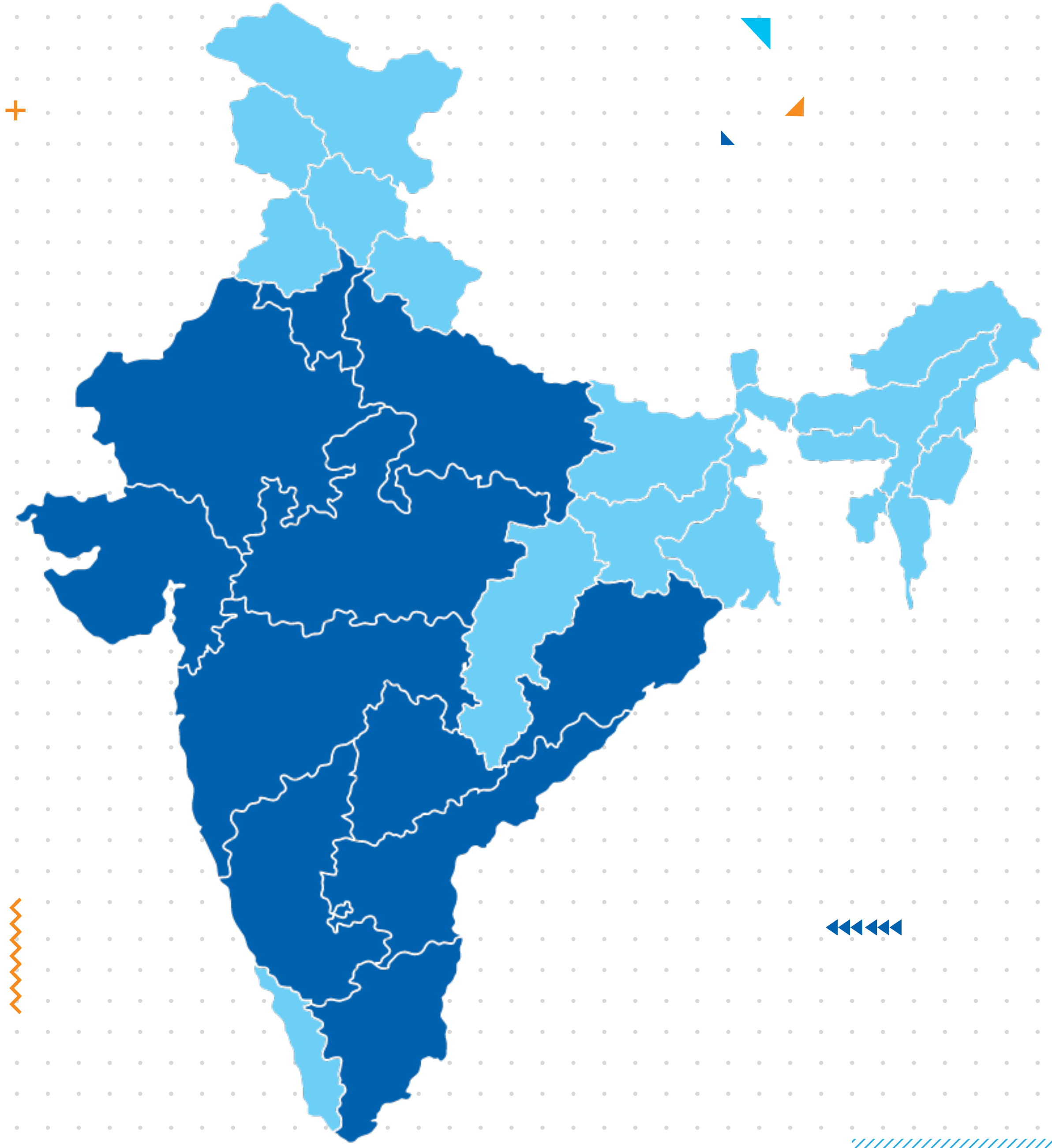
We continue to focus on our core values ensuring that we remain in complete consonance with our Vision:

- Customer Centricity
- Transparency
- Ethics
- Teamwork

The journey while fulfilling has not been smooth with various crisis over the last few years like demonetisation, the liquidity crisis and the Covid pandemic more recently.

However, our single minded belief in ourselves, our beliefs and values, our people capital and our robust risk management and strong processes have helped us in good stead in these trying times.

VISTAAR FINANCE



PORTFOLIO:
₹ 2,065 CRS

CAR:
36.5%

LOCATIONS SERVED
191 BRANCHES SPREAD ACROSS 12 STATES

CUSTOMERS SERVED
35,063

READY FOR THE NEXT PHASE OF GROWTH

TAKE THE LEAP

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

There were no changes during the financial year ended March 31, 2021. However, the following directors were re-appointed during the said period::

Mr. James Abraham was re-appointed as an Independent director of the company in board meeting held on May 29, 2020 and Annual General Meeting held on June 29, 2020

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Sudesh Chinchewadi
CS Membership No: A16422

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

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
- FMO Development Bank
- Franklin Templeton
- HDFC Bank Limited
- Hinduja Leyland Finance
- ICICI Bank Limited
- IDBI Bank Limited
- IDFC First Bank Ltd
- Indian Bank
- IndusInd Bank
- Kotak Mahindra Private Ltd
- MAS Financial Services Ltd
- NABKISAN Finance Ltd
- NABSAMRUDDHI Finance Ltd
- Poonawala
- Ratnakar Bank Limited
- SBM Bank(India) Ltd
- Small Industries Development Bank of India
- State Bank of India
- Sundaram Finance Limited
- Suryoday Small Finance Bank
- Syndicate Bank
- TATA Capital Financial Services Ltd
- Ujjivan Small Finance Bank
- Union Bank of India
- Utkarsh Small Finance Bank
- Yes Bank

STATUTORY AUDITORS

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

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited:
Asian Building, Ground Floor,
17 R. Kamani Marg, Ballard Estate
Mumbai 400001

Catalyst Trusteeship Limited:
(formerly known as GDA Trusteeship Limited)
GDA House, First Floor, Plot No. 85
S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune, Maharashtra 411038

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt Ltd
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083

MESSAGE FROM
MR. C.B. BHAVE

Non-Executive Chairman & Independent Director

Dear Shareholders,

It is my pleasure to present the 11th Annual Report of Vistaar Financial Services Pvt. Ltd., as the Chairman of the Board.

As a Company, Vistaar has always strived to better the performance by continually deepening and strengthening capabilities and expanding their reach to benefit maximum customers in the MSME segment.

In economic terms, the last financial year was challenging due to the global pandemic of Covid -19. The outbreak of COVID-19, forced the entire world into a lockdown and has paved the way for a global economic recession. Societies, Businesses and economies have all suffered as people have secluded themselves to prevent the spread of the virus.

The ongoing COVID-19 pandemic is causing unprecedented disruptions to economic activities across countries, and India is no exception. The pandemic has severely affected and continues to disrupt supply chains, manufacturing and movement of goods, trade, services and more specifically the MSMEs thereby affecting overall growth.

The complete as well as partial lockdown have both demand and supply - side effects on the MSME sector and the economy of the country. The economic impact of COVID-19 is extensive across all sectors and businesses.

Vistaar has been implementing several financial initiatives and strategies to strengthen the financial position of the company, allowing it to endure the challenges arising on account of the pandemic. The structure of our organization has been adapted to the new business reality.

The leadership team and the Board at Vistaar are confident that your company will be able to weather the storm. The leadership team continues to focus on strategies that can yield the best results for the company and the customers. In spite of the challenges faced by Vistaar in the financial year, it has achieved the remarkable milestones of crossing ₹2,000 Cr Portfolio and the highest ever (since inception) monthly disbursement in March 2021.

On behalf of the Board, I would like to thank our employees for their unceasing efforts and openness to take on the ambitious course we have set for the Company.

I am honoured to have the opportunity to serve as the Chairman of Vistaar and have every confidence that the Board and management team will continue to build upon the success of the Company in the years to come.

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

Wishing all the best.

Chandrashekar Bhaskar Bhave

MESSAGE FROM THE FOUNDERS

Mr. Ramakrishna Nishtala
Managing Director & Chief Executive Officer

Mr. Brahmanand Hegde
Executive Vice Chairman and Director

"The COVID-19 pandemic has been a crisis that has deeply affected and disrupted the lives of many, including many Vistaarians and their families. Our heartfelt condolences go out to all those who have lost their loved ones during this difficult time.

The global pandemic has provided Vistaar with a challenging environment with many small businesses closing down/ businesses dropping significantly. Further travel restrictions, intermittent lockdowns made it difficult to operate day to day operations of the company's business. As we have seen, the major impact was on trade, manufacturing and MSME sectors which is the main focus area for Vistaar.

The pandemic has delivered a sudden shock to the global economy and a shrinkage in economic activities. With spiraling credit costs and falling business growth, most NBFCs were facing issues with regard to bad loans.

But, Vistaar bounced back during the second half of the year!! The strong resolve of Vistaar and all Vistaarians has helped us tackle these tough times efficiently. Proactive comprehensive customer reachout program (CCRP) with several COVID support product offerings to help the customer, has formed the basis of our strategy.

Vistaar has successfully completed eleven 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 these eleven years, we have disbursed more than **2,30,000** loans aggregating to over ₹**5000** Crs (on a cumulative basis) which has helped us to create an impact on the lives of our customers. The company has its operations in 191 branches spread across 12 States and that has helped in widening our reach across the country. It has been a fulfilling journey weathering the challenging situations like demonetization, NBFC Liquidity crisis and of course the Covid-19 pandemic.

Over the last eleven years, we have demonstrated sizable growth with the portfolio growing by over **145** times from ₹**14** Crs as on March, 2011 to ₹**2,065** Crs as on March, 2021 and at a CAGR of **57%**. Also, with more focus on secured lending to the small business enterprises, we have a healthy portfolio and low NPA. We expect to further expand outreach to the MSME sector in the years to come.

As Vistaar has been financially prudent and was able to withstand the negative effects of the pandemic due to its strong risk management policies, Vistaar has honoured all its financial commitments made to Vistaarians during FY21 including the annual increments, bonuses etc.. Vistaar has also provided Covid Kavach insurance policy as a separate health cover policy to all its employees along with the ongoing health insurance policy.

During the year, Vistaar has launched Vistaar Customer welcome kits as a part of the Customer Delight initiative. This kit will help the customers to have all the information in a handy and useful format, in one place.

The company has increased its CSR outreach with multiple projects in health, education during FY21 with the **'Doctor@School'** project in Karnataka, under which over 17,000 Govt. school children in about 25 schools underwent Covid screening along with general health screening. Also about 1,300 teachers working in schools driven by trusts, were tested for Covid on a month on month basis for three months. Many students were also provided with the required medical aid on spot. In addition, we are working on providing better education to the underprivileged students and also working in the area of forest conservation.

Vistaar continues its Award winning Streak!!! In FY21, the Company won the National award for **'Best Financial Reporting of the Year - Medium Business'** presented by CMO Asia. It is the sixth successive Best Financial Reporting Award won by Vistaar.

Vistaar's employees have been our core assets and played a massive role in the company's journey so far. All the long serving Vistaarians were awarded (long service awards) for the commitment they have shown towards the organization. They are the pillars of Vistaar's success. Thanks to each and every one of you for the support and contribution towards the company!

We are grateful to our employees, customers, investors, lenders and other partners who are the reason for what we are today. Together we will make Vistaar a company that leads in the areas that matter most.

Vistaar is progressing well in the next phase of growth and ready to take a leap for higher growth and profitability in the years to come. We as founders and management , are looking forward to continued support from all stakeholders including employees, customers, lenders and investors.

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

IT'S SERIOUS TIGER BUSINESS!

GLOBAL ECONOMIC OVERVIEW:

As per the 'World Economic Outlook Report' by IMF, "Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The report also says, with growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022. Some regions and countries will get to low local transmission sooner than others depending on country-specific circumstances.

As per the World economic report, Jan'21 here are some of the major factors we can look into:

Financial Stability: Major central banks are assumed to maintain their current policy rate settings throughout the forecast horizon to the end of 2022. As a result, financial conditions are expected to remain broadly at current levels for advanced economies while gradually improving for emerging markets and developing economies.

Inflation: Even with the anticipated recovery in 2021–22, output gaps are not expected to close until after 2022. Consistent with persistent negative output gaps, inflation is expected to remain subdued during 2021–22. In advanced economies it is projected to remain generally below central bank targets at 1.5 percent. Among emerging markets and developing economies inflation is projected to be just over 4 percent.

Employment: Although employment in some countries generally appears to have recovered more quickly from the trough of the recession than in previous downturns, large numbers of people are still unemployed and underemployed in many countries.

It is also to be noted that all the projections continue to rely on economies adapting to social distancing until local transmission is brought to a low level.

INDIAN ECONOMIC OVERVIEW:

We can see that the country is experiencing economic recovery in some sectors, however, the scars of the pandemic are deep and the economy is likely to witness stress until there is revival in all the sectors.

Restrictions imposed by the country due to the outbreak of Covid-19 and the inability of the economy to absorb the sudden shock of the pandemic has resulted in a loss of millions of jobs and is pushing up the country's unemployment rate.

The Global forecasting firm - Oxford Economics says, "India's escalating health burden, faltering vaccination rate, and lack of a convincing government strategy to contain the pandemic have prompted us to downgrade our 2021 GDP growth forecast to 10.2 percent from 11.8 percent previously."

The IMF has projected an impressive 12.5 per cent growth rate for India in 2021, while S&P Global Ratings has said the Indian economy is projected to grow at 11 per cent in the current fiscal.

RBI, in its last policy review, had projected a GDP growth rate of 10.5 per cent for FY22. According to India's statistics office, the economy is projected to contract 8 per cent in 2020-21 while on the other side, Economic Survey 2020-21 sees 11 per cent growth in 2021-22.

INDUSTRY OVERVIEW:

The RBI in its monthly Bulletin Says, "India's non-banking financial companies grew at a slower pace in second and third quarters of financial year 2020-21 on annual basis due to COVID-19-led disruptions and muted demand but continued to disburse credit. Wading through the thick of the pandemic shows the resilience of the sector. The credit growth, during these quarters, stood at 4.8 per cent and 2.5 per cent, respectively. This deceleration compared to corresponding quarters of 2019-20 could be attributed to the COVID-19 induced economic slowdown and weak demand. However, this double-digit growth in an adverse macroeconomic environment points to the resilience of NBFCs, which were able to cushion the impact of the pandemic on their balance sheets through quick adoption of technology, policy support and reasonably strong fundamentals," the document stated.

Under sectoral deployment of credit, the RBI bulletin noted that the industrial sector remained the largest recipient of credit from non-deposit taking systemically important NBFCs (NBFCs-ND-SI) even as its share moderated between Q3 FY20 and Q3 FY21.

Asset quality of NBFCs witnessed improvement in 2020-21 till the third quarter. Nevertheless, the true extent of NPAs in the sector may be gauged in the upcoming quarters as the interim order by the Supreme Court on asset classification standstill was lifted in March 2021.

While the NBFC sector continued to grow during the first wave of the coronavirus pandemic, the impact of the second will unfold only in the future, the central bank stated.

"Given the persistence of infections, the full effects of the lockdown and suspension of business on the asset quality of NBFCs will be evident gradually," it said in its monthly bulletin.

MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES):

The MSME sector in India is the second largest employment generator after agriculture, and acts as a breeding ground for entrepreneurs and innovators with considerable support in strengthening the business ecosystem. The estimated number of MSMEs in India is 63 million and employs 110 million individuals. Indian MSMEs produce more than 6,000 products for local and global consumption.

Various reports, researches and surveys have proved again and again that this sector acts as a catalyst for socio-economic development of the country.

The announcement of country wide lockdown dragged MSME owners, employers and external stakeholders in unexpected times, where no one had experience to handle this kind of situation. Extended lockdown had a negative impact on supply of finished goods, procurement of raw material and availability of employees to work in production and supply processes. During April to June 2020, the sector faced challenges related to debt repayments, wages/salaries, statutory dues, etc.

Survey reports have shown that disruptions caused by the Covid-19 pandemic have impacted MSMEs earnings by 20-50%, micro and small enterprises faced the maximum heat, mainly due to liquidity crunch.

The Ministry of MSME is taking various steps towards making the MSMEs global and improving the overall business environment, by making it more conducive and transparent for all stakeholders. New steps taken by the government are expected to act as a catalyst for the sector, not only to come out of pandemic related shocks but also to get ready for a brighter future.

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 eleven 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 2,30,000 loans aggregating to over ₹5,000 Crs (on cumulative basis) which has helped us to make an indelible mark in the lives of our customers.

Over the last eleven years, we have demonstrated sizable growth with the portfolio growing with a CAGR of 58% from ₹14 Crore as on March, 2011 to ₹2,065 Crore as on March, 2021. Also, with more focus on secured lending we have a healthy and 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.

