vistaarfinance.com

VISTAAR FINANCE

ANNUAL REPORT 2022

FORWARD TOGETHER

PASSION, PERSEVERANCE, PERFORMANCE!

Our journey started with a passion to serve the underserved, helping them to achieve a greater economic independence and attain social well-being.
A continuous thrust to achieve our goals throughout these 12 years has enabled us to provide well dedicated services towards the MSME sectors and small businesses.

Through our perseverance and good performances during the financial year 2022 we achieved various goals. We successfully completed the year with a portfolio growth of CAGR of 47% from INR ₹ 14 Crore as on March, 2011 to INR ₹ 2,420 Crores as on 31st March, 2022.

DURING THIS YEAR, WE HAVE RECEIVED THE FOLLOWING AWARDS:

TOP 100 BEST WORKPLACES IN INDIA
by Great Place To Work

INDIA RISK MANAGEMENT AWARDS IN THE MASTERS OF RISK
– Private Sector Small Cap category for the best organization in Risk Management by ICICI Lombard & CNBC – TV 18

TOP 30 BEST WORKPLACES-BFSI
by Great Place to Work

BEST MID-SIZED FINANCIAL SERVICES COMPANY
- AmbitionBox

THE ATHLETE

Good sportsmanship may seem hard to define, but its hallmarks include Passion for what they do, the Determination to always keep going despite failures and giving their best every time they Perform.

CONTENTS

THE STARTING POINT OF ALL DREAMS IS DESIRE

Athelets have burning desires and abilities to achieve laurels for their nation by overcoming humble beginnings, and endure challenging situations and surroundings. It is their sheer dedication that leads them to excel in their fields and reach greater heights.

WHAT WE SEE

WHAT WE DON'T SEE

GOALS	PASSION	FOCUS
PLANNING	VISION	DETERMINATION
TEAMWORK	STRATEGY	RESILIENCE
FAILURES	FEEDBACK	PERSEVERANCE
INNOVATION	REJECTION	LEARNING
INTEGRITY	DISCIPLINE	VALUES

With the spirit and passion of an Athlete, OUR FOUNDERS kick-started their goal of serving the under-served MSME segment with a handful of dedicated resources and formed "Vistaar Livelihood Financial Services Private Limited".

Vistaar FINANCE

We started in the year 2010 with a commitment of creating new economic opportunities for growing small businesses thereby enriching lives, and transforming communities. Our financial products have been designed keeping in mindthe customer-centric approach.

We are committed to nation-building and aim to promote entrepreneurship.

Founded in APR'10

RAISED CAPITAL FROM MARQUEE INVESTORS which boosted our confidence

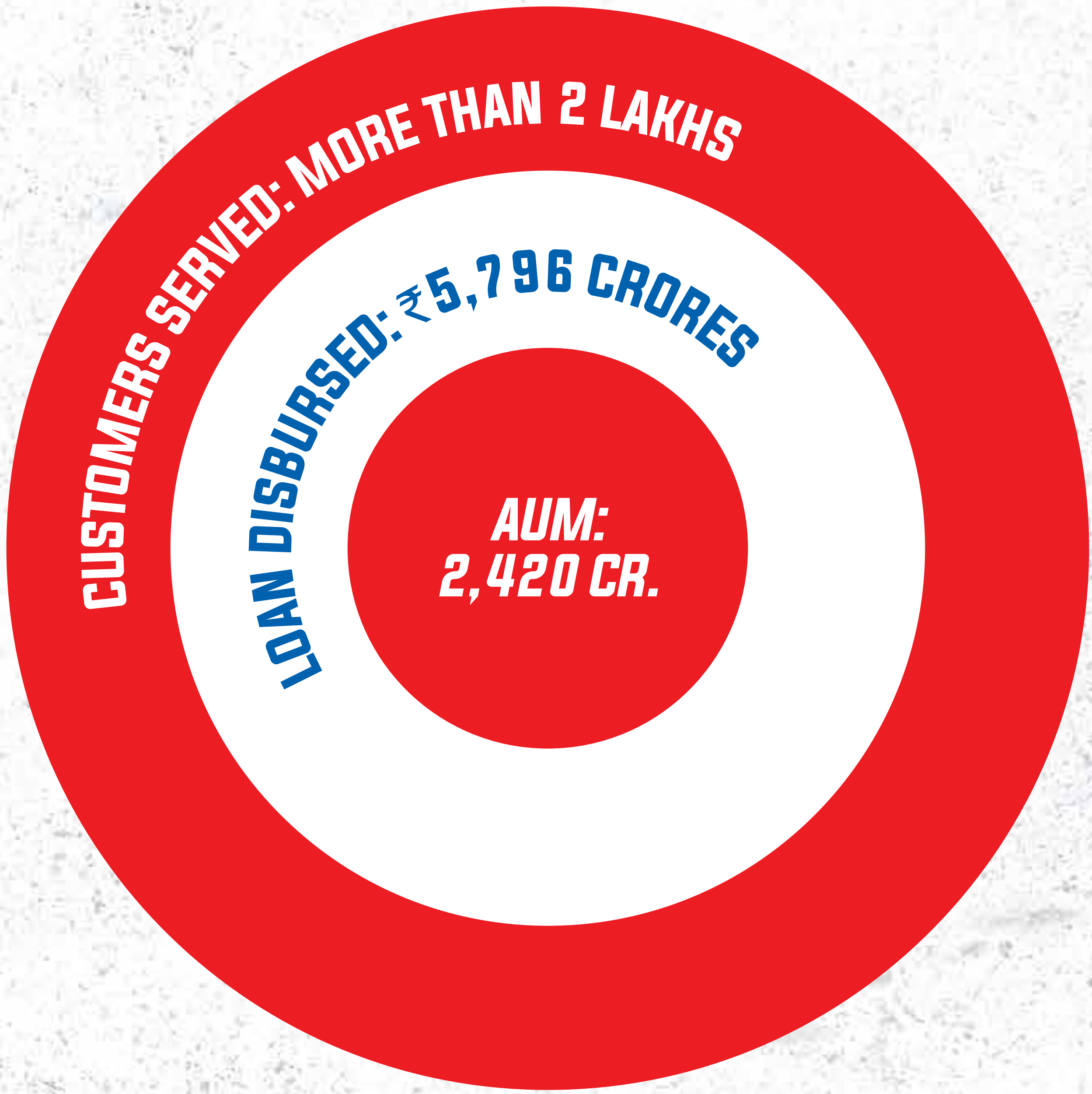
Started Operations in 13 BRANCHES

FOCUSED ON PROGRESS

Focus is the key component in an athlete's journey. Focus allows an athletes to concentrate on the goals to achieve and attain success. Focusing on core strengths and consistent training augments an athlete's performance for achieving desired results.