VISTAAR FINANCE

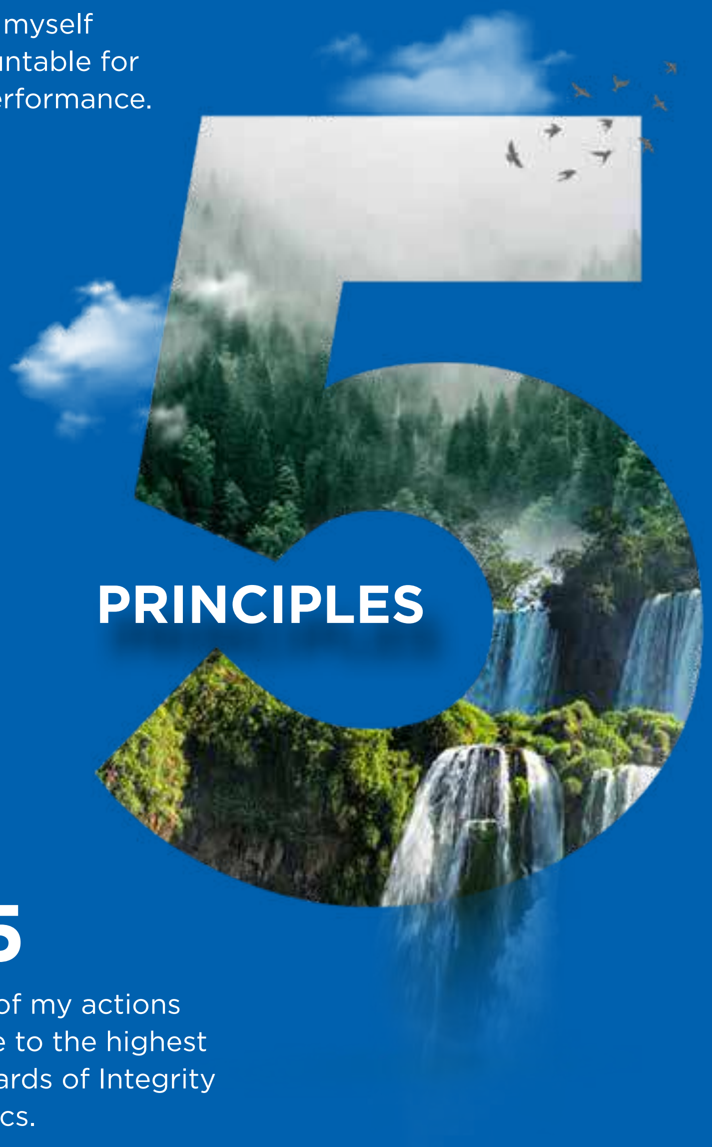
VISION, MISSION & FIVE PRINCIPLES:

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: **₹2,065 Crs.**

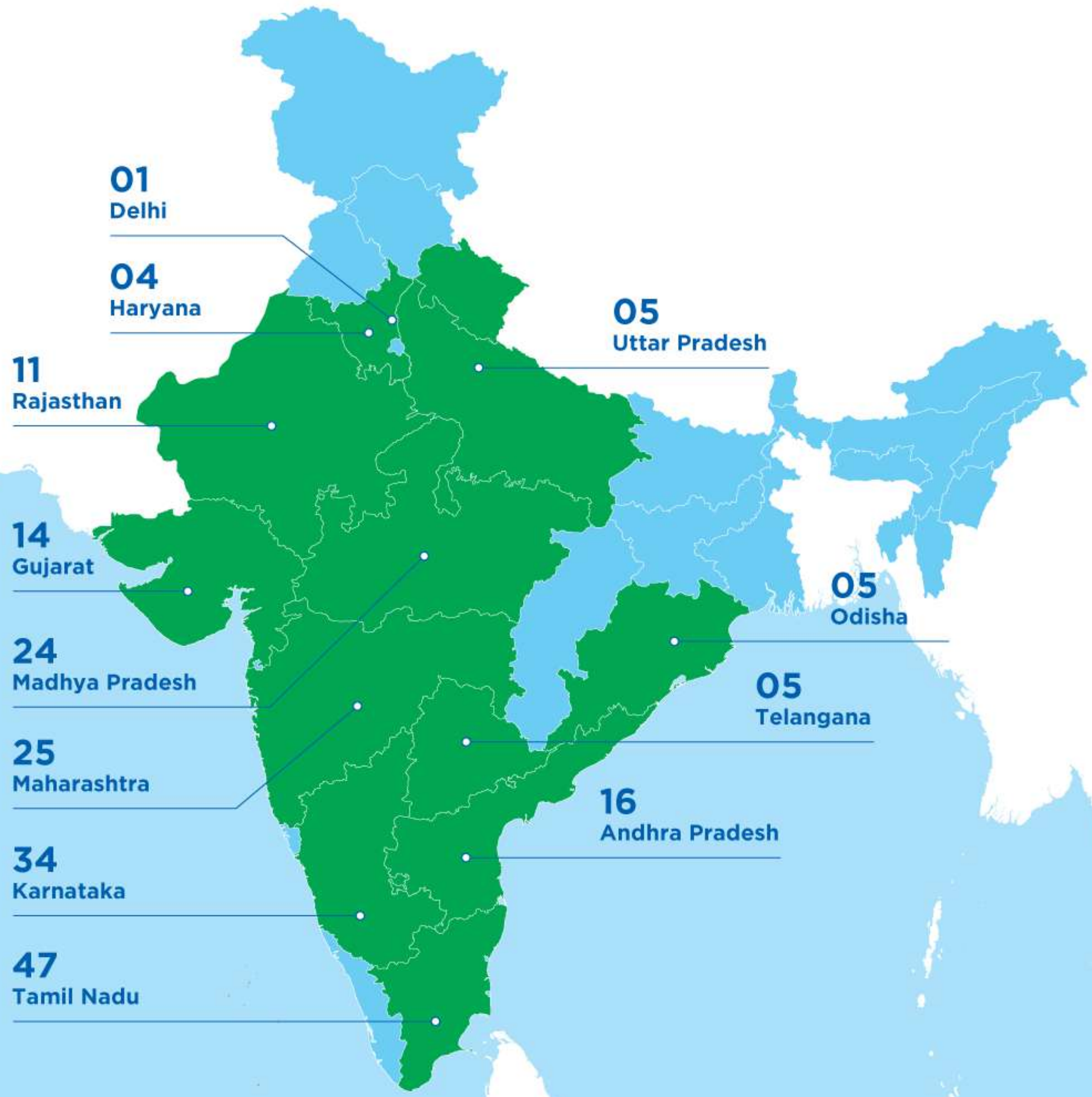
Disbursements: **₹ 579 Crs.**

Capital Adequacy Ratio: **36.5%**

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.



191 Branches
Spread Across 12 States

01	IN-DEPTH STUDY OF A SECTOR TO DETERMINE UNIQUE CREDIT METHODOLOGY
02	INCOME ASSESSMENT THROUGH NON-TRADITIONAL DOCUMNETS
03	REFERENCE CHECKS-SUPPLY CHAIN PLAYERS, NEIGHBORS
04	COLLATERAL TAKEN FOR MORAL SUASION
05	CONTINUOUS REFINEMENT OF PRODUCT AND CREDIT METHODOLOGY

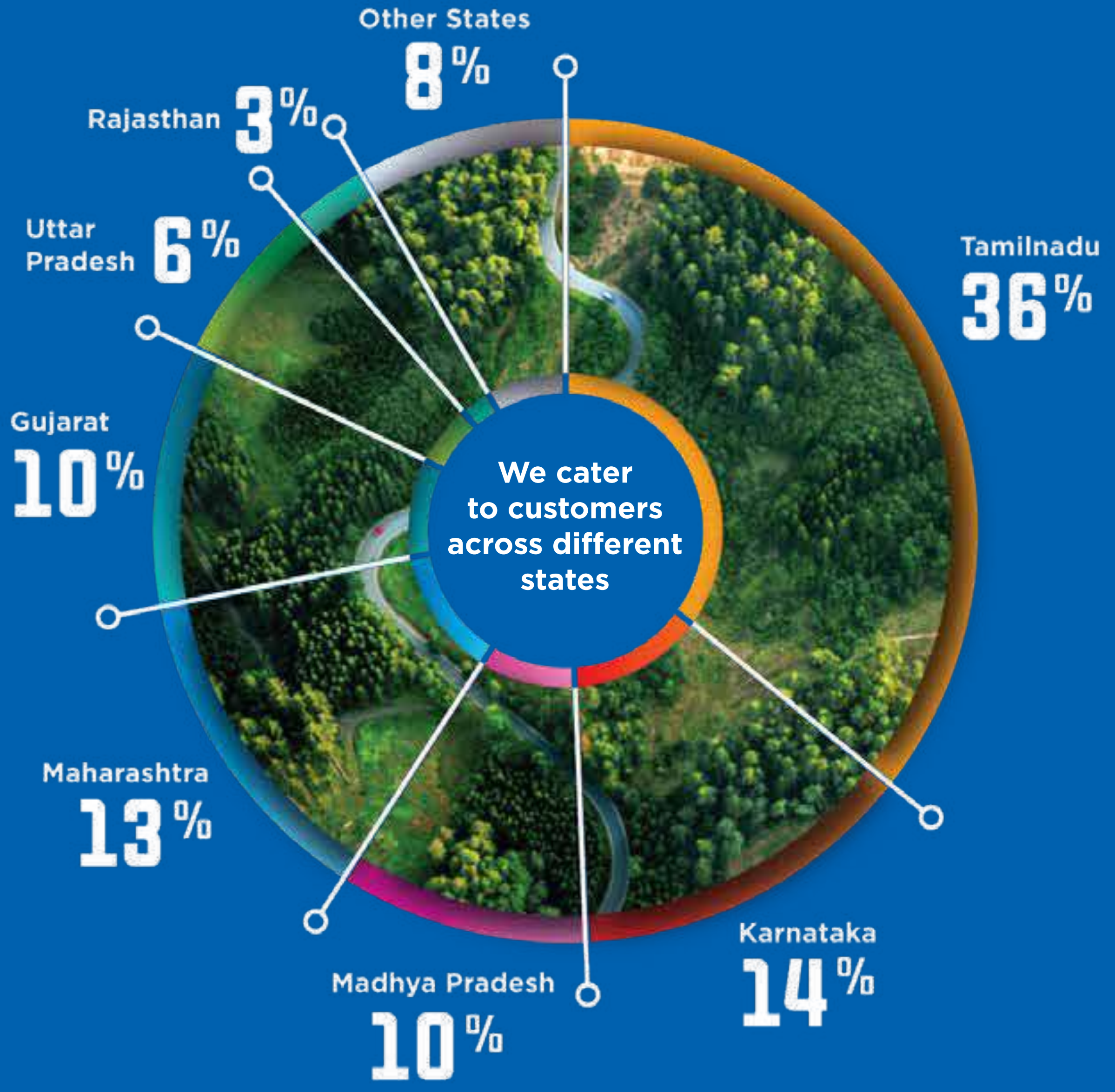
UNIQUE CREDIT METHODOLOGY

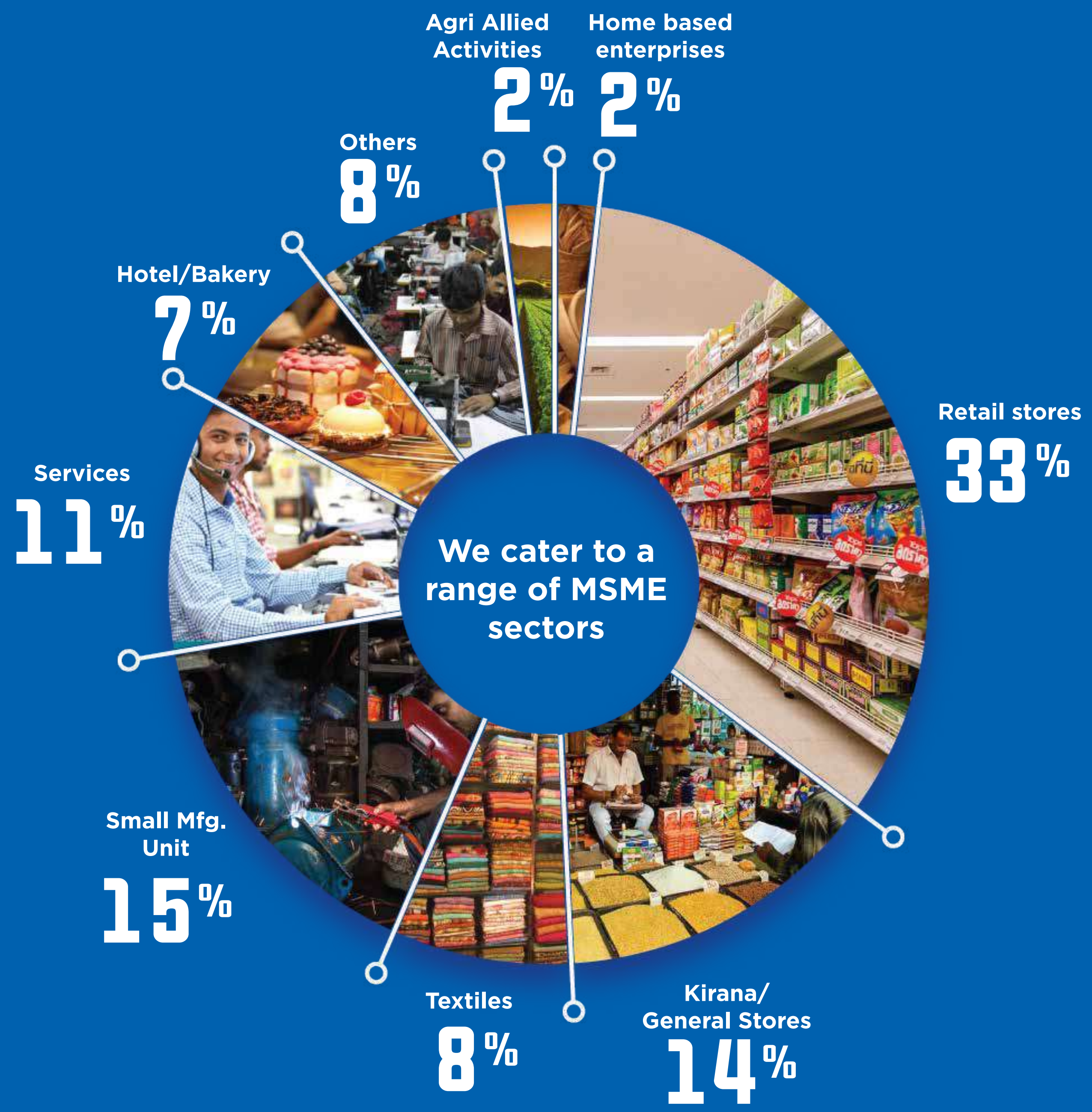
Growth Strategy:

Our growth strategy is to expand the branch network in the existing geographies where we are currently operating and to improve the productivity further in the existing branches. 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 a secured enterprise loan book which will result in a healthy portfolio in the long run.

Business & Portfolio Update – FY21

Our gross loan book grew by 10%. Our Enterprise Mortgage book registered a stable growth of 13.4%. During the year, the Company's branches took the total count to 191 spread across 132 districts and 12 states as of 31st March, 2021.





As of 31st March, 2021, the gross loan portfolio was up by 10% to ₹2,065 cr compared to ₹1,879 cr as of 31st March, 2020.

Human Resource:

For many years from now, this year will be recorded in the annals of history for the infamous Pandemic that grappled the attention of everyone. From rich to poor, no one could escape from the wrath and mayhem created by the deadly pandemic. The scale, length and breadth impacted the financials of every corporate. However only few could emerge as the employer of choice because of their strong intention to provide safety and wellbeing to their employees.

While the onslaught of the pandemic was creating havoc across the globe and forcing companies to cut jobs and reduce salaries of the employees, the Management of Vistaar announced annual variable bonuses for Vistaarians in Jun'20. The annual appraisal was also conducted for Vistaarians as they worked tirelessly to deal with the pandemic challenges and keeping the customer engagement very high.

In an unprecedented move, Vistaarians surrendered more than 10000 leaves to express their solidarity and their commitment towards the company. The Management took full cognizance of the increased efforts that each Vistaarian is putting in their respective roles. Employee health and safety have always been of paramount importance for the Management. In addition to regular ongoing health policies, Corona Kavach Policy & vaccination drive was rolled out to Vistaarians during the year. Vistaarians who were tested positive found Corona Kavach to be extremely financially helpful and others found this as one more financial safety net provided by the Company.

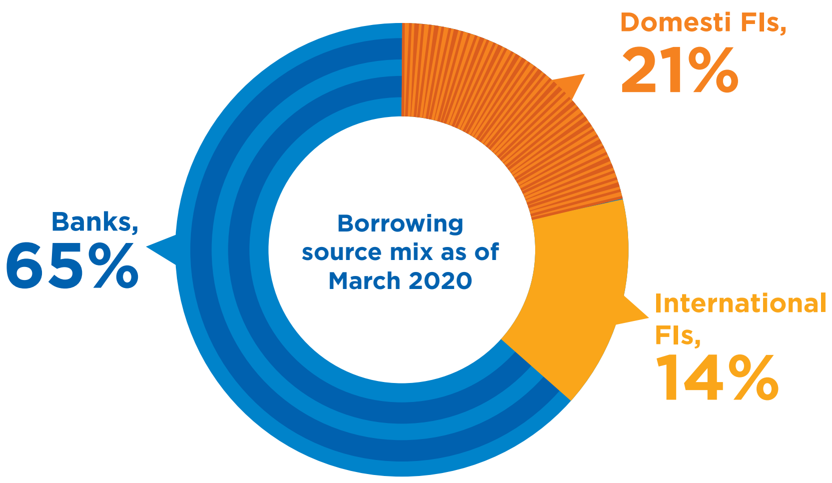
Access to Multiple Sources of Capital & Credit Rating:

The Company has maintained a healthy capital adequacy ratio over the years, at well above the levels directed by the RBI. As of 31st March, 2021, the overall capital adequacy ratio of the Company was 36.5%. The Company has raised primary capital from marquee investors in its journey over the last 11 years. The increasing bottom-line growth has also been contributing to the overall capital available for the Company.

Borrowing source mix as of March 2021

Vistaar constantly strives to diversify its sources of capital. During FY21, the Company raised ₹924 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 FY21, the Company had an outstanding debt amount of ₹1,514 crores from 35 banks, domestic financial institutions as against ₹995 crores in FY20.

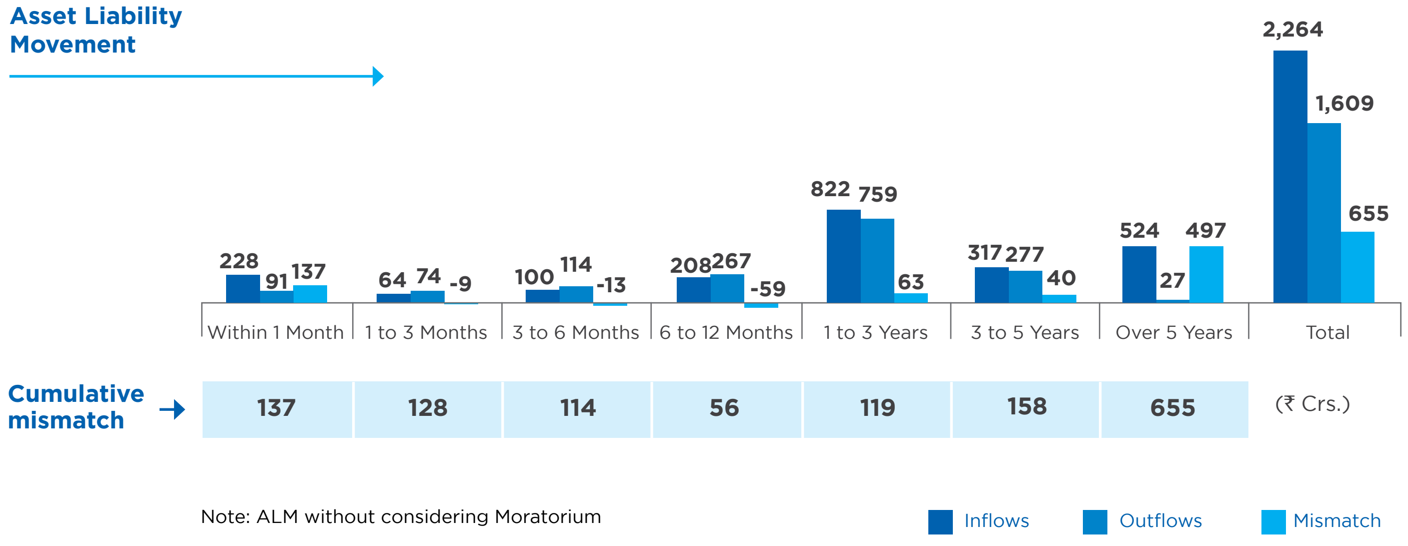
The long-term credit rating of the Company is '[ICRA] A-' with a stable outlook.



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 a ALM committee (ALCO). 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 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 1-12 months period. Negative mismatches will be managed through unutilized CC/OD limits. The behavioural 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 FY21 vis-à-vis FY20

During the financial year 2020-21, the revenue from operations increased by 8% primarily on account of the increase in portfolio. The total expenses however increased by only 3%. The overall expenses were streamlined to respond to external market conditions. The profitability of the year increased by a healthy 34% even during the pandemic. This was possible due to portfolio growth and appropriate risk management measures undertaken by the management.

RISK MANAGEMENT & SUSTAINABILITY REPORT

Risk Management

Risk management is an important part of the Company's business and is an ongoing process. The Company follows a disciplined risk management process and has been taking business decisions, ensuring growth and balancing approach on risk reward matrix. The Board of Directors are fully committed to a sound system for identification and mitigation of risks applicable to the Company and for this purpose created 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 and the independent audit function and put in place appropriate controls and suggest various mitigants thereof. Risk is managed through a framework of policies and principles supported by an independent risk function that ensures that the Company operates within a pre-defined risk framework.

The risk management encompasses identification, analysis, evaluation, treatment and monitoring of strategic, operational, compliance and reporting risks. Despite having a strong risk management framework, the management understands that an organisation's risk culture is dependent on a combined set of individual and corporate values, attitudes, competencies and behaviour. 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 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 Company assesses and manages credit risk based on the internal credit rating system. 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 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.

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 to strike a balance between varied interest rates while reducing the cost of borrowing.

Foreign exchange Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. The policy on foreign exchange risk management covers the management of foreign exchange risk related to existing and future foreign currency loans or any other foreign exchange risks derived from borrowing and lending. This policy has been approved by the Risk Management Committee and the Board of Directors. There is a regular monitoring mechanism which considers the realised cash flows and mark to market outstanding positions. Hedging is done to cover 100% of the exposures.

The Company as per its overall strategy uses derivative contracts to mitigate its risks associated with fluctuations in foreign currency and interest rates on borrowings.

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.

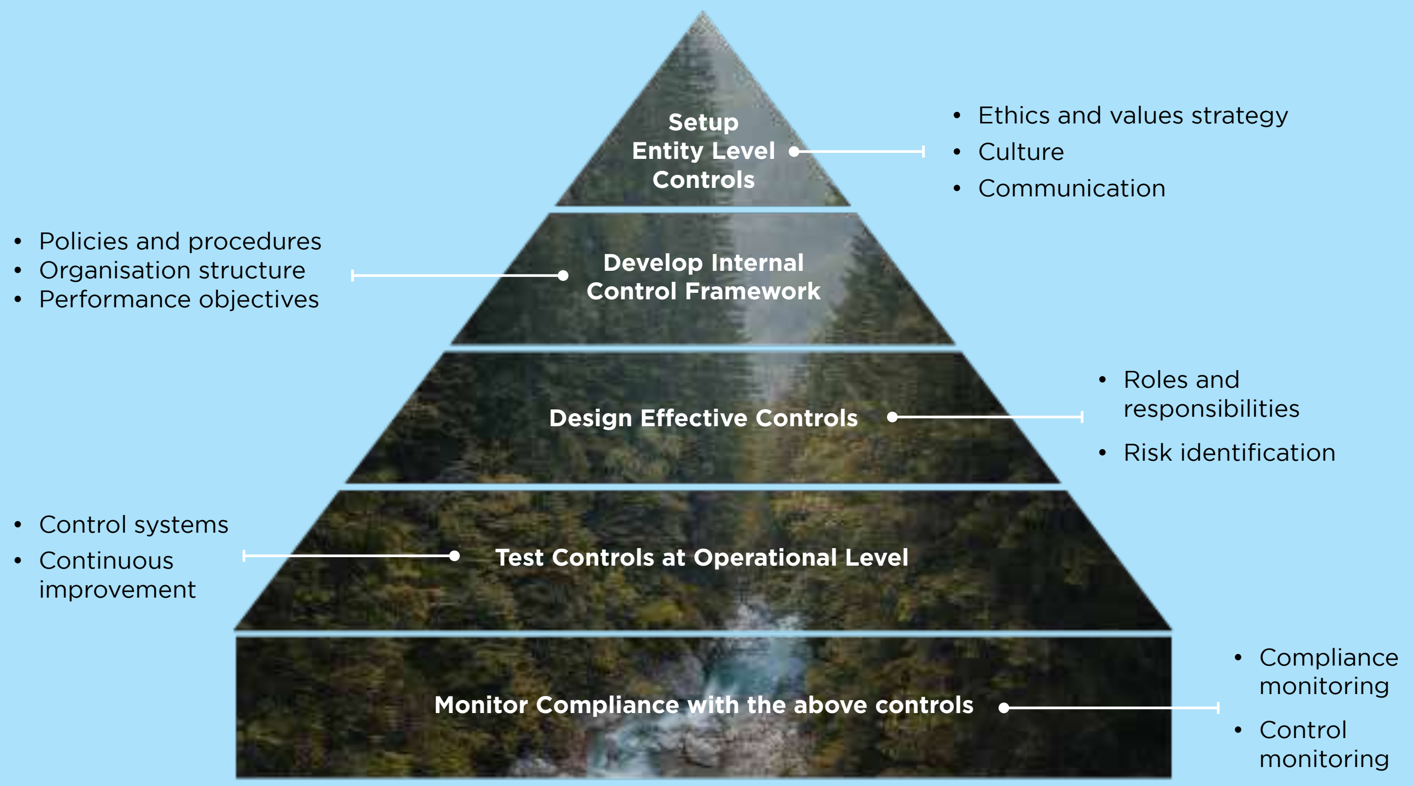
In-order to achieve the above, the below set of risk assessment processes are put in place by the Company:

- 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 networks.
- 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 consists of 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

Due to Vistaar's strong belief in serving the society, the company has been able to continue in expanding its CSR reach even during the time of Covid 19 pandemic. Vistaar focuses its efforts in ensuring socio-economic development of the community by enabling healthier and happier lives for individuals and families through different initiatives in the best interest of the poor and deprived sections of the society.

As we all know, the impact of the COVID-19 pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. In view of the scale of disruption caused by the pandemic, Vistaar has effectively responded to the pandemic.

Vistaar's main focus areas are to contribute towards Healthcare, Education, training, providing and supporting needs of the underprivileged segments of society. This financial year we have taken up environmental sustainability as one of the additional focus areas under CSR.

This year, Vistaar has spent an amount of Rs. 200 lakhs on CSR activities. This is the highest amount the Company has spent in a single financial year since the start of CSR activities. We give below the glimpses of our CSR activities conducted during the year.

01 Contribution towards healthcare

One of the key objectives of the Company's CSR initiative is to provide and contribute in the areas of healthcare. The onset of the COVID 19 pandemic also accelerated our efforts in this direction.

The projects undertaken under Healthcare initiatives including for the purpose of COVID 19 are as follows;

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

  Under this project, a total number of 25 health camps were conducted at various districts of Karnataka serving around 18,000 beneficiaries.

  About 17,000 Govt. School children in about 25 schools underwent Covid screening along with general health screening, and about 1300 teachers working in schools were tested for Covid on a month on month basis for three months. Many students were provided with the required medical aid on spot.

- **Distribution of PPE kits for Sanitation Workers in Tamil Nadu partnered with IIHS:**

  Sanitation workers are an integral part of sanitation service delivery in our cities and towns. They help us dispose and manage the waste we generate in our daily lives. In carrying out these activities, workers are exposed to pathogens transmitted through human and other organic waste. As most sanitation workers tend to reside in crowded urban settlements and work in areas with a higher risk of infection, it is imperative that these critical service providers are well-protected.

  Therefore, Vistaar partnering with IIHS (Indian Institute for Human Settlements) has mobilised efforts to ensure sanitation workers have access to appropriate Personal Protective Equipment (PPE) such as masks, gloves, headbands and wristbands. Each of these serve to reduce the risk of exposure to transmission.

  Vistaar has contributed 3,000 such PPE kits to help the sanitation workers of Trichy Urban and Coimbatore districts of Tamilnadu.

- **Providing food for Migrant workers:**

  Vistaar distributed food packets to daily wage workers and underprivileged homeless people during the covid-19 lockdown period. We were able to distribute about 16,000 food packets by partnering with Samarpaka Seva trust. In addition, we provided grocery kits to over 500 families by partnering with Gubbachi Learning Community in order to help the poor people, daily wage earners and underprivileged homeless migrants.

  Overall about 1,30,000 meals were sponsored by Vistaar through food packets and distribution of grocery kits in various locations of Bangalore.

02 Contributing towards education

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

The projects undertaken under Education initiatives include:

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

  This is an ongoing project from the previous financial year. 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. Amidst the COVID-19 pandemic situation, the Tribal school has initiated community engagement activities in order to provide uninterrupted learning facilities for the rural and tribal kids at their respective places. For Class 10 students, online training was initiated. The children and their parents were given awareness sessions on social distancing, sanitization & hygiene with regard to Covid-19. Presently facilities are being provided to over 407 students from the tribal communities of Jenukuruba, Kadukuruba, Yerava, Soliga and a few other tribes.

- **Urban Fellowship Program partnered with IIHS:**

  Vistaar has made a contribution of ₹22.5 Lakhs towards the urban fellowship program conducted by IIHS (Indian Institute for Human Settlements). IIHS is a national education institution committed to the equitable, sustainable and efficient transformation of Indian settlements, having students coming from various backgrounds, towns and villages.

  This program aims at providing free scholarships required for each student for learning and conducting live-projects on sustainable growth, conceptualizing thinking to tackle the problems of the 21st century. The students are trained by interdisciplinary urban practitioners, innovators and scholars to use conceptualized skills to find solutions to challenges and adapt, scale and replicate them across nationally thereby transforming everyday lives of people and economy, society and environment. IIHS also helps students for placements and internships.

- **Distribution of Stationery kits to school children partnered with Samarpaka Seva Trust:**

  After the great response received from the previous year's project and also assessing the need for providing stationery kits to the children in the Government educational system, Vistaar donated stationery kits to about 5,000 students in various locations of Karnataka.

- **SSLC (10th class) top up Coaching partnered with Samarpaka Seva Trust:**

  Often in Government schools, there is insufficient academic coaching provided to the students and hence this hinders the academic progression of these students.

  Therefore, to bridge the gap, there is a need for top–up coaching for these children in and around Bangalore.

  The main objectives of this program are:

  - Enhance learning capabilities of SSLC students
  - Overall development of students with 150 hours of training
  - Making students confident and ambitious
  - Target weak students based on economic condition
  - With main focus on Mathematics, Science & English

  Vistaar has been able to provide SSLC top up coaching to more than 700 students for four months.

- **Refurbishment of a Government school in Bangalore**

  There is a 70 year old school located in one of the busiest commercial hubs of Bengaluru, adjoining Avenue road, which is also a home for children of rag pickers, beggars, orphans and other destitute kids. This school was in a very bad shape until Vistaar decided to partner with Samarpaka Seva Trust and Nele foundation to carry out a refurbishment program in order to provide better infrastructure for this school. Most of the students coming to this School belong to the lower middle class or Below Poverty Line (BPL) section of the society.

  Vistaar targets to impact about 180 students through this project by providing them with proper infrastructure and furniture.

03 Contribution towards Forest Conservation

- **Contribution towards Biligiri Rangaswamy Temple Tiger Reserve (BRT Hills)**

  The Tiger reserve is located in Chamarajanagar district of Karnataka state. This unique Bio-geographical entity, situated in the middle, serves as a biological bridge between the Western Ghats and the Eastern Ghats in South India.

  Vistaar has partnered with the Forest department and has undertaken the following activities;

  - Provided safety Jackets, beds and linens to over 300 forest department guards.
  - Providing anti - poaching camps at strategic points.
  - Providing drinking water facility at anti - poaching camps.

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the audited accounts of the Company for the year ended 31st March 2021.

As you are aware, the nationwide lockdown was announced from March 2020 to combat the spread of COVID-19, the global pandemic. Subsequently, the shadow of the pandemic has greatly impacted the growth prospects of the economy. As per CRISIL estimates, the economy has contracted by as much as 8%. To combat the losses caused due to the pandemic, the Government of India and the Reserve Bank had announced various policy measures from time to time. These policies were aimed at providing special economic packages to revive the economy and stabilize the stressed sectors.

Your Company has not been completely immune to the effects caused by the pandemic. The Company's customers, part of the MSME segment, were disproportionately impacted. The Company and the Board of Directors have taken timely measures to ensure all required support to all the stakeholders including employees and customers.

The Company promptly took benefit of the various economic packages floated by the Government and the RBI and borrowed ~ Rs.182 crores under various schemes and duly passed on the benefit of the same to the customers appropriately. The Company further provided moratorium on loans to customers who opted for it and restructured loans of eligible borrowers in need. The Company was quick to launch new products to support the requirements of the Company's customers. These efforts have provided excellent results during the period under review.

BUSINESS DEVELOPMENTS

Your Company has a total of 191 branches as on 31st March 2021, spread across 14 States with presence in Tamil Nadu, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Uttar Pradesh, Haryana, Delhi, Odisha, Andhra Pradesh and Telangana.

On account of the Covid 19 pandemic, there was a lockdown for the first two months of the year and the economy gradually opened up from June 2020. The Company scaled up disbursements only from the second half of the year. During this period, the Company has disbursed INR. 579 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 an existing relationship with 36 lenders across Banks, Financial Institutions and Overseas Development Financial Institutions.

The Profit after Tax (PAT) for FY21 is INR 61.5 crores. Assets under Management (AUM) including managed portfolio during the same period increased to INR. 2,065 crores as against INR. 1879 crores in FY20.

OPERATIONAL OVERVIEW

DESCRIPTION	31 March 2021	31 March 2020
Profit Before Taxes (INR. crores)	86	64
Gross NPA on AUM (in %) (As per Company policy)	3.25%	3.67%
Gross NPA on AUM (in %) (As per RBI norms)	3.25%	3.67%
Asset Under Management (AUM)* (INR. crores)	2,065	1,879
Total Disbursements (INR. crores)	579	908
No. of Active Customers	32,830	35,196
No. of states	14	14
No. of Branches	191	216

** AUM includes both Own and Managed portfolios*

Particulars	31 March 2021 (Rs. in crores)	31 March 2020 (Rs. in crores)
Total Income	398.13	368.43
Total Expenditure	248.11	243.11
Profit before depreciation and provisions & write off	**15.02**	**125.32**
Depreciation	6.37	8.51
Provision & write off	57.64	52.16
Profit before tax	**86.01**	**64.40**
Other comprehensive income, net of tax	-3.23	-0.21
Profit after tax	**61.53**	**44.83**

Despite the effect of the ongoing pandemic, the profit after tax increased by 37% over the previous year and the total revenue stood at Rs. 398.13 crores registering a growth of 8%. As at the end of FY 21, the Company carries an additional provision of Rs. 45 crs for any eventual losses on account of the effect of the ongoing pandemic.

SHARE CAPITAL

During the year under review, there was no change in authorized share capital and paid up capital of the Company. As on 31st March, 2021 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 desired results of the company and ensure customer satisfaction.

Your Company understands that employees are a key asset. During the year under review, your company has responded swiftly to the COVID-19 outbreak by adopting various measures to ensure health and safety of the employees.

Work from home facilities was provided to the employees from time to time to ensure social distancing and safety of employees. Training and meetings were held virtually to the extent possible. Domestic travel was largely curtailed. All the employees were provided with additional insurance cover against Covid-19, the Corona Kavach Policy.

The Company continued to meet commitments of salary, bonus and other incentive payouts to the employees even though the pandemic resulted in disruptions. Also, annual salary increase was given to all eligible employees during the year.