Our area of focus is to fulfill the financial needs of the small businesses, middle class of society who are unable to get funding from mainstream banks due to the non-availability of formal records.

In a nutshell, we have consciously chosen to focus on the rural and under-served part of the country which has limited access to formal credit. It brings us immense satisfaction to be a part of the lives of low-income groups of individuals and businesses. Our transforming efforts have uplifted them to meet their economic and social goals continuously.



UNPARALLELED PASSION

An athlete tirelessly carries his/her purpose and passion with undying determination. Passionate athlete practices consistently and grows over time.

Our passion and dedication towards our goals have kept us going throughout the last 12 years. We have been a true catalyst for the MSME segment. We have successfully empowered them and steered them into the mainstream financial segments.

With such an unparalleled passion, Vistaar Finance has developed well-diversified financial products across sectors and geographies to cater to the needs of various small-income businesses. We offer a unique range of products in line with the company's long-term policy of de-risking while meeting customer demands to a maximum.

VISTAAR SARAL BUSINESS LOAN (VSBL)

<10 LAKHS TICKET SIZE

VISTAAR VYAPAR MORTGAGE LOAN (VVML)

10 LAKHS - 50 LAKHS TICKET SIZE

VISTAAR SAMPATTI LOAN (VSL) (HOME LOANS FOR SMALL BUSINESSES)

HOUSING LOAN

OPTIMISTIC VISION

Having a strong vision and mission in and outside the field is very important for an athlete to succeed.

Their mission is always to be at the top of their game and excel in their sport.

VISION

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

MISSION

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

UNDETERRED CORE VALUES & PRINCIPLES

Core discipline, perseverance, respect, humility, professionalism, strong ethics & integrity are core values of an athlete to become role models.

Our single-minded approach of being a flagbearer to the local entrepreneurs has helped us carry our mission with pride and integrity. We shall continue to focus on our core values ensuring that we remain in complete consonance with our Vision:

CUSTOMER CENTRICITY, TRANSPARENCY, ETHICS, TEAMWORK

SEAMLESS STRATEGY

A competitive edge and team approach serve as a well-placed strategy to improvise and excel in the performances of each player. A strategic team not only improves with time, but also helps in defining targets, brainstorming, and planning techniques and tactics together.

Vistaar's effective strategy to serve the underserved missing middle segment and semi-formal customers differentiates it from other market players.

CATALYST TO STRONG STRATEGIES ARE :

1. **Unique Credit Methodology:**
   We use a unique credit methodology to study our customers' enterprises and value chains in detail and assess peculiarities of the respective segment including risks associated with the business, cyclicality, etc.
2. **Building Robust Portfolio**
3. **Building Sustainable Business**
4. **Expanding Footprints**
5. **Robust Risk Management**
6. **Strong Corporate governance principles**
7. **People Development**

Strong and deep branch presence

Understanding of collaterals

Local understanding of the micro markets

Feet on street lead model with technology enablers across business credit & collections

Considers informal cash flow

To deliver on our strategic priorities, we have identified specific people development initiatives that will result in a transformative impact on our human capital:

- Vistaar Viswavidyalaya - Providing opportunities for career, innovation and Upskilling
- Developing next level leaders by training and coaching them from field level
- Providing dedicated hours for learning and development

TURNING WOUNDS INTO WISDOM

Experiencing falls, injuries, misfortunes, failures, recovery therefrom, perseverance, and sticking to his/her passions builds a strong and resilient athlete.

Showing resilience and perseverance is imperative to overcome difficult circumstances. While the journey over years has been enriching, there have been certain roadblocks due to economic changes in recent years. We have successfully weathered the lows during demonetization and the Covid pandemic with our single-minded belief in our values, people capital, governance framework, and robust risk management. The management remained focused on ensuring that the workplace is surrounded by people who accept the challenges and show their core competencies during tough times.

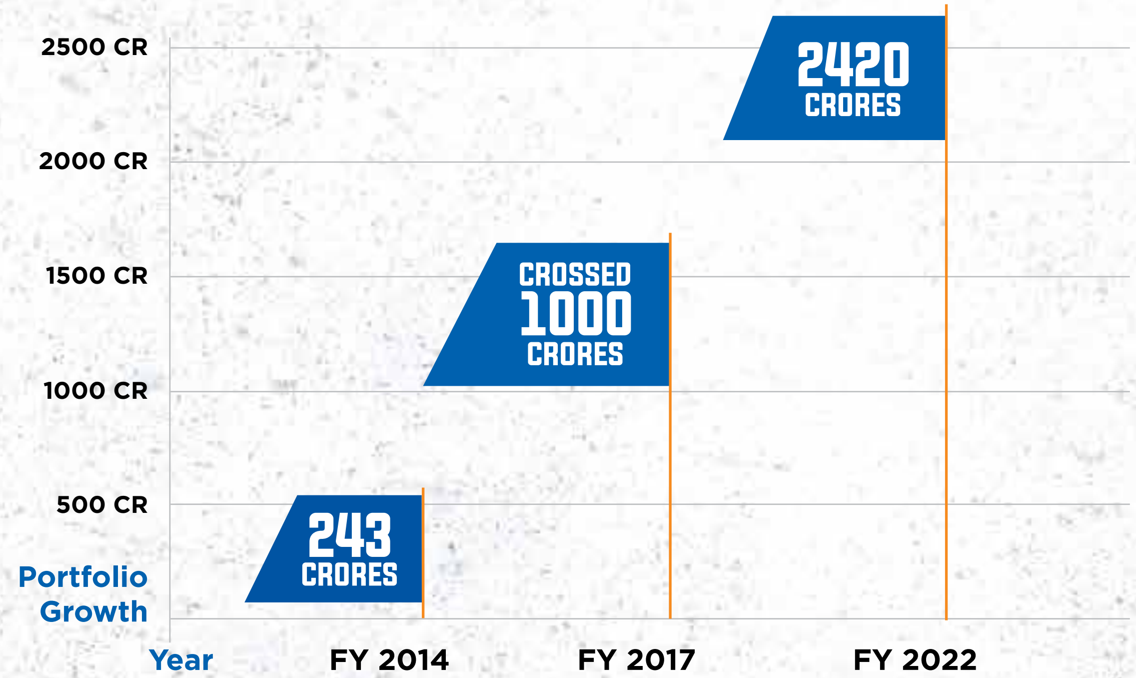
Furthermore, the overwhelming confidence of our customers in us achieving Extraordinary Results.