Further, your Company took extensive precautions to sanitize offices and made available sanitizers and thermometers at all branches.

The total employee strength of the Company as on 31st March 2021 stood at 1,660 (FY 20 - 1847).

AMOUNT CARRIED TO THE STATUTORY RESERVES

Based on the financial results of the Company for the financial year 2020-21, the Board of Directors has transferred INR. 12.95 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 2020-21 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 Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016 (Updated as on February 22, 2019) , 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.

The gross NPA as per the policy adopted by the Company as on 31st March 2021 stood at 3.25% on total book (including managed portfolio) which is in line with RBI norms.

DEPOSITS

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

CAPITAL ADEQUACY

The Capital adequacy ratio of the Company is healthy at 36.5% as of 31st March 2021 (37.6% as of 31st March 2020) 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) and India Rating with a 'stable' outlook. The rating remained unchanged from the previous year.

CAPITAL EXPENDITURE

During the year under review, the Company has spent INR. 0.58 crores on growth capex. On account of the Covid-19 pandemic, the investments in capital assets have been made only where absolutely necessary.

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 2021.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no related party transactions entered into by the Company other than the remuneration to promoter directors, Key Managerial Personnel or other designated persons. 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.

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.

The disclosure required under Section 62 of Companies Act, 2013 read with Rule 12 of Share Capital and Debenture Rule, 2014 is given below.

Information on the option activity during the year ended 31st March 2021

Particulars	ESOP 2010		ESOP 2016	
	No. of options	Weighted average exercise price (In Rs.)	No. of options	Weighted average exercise price (In Rs.)
Options outstanding at the beginning	10,56,544	117.96	3,13,000	208.28
Options granted during the year	4,32,500	227.30	6,92,400	227.30
Options vested during the year				
Options forfeited during the year	30,000	227.30	95,200	217.53
Options lapsed during the year	-	-	-	-
Options cancelled during the year	-	-	-	-
Options exercised during the year	-	-	-	-
Total number of shares arising as a result of exercise of option	-	-	-	-
Exercise price	-	-	-	-
Variation of terms of options	-	-	-	-
Money realized by exercise of options	-	-	-	-
Total number of options in force	14,59,044	148.13	9,10,200	221.56
Employee wise details of options granted				
• Key managerial personnel Mr. Sudesh Chinchewadi (Chief Financial Officer and Company Secretary)	45,000	227.30	-	-
• Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	-	-	-	-
• Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-	-	-	-
Options outstanding at year end	14,59,044	148.13	9,10,200	221.56
Options exercisable at year end	9,49,294	104.35	1,92,750	193.50

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is attached and forms part of the Directors' report pursuant to Section 134 of the Companies Act, 2013.

CHANGE IN DIRECTORS

There were no changes in the Directorship of Board of Directors for the period under review except the following re-appointments:

Mr. James Abraham was re-appointed as Independent director in the board meeting held on May 29, 2020 and the Annual General Meeting held on June 29, 2020

Mr. C.B. Bhave has been re-appointed as an Independent Director in the board meeting held on May 06, 2021 and said appointment is proposed for approval in the ensuing Annual General Meeting on June 23, 2021

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. The remuneration for the Directors, Key Managerial Personnel and other employees is approved by the Board of directors based on the recommendation of the Nomination and remuneration committee of the Board.

DECLARATION GIVEN BY INDEPENDENT DIRECTOR

All Independent Directors of the Company have submitted their declaration of independence pursuant to Section 149 (6) and (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 192 Companies Act, 2013) is as follows:

https://www.vistaarfinance.com/investors

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 is in place. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior.

There was one case reported during the year under review and same was dealt with and disposed off in accordance with the said policy. The complaint was raised anonymously by an ex-employee against an ex-employee who had left the organization in earlier years. The complaint was duly disposed off by the POSH committee.

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 10 February 2021. 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 10, 2021 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, as prescribed under Section 139 of the Companies Act, 2013.

SECRETARIAL AUDITOR

Mr. Thirupal Gorige, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2020-21, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2020-21 forms part of the Annual Report as Annexure 2 to the Board's report.

INTERNAL AUDITOR

The Company has an internal audit department which reports to the Audit committee of the Board. The internal audit department has adopted a Risk based audit approach as a best practice as prescribed in the RBI guidelines on risk based internal audit as per RBI circular RBI/2020-21/88 Ref.No.DoS.CO.PPG./SEC.05/11.01.005/2020-21 dated February 3, 2021 even though this circular is applicable to NBFCs with asset size over Rs. 5000 crores and hence not applicable to your company.

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

The total foreign exchange outgo during the year is as follows;

Party Name	Nature of payment	Amount (USD)
FMO Development Bank	Interest payments made	1,68,919.45
FMO Development Bank	Charges paid (Commitment fee, Monitoring fee and Front end fee)	3,41,666.67

There were no foreign exchange inflows during the 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 2020-21 and the details of the compliance of CSR forms part of the Annual Report as Annexure 3 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 and framework in place. Risk based internal audit methodology has been adopted to deal with possible instances of fraud and mismanagement, if any. In respect of loans given to customers and controls around it, the Company has an additional risk management practice to eliminate frauds. The Company has a policy to conduct fraud checks by independent third party vendors on all loans above a certain threshold.

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.

DETAILS ON FRAUD REPORTED BY THE AUDITOR

There were no frauds that were reported by the auditors during the course of their audit.

During the current year, your company has detected an occurrence of fraud by one of the employees. The fraud related to reporting lower collections to the Company and collecting higher amounts from the customers during settlements and closures of non-performing accounts. The matter was brought to the notice of the Audit Committee and the Board and duly reported to the Reserve Bank of India.

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**	**Designation**	**Ratio**
		Brahmanand Hegde	**Executive Vice Chairman**	**34x**
		Ramakrishna Nishtala	**Managing Director**	**34x**
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year	**Name of the Director/KMP**	**Designation**	**% Increase/ (Decrease)**
		Brahmanand Hegde	**Executive Vice Chairman**	**Nil**
		Ramakrishna Nishtala	**Managing Director**	**Nil**
	The above is an increase in fixed remuneration. All the KMPs have received 12% as variable pay	**Sudesh Chinchewadi**	**Chief Financial Officer and Company Secretary**	**5%**

3	The percentage increase in the median remuneration of employees in the financial year:	During FY 2020-21, the percentage increase in the median remuneration of employees who received increment as compared to previous year was 8%. Increase in median fixed remuneration of the employees is 6%.
4	The number of permanent employees on the rolls of the Company	There were 1,660 employees as on 31st March 2021.
5	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 8% for Employees other than Managerial Personnel. The percentage increase in managerial remuneration was 1%.
6	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:

There are no details of employees to be reported under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

COMPLIANCE OF SECRETARIAL STANDARDS

Pursuant to Paragraph 9 of Secretarial Standard on Meetings of the Board of Directors (SS-1) Secretarial Standard – I has been complied with during the year under review.

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 2020-21:

During the year, your Company received an award for Best Financial Reporting for FY 2019-20 Medium Businesses. This was instituted by 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, investors and Board Members. The benefits provided by the Government of India and statutory bodies have helped the Company to maintain adequate liquidity position enabling smooth operations. The enormous efforts and support from our stakeholders, employees have helped us overcome the unprecedented challenges brought about by the Covid-19 pandemic.

The Directors would like to particularly place on record their appreciation to 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: May 06, 2021
Place: Bengaluru

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: May 06, 2021
Place: Bengaluru

Addendum to the Board's Report.

The draft secretarial audit report without any adverse observations was submitted to the Board of Directors on May 6, 2021. Subsequently, due to COVID and other administrative reasons, the Company has received the signed report from the secretarial auditors on May 27, 2021.

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

Brahmanand Hegde
Executive Vice Chairman
DIN: 02984527

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: May 27, 2021
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
Director & Executive Vice Chairman
DIN: 02984527

Date: 06 May, 2021
Place: Bengaluru

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: 06 May, 2021
Place: Bengaluru

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[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, 2021, 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, 2021 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

THIRUPAL GORIGE & ASSOCIATES LLP
Practising Company Secretaries
(Incorporated with Limited Liability vide LLPIN: AAL-8217)
Partners:
Thirupal Gorige
Rahul Aggarwal
TGA Exalting growth

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not applicable during the audit period);**

(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:

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

(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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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 Thirupal Gorige & Associates LLP
Practicing Company Secretaries

Place: Bengaluru
Date:27/05/2021

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680C000376467

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

'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 we followed provide a reasonable 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
Date:27/05/2021

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680C000376467

Annexure 3

ANNUAL REPORT ON CSR ACTIVITIES FOR FY2020-21

1. Brief outline on CSR Policy of the Company: The CSR Policy is designed to support initiatives aimed at:
   a) 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;
   b) training, providing and supporting educational needs of the underprivileged segments of society; and
   c) such other activities as may be permitted under Schedule VII of the Companies Act, 2013 and the relevant rules.
2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
01.	Mr. Chandrashekhar Bhaskar Bhave	Chairman & Independent Director	01	01
02.	Mr. Sandeep Farias	Nominee Director	01	01
03.	Mr. Brahmanand Hegde	Executive Vice Chairman & Director	01	01

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.
   Web- link to the CSR policy: http://vistaarfinance.com/legal.html
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:
   Not applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:
   There are no carried forward amounts to be set off from the preceding financial year. Accordingly, the amount to be set-off for the current financial year is Nil.
6. Average net profit of the company as per section 135(5) is as follows: **₹6,058 lakhs**
7. (a) Two percent of average net profit of the company as per section 135(5) is **₹121 lakhs**
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
   (c) Amount required to be set off for the financial year, if any: Nil
   (d) Total CSR obligation for the financial year (7a+7b- 7c): **₹121 lakhs**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ lakhs)	Amount Unspent (in ₹ lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount (Rs Lakhs)	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
200.32	61.84	April 07, 2021	Not applicable	Not applicable	Not applicable
	11.12	April 30, 2021			

(b) Details of CSR amount spent against ongoing projects for the financial year:

Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project .	Amount spent in the current financial Year.	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
			State	District.						Name	CSR Registration number
Forest conservation	iv. conservation of forest	Yes	Karnataka	Chamara -janagar	24 months	15.00	8.68	6.32	No	The BRT Tiger Conservation Foundation	
Infrastructure support to Government school	ii. promoting education	Yes	Karnataka	Bengaluru	24 months	34.00	13.60	20.40	No	Samarpaka Seva Trust	CSR00002834
Coaching for SSLC students	ii. promoting education	Yes	Karnataka	Bengaluru	24 months	20.00	12.26	7.74	No	Samarpaka Seva Trust	CSR00002834
Education of Tribal children	ii. promoting education	Yes	Karnataka	Mysore	24 months	54.75	27.38	27.38	No	Swami Vivekananda Youth Movement	
Stationary kits to school children	ii. promoting education	Yes	Karnataka	Bengaluru	24 months	11.12	-	11.12			
TOTAL	-	-	-	-	-	**134.88**	**61.92**	**72.96**	-	-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District.			Name	CSR Registration number
01.	Covid-19 support: Covid Test for students and teachers	ii. promoting education	Yes	Karnataka	Bengaluru	55.90	No	Samarpaka Seva Trust	CSR00002834.
02.	Covid-19 support: food for migrant labors	i. eradicating hunger, poverty and malnutrition	Yes	Karnataka	Bengaluru	11.00	No	Gubbachi Learning Community	CSR00000573
03.	Covid-19 support: PPE kits to sanitation workers	i. promoting health care including preventive health care	Yes	Tamil Nadu	Trichy and Coimbatore.	45.00	No	Indian Institute for Human Settlements	
04.	Covid-19 support: food for migrant labors	i. eradicating hunger, poverty and malnutrition	Yes	Karnataka	Bengaluru	4.00	No	Samarpaka Seva Trust	CSR00002834.
05.	Urban Fellowship program	ii. promoting education	Yes	Karnataka	Bengaluru	22.50	No	Indian Institute for Human Settlements	
	TOTAL	-	-	-	-	**138.40**	-	-	-

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : `200.32 lakhs

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	121.16
(ii)	Total amount spent for the Financial Year	200.32
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

*Note: The Total amount spent for the current year includes unspent amount of earlier years.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, is applicable from January 22, 2021 hence there are no details to be provided

Sl. No.	Preceding financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial year (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

There were no amounts spent in respect of ongoing projects of the preceding financial year.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Total amount allocated for the project (in ₹ Lakhs).	Amount spent on the project in the reporting Financial Year (in ₹ Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed/ Ongoing.
1.	1	Education for Tribal Children	FY 2019-20	2 years	54.75	27.38	27.38	ongoing
-	**TOTAL**				**54.75**	**27.38**	**27.38**	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not applicable*

(a) Date of creation or acquisition of the capital asset(s) : Not applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Not applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). – Not applicable

*Note: the Company has not utilized any amount for creation of capital asset.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

On a cumulative basis, as at March 31, 2021, the Company has an unspent amount of Rs. 72.96 lakhs which pertains to committed amount against identified projects. As disclosed in point 8 above, the same has been transferred to Unspent CSR account in accordance with the CSR rules.

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

Chandrashekhar Bhaskar Bhave
Chairman - CSR Committee
DIN: 00059856

Date: 06 May, 2021
Place: Bengaluru

Brahmanand Hegde
Director & Executive Vice Chairman
DIN: 02984527

Date: 06 May, 2021
Place: Bengaluru

CORPORATE GOVERNANCE REPORT

FOR FY21

CORPORATE GOVERNANCE PHILOSOPHY

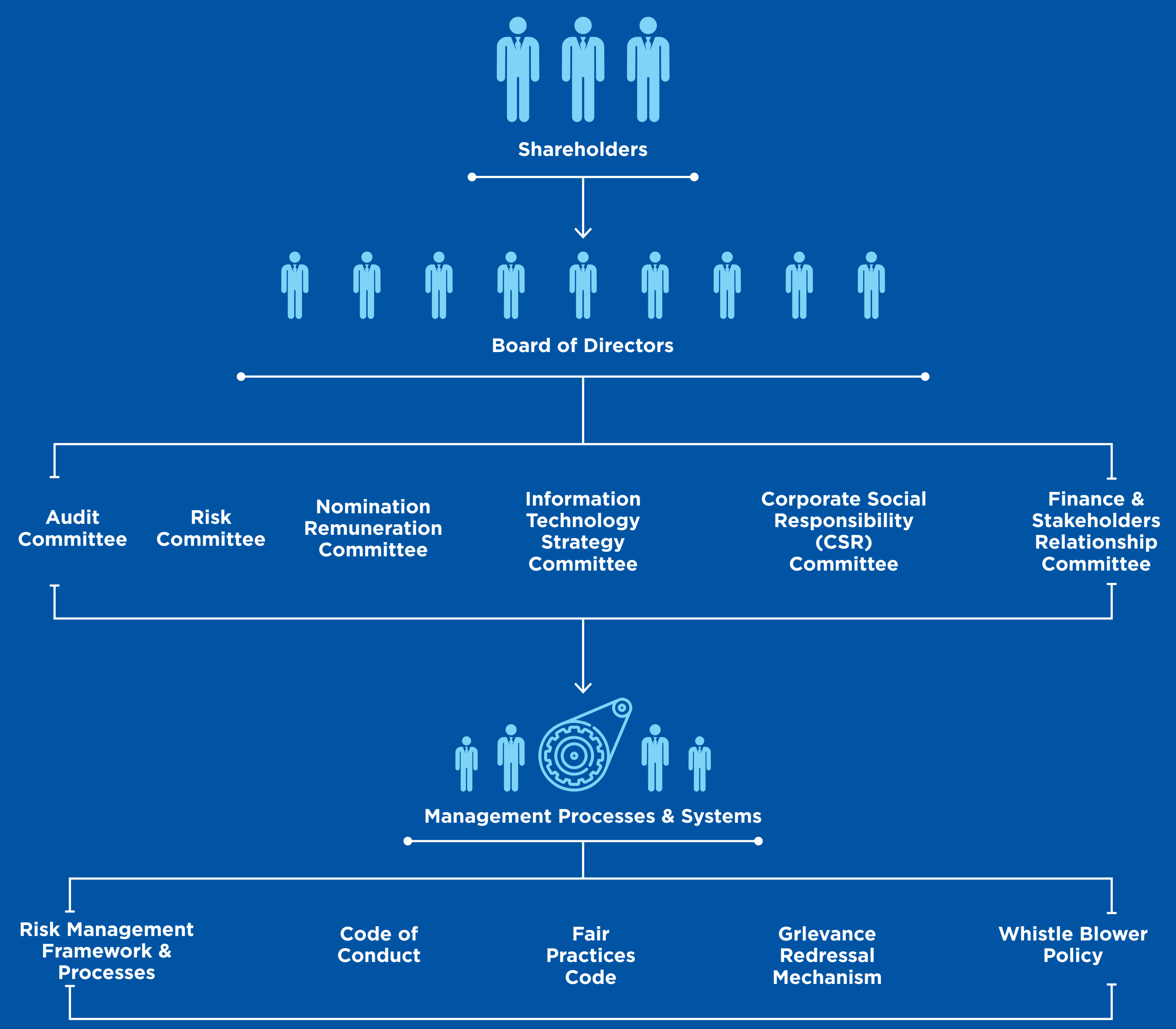
The Company is committed to ensure high standards of transparency and accountability in all its activities. A strong reporting system was developed right at the start after carefully understanding the requirements of different stakeholders for operational and financial information. This system is continuously 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 an ecosystem 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 six 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 Nine Directors as on 31st March, 2021 comprising Two Founder / Executive-Directors, Three Independent Directors and Four Nominee Directors. 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 2020-21. 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 2020-21 are as follows:

Board/Committee Meetings	No. of Meetings held during FY 2020-21
Board Meetings	04
Audit Committee	04
Risk Committee	04
Nomination and Remuneration Committee	03
Corporate Social Responsibility Committee	01
Finance & Stakeholders Relationship Committee	39
IT Strategy Committee	02

Particulars of Board meetings

Particulars	Dates of Meetings held
Meeting of Board of Directors	May 29, 2020 August 05, 2020 November 05, 2020 February 10, 2021

Particulars of Committee meetings

Name of Committee	Dates of Meetings held
Audit Committee	May 28, 2020 August 04, 2020 November 04, 2020 February 04, 2021
Risk Committee	May 28, 2020 August 04, 2020 November 04, 2020 February 04, 2021
Nomination & Remuneration Committee	May 29, 2020 October 24, 2020 February 10, 2021
Corporate Social Responsibility Committee	November 04, 2020
IT Strategy Committee	August 04, 2020 February 04, 2021

FINANCE & STAKEHOLDERS RELATIONSHIP COMMITTEE:

Quarter: 01	Quarter: 02	Quarter: 03	Quarter: 04
20-Apr-20	22-Jul-20	05-Oct-20	01-Jan-21
02-May-20	14-Aug-20	23-Oct-20	11-Jan-21
19-May-20	18-Aug-20	09-Nov-20	18-Jan-21
22-May-20	09-Sep-20	12-Nov-20	28-Jan-21
29-May-20	11-Sep-20	23-Nov-20	30-Jan-21
08-Jun-20	21-Sep-20	03-Dec-20	18-Feb-21
17-Jun-20	29-Sep-20	08-Dec-20	26-Feb-21
24-Jun-20		18-Dec-20	04-Mar-21
29-Jun-20		21-Dec-20	12-Mar-21
-		29-Dec-20	22-Mar-21
-		31-Dec-20	25-Mar-21
			30-Mar-21

ATTENDANCE

Name	Nature of Directorship	Attendance						
		Board	Audit	Risk	Nomination & Remuneration	IT Strategy Committee	CSR	Finance & Stakeholders Relationship
Chandrashekhar Bhaskar Bhave	Non-Executive Chairman & Independent Director	4/4	NA	NA	3/3	NA	1/1	NA
Ms. Manju Agarwal	Independent and Women Director	4/4	4/4	4/4	NA	2/2	NA	NA
Mr. James Abraham	Independent Director	4/4	4/4	4/4	3/3	2/2	NA	NA
Mr. Sandeep M. Farias	Nominee Director	4/4	NA	NA	NA	NA	1/1	NA
Mr. Shailesh J Mehta	Nominee Director	4/4	NA	4/4	NA	NA	NA	NA
Mr. Badri Bahukutumbi Pillapakkam	Nominee Director	4/4	4/4	4/4	NA	NA	NA	NA
Mr. Sumir Chadha	Nominee Director	4/4	NA	NA	3/3	NA	NA	NA
Mr. Brahmanand Hegde	Executive Vice Chairman	4/4	NA	4/4	3/3	NA	1/1	39/39
Mr. Ramakrishna Nishtala	Managing Director & CEO	4/4	NA	3/4	3/3	1/2	NA	39/39

PROFILE

The profile of all the Directors of the Company is available in the Company's website, viz. http://www.vistaarfinance.com/team.php

ANNUAL GENERAL MEETING AND SHAREHOLDERS' MEETINGS

The details of the Annual General Meetings / Extraordinary General Meeting held during the year ended 31st March 2021 are as follows:

General Body Meeting	Date, Time & Venue	No. of Special Resolution passed
Annual General Meeting	June 29, 2020 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- 07 Ordinary Resolution- 02

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

BOARD COMMITTEES

In order to have a more focused attention on the affairs of the Company, the Board has formed various committees. . As of March 31, 2021, the Company has the following committees of the Board of Directors:

- **Audit Committee:** Ms. Manju Agarwal (Chairperson), Mr. James Varghese Abraham, Mr. Badri Bahukutumbi Pillapakkam;
- **Risk Committee:** 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:** Mr. James Varghese Abraham(Chairman), Mr. Chandrashekhar Bhaskar Bhave, Mr. Sumir Chadha, Mr. Brahmanand Hegde, Mr. Ramakrishna Nishtala;
- **IT Strategy:** Ms. Manju Agarwal (Chairperson), Mr. James Varghese Abraham and Mr. Ramakrishna Nishtala, CIO, CRO
- **Corporate Social Responsibility:** Mr. Chandrashekhar Bhaskar Bhave (Chairman), Mr. Sandeep Farias and Mr. Brahmanand Hegde;
- **Finance and Stakeholders Relationship Committee:** Mr. Brahmanand Hegde (Chairman) and Mr. Ramakrishna Nishtala

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 Bahukutumbi Pillapakkam**

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 the audit process.
- Review and recommend changes in audit policies of the Company from time to time.
- Reviewing internal audit reports and taking 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

The Risk Committee is 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 Bahukutumbi Pillapakkam**
- **Mr. Shailesh Mehta**
- **Mr. Ramakrishna Nishtala**

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 identifies and formulates criteria for determining qualifications, positive attributes for Board and independence of a Director. The Committee recommends 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, recommends grant of ESOPs to various eligible employees of the Company. Further, the Committee supervises 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**

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 (CSR) COMMITTEE

As per Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of the Board was constituted to monitor the CSR activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013. The Committee recommends the amount of expenditure to be incurred on the CSR activities, approves and recommends the annual plan and monitors the CSR activities of the company in accordance with 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 oversees 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 reviews & approves 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

Stakeholder 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 shares 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
- Provide security & create charge on the assets of the Company as per the limits fixed by the Board of Directors & Shareholders

*The Board of Directors of the Company has amended the scope of the Committee on its meeting held on Wednesday, 10th February, 2021.

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.

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 a regular basis.

DISCLOSURE

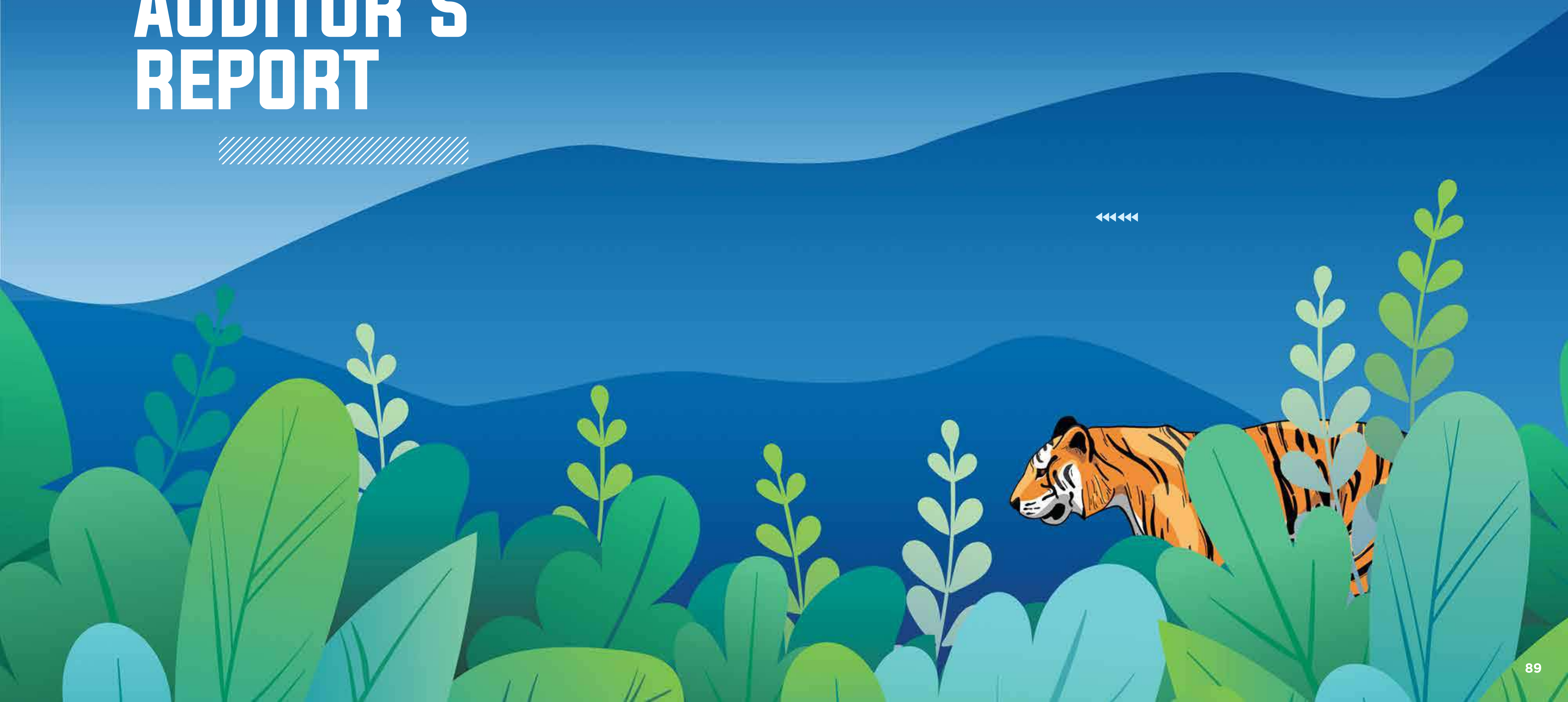
The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements.

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: May 06, 2021
Place: Bengaluru

Ramakrishna Nishtala
Managing Director and Chief Executive Officer
DIN: 02949469
Date: May 06, 2021
Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Members of Vistaar Financial Services Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vistaar Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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

We draw attention to Note 2(a) to the financial statements which states that management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and accordingly made a provision of Rs. 4,525 lahks towards its Loans and Advances.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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.

Key audit matter	How our audit addressed the key audit matter
Expected Credit Losses on loans [Refer Note 4(j) for the accounting policy and Note 42(A.4) for the related disclosures] As at March 31, 2021, the Company has loans amounting to ₹199,470 Lakhs against which an impairment loss of ₹7,337 Lakhs has been recorded. As per Ind AS 109- Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets. The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the	Our audit procedures with respect to this matter included, but were not limited to, the following: (a) Read the Company's accounting policies for estimation of expected credit loss on loans and evaluated the appropriateness of the same with the principles of Ind AS 109 - 'Financial Instruments' and prudential norms laid down by Reserve Bank of India ('RBI'); (b) Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for calculation of expected credit losses and how management calculates the expected credit losses. Ensured completeness, mathematical accuracy and the relevance of data on which the calculation is based. Since modelling assumptions and parameters are based on historical data, we assessed whether historical

Key audit matter	How our audit addressed the key audit matter
amount of provisions required in relation to loss events, including consideration of probability of forward looking macro-economic factors, especially for COVID-19. Also, Management's calculations of these losses are highly dependent on the underlying data extracted from information technology ('IT') systems including automated controls in those systems involving high level automation and complex IT infrastructure. Further key areas of judgment includes: • Determining the criteria for a significant increase in credit risk (`SICR') • Techniques used to determine the Probability of Default (TD') and Loss Given Default (`LGD') • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows etc. Since the amount of expected credit loss is material and involves significant management judgement and estimation, we have identified this as a key audit matter.	experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; (c) As underlying data basis which ECL calculation done by the Management is extracted from information technology ('IT') system which involves high level automation and complex IT infrastructure, we have involved our internal IT specialists and performed the following: (i) obtained understanding of the underlying information systems and tested related IT general controls, application controls and system generated reports; (ii) tested the design and operating effectiveness of related key automated controls using various techniques such as inquiry, inspection, observation, evaluation and test of automated controls. (d) 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 including controls over the modelling process, validation of data and related approvals; (e) Obtained the policy on moratorium of loans and restructuring of loans as approved by the Board of Directors pursuant to the regulatory announcement made by the RBI. (f) Assessed the reasonable of key assumptions used by the management and judgements made by the Management including the impact of restructuring facility availed by certain customers for estimation of allowance for expected credit losses as at 31 March 2021 by corroborating it with the agreed repayment schedule of the borrowers and cashflows realized thereon, on a sample basis; (g) Evaluating the management's assessment of the impact of COVID-19 on the 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
	(h) Evaluated and tested on sample basis the appropriateness of staging including assessment of appropriateness of the Management's rationale for determination of criteria for significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering the impact of COVID-19 and regulatory guidelines for restructuring of advances 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; (i) Performed an assessment of the adequacy of the credit losses in respect of all stages, by reference to credit losses actually incurred on similar portfolios historically; (j) Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; (k) Assessed the appropriateness and adequacy of the related presentation and disclosures of note 42(A.4) "Financial risk management" to the accompanying financial statements in accordance with the applicable accounting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 SAs 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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2020, were audited by another auditor whose report dated May 29, 2020 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 45 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company as it is a private Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAFM9703

Place: Bengaluru
Date: May 06, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF VISTAAR FINANCIAL SERVICES PRIVATE LIMITED.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, 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 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.

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.

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.

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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAFM9703

Place: Bengaluru
Date: May 06, 2021

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF VISTAAR FINANCIAL SERVICES PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. In respect of fixed assets:

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

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company

vii. In respect of statutory dues:

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Finance Act, 1994	Service Tax and interest theron	19,149,381	FY 2011-12 to FY 2015-16	Commissioner of Service tax	
Income Tax Act, 1961	Income Tax	159,306,520	FY 2017-18	Commissioner of Income Tax	

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us, since the Company is a Private Company, the provisions of section 197 of the Act will not be applicable. Accordingly, the provisions stated in paragraph 3(xi) of the Order are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAFM9703

Place: Bengaluru
Date: May 06, 2021

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF VISTAAR FINANCIAL SERVICES PRIVATE LIMITED.

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Vistaar Financial Services Private Limited ("the Company") as of March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 its business, including adherence to 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

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Company's internal financial control with reference to financial statements 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 internal financial control with reference to financial statements includes 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAFM9703

Place: Bengaluru
Date: May 06, 2021

FINANCIAL STATEMENTS

Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	5	19,965	8,184
(b) Bank balances other than (a) above	6	8,465	6,431
(c) Loans	7	1,92,133	1,77,829
(d) Other financial assets	8	1,986	1,123
Total financial assets		**2,22,549**	**1,93,567**
2 Non-financial assets			
(a) Current tax assets (net)		1,606	1,419
(b) Deferred tax assets (net)	9	2,246	2,252
(c) Property, plant and equipment	10	107	234
(d) Right of use asset	39	519	993
(e) Capital work-in-progress	11	-	4
(e) Intangible asset under development	12	9	-
(f) Other intangible assets	13	38	73
(g) Other non-financial assets	14	1,115	828
Total non-financial assets		**5,640**	**5,804**
Total assets		**2,28,189**	**1,99,371**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Derivative financial instruments	15	685	-
(b) Trade payables	16		
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues other than micro enterprises and small enterprises		323	227
(c) Debt securities	17	17,733	19,900
(d) Borrowings (other than debt securities)	18	1,29,709	1,10,646
(e) Other financial liabilities	19	8,505	4,023
Total financial liabilities		**1,56,955**	**1,34,796**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		-	51
(b) Provisions	20	374	225
(c) Other non-financial liabilities	21	514	284
Total non-financial liabilities		**888**	**560**
3 Equity			
(a) Equity share capital	22	6,762	6,762
(b) Other equity	23	63,584	57,253
Total equity		**70,346**	**64,015**
Total liabilities and equity		**2,28,189**	**1,99,371**

Summary of significant accounting policies 4

The accompanying notes 1 - 54 form an integral part of these financial statements.