ACCOMPLISHING MILESTONES

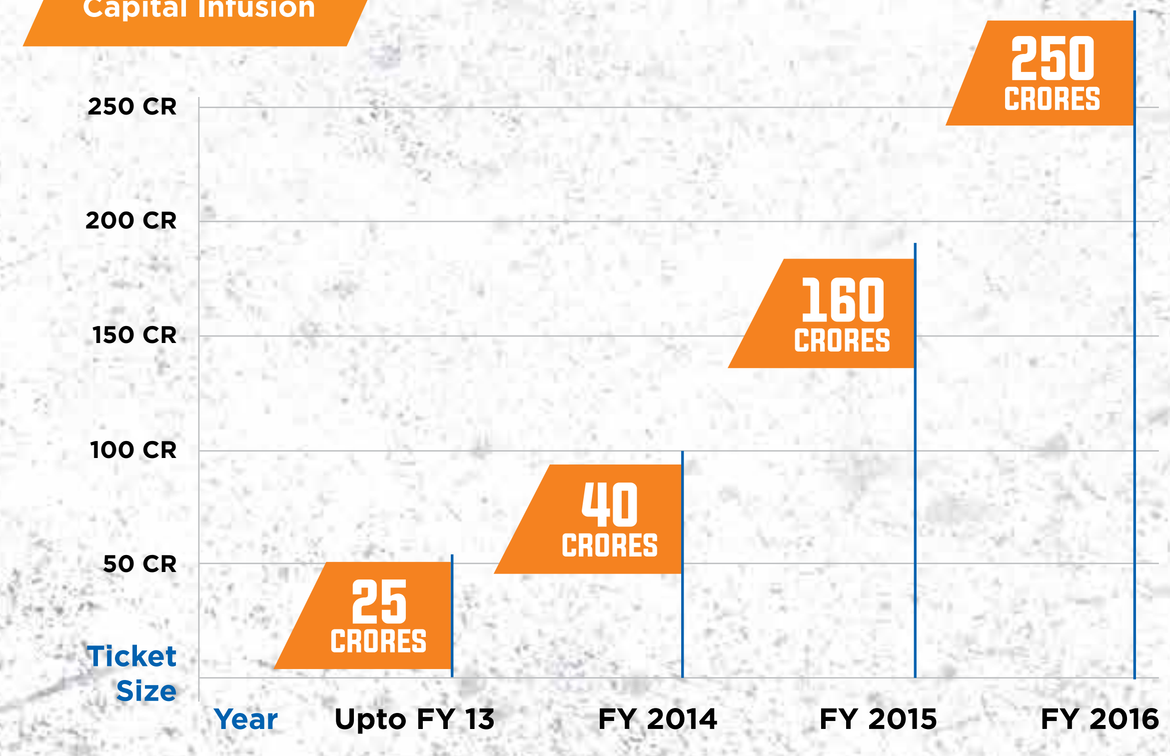
Sheer dedication and will power helps achieve challenging milestones.

Like a never-ending spirit of an Athlete, Vistaar Finance continues to achieve milestones and achieves bigger targets every year. From its inception to the much successful 12 years, its operations have received laurels in the MSME segment and generated employment. It further endeavors to make an impact on the lives of people in all parameters whether economic, social, or environmental.

Portfolio



Capital Infusion



AND THE JOURNEY CONTINUES

PUSHING THE LIMITS OF PERFORMANCE

Big targets pave a rigid path and glory.

Vistaar Finance's record-breaking results have provided continuous thrust for better performances.

Hence year after year we are growing to show our undeterred approach towards our goals

	FY18	FY20	FY22
	IN RS. CRORES	IN RS. CRORES	IN RS. CRORES
TOTAL AUM	1,270.8	1,879.7	2,420
GNPA TO AUM	3.9%	3.6%	~2.8%
NET WORTH	571.3	640.1	785

(Date as on 31st March, 2022)

PERSEVERANCE IS THE HARD WORK DONE AFTER MUCH TIRELESS EFFORT

Mr. Saravanan Nadesan started powerloom business with a handful of resources but struggled to obtain financial support from many mainstream financial institutions for further growth. He approached Vistaar Finance for business loan and now he is able to grow profitable and support his children's education.

MR. SARAVANAN IS A HAPPY VISTAAR CUSTOMER

Mr. Khoom Singh took his first loan of Rs. 4 Lakhs from Vistaar Finance in the year 2016 to increase the stock, which increased his income. He took another loan in 2018 and is now running a loan of 33 lakhs from the Company. This helped in a substantial business growth.

MR. KHOOM SINGH CALLS HIMSELF A HAPPY VISTAAR CUSTOMER

Mr. Udayarajkumar Selvam took over his family's power loom business post completion of his post graduation. To take this further he visited many banks and financial institutions for the business loan but failed to get any material assistance. Finally one of our CROs visited his business unit and approached for business loan. With the support of loan received from Vistaar Finance, he expanded his business from 3 power loom units to 20 power loom units. He further took a loan of Rs 14 Lakhs and reinvested his profits for expansion.