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

For **MSKA & Associates**
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date: 06 May 2021

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 06 May 2021

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2021

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 06 May 2021

Statement of Profit and Loss for the period ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
1 Revenue from operations			
(i) Interest income	24	36,389	33,471
(ii) Fees and commission income	25	1,080	1,438
(iii) Net gain on fair value changes	26	110	358
(iv) Net gain on derecognition of financial instruments under amortised cost category		2,227	1,567
Total revenue from operations		**39,806**	**36,834**
2 Other income	27	7	10
3 Total income (1+2)		**39,813**	**36,844**
4 Expenses			
(i) Finance costs	28	14,237	11,969
(ii) Fee and commission expense	29	297	861
(iii) Impairment of financial instruments	30	5,764	5,216
(iv) Employee benefits expense	31	8,813	9,567
(v) Depreciation and amortisation expense	33	637	851
(vi) Other expenses	32	1,464	1,940
Total expenses		**31,212**	**30,404**
5 Profit before tax (3-4)		**8,601**	**6,440**
6 Tax expense:			
(a) Prior year taxes		(74)	(50)
(b) Current tax		2,085	2,511
(c) Deferred tax (credit) / charge		114	-525
		2,125	**1,936**
7 Profit for the year (5-6)		**6,476**	**4,504**
8 Other comprehensive income, net of tax			
(i) Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plans		(44)	(28)
Income tax relating to items that will not be reclassified to profit or loss		11	7
(ii) Items that will be reclassified to profit or loss			
Effective portion of losses on hedging instruments in cash flow hedge		(387)	-
Income tax relating to items that will be reclassified to profit or loss		97	-
Other comprehensive income		**(323)**	**(21)**
9 Total comprehensive income for the year (7+8)		**6,153**	**4,483**
10 Earnings per equity share (of ₹10 each):	34		
Basic (in ₹)		9.41	6.55
Diluted (in₹)		9.34	6.50
Summary of significant accounting policies	4		

The accompanying notes 1 - 54 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 **MSKA & Associates**
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date: 06 May 2021

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 06 May 2021

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2021

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 06 May 2021

Statement of Cash Flows for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars		Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities			
Profit before tax		8,601	6,440
Adjustments for:			
Depreciation and amortisation expense		637	851
Impairment of loans		2,348	4,930
Loan assets written-off		3,416	286
Share-based payments to employees		203	57
Profit on sale of investments in mutual funds		(110)	(358)
Profit on sale of property, plant and equipment		1	(2)
Interest income on fixed deposits		(960)	(236)
Interest expense on lease liabilities		93	146
Operating profit before working capital changes		**14,229**	**12,114**
Adjustment for change in working capital:			
(Increase) / decrease in loans		(20,069)	(40,589)
(Increase) / decrease in other assets		(1,149)	(1,148)
Increase / (decrease) in other liabilities and provisions		1,459	625
Cash used in operating activities		**(5,530)**	**(28,998)**
Income tax paid, net of refunds		(2,249)	(3,176)
Net cash (used in) / generated from operating activities	**(A)**	**(7,779)**	**(32,173)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets (net of changes in capital work in progress)		(10)	(108)
Proceeds from sale of property, plant and equipment		4	10
Purchase of investments in mutual funds		(83,214)	(1,20,741)
Proceeds from sale of investments in mutual funds		83,324	1,21,099
Investment in fixed deposit		(1,24,340)	(5,948)
Redemption of fixed deposit		1,23,266	816
Net cash (used in) / generated from investing activities	**(B)**	**(970)**	**(4,872)**
Cash flows from financing activities			
Proceeds from term loans			
Proceeds of loan availed from banks		40,000	68,349
Proceeds of loan availed from others		11,388	24,905
Proceeds of loan availed from External commercial borrowings		22,350	
Proceeds of loan availed from non-convertible debentures		11,000	-
Repayment of term loans			
Repayment of loan availed from banks		(27,061)	(34,544)
Repayment of loan availed from others		(25,080)	(7,521)
Repayment of loan availed from non-convertible debentures		(13,191)	(14,113)
Proceeds of short-term borrowings, (net)		(2,237)	2,975
Principal payment of lease liabilities		(524)	(573)
Net cash generated from financing activities	**(C)**	**16,645**	**39,478**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)		**7,896**	**2,432**
Cash and cash equivalents at the beginning of the year (refer note 5)		7,485	5,053
Cash and cash equivalents at the end of the year (refer note 5)		**15,381**	**7,485**

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 Balance Sheet referred to in our report of even date.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date: 06 May 2021

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 06 May 2021

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2021

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 06 May 2021

Statement of Changes in Equity for the period ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital*

	Balance as at 1 April 2019	Changes in equity share capital during the year 2019-20	Balance as at 31 March 2020	Changes in equity share capital during the year 2020-21	Balance as at 31 March 2021
Equity shares of ₹10 each, issued, subscribed and fully paid-up:	799	-	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	**6,762**	**-**	**6,762**	**-**	**6,762**

B. Other equity**

	Reserves and surplus				Other Comprehensive Income	
	Statutory reserve	**Securities premium**	**Share options outstanding account**	**Retained earnings**	**Cash flow hedge reserve**	**Total**
Balance at 01 April 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**
Profit for the year	-	-	-	6,476	-	**6,476**
Remeasurement gains on defined benefit plans, net of tax	-	-	-	(33)	-	**(33)**
Effective portion of losses on hedging instruments in cash flow hedge	-	-	-	-	(290)	**(290)**
Cost of issue of Non convertible debentures	-	(25)	-	-	-	**(25)**
Share based compensation for the year	-	-	203	-	-	**203**
Transfer from Statement of Profit and Loss to Statutory Reserve	1,295	-	-	(1,295)	-	**-**
Balance at 31 March 2021	**4,951**	**40,547**	**952**	**17,424**	**(290)**	**63,584**

* Refer note 22
** Refer note 23
The accompanying notes 1 - 54 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 **MSKA & Associates**
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date: 06 May 2021

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 06 May 2021

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2021

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 06 May 2021

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 Note on significant events

a) Update on the operations of the Company in light of COVID-19 pandemic

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequenlty, during the year, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities. The impact on future operations would, to a large extent, depend on how the pandemic further develops and it's resultant impact on the operations of the Company. The Company continues to monitor the situation and take appropriate action, as considered necessary in due compliance with the applicable regulations.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021. Basis the same, the Company has made a provision of Rs. 4525 lakhs towards customer advances.

b) Code on Social Security 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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 2021 were authorized and approved for issue by the Board of Directors on 06 May 2021.

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, anticipation of future salary increases and fair value of plan assets. 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 behaviour (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)

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

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.

Company as a lessee

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.

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 Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Company classifies a fair value hedge relationship when the hedged item (or Company of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationships fixed rate debt issued and other borrowed funds.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedges
A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Cost of hedging

The Company also may separate forward element and the spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element of a forward contract. Similarly currency basis spread may be separated and excluded from the designation of a financial instrument as the hedging instrument.

When an entity separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument, such amount is recognised in OCI and accumulated as a separate component of equity under Cost of hedging reserve. These amounts are reclassified to the statement of profit or loss account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

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 44 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 44 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 44 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 there is no realistic prospect of recovery in the assessment of management.

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.

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. The Company has used the Black-Scholes Option Pricing Model to determine the fair value of the stock options based on which the compensation cost for the current period has been computed.

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.

r) Recent Indian Accounting Standards (Ind AS)

Ind AS 116 Amendment

IndAS116, Leases: Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification. However, with respect to IndAS116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019. This amendment had no impact on financial statement."

Standards (including amendments) issued but not yet effective

There are no new standards including amendments issued but not yet effective.

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
5 Cash and cash equivalents		
Cash on hand	181	53
Balances with banks in current accounts	17,103	8,131
Bank deposits with maturity of less than 3 months	2,681	-
Total	**19,965**	**8,184**
Cash and cash equivalents for the purpose of Statement of Cash flows:		
Cash and cash equivalents	19,965	8,184
Less: Bank overdraft (refer note 19)	(4,584)	(699)
	15,381	**7,485**
6 Other bank balances		
Fixed deposit with banks with original maturity more than three months	2,335	639
Balances with bank to the extent held as margin money	6,130	5,792
	8,465	**6,431**
7 Loans		
Secured, considered good (carried at amortised cost)		
Loans to small business, net of deferral	1,95,690	1,79,563
Interest accrued but not due on loans to small business	2,676	2,508
Interest accrued and due on loans to small business	1,104	1,633
Total	**1,99,470**	**1,83,704**
Less: Impairment loss allowance	(7,337)	(5,875)
Total	**1,92,133**	**1,77,829**
Notes:		
a) The reconciliation of loans to small business is as below:		
Secured, considered good	2,06,544	1,87,870
Unsecured, considered good	-	-
	2,06,544	**1,87,870**
Less: Deferral of net income on origination of loans	(2,579)	(3,116)
Less: Direct Assignment	(8,275)	(5,191)
Loans to small business, net of deferral	**1,95,690**	**1,84,754**
8 Other financial assets		
Security deposits	225	229
Receivables on assignment	1,686	885
Others	75	9
Total	**1,986**	**1,123**
9 Deferred tax assets (net)		
Deferred tax asset arising on account of:		
Employee benefits	95	61
Impairment loss allowance	1,658	1,447
Disallowance u/s 43B of Income-tax Act, 1961 and other provisions	34	35
Amortisation of transaction cost / income on assets on finance as per EIR model	649	785
Depreciation and amortisation	181	173
Foreign exchange loss in OCI	97	-
Fair value adjustments	12	-
	2,726	**2,501**
Deferred tax liability arising on account of:		
Recognition of income on assignment transaction	478	229
Recognition of interest income of non-performing assets	2	20
	480	**249**
Net deferred tax asset	**2,246**	**2,252**

(All amounts in ₹ lakhs unless otherwise stated)

10 Property, plant and equipment (PPE)

	Land	Vehicles	Computers	Furniture and fixtures	Office equipment	Electrical equipment	Total PPE
Gross block							
Balance as at 1 April 2019	**11**	**92**	**377**	**356**	**202**	**90**	**1,128**
Additions	-	17	40	18	2	16	**93**
Disposals	-	12	2	40	5	12	**70**
Balance as at 31 March 2020	**11**	**97**	**415**	**334**	**199**	**94**	**1,150**
Additions	-	19	11	0	5	-	**35**
Disposals	-	-	2	33	11	2	**48**
Balance as at 31 March 2021	**11**	**116**	**424**	**301**	**193**	**92**	**1,137**
Accumulated depreciation							
As at 1 April 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**
Depreciation charge for the year	-	20	68	39	25	7	**159**
Disposals	-	-	2	30	11	2	**45**
Balance as at 31 March 2021	**-**	**88**	**392**	**284**	**182**	**84**	**1,030**
Net block							
As at 31 March 2020	**11**	**29**	**89**	**59**	**31**	**15**	**234**
As at 31 March 2021	**11**	**28**	**32**	**17**	**11**	**8**	**107**

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 2021 (31 March 2020: Nil).

	As at 31 March 2021	As at 31 March 2020
11 Capital work in progress		
Capital work in progress	-	4
12 Intangible asset under development		
Software development	9	-
13 Other intangible asset		
	Computer Software	**Total**
Gross block		
As at 1 April 2019	**626**	**626**
Additions	16	16
Disposals	-	-
As at 31 March 2020	**642**	**642**
Additions	23	23
Disposals	-	-
As at 31 March 2021	**665**	**665**
Amortisation		
As at 1 April 2019	**489**	**489**
Charge for the year	80	80
Disposals	-	-
As at 31 March 2020	**569**	**569**
Charge for the year	58	58
Adjustments	-	-
As at 31 March 2021	**627**	**627**
Net block		
As at 1 April 2019	**137**	**137**
As at 31 March 2020	**73**	**73**
As at 31 March 2021	**38**	**38**

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
14 Other non-financial assets		
Prepaid expenses	122	143
Unamortised borrowing cost	884	557
Other advances	109	128
Total	**1,115**	**828**

15 Derivative Financial Instruments

	31 March 2021		
	Notional amounts	**Fair value - Assets**	**Fair value - Liabilities**
Part I			
(i) Currency derivatives:			
Spot and forwards	-	-	-
Currency Futures	-	-	-
Currency swaps	-	-	-
Options purchased	-	-	-
Options sold (written)	-	-	-
Others	-	-	-
Sub total	-	-	-
(ii) Interest rate derivatives			
Forward Rate Agreements and Interest Rate Swaps	22,350	-	685
Options purchased	-	-	-
Options sold (written)	-	-	-
Futures	-	-	-
Others	-	-	-
Sub total	22,350	-	685
(iii) Credit derivatives	-	-	-
(iv) Equity linked derivatives	-	-	-
(v) Other derivatives (Please specify)	-	-	-
Total derivatives	-	-	-
Financial instruments (i)+(ii)+(iii)+(iv)+(v)	22,350	-	685

Part II

Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:

	Notional amounts	Fair value - Assets	Fair value - Liabilities
(i) Fair value hedging:			
Currency derivatives	-	-	-
Interest rate derivatives	-	-	-
Credit derivatives	-	-	-
Equity linked derivatives	-	-	-
Others	-	-	-
Sub total (i)	-	-	-
(ii) Cash flow hedging:			
Currency derivatives	-	-	-
Interest rate derivatives	22,350	-	685
Credit derivatives	-	-	-
Equity linked derivatives	-	-	-
Others	-	-	-
Sub total (ii)	22,350	-	685
(iii) Net investment hedging	-	-	-
(iv) Undesignated Derivatives	-	-	-
Total Derivative Financial Instruments (i)+ (ii)+(iii)+(iv)	22,350	-	685

There were no derivative transactions in the previous year.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
16 Trade payables		
Other payables*	323	227
	323	**227**

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

	As at 31 March 2021	As at 31 March 2020
17 Debt securities		
At amortised cost, Secured		
Non-convertible debentures ('NCD') *	**17,733**	**19,900**
Borrowings in India	17,733	19,900
Borrowings outside India	-	-
	17,733	**19,900**
18 Borrowings ^		
At amortised cost		
Secured		
Term loans		
- from banks	80,153	81,947
- from financial institutions	27,367	25,724
Working capital loans from banks	138	2,975
	1,29,709	**1,10,646**
Borrowings in India	1,07,658	1,10,646
Borrowings outside India	22,051	-
	1,29,709	**1,10,646**
^ Refer note 41 for terms of borrowings from banks and financial institutions.		
19 Other financial liabilities		
Interest accrued but not due on borrowings	901	430
Payable towards assignment/securitisation of loans	656	209
Employee dues	997	1,064
Accrued expenses	749	572
Bank overdraft	4,584	699
Lease liability	618	1,049
	8,505	**4,023**

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

	As at 31 March 2021	As at 31 March 2020
20 Provisions		
Provision for employee benefits		
Gratuity (refer note 36)	294	166
Compensated absences	80	59
	374	**225**

	As at 31 March 2021	As at 31 March 2020
21 Other non-financial liabilities		
Advance received from small business loans	263	126
Other statutory dues payable	251	158
	514	**284**
22 Share capital		
Authorised		
(i) 11,449,980 (31 March 2020: 11,449,980) equity shares of ₹ 10 each	1,145	1,145
(ii) 500 (31 March 2020: 500) class A equity shares of ₹ 10 each [₹ 5,000 (31 March 2020: ₹ 5,000)]	0	0
(iii) 60,000,000 (31 March 2020: 60,000,000) compulsorily convertible preference shares of ₹ 10 each	6,000	6,000
(iv) 3,300,000 (31 March 2020: 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 2020: 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 2020: 1,782,471 shares) allotted to the ESOP trust] [refer note 22(e)]	178	178
	799	**799**
(ii) 60 (31 March 2021: 60) Class A equity shares of ₹ 10 each, fully paid-up [₹ 600 (31 March 2020: ₹ 600)]	0	0
(iii) 59,306,300 (31 March 2020: 59,306,300) compulsorily convertible preference shares of ₹ 10 each, fully paid-up	5,931	5,931
(iv) 3,232,958 (31 March 2020: 3,232,958) class A compulsorily convertible preference shares of ₹ 1 each, fully paid-up	32	32
	6,762	**6,762**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2021		As at 31 March 2020	
	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 2020: 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.

In respect of CCPS and Class A CCPS, the Company has agreed to provide an exit option to the Investors, who choose to exit, upon being notified to the Company and the Promoters. Upon issue of such notice, the Company, Promoters and the Majority Investors shall, mutually agree on their preferred mode of exit from any of the following ways:

a) through the undertaking of an Public Offering

b) (i) through a buy-back of all and not less than all the investors shares either by the Company and/or the Promoters; or

(ii) through a buy-out of all and not less than all the investor shares by a third party, in each case at a price not less than the FMV or such other price as may be applicable to the selling investors, as agreed.

c) The details of shareholder holding more than 5 percent shares

	As at 31 March 2021		As at 31 March 2020	
	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, Mauritius	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, Mauritius	6.67	4	6.67	4
Westbridge Crossover Fund LLC, Mauritius	38.33	23	38.33	23
Compulsorily Convertible Preference Shares				
Westbridge Crossover Fund LLC, Mauritius	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, Mauritius	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 2021. The Company has not bought back equity shares during five years immediately preceding 31 March 2021, 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.

f) For details of equity shares reserved for issuance under the ESOP plan of the Company, refer note 37.
For details of shares reserved for issuance of conversion of CCPS and Class A CCPS, refer note 22(b) regarding terms of conversion of CCPS.

	As at 31 March 2021	As at 31 March 2020
23 Other equity		
Statutory reserve u/s 45(IC) of the RBI Act, 1934	4,951	3,656
Securities premium	40,547	40,572
Share options outstanding account	952	749
Surplus in the Statement of Profit and Loss	17,424	12,276
Cash flow hedge reserve	(290)	-
	63,584	**57,253**

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 equal 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 2020: ₹ 1,282) [refer note 22(e)).

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.

	As at 31 March 2021	As at 31 March 2020
24 Interest Income		
At amortised cost		
Interest on loans to small businesses	35,429	33,234
Interest on margin money deposits	327	25
Interest on fixed deposits	633	211
	36,389	**33,470**
25 Fee and commission income		
Fee income from customers	1,018	1,278
Commission income from insurance business	57	135
Servicing fee on securitisation	5	25
	1,080	**1,438**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
26 Net gain on fair value changes		
Net gain/loss on financial instruments through profit or loss		
Profit on sale of investments in mutual funds	110	358
	110	**358**
Fair value changes:		
- Realised	110	358
- Unrealised	-	-
	110	**358**
27 Other income		
Profit on sale of fixed assets	1	2
Others	6	8
	7	**10**
28 Finance costs		
Interest expense on financial liabilities measured at amortised cost		
- Banks	8,076	7,003
- Financial institutions	3,662	1,895
- NCDs	2,336	2,878
- Overdraft facility	36	23
Bank charges	34	24
Interest expense on lease liabilities	93	146
	14,237	**11,969**
29 Fees and commission expense		
Commission	-	313
Underwriting charges	233	457
Other fees	64	91
	297	**861**
30 Impairment of financial instruments		
Impairment of loans	2,348	3,871
Loan assets written off	3,416	1,345
	5,764	**5,216**
31 Employee benefits expenses		
Salaries and wages	7,833	8,658
Contributions to provident and other funds	508	520
Share based compensation (refer note 22 and 37)	203	57
Gratuity expense (refer note 36)	83	66
Insurance expenses	101	121
Staff welfare expenses	85	145
	8,813	9,567

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
32 Other expenses		
Electricity and water	68	96
Repairs and maintenance	161	155
Rates and taxes	11	11
Travelling and conveyance	179	489
Printing and stationery	32	39
Postage and courier	31	35
Information technology costs	343	416
Legal and professional fees	209	317
Remuneration to auditors [refer note 32 (a)]	28	29
Contribution towards CSR [refer note 32 (b)]	200	82
Communication	70	84
Training and recruitment	58	112
Branding and marketing	66	64
Miscellaneous	8	11
	1,464	**1,940**
32 (a) Payment to auditors (excluding taxes)		
- Audit fees	24	29
- Tax audit fees	1	2
- Certifications	3	-
- Out of pocket expenses	-	1
	28	**32**
32 (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.	121	101
Amount spent during the year on purposes other than construction/acquisition of any asset		
- Paid	200	67
- Yet to be paid^	-	15
	200	**82**

^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.

In respect of the financial year ending March 31, 2021, the Company has further transferred an amount of Rs. 72.96 lakhs to Unspent CSR account subsequent to the year end in accordance with the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

	Year ended 31 March 2021	Year ended 31 March 2020
33 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 10)	159	289
Amortisation on intangible assets (refer note 12)	58	80
Amortisation of right of use asset (refer note 39)	420	482
	637	**851**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
34 Earnings per equity share (EPS)		
Net profit attributable to equity shareholders	**6,476**	**4,504**
Weighted average number of shares outstanding during the year for computing basic EPS (nos)	6,88,00,238	6,88,00,238
Add: Effect of potential shares for conversion of ESOP (nos)	5,32,740	5,35,291
Weighted average number of shares used to compute diluted EPS (nos)	**6,93,32,978**	**6,93,35,529**
Profit per share:		
Basic	9.41	6.55
Diluted	9.34	6.50
Nominal value per equity share	10	10

35 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 (Controlled Trust)

iv) The transactions with related parties during the year :

Nature of transaction	31 March 2021	31 March 2020
Transactions with key management personnel		
- Managerial remuneration (refer note below)		
Mr. Brahmanand Hegde	98	95
Mr. Ramakrishna Nishtala	97	94
Repayment of loan received		
Vistaar Employee Welfare Trust	-	-
v) Closing balance of related parties receivables / (payables):		

Nature of transaction	31 March 2021	31 March 2020
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"		

36 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 31, 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 2021	31 March 2020
1	**The amounts recognised in the Balance Sheet are as follows:**		
	Present value of the obligation as at the end of the year	408	287
	Fair value of plan assets as at the end of the year	114	121
	Net liability recognised in the Balance Sheet	**294**	**166**
2	**Changes in the present value of defined benefit obligation**		
	Defined benefit obligation as at beginning of the year	287	200
	Service cost	74	60
	Interest cost	15	13
	Actuarial losses/(gains)		
	- change in financial assumptions	10	16
	- change in demographic assumptions		-
	- experience variance (i.e. actual experiences assumptions)	36	14
	Benefits paid	(14)	(16)
	Defined benefit obligation as at the end of the year	**408**	**287**

	31 March 2021	31 March 2020
3 Change in the fair value of plan assets		
Fair value as at the start of the year	121	127
Total Contributions	-	-
Contributions to the fund		-
Contributions by way of benefit payment		-
Benefits paid	(14)	(15)
Interest income on plan assets	6	7
Re-measurements		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	1	2
Fair value as at the end of the year	**114**	**121**
Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:		
Discount rate	4.5% p.a.	5.1% 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 2021 and 31 March 2020 comprises of following components:		
Current service cost	74	60
Net interest cost on the net defined benefit liability	15	13
Interest income on plan assets	(6)	(7)
Components of defined benefit costs recognized in Statement of Profit and Loss	**83**	**66**
5 Other comprehensive income		
Remeasurements on defined benefit obligations		
Change in financial assumptions	10	16
Change in demographic assumptions		
Experience variance (i.e. actual experience vs assumptions)	36	14
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)	(1)	(2)
Components of defined benefit costs recognized in other comprehensive income	**44**	**28**

6 Maturity profile

The weighted average duration of obligation of the plan members is tabulated below;

	Weighted average duration of obligation
FY ended March 31, 2021	2 years
FY ended March 31, 2020	2 years

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(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 2021	As at 31 March 2020
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)	(11)
	Decrease by 100 basis points	12	12
Salary escalation rate	Increase by 100 basis points	11	11
	Decrease by 100 basis points	(11)	(11)
Withdrawal rate	Increase by 100 basis points	(4)	(4)
	Decrease by 100 basis points	4	4

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.

37 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 2021		31 March 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	10,56,544	117.96	12,88,394	136.28
Granted during the year	4,32,500	227.30	40,000	227.30
Forfeited during the year	30,000	227.30	2,71,850	220.84
Exercised during the year	-	-	-	-
Options outstanding at the end	14,59,044	148.13	10,56,544	117.96
Options exercisable at year end	9,49,294	104.35	8,62,857	93.06

The options outstanding as at 31 March 2021 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.

(All amounts in ₹ lakhs unless otherwise stated)

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 2021	31 March 2020
Expected life (in years)	2.5 to 4.6 years	1 to 4 years
Volatility (%)	50%	20%
Risk free rate (%)	4.50% - 5.30%	7.77%
Exercise price (₹)	227.30	227.30
Dividend yield	Nil	Nil
Option fair value	92.08	49.24

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 2021		31 March 2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	3,13,000	208.28	4,05,600	208.28
Granted during the year	6,92,400	227.30	-	-
Forfeited during the year	95,200	217.53	92,600	210.46
Exercised during the year	-	-	-	-
Options outstanding at the end	9,10,200	221.56	3,13,000	208.28
Options exercisable at year end	1,92,750	193.50	1,82,500	180.64

The options outstanding as at 31 March, 2021 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.

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 2021
Expected life (in years)	2.5 to 4.6 years
Volatility (%)	50%
Risk free rate (%)	4.50% - 5.30%
Exercise price (₹)	227.30
Dividend yield	Nil
Option fair value	92.08

There were no options granted in FY 20 under the 2016 ESOP scheme.

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 2021		31 March 2020	
	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 2021 is 4 years (31 March 2020: 4 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 2021 there are no unvested RSU's outstanding.

	Year ended 31 March 2021	Year ended 31 March 2020
38 Income tax expense		
a) Income tax expense recognised in Statement of profit and loss		
Current tax for the year	2,085	2,511
Adjustment in respect of earlier years	(74)	(50)
Deferred tax (credit) / charge	114	(525)
	2,125	**1,936**
b) Income tax recognised in other comprehensive income		
Taxes on re-measurement of defined benefit plans	11	7
Taxes on ineffective portion of hedges	97	-

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
c) Reconciliation of income tax expense and the accounting profit for the year		
Profit before tax	8,601	6,440
Enacted tax rates	25.168%	25.168%
Income tax expense calculated on corporate tax rate	2,165	1,621
Expense disallowed under the provisions of Income tax Act, 1961	52	35
Reversal of deferred tax on account of change in tax rates	-	455
Reversal of deferred tax on account of interest on NPA written-off	(18)	(177)
Adjustment to deferred tax on account of change in tax base on filing of return	-	52
Income tax in respect of earlier years	(74)	(50)
At the effective income tax rate of 25.168% (31 March 2020: 25.168%)	**2,125**	**1,936**

d) Movement in deferred tax assets (net)

Particulars	As at 31 March 2020	(Charged) / credit to statement of profit and loss	(Charged) / credit to other comprehensive income	As at 31 March 2021
Deferred tax assets				
Employee benefits	61	(63)	97	95
Impairment loss allowance	1,447	211	-	1,658
Disallowance u/s 43B and other provisions	35	(1)	-	34
Amortisation of transaction cost / income on assets on finance as per EIR model	785	(124)	-	661
Foreign exchange loss in OCI	-	97		97
Depreciation and amortisation	173	9	-	182
Total deferred tax assets	**2,501**	**128**	**97**	**2,727**
Deferred tax liabilities				
Recognition of income on assignment transaction	229	249	-	478
Recognition of interest income of non-performing assets	20	(18)	-	2
	249	**231**	**-**	**480**
Net deferred tax asset	**2,252**	**(103)**	**97**	**2,246**

(All amounts in ₹ lakhs unless otherwise stated)

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**
	1,720	**525**	**7**	**2,252**

39 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	**1,446**	**1,446**
Additions	29	29
Derecognition	-	-
Modifications		-
Gross carrying value as on 31 March 2020	**1,475**	**1,475**
Additions	133	133
Derecognition	(225)	(225)
Modifications	(179)	(179)
Gross carrying value as on 31 March 2021	**1,204**	**1,203**
Accumulated depreciation as on 1 April 2019	-	-
Depreciation	482	482
Accumulated depreciation on derecognition	-	-
Accumulated depreciation as on 31 March 2020	**482**	**482**
Depreciation	420	420
Accumulated depreciation on derecognition	(217)	(217)
Accumulated depreciation as on 31 March 2021	**685**	**685**
As at 31 March 2021	**519**	**519**
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 44. The effective interest rate for lease liabilities is 10%, with maturity between 2021-2025.

(All amounts in ₹ lakhs unless otherwise stated)

Amounts recognised in balance sheet	Year ended 31 March 2021	Year ended 31 March 2020
Lease liabilities	618	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

40 Change in liabilities arising from financing activities

Particulars	Debt Securities
Opening balance as at April 1, 2020	-
Cash flows	22,350
Changes in fair values	-
Exchange difference	(299)
Closing balance as at March 31, 2021	**22,051**

There are no other financial assets/ liabilities to be disclosed in respect of fair value changes other than above. There were no changes in fair values for the previous year ending March 31, 2020.

41 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 2021	Balance outstanding as at 31 March 2020	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	9.85%	1,000	67	250	4 (12)	67 (200)	- (4)	- (50)	67 (250)
II. With moratorium of 1-3 months									
2-3 years	9.95%	2,500	1,212	2,121	12 (12)	909 (909)	4 (16)	303 (1,212)	1,212 (2,121)
3-5 years	9.4% - 11.85%	32,275	16,023	18,176	12 (12)	7,168 (7,411)	48 (48)	8,855 (10,765)	16,023 (18,176)
IV. Without moratorium									
Within 1 year	6.32%	5,000	500	-	1	500	-	-	500
2-3 years	9.89%-11.85%	22,280	3,375	10,673	12 (12)	2,988 (6,312)	11 (23)	387 (4,361)	3,375 (10,673)
3-11 years	7.7% - 11.15%	76,894	44,027	49,018	12 (12)	15,354 (13,745)	72 (81)	28,673 (35,273)	44,027 (49,018)
Quarterly repayment									
I. With moratorium of 3 months									
2-7 years	10.5% - 11.50%	6,300	5,975	1,709	4 (4)	1,148 (734)	24 (9)	4,827 (975)	5,975 (1,709)
II. Without moratorium									
2-5 years	9.90%	10,000	8,974	-	4	2,100	13	6,874	8,974
Total			**80,153**	**81,947**		**30,234**		**49,918**	**80,153**

Notes:
a) Term loan from banks are secured by hypothecation of portfolio of the Company.
b) Fixed deposit amounting to ₹ 5,706 lakhs (31 March 2020: ₹ 5,033 lakhs) have been pledged towards availing term loan from banks.
c) There are no borrowings that are guaranteed by the directors or others.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

(b) Indian rupee loan from financial institutions

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2021	Balance outstanding as at 31 March 2020	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	708	1,458	11 (12)	708 (750)	- (12)	- (708)	708 (1,458)
2-3 years	10.14%-12.85%	5,017	2,504	4,177	12 (12)	1,670 (1,673)	6 (18)	833 (2,504)	2,504 (4,177)
3-6 years	8.41%-12.29%	32,056	19,928	17,236	12 (12)	7,431 (6,038)	37 (36)	12,497 (11,198)	19,928 (17,236)
Quarterly repayment									
I. With moratorium of 2-3 months									
2-3 years	11.50%	1,000	667	1,000	4 (12)	333 (333)	4 (16)	333 (667)	667 (1,000)
3-6 years	10.55%- 12.25%	3,950	3,560	1,853	4 (4)	790 (293)	14 (15)	2,770 (1,560)	3,560 (1,853)
Total			**27,367**	**25,724**		**10,933**		**16,434**	**27,367**

Notes:
a) Term loan from banks are secured by hypothecation of portfolio of the Company.
b) Fixed deposit amounting to ₹ nil (31 March 2020: ₹ 377) have been pledged towards availing term loan from banks.
c) There are no borrowings that are guaranteed by the directors or others.

(c) External commercial borrowings

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2021	Balance outstanding as at 31 March 2020	Due within 1 year		Due within 2-5 year		Total
					No of installments	Amount	No of installments	Amount	
Quarterly repayment									
I. With moratorium of 12 months									
2-5 years	9.67%	22,051	22,051	-	1	1,378	15	20,673	22,051
			22,051			**1,378**		**20,673**	**22,051**

Notes:

a) External commercial borrowings are secured by hypothecation of portfolio of the Company.

b) The above amounts are net of restatement gains/losses.

c) There are no borrowings that are guaranteed by the directors or others.

d) There are no borrowings that are guaranteed by the directors or others.

(All amounts in ₹ lakhs unless otherwise stated)

(d) Debentures

Sl No	Date of allotment	Maturity date	Coupon rate	Sanction amount	Balance outstanding as at 31 March 2021	Balance outstanding as at 31 March 2020	Due within one year	Due within 2 - 3 years	Total	Redemption terms
NCD 1	22-Jun-18	22-Jun-21	10.50%	6,500	-	6,500	-	- (6,500)	- (6,500)	Bullet repayment at the end of 36 months
NCD 2	23-Jul-18	23-Jul-22	10.50%	6,500	-	6,500	-	- (6,500)	- (6,500)	Bullet repayment at the end of 48 months
NCD 3	24-Aug-18	24-Aug-23	10.50%	6,900	6,900	6,900	-	6,900 (6,900)	6,900 (6,900)	Bullet repayment at the end of 60 months
NCD 4	29-Dec-20	30-Jun-22	9.53%	5,000	5,000	-	3,750	1,250	5,000	Quarterly Repayment
NCD 5	23-Jun-20	29-Jun-23	9.75%	5,000	5,000		-	5,000	5,000	Bullet repayment at the end of 36 months
NCD 6	20-May-20	01-Apr-23	10.20%	1,000	833		333	500	833	Quarterly Repayment
Total					**17,733**	**19,900**	**4,083**	**13,650**	**17,733**	

Notes:

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

b) There are no borrowings that are guaranteed by the directors or others.

(e) Working capital loans from banks

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2021	Balance outstanding as at 31 March 2020	Due within 1 year	
					No of instalments	Amount
I. Without moratorium						
Less than 1 year	9.5% - 12.5%	3,600	138	2,975	1 (1)	138 (2,975)
Total			**138**	**2,975**		**138**

42 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.

(All amounts in ₹ lakhs unless otherwise stated)

Gearing Ratio

	As at 31 March 2021	As at 31 March 2020
Debt securities	17,733	19,900
Borrowings (other than debt securities)	1,29,709	1,10,646
Net debt	**1,47,442**	**1,30,546**
Total equity	**70,346**	**64,015**
Net debt to equity ratio	**2.10**	**2.04**

43 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 2021					
Financial Assets					
Cash and cash equivalents	-	-	19,965	19,965	19,965
Bank balances other than above	-	-	8,465	8,465	8,465
Loans	-	-	1,92,133	1,92,133	1,92,133
Other financial assets	-	-	1,986	1,986	1,986
Total financial assets	**-**	**-**	**2,22,549**	**2,22,549**	**2,22,549**
Derivative financial instruments	-	685	-	685	-
Debt securities	-	-	17,733	17,733	17,733
Borrowings (other than debt securities)	-	-	1,29,709	1,29,709	1,29,709
Other financial liabilities	-	-	8,505	8,505	8,505
Total financial liabilities	**-**	**685**	**1,55,947**	**1,56,632**	**1,55,947**
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	-	-	1,77,829	1,77,829	1,77,829
Other financial assets	-	-	1,123	1,123	1,123
Total financial assets	**-**	**-**	**1,93,567**	**1,93,567**	**1,93,567**
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	-	-	4,023	4,023	4,023
Total financial liabilities	**-**	**-**	**1,34,570**	**1,34,570**	**1,34,570**

Fair value measurement of financial assets and liabilities

Financial assets and financial liabilities measured at fair value in the Statement of Balance Sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

(All amounts in ₹ lakhs unless otherwise stated)

The following table shows the levels within the hierarchy of financial liabilities measured at fair value as at March 31, 2021:

Financial liability measured at fair value through OCI	Level 1	Level 2	Level 3	Total
Derivative instruments	-	685	-	685

There were no financial assets or financial liabilities measured at fair value through OCI in the earlier years.

-Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

44 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/ decrease 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

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 2021	As at 31 March 2020
Low credit risk on financial reporting date		
Cash and cash equivalents	19,965	8,184
Bank balances other than above	8,465	6,431
Loans and corresponding interest receivables*	1,98,465	1,78,968
Other financial assets	1,986	1,123
Moderate credit risk		
Loans *	1,001	4,726
High credit risk		
Loans *	4	10

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

(All amounts in ₹ lakhs unless otherwise stated)

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.

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 2021				
Cash and cash equivalents	19,965	0%	-	19,965
Bank balances other than above	8,465	0%	-	8,465
Other financial assets	1,986	0%	-	1,986
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	1,123	0%	-	1,123

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.

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.

(All amounts in ₹ lakhs unless otherwise stated)

- 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).

A.3 Credit risk exposure

	ECL Staging			
	Stage 1	**Stage 2 ^**	**Stage 3**	**Total**
31 March 2021				
Low credit risk	80,439	1,10,501	6,324	1,97,264
Moderate credit risk	814	187	-	1,001
High credit risk	3	1	0	4
Gross carrying amount	**81,256**	**1,10,689**	**6,324**	**1,98,269**
Loss allowance	1,054	4,100	2,080	7,235
Carrying amount	**80,202**	**1,06,589**	**4,244**	**1,91,035**
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**	**1,82,680**
Loss allowance	-	3,524	2,351	5,875
Carrying amount	**-**	**1,72,377**	**4,427**	**1,76,805**

^ As at 31 March 2021 and 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 2021**	**As at 31 March 2020**
Low credit risk	1,06,750	1,71,394
Moderate credit risk *	66	2,151
High credit risk	0	9
Gross carrying amount	**1,06,816**	**1,73,554**
Loss allowance	3,786	3,433
Carrying amount	**1,03,030**	**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.