MR. UDAYARAJKUMAR SELVAM IS A HAPPY VISTAAR CUSTOMER

WE KEPT UNDETERRED THROUGHOUT ALL CHALLENGES AND HAVE NOW BEEN ABLE TO SUPPORT CUSTOMERS AT PAN INDIA LEVEL

Mr. Vinod Ishwar Tehsildar owns Kirana Store business in Angol area of Belgaum town. He took a loan of Rs. 8 Lakhs which helped him to boost his business and helped to run his business with good stock visibility.

MR. VINOD ISHWAR TEHSILDAR

TAKING THE LEAP VISTAAR 2.0

AWARDS & ACCOLADES

GREAT PLACE TO WORK CERTIFIED™ ORGANIZATIONS

Jan 2022 - Jan 2023
2022

BEST PLACE TO WORK IN INDIA

#1 Best Mid-Sized Financial Services Company

#13 Best Mid-Sized Comapny
2021

TSS TRANSFORMATIONAL SOCIAL ENTERPRISE OF THE YEAR

Recognizing Social Impact 2021

INCLUSIVE FINANCE INDIA AWARDS 2018

In Recognition of Contribution To The Growth of Microfinance Sector In India 2018

INDIA'S TOP 50 NBFCS RANKING

#15 under the category of Social Engagement & Reach

#22 under the category of Customer Satisfaction
2017 & 2018

MINT-INSTITUE OF COMPETITIVENESS STRATEGY

Award in the Finance Banking & Insurance Category 2016

SKOCH AWARD

For Segment Leadership & Financial Inclusion 2016

THE INDIA CFO AWARD

For Excellence in Finance in a Start - Up to Mr. Sudesh Chinchewadi, CFO & CS 2016

MOST INFLUENTIAL CFOS OF INDIA

Awarded to
Mr. Sudesh Chinchewadi, CFO & CS 2015

CEO WITH HR ORIENTATION

Vijayavani - BFSI award to Mr. Brahmanand Hegde, MD & CEO 2015

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. Deepak Ramineedi
Nominee Director
DIN - 07631768

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

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

1. Mr. Deepak Ramineedi (DIN - 07631768) was appointed as a Nominee (Additional) Director on November 10, 2022

2. Following directors resigned from the Board:

Name	Type of change	Designation	Effective Date
Mr. Sumir Chadha (DIN: 00040789)	Resignation	Nominee Director	November 10, 2021
Mr. Sandeep Marian Farias (DIN: 00036043)	Resignation	Nominee Director	March 28, 2022

CHIEF FINANCIAL OFFICER

Mr. Prashant Kani

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Nisha Sharma
CS Membership No: A35518

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

AK Capital Finance Limited
AU Small Finance Bank
Axis Bank Ltd
Bajaj Finance Limited
Bandhan Bank Ltd
Bank of Baroda
Bank of Maharashtra
Canara Bank
Capital Small Finance Bank
Catholic Syrian Bank
DBS Bank Limited
DCB Bank Limited
Dhanlaxmi Bank Ltd
Equitas Small Finance Bank
Federal Bank
FMO Development Bank
HDFC Bank Limited
Hinduja Leyland Finance
IDBI Bank Ltd
IDFC First Bank Ltd
Indian Bank
Indian Overseas Bank
IndusInd Bank
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
MAS Financial Services Ltd
NABKISAN Finance Ltd
NABSAMRUDDHI Finance Ltd
Poonawala Housing Finance Ltd
RBL Bank Ltd
SBM Bank(India) Ltd
Small Industries Development Bank of India
South Indian Bank
State Bank of India
Sundaram Finance Limited
TATA Capital Financial Services Ltd
UCO Bank Ltd
Ujjivan Small Finance Bank
Union Bank of India
Utkarsh Small Finance Bank
Yes Bank

STATUTORY AUDITORS

M/s. B. K. Khare & Co.
Chartered Accountants
(ICAI Firm's Registration No.: 105102W)

DEBENTURE TRUSTEE

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

Corporate Office: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098

REGISTRAR & SHARE TRANSFER AGENT

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

CHAIRMAN & FOUNDER'S MESSAGE

MR. C.B. BHAVE

Non-Executive Chairman & Independent Director

NON-EXECUTIVE CHAIRMAN & INDEPENDENT DIRECTOR

It is my pleasure to present the Annual Report of Vistaar Financial Services Private Limited for the financial year 2021-22 as the Chairman of the Board.

This financial year was challenging due to the 2nd wave of Covid -19, Geopolitical conflicts & rising inflation. The 2nd outbreak of COVID-19 at the beginning of the financial year was much more devastating and affected a larger number of people as compared to the 1st wave in India.

Targeted measures from the Government and the regulatory authorities further helped the economy and specifically the MSME sector. Some of the specific measures such as extension of the restructuring scheme, extension of the priority sector lending tag for MSME lending, lending support through ECLGS scheme to hotels, travel agents etc., enhancement of limits under ECLGS scheme, extension of the ECLGS scheme and special liquidity to SIDBI for refinancing to NBFCs to help the MSMEs.

The Company, during the lockdown period halted further disbursements and reached out to customers through various surveys to gauge the impact of the pandemic on the families of the customers and consequently on their businesses. The management team showed nimbleness to adopt to changing scenarios by obtaining feedback from the ground through these surveys and responding appropriately and at the same time managing the risk effectively. The Company guided the customers appropriately based on their business and family conditions.

The business picked up with the easing of lockdowns and collection efficiencies improved. Despite the challenges faced, the Company has achieved a 17% growth in portfolio and the highest ever (since inception) monthly disbursement of Rs 141 Cr in March 2022. The gross outstanding portfolio as at March 2022 stood at Rs. 2,420 crores. The Company has also closed the year with the best ever profit (before tax) of Rs. 100.4 crores.

Prudent risk management ensured that NPAs were under control and reduced as compared to FY 21 and also ensured that the Company had sufficient liquidity at all times. It is heartening to note that Company has been awarded India Risk Management Award – Masters of Risk for best risk management practices in the private sector small cap space instituted by ICICI Lombard and CNBC TV 18.

It is also very heartening to note that the Company has been certified as a best place to work by the Great Place to Work Institute (GPTW). This has been done post a rigorous assessment by the GPTW institute. This shows the Company's commitment to employees as an asset. Employees are and will always be a critical factor in the Company's growth. The above achievement is noteworthy.

The leadership team continues to focus on strategies that can yield the best results for the Company, the customers and the shareholders.

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

I am honored 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 financial year 2021-22 was as an eventful and a challenging year just like 2020-21. The year started with the Covid second wave making the initial months challenging on the business front. However, our experience in handling crisis over the years, the continuation of the comprehensive customer reachout program, the guidance of the Board of Directors and the strength and relentless focus of passionate Vistaarians ensured that the crisis was managed well. The business gradually picked up from the month of July and improved month on month basis to achieve a growth of 17% in portfolio growth coupled with a reduction in the gross NPA percentage to 2.6% from 3.25% in FY 2020-21.

Vistaar has completed twelve years of its operations. It has been a fulfilling journey weathering the challenging situations like demonetization, the NBFC Liquidity crisis, and the Covid-19 pandemic. In line with the company's vision, the Company continues to focus on serving the MSME segment which is largely underserved. This is a massive opportunity for the Company. During the current financial year, despite the pandemic, the Company has disbursed loans of approx. Rs. 900 crs and has assets under management of **Rs 2,420 Crs** as of March 2022. The Company has grown 17% YoY.

Vistaar Finance continued its focus and investments in its most rewarding assets ie., the employees. The increments and bonuses given in FY 22 were among the highest over several past years. The Company continued its focus on ensuring employee safety and wellbeing and ensuring there is an environment to foster camaraderie, team spirit and performance. **The testimony to these efforts is that the Company has been named India's top 100 Great Places to Work for, 30 best places to work in the BFSI sector and best workplaces in NBFC by the Great Place to Work Institute in its 2022 rankings.** The list features renowned names such as Cisco, Salesforce, HP, Accenture etc.

Vistaar Finance continues to be financially prudent with appropriate risk management practices. As mentioned earlier, the GNPA of the Company reduced from 3.25% in FY 21 to 2.6% in FY 22. As a recognition to the risk management practices of the Company, the company has been awarded **India Risk Management award – Masters of Risk for best risk management practices in the private sector small cap space instituted by ICICI Lombard and CNBC TV 18.** These risk management practices also ensured that the Company has been able to honour all its financial commitments even during these stressful times without much difficulty.

During FY22, the company continued to support various initiatives under the broad categories of education, health and environment as part of its CSR program. The Company has spent a total of Rs. 241 lacs during the financial year for various projects.

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 is ready to leap to 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.

MR. CHANDRASHEKHAR BHASKAR BHAVE

Non-Executive Chairman - Independent Director

Mr. C.B. Bhave has over 45 years of vast experience in the 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 the Securities and Exchange Board of India (SEBI) as a Senior Executive Director from 1992 to 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 revolutionizing 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 the 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, and 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, and Bharat QR. Issuance and Acquiring business including Transit and Metro Transaction banking including Cash Management Products.

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

MR. JAMES ABRAHAM

Independent Director

James Abraham has over 25 years of experience as a management leader in technology companies in the Americas and Southeast 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, organization, and financial structuring. In 2009, James was a Senior-Partner with BCG, when he left to start and head Sunborne energy. Sunborne is working to make solar power no more expensive than conventional power, using Indian engineering and development skills. In 2014, he launched SolarArise, which focuses on financing and managing solar-power plants over their lifetime. 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.

MR. SHAILESH J MEHTA

Nominee DIrector

Dr. Shailesh Mehta has over 45 years of vast experience in the financial sector. He was on 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 KeyCorp), 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, and Venture Partner at Clear stone Venture Partners. He founded the SJM School of Management in IIT Bombay. Dr. Shailesh Mehta did his BS from the Indian Institute of Technology, Mumbai, and MS from Case Western Reserve University. He holds two Ph.D.'s from California State University and Case Western Reserve University.

MR. 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 PriceWaterhouseCoopers 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.

MR. DEEPAK RAMINEEDI

Nominee DIrector

Deepak has received an MBA from IIM Ahmedabad and a B.Tech in Electrical Engineering from IIT Bombay.

Deepak primarily focuses on financial services in both private and public markets and earlier worked on healthcare, and consumer as well. Deepak worked with Credit Suisse for three years as an equities research analyst covering Indian financial services and Indian market strategy. Deepak Ramineedi, a Principal at WestBridge Capital, is based out of Bangalore. Deepak has been with WestBridge for the last nine years and has over twelve years of experience in the equities space.

MR. BRAHMANAND HEGDE

Executive Vice Chairman and Director

Brahmanand Hegde is the Executive Vice Chairman of Vistaar Finance. He is one of the Promoters or Vistaar. He was a Director – of Microfinance Fullerton India, and a core member of the team which conceptualized, developed, and started the Microfinance

Before that Brahmanand worked in ICICI Group between 1992 and 2007, in the Rural and Micro banking 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 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 Commercialization & Enterprise (ACE) Programme for USAID. Brahmanand is a Post-Graduate with an M.Sc. from the University of Agricultural Sciences, Bangalore, and a qualified CAIIB from the Indian Institute of Bankers, Mumbai.

MR. 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 or 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 in early 2008.

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

SENIOR MANAGEMENT

Sudesh Chinchewadi

Senior Executive Vice President
Chief Business Officer

Sudesh has more than 27 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.

Vinod Kumar V

Executive Vice President
Chief Risk Officer

Vinod Kumar V is the Chief Risk Officer at Vistaar. He comes with a rich experience of 26 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.

Dr. Ashok Nagpal

Executive Vice President
Head - Products

Dr. Ashok Nagpal is one of the founder employees of Vistaar & presently heads the Products.