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 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**
Transfer to 12 months ECL	798	(798)	(0)	(0)
Transfer to life time ECL not credit impaired *	(1)	3	(2)	-
Transfer to Lifetime ECL credit impaired	-	(1,195)	1,196	1
Net remeasurement of loss allowance	-	3,224	2,354	5,579
New financial assets originated or purchased	258	-	-	258
Financial assets that have been derecognised	-	(658)	(403)	(1,061)
Write offs	-	-	(3,416)	(3,416)
Balance as at 31 March 2021	**1,054**	**4,100**	**2,081**	**7,235**

* 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.

(All amounts in ₹ lakhs unless otherwise stated)

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 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**
Transfer to 12 months ECL	18,631	(18,622)	(9)	(0)
Transfer to life time ECL not credit impaired *	(45)	90	(45)	0
Transfer to Lifetime ECL credit impaired	(2)	(4,099)	4,101	(0)
New financial assets originated or purchased	62,672	-	-	62,672
Financial assets that have been derecognised/repaid	-	(42,580)	(1,086)	(43,666)
Write offs	-	-	(3,416)	(3,416)
Balance as at 31 March 2021	**81,256**	**1,10,689**	**6,324**	**1,98,269**

* 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.

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 2021	As at 31 March 2020
Gross carrying amount of loans	1,98,269	1,82,680
Concentration by industry		
Dairy	4,438	9,053
Enterprise	1,93,831	1,73,627
	1,98,269	**1,82,680**

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, 2021 was ₹ 3,416 (March 31, 2020 ₹ 1,440). 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 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	47,976	72,013	25,853	1,761	1,47,603
Lease Liability	376	232	10	-	618
Bank overdraft	4,584	-	-	-	4,584
Other financial liabilities at amortised cost	3,303	-	-	-	3,303
Total	**56,239**	**72,245**	**25,863**	**1,761**	**1,56,108**

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
Lease Liability	384	570	95	-	1,049
Other financial liabilities at amortised cost	2,526	-	-	-	2,526
Total	**44,283**	**65,406**	**21,904**	**2,528**	**1,34,121**

C) Market Risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. The policy on foreign exchange risk management covers the management of foreign exchange risk related to existing and future foreign currency loans or any other foreign exchange risks derived from borrowing and lending. The objective of the policy is to serve as a guideline for transactions to be undertaken for hedging of foreign exchange related risks. It also provides guiding parameters within which the Risk Committee can take decisions for managing the above mentioned risks. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. The Company as per its overall strategy uses derivative contracts to mitigate its risks associated with fluctuations in foreign currency and interest rates on borrowings. The Company does not use derivative contracts for speculative purposes.

Foreign currency risk exposure:

The exposure to foreign currency risk at the end of the reporting period, translated to INR at closing rate, is as follows

Particulars	As at 31 March 2021	As at 31 March 2020
Financial liabilities (USD) Foreign currency loan	22,350	-
Net exposure to foreign currency risk (liabilities)	22,350	-

Sensitivity

The sensitivity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	As at 31 March 2021	As at 31 March 2020
USD sensitivity*		
INR/USD- increase by 100 bp (31 March 2020 100 bp)	(221)	-
INR/USD- decrease by 100 bp (31 March 2020 100 bp)	221	-

b) Hedge accounting

The Company enters into foreign exchange forward contracts and option contracts to hedge its future payables. The Company has taken foreign exchange forward contracts for currencies primarily denominated in the US Dollar pertaining to External Commercial Borrowings.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding :

Particulars	Currency	As at 31 March 2021	As at 31 March 2020
Designated derivative instruments			
Cross currency interest rate swaps Contract Value in USD Mio	USD	30	-
Non-Designated derivative instruments			
Purchase- Forward contracts	USD	-	-

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	-	-
Changes in the FV of effective portion of derivatives	-	-
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	-	-
Ineffective portion of Derivatives charged to profit and loss account	-	-
(Loss) / gain on cash flow hedging derivatives	(387)	-
Balance as at year end	(387)	-
Deferred tax thereon	97	-
Balance as at the end of the year, net of deferred tax	**(290)**	**-**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

The related hedge transactions for balance is cash flow hedging reserves as of March 31, 2021 are expected to occur and be re-classified to the statement of profit and loss over a period of 1 year.

As of March 31, 2021 and March 31, 2020, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

c) 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 2021	As at 31 March 2020
Variable rate borrowing	68,621	62,643
Fixed rate borrowing	78,821	67,903
Total borrowings	**1,47,442**	**1,30,546**

Sensitivity

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

	31 March 2021	31 March 2020
Interest sensitivity*		
Interest rates – increase by 100 basis points	685	1,305
Interest rates – decrease by 100 basis points	(685)	(1,305)
*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.

45 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.

46 Commitments

a) Commitment towards purchase of various assets including software ₹ Nil (31 March 2020: ₹ Nil).

47 Contingent liabilities

The Company has certain litigations pending with service tax authorities amounting to ₹ 190 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.

48A 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	17,882	-
Unsecured		-
(b) Deferred credits		-
(c) Term loans (secured)	1,08,272	-
(d) Inter-corporate loans and borrowing		-
(e) Commercial paper		-
(f) Other loans (Overdraft facilities and working capital loans)	4,722	-
	1,30,876	**-**

Assets side:	Amount outstanding
b. Break-up of loans and advances:	
(a) Secured	1,98,269
(b) Unsecured	-
	1,98,269
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	1,98,269	-	1,98,269
	1,98,269	**-**	**1,98,269**

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 2021
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	6,325
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	4,244
iii) Assets acquired in satisfaction of debt	-

48B Covid additional provisioning disclosure

"Reserve Bank of India ('RBI') issued guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020. The Company had offered moratorium in accordance with its Board approved policies to its customers based on requests as well as on a suo-moto basis between 1 March 2020 to 31 August 2020. For such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Disclosures as required by RBI circular dated 17 April 2020 'COVID-19 Regulatory Package- Asset Classification and Provisioning' are given below:"

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021
(All amounts in ₹ lakhs unless otherwise stated)

Particulars	"As of 31 March 2021 (Rs. Lakhs)"
Respective amounts in SMA/ Overdue categories where the moratorium/ deferment was extended in terms of paragraph 2 and 3 of the circular	4,325
Respective amount where asset classification benefit is extended	4,037
Provision made in terms of paragraph 5 of the circular (As per Para 4, applicable to NBFCs covered under Ind AS)	353
Provisions adjusted against slippages in terms of paragraph 6 of the circular	171
Residual provisions as of 31 March 2021 in terms of paragraph 6 of the circular	111

As at March 31, 2021, the provisions created have been actualised in accordance with para 6 of the above circular.

48C Disclosure on accounts subjected to restructuring for the year ended March 31 2021

The Company has restructured accounts during the year ended March 31 2021, as per the RBI circular dated August 06, 2020.

No. of accounts restructured	Amount (Rs. Lakhs)
1,955	12,512

48D Additional disclosure required by RBI

(i) Capital Risk Asset Ratio

Sl.No.	Items	As at 31 March 2021	As at 31 March 2020
(a)	Capital risk Asset Ratio (%)	36.5%	37.6%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	37.6%	40.8%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	-1.1%	-3.2%
(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 the following transaction/exposure in derivatives in the current year (Previous year Nil exposure). The Company has no unhedged foreign currency exposure as on 31 March 2021 (31 March 2020: Nil)

Disclosure with respect to outstanding Cross Currency Interest Rate Swap (CCIRS)

(All amounts in ₹ lakhs unless otherwise stated)

a Cross Currency Interest Rate Swap

Particulars	31-Mar-21
i) The notional principal of swap agreements	22,350
ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements	685
iii) Collateral required by the Bank upon entering into swaps	-
iv) Concentration of credit risk arising from the swaps	-
v) Fair value of the swap book	685

The nature and terms of the Cross Currency Interest Rate Swap

Nature	Terms	Benchmark
Hedging	Fixed payable vs floating payable	USD LIBOR

b Exchange Traded Interest Rate Derivatives - Not applicable

c Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

The Company's treasury function is responsible for company's access to financial markets. Further, treasury function monitors and manages various risks relating to treasury operations of the company including currency risk, market risk and liquidity risk. In course of managing these risks, the company may use various market instruments as permissible for the company based on RBI guidelines and internal approvals. Further, compliance with various policies and exposure limits is reviewed by the management. The Company does not enter into any trade in financial instruments including derivative financial instruments for speculative purposes. The existing exposure is hedged exposure which is towards external commercial borrowings borrowed.

Quantitative Disclosure

Sl.No.	Particulars	31-Mar-21	
		Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	a) For hedging*		**22,350**
	b) For trading		
(ii)	Marked to Market Positions		
	a) Asset (+)		
	b) Liability (-)		**(685)**
(iii)	Credit Exposure		
(iv)	Unhedged Exposure		

* Pertains to cross currency interest rate swap

(iii) Exposures:

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

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

Maturity pattern of certain assets and liabilities as on 31 March 2021

	Assets		Liabilities	
	Advances*^	Investments	Borrowings from Banks^^	Market Borrowings*
1 day to 7 days	2,998	-	928	83
8 to 14 days	-	-	1,491	-
15 days to 30/31 days	-	-	1,788	-
Over one month to 2 months	3,070	-	3,108	-
Over 2 months up to 3 months	3,074	-	3,798	-
Over 3 months to 6 months	9,523	-	10,499	83
Over 6 months to 1 year	19,716	-	21,071	3,917
Over 1 year to 3 years	78,594	-	57,733	13,650
Over 3 years to 5 years	31,906	-	26,557	-
Over 5 years	49,388	-	2,736	-
Total	**1,98,269**	**-**	**1,29,709**	**17,734**

* 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.

^Advances are gross of deferral of net income on origination of loans (Refer Note 7).

^^ Does not include book overdrafts as per Note 19.

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 up to 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**	**45,624**

^ Provisions on NPA has not been reduced in the above

(All amounts in ₹ lakhs unless otherwise stated)

(V) Disclosure relating to securitisation

Particulars	As at 31 March 2021	As at 31 March 2020
Credit enhancements provided and outstanding (Gross)		
Interest subordination	-	-
Principal subordination	3,381	3,422
Cash collateral	5,381	5,381
	No./Amount	No./Amount
1. No. of SPVs sponsored by the NBFC for securitisation transactions	10	10
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	20,900	38,509
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	3,381	3,422
* 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	5,381
* 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 2021	As at 31 March 2020
No. of accounts	1,626	2,213
Aggregate value (net of provisions) of accounts sold	7,230	8,892
Aggregate consideration	7,349	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 up to
Non-Convertible Debentures	833	02-Jun-20	ICRA A- Stable	02-Jun-21
Non-Convertible Debentures	5,000	29-12-2020/28-12-2020	ICRA A- Stable/IND A- Stable	29-Dec-21
Non-Convertible Debentures	5,000	24-Jun-20	ICRA A- Stable	24-Jun-21
Non-Convertible Debentures	6,900	07-Jun-20	ICRA A- Stable	06-Jun-21
Term loans	1,08,949	08-Jun-20	ICRA A- Stable	07-Jun-21
Securitisation transaction	4,388	30-Dec-20	ICRA AA[SO]	29-Dec-21
Securitisation transaction	7,312	30-Dec-20	ICRA AA[SO]	29-Dec-21
Securitisation transaction	23	30-Dec-20	ICRA AA+[SO]	29-Dec-21
Securitisation transaction	1,742	30-Dec-20	ICRA A+[SO]	29-Dec-21
Securitisation transaction	1,808	19-Nov-20	IND A+[SO]	18-Nov-21
Securitisation transaction	108	30-Dec-20	ICRA AA+[SO]	29-Dec-21
Securitisation transaction	722	30-Dec-20	ICRA AA+[SO]	29-Dec-21
Securitisation transaction	2,247	30-Dec-20	ICRA AA[SO]	29-Dec-21
Securitisation transaction	1,076	20-Mar-20	IND AA-(SO)	19-Mar-21
Securitisation transaction	1,474	09-Feb-21	IND AA(SO)	08-Feb-22

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 2021	As at 31 March 2020
Impairment of loans	2,348	4,930
Provision for current tax	2,011	2,461
Provision for leave encashment	21	9
Provision for gratuity	83	66

(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	1,000	997
Percentage of advances to twenty largest borrowers to total advances of the Company	1.73%	0.55%
Concentration of Exposures		
Total exposures to twenty largest borrowers/customers	1,009	997
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/ customers	0.51%	0.55%
Concentration of NPAs		
Total exposures to top four NPA accounts	173	94

(xvii) Sector-wise NPAs

	As at 31 March 2021	As at 31 March 2020
Sector	Percentage of gross NPAs to total advances in that sector	Percentage of gross NPAs to total advances in that sector
Agriculture & allied activities	0.00%	29.80%
MSME	3.10%	1.83%
Corporate borrowers	-	-
Services	3.60%	2.69%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

(xviii) Movement of NPAs

Sl No	Particulars	31 March 2021	31 March 2020
i	Net NPAs to Net Advances (%)	2.22%	2.50%
ii	Movement of NPAs (Gross)		
	i) Opening balance	6,778	4,893
	ii) Additions during the year	4,096	3,900
	iii) Reductions during the year	(4,550)	(2,015)
	iv) Closing balance	6,324	6,778
iii	Movement of Net NPAs		
	i) Opening balance	4,427	3,778
	ii) Additions during the year	476	1,170
	iii) Reductions during the year	(662)	(521)
	iv) Closing balance	4,241	4,427
iv	Movement of provisions for NPAs (excluding provision on standard assets)		
	i) Opening balance	2,351	1,115
	ii) Provisions made during the year	3,620	2,730
	iii) Write-off during the year	(3,871)	(1,440)
	iv Write-back of excess provisions	(17)	(54)
	v) Closing balance	2,083	2,351

(xix) Customer complaints

	As at 31 March 2021	As at 31 March 2020
No. of complaints pending at the beginning of the year	5	-
No. of complaints received during the year	358	357
No. of complaints redressed during the year	350	352
No. of complaints pending at the end of the year	13	5

(xx) Details of investments

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

(All amounts in ₹ lakhs unless otherwise stated)

49 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

The details of frauds reported during the current year are as follows;

	Less than ₹ 1 lakhs		More than ₹ 1 lakhs and Less than ₹ 1 crore		Total	
Particulars	**No. of instances**	**₹ in lakhs**	**No. of instances**	**₹ in lakhs**	**No. of instances**	**₹ in lakhs**
Person involved						
Staff	-	-	1	20	1	20
Outsiders	-	-	-	-	-	-
Total	**-**	**-**	**1**	**20**	**1**	**20**
Type of Fraud						
Cash mishandling	-	-	1	20	1	20
Others	-	-	-	-	-	-
Total	**-**	**-**	**1**	**20**	**1**	**20**

An amount of ₹ 10.59 lakhs has been recovered out of the above.

50 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	1,88,072	4,838	1,83,234	1,392	3,446
Standard	Stage 2	3,873	314	3,559	39	275
Subtotal		**1,91,945**	**5,152**	**1,86,793**	**1,431**	**3,721**
Non performing assets (NPA)						
Sub standard	Stage 3	**3,662**	**1,185**	**2,477**	**373**	**812**
Doubtful						
Upto 1 year	Stage 3	1,953	659	1,294	391	268
1 to 3 years	Stage 3	709	239	469	213	27
More than 3 years	Stage 3					
Subtotal for doubtful		**2,662**	**898**	**1,763**	**604**	**295**
Loss	Stage 3	-				
Subtotal for NPA		**6,324**	**2,083**	**4,240**	**977**	**1,107**
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						
		1,98,269	**7,235**	**1,91,033**	**2,408**	**4,828**

* The amounts disclosed above in stage 1, stage 2 and stage 3 are in accordance with days pending due. Stage 1 assets is up to 30 days DPD, Stage 2 assets from 31 days up to 90 days and Stage 3 assets beyond 90 days. For the purpose of ECL provisioning, the Company has considered certain loan categories as having higher credit risk and consequently provided life time losses.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

51 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.

52 Expenditure in foreign currency

The details of expenditure in foreign currency during the year are as follows;

Party Name	Nature of payment	Amount (USD)
FMO development bank	Interest payments made	1,68,919
FMO development bank	Charges paid (Commitment fee, Monitoring fee and Front end fee)	3,41,667
Total		**5,10,586**

There were no foreign currency transactions in the previous year.

53 Value of import in foreign currency on CIF basis

There are no import of capital goods during the current and previous year.

54 The comparative figures have been regrouped/ reclassified where ever necessary to confirm to the current financial period figures.

For **MSKA & Associates**
Chartered Accountants
Firm registration number: 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date: 6th May, 2021

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

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 6th May, 2021

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 6th May, 2021

Sudesh Chinchewadi
CFO & Company Secretary
CS Membership number: A16422
Place: Bengaluru
Date: 6th May, 2021

SENIOR MANAGEMENT

Sudesh Chinchewadi

Executive Vice President
Chief Financial Officer and
Company Secretary

Sudesh has more than 25 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 23 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 V

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 25 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 - Products

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 16 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 21 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.

Chandrashekar N

Senior Vice President
Head - Collections

Chandrashekar is the Head of Collections at Vistaar. He has graduated from Bangalore University with an Executive Programme in Business management at IIMC. He has over 23 years of experience in Sales, Marketing & Collections with diverse experience across industries varying from Financial Services, Retail, TimeShare, Telecom and Payment Solutions.

He has strong business acumen with expertise in creating business development procedures, distribution channel standards, sales & marketing penetration strategies as well as service plans and guidelines with a clear understanding & experience of the operating each of the designated territories / business/ Collection units as a separate profit center.

He is very proficient in managing business operations with key focus on bottom line profitability and customer satisfaction by ensuring optimal utilization of resources as well as handholding of business partners & other key stakeholders.

AWARDS & RECOGNITIONS

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

"IFC – Mint Strategy Award" in September 2016

Best Financial Reporting Award for six 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

NOTES

Vistaar Financial Services Pvt. Ltd.

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

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