With over 17 yrs of varied experience, he is skilled in Product Development, Business Operations & Expansion, Marketing, Business Planning, Analytics, Credit, Collections, Risk Management (incl. RCU, Ops Risk & Internal Audit), Process Standardisation, Strategy & Human Resources.

He is a Veterinarian (Gold Medalist) with PGP-ABM from IIM-Ahmedabad.

Chandrashekar Natraj

Senior Vice President,
Legal & Collections

Chandrashekar has an overall 23 years of experience in sales, marketing & collections with diverse experience across industries varying from BFSI, Retail, Time Share, Telecom & Payment Solutions. He has a demonstrated history of managing large businesses, distribution networks, business expansion, collections, cross-functional Team Leadership, P&L and business strategy.

Chadrashekar 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 centre. He has led large teams through the lending journey, impacting lives of many customers & employees with innovative products, solutions and services. He has a proficiency in managing business operations with key focus on bottom line profitability and customer satisfaction by ensuring optimal utilization of resources as well as hand holding of business partners & other key stakeholders.

Chandrashekar's professional pursuit is to build great teams, spark creativity, innovation and ethics in people while leading them to create a better livelihood. He has a Graduate degree from Bangalore University with an Executive Programme in Business Management at IIMC.

Sunand Sahu

Vice President
Head - Internal Audit

Sunand Sahu heads the Internal Audit function at Vistaar and has a work experience spanning over 24 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.

Prashant Kani

Senior Vice President
- Chief Financial Officer

Prashant Kani is the Chief Financial Officer at Vistaar Finance. He is responsible for functions of Finance, Treasury & Compliance. He has experience of more than 15 years in the area of audit, financial control and reporting, budgeting & planning, treasury management, MIS and investor relations. He has previously worked with John Distilleries. Prashant is a qualified Chartered Accountant and Company Secretary.

Manas Satpathy

Vice President & Head - HR

Manas has got 17 years of rich exposure in various gamuts of HR. His specialities include talent acquisition, talent management, employee engagement. He has earlier worked with HDFC Life- leading private life insurance of India, serving in many geographies. Manas is a management graduate in Human Resources.

Nirbhay Kumar Singh

Executive Vice President
Chief Information Officer

Nirbhay carries more than 20 years of experience in Software Development, Delivery and Onshore/Offshore production support experience with last 6 years in business relationship, strategy, program management and delivery, program budgeting, operations and resource management. Nirhhay exhibits strong Project Management skills with experience in BFSI and Healthcare domain and has an extensive on-site software development and Implementation experience in India and in abroad (japan/US). He earlier worked with Nucleus Software Exports Ltd where he was working as a Global Delivery Head.

Mayank Vajpeyee

Vice President & Head – Central Operations

Mayank Vajpeyee, is Head of Central Operations. He has more than 16 years of experience in Banking and Finance industry, having worked with ICICI Bank Ltd and HDFC Bank Ltd, before becoming part of Vistaar. Mayank is a certified Six Sigma Black Belt professional and, after completing his Engineering in Electronics, did his PGDM in Marketing from Nirma Institute of Management.

Jaideep DE

Vice President,
Head- Analytics & Data Science

Jaidip has 14+ years of experience in leading Analytics & Data Science function in BFSI and Technology industries. He has worked with SPSS, HSBC, IBM, Standard Chartered Bank. He has been instrumental in creating machine learning based scorecard solutions for Credit and Business functions at a global level. Jaidip holds Masters in Statistics from University of Kalyani, Nadia, West Bengal.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC OVERVIEW:

According to the World Bank Group's 'Global Economic Prospects' "After rebounding to an estimated 5.5 % in 2021, global growth is expected to reduce significantly to 4.1% in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, geopolitical disputes, and lingering supply bottlenecks,". Commodity prices have risen sharply over the world amid increased volatility, with negative consequences for net commodity importers. The financial markets have become more volatile. Early in March, crude oil prices soared to a 14-year high; despite some retracement, they remain volatile at high levels. Supply chain challenges, which had been expected to alleviate have resurfaced.

As per the global report Jan'22 here are some of the major factors we can look into:

Financial Stability

During the financial year, a few major central banks begun to decrease long-term asset purchases and had further indicated plans to increase policy rates. The emergence of the Omicron variant led to significant market volatility in late 2021. However, with a strong boost in the corporate earnings there was a substantial return of the equity prices upto an approximate of historically high levels. Even though the spread of corporate credit edged up, they stayed flattened even for riskier borrowers.

Inflation

Inflation will be heavily influenced by the growing geopolitical environment and its impact on global commodity pricing and logistics in the future. In terms of food costs, domestic cereal prices have risen in sync with international prices, however, record food grain production and buffer stock levels should keep domestic prices in check. Due to worldwide supply limitations, elevated global price pressures in important food commodities such as edible oils and animal and poultry feed create considerable uncertainty in the food price future, necessitating constant monitoring. Inflation is now projected at 5.7 percent in 2022-23, with Q1 at 6.3 percent; Q2 at 5.8 percent; Q3 at 5.4 percent; and Q4 at 5.1 percent.

Employment

Indian employers continue to opt an optimistic idea on hiring during the April-June quarter with 38% aiming to hire additional people in the next three months. Data gathered from hiring businesses and job boards revealed that most industries, including IT, telecom, FMCG, BFSI, e-commerce, education, e-mobility, and medicine, are doing substantially well and are in a position to increase their headcounts. However, the market has not returned to normalcy yet and recruiters predict that some industries such as advertising and non-essential retail may take a few more months to recover in a full manner.

INDIAN ECONOMIC OVERVIEW:

Despite the 2nd wave of COVID-19 and other hindrances, overall economic activity remained stable indicating that India has learned to cope with virus-related restrictions. The economy's confidence has been bolstered even more by the rapid pace of immunization which is reflected high-frequency indicators such as electricity consumption, PMI manufacturing, exports, and e-way bill creation.

The commitment provided by the government in the Union Budget to creation of assets through public infrastructure development in 2022-23 will re-energize the investment cyscle and crowd in private investment with huge multiplier effects. This will boost inclusive and sustainable growth. Consumption will rise once the uncertainty and worry caused by the Covid-19 virus have passed, and the demand rebound will allow the private sector to step in with investments to boost production to satisfy the rising demand. This scenario should playout for the Indian economy in 2022-23, barring geopolitical and economic surprises.

The trajectory set for India's economy by the previous year's budget has been reinforced in the Union Budget 2022-23. The capex budget has been increased by 35.4% over the current year's budget predictions, amounting to 4.1% of GDP which will fuel Gati Shakti's seven engines further bridging the infrastructure gap.

There are a lot of private investments taking place and consumption levels are rising as a result of increased employment. The capex generated by the government will also encourage private investment. The Production Linked Incentive (PLI) schemes in 14 sectors will further encourage private investment to boost export growth and allow for feasible import substitution in the country. The growth forecast for 2022-23 is based on the premise that there will be no further devastating pandemic-related economic disruption, that the monsoon will be as expected, and that major central banks will withdraw global money in a relatively orderly manner.

According to the Reserve Bank of India (RBI) data, India's GDP during the year is expected to grow at 7.2% for the financial year 2022-23 as against 7.8% from earlier guidance. The IMF and FICCI has projected a growth rate of 9% and 7.4% respectively for the financial year 2022-23.

INDUSTRY OVERVIEW:

ICRA has revised the outlook for non-banking financial companies and microfinance institutions to stable from negative with the expectation of steady growth in the Assets Under Management (AUM) and improvement in profitability. The Industry's AUM witnessed subdued growth in H1 FY2022 due to the second wave of the Covid 19 pandemic. Nevertheless, disbursements recovered thereafter, and expected the trend to continue.

The collection efficiency dipped by around 20-25% during April to May in 2021 vis à vis at the March 2021 level. However, with the gradual easing of restrictions, the collection efficiency bounced back by September 2021 to the March 2021 level and remained steady thereafter. The third wave is expected to have impacted the disbursements and recovery efforts in January 2022, howver, the impact was limited.

With some recoveries and growth in the AUM, the 90+ days past due (DPD) % improved in Q3 FY 2022 and the trend is expected to continue. It's expected the 90+ DPD to decline substantially in FY2023, driven by some recoveries, growth in the AUM, and write-offs. The pressure on profitability is expected to remain, though some improvement in H2 FY2022 compared to H1 FY2022. FY2023 is expected to witness further improvement in profitability with the expectation of an increase in yields and a reduction in credit costs.

The revised regulations by the RBI which was applicable from April 01, 2022 would give more flexibility to NBFCs and MFIs in fixing lending rates and is further expected to provide upside to profitability going forward.

MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES):

Over the last five decades, the Micro, Small, and Medium Enterprises (MSME) sector has emerged as a highly dynamic sector in the Indian economy. It contributes significantly to the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital costs, next only to agriculture.

Various reports, studies, and surveys have repeatedly demonstrated that this sector serves as a catalyst for the country's socio-economic development. MSMEs serve as ancillary units to large companies and contributes considerably to the country's inclusive industrial development. MSMEs are expanding their sphere of influence across the economy, generating a diversified range of products and services to fulfill the needs of both domestic and international markets.

The second wave of Covid 19, the announcement of a countrywide lockdown slowed the growth of MSME owners, employers, and external stakeholders in the first quarter of the financial year 2021-22. The prolonged lockdown had a significant influence on the supply of finished goods, raw material acquisition, and staff availability to work in production and supply activities. The sector, though not yet back to pre-Covid levels is improving with liquidity stress easing and steady asset quality.

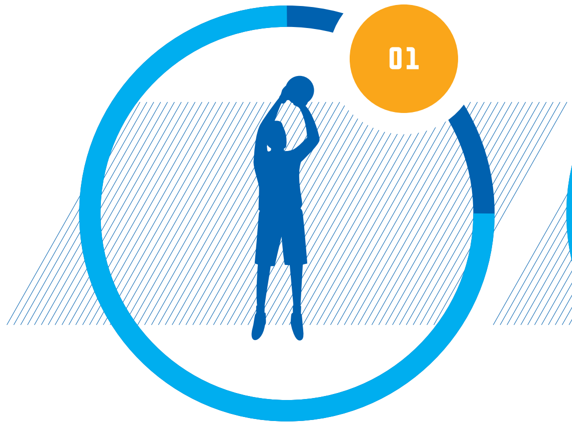
According to Bhanu Pratap Singh Verma (Minister of MSME), the number of women-led MSMEs in India surged by over 75% in FY22 to 8.59 lakh units, up from 4.9 lakh units the previous year. Since its introduction in July 2020, 77 lakh MSMEs have enrolled on the Udyam portal.

The Ministry of MSME is taking several efforts to help MSMEs go worldwide and to improve the overall business environment by making it more hospitable and transparent for all parties involved. The government's new initiatives are expected to function as a stimulant for the sector, not just in terms of recovering from pandemic-related shocks, but also in preparing for a brighter future.

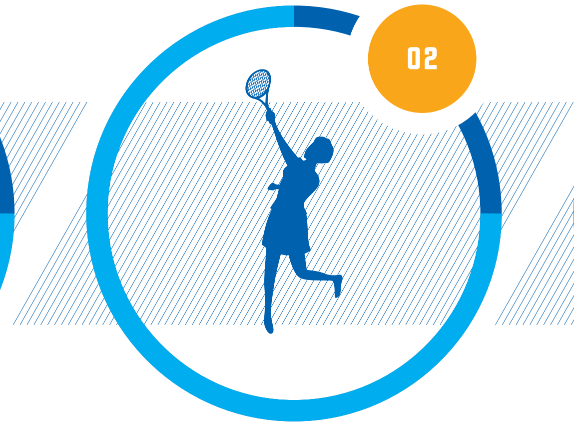
THE PROVEN UNIQUE CREDIT METHODOLOGY

As an organization that operates in the MSMEs space, we have unique credit methodologies for different customer segments. We study our customers' enterprises and value chains 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 into the credit assessment accordingly. The 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.

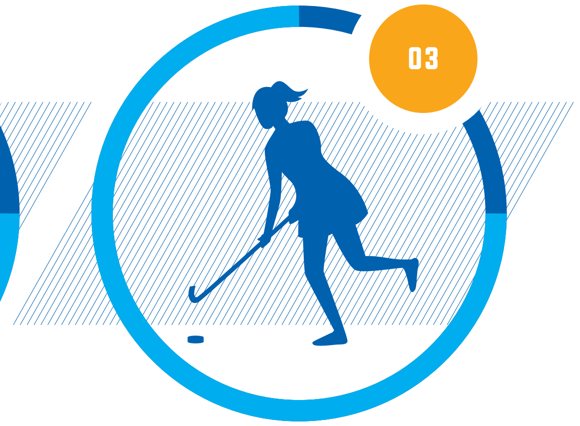
Unique Crdit Methodology-



In-depth study of a Sector to determine unique credit methodology

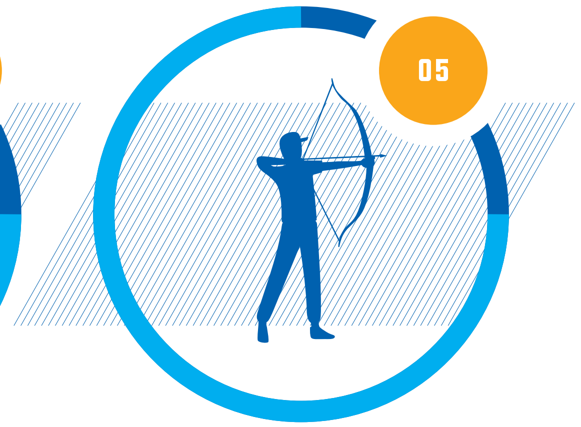


Income assessment through non-traditional documents



Reference check supply-chain players, neighbors

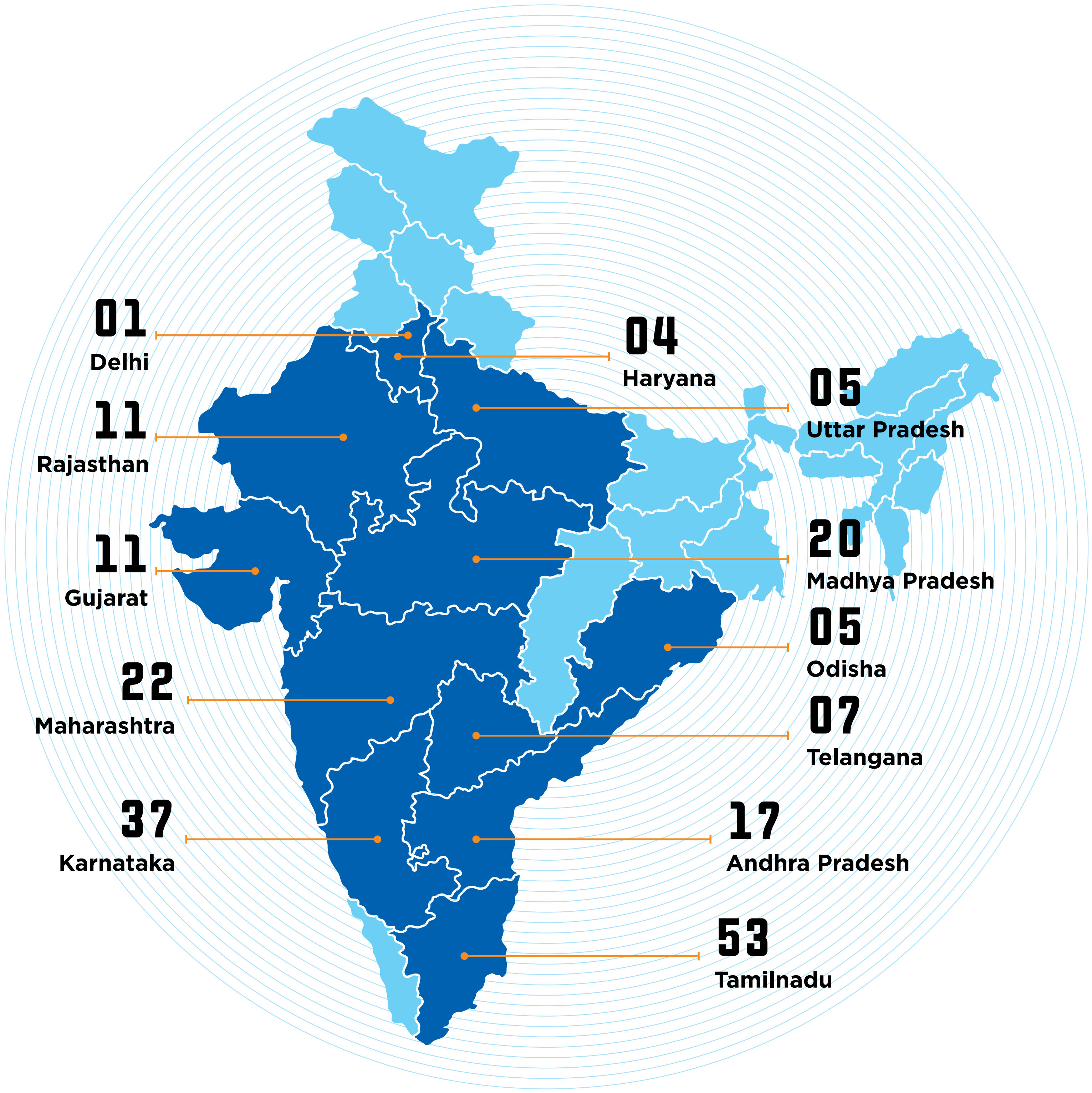
Collateral is taken for moral suasion



Continuous refinement of product and credit methodology

A BIG PICTURE OF VISTAAR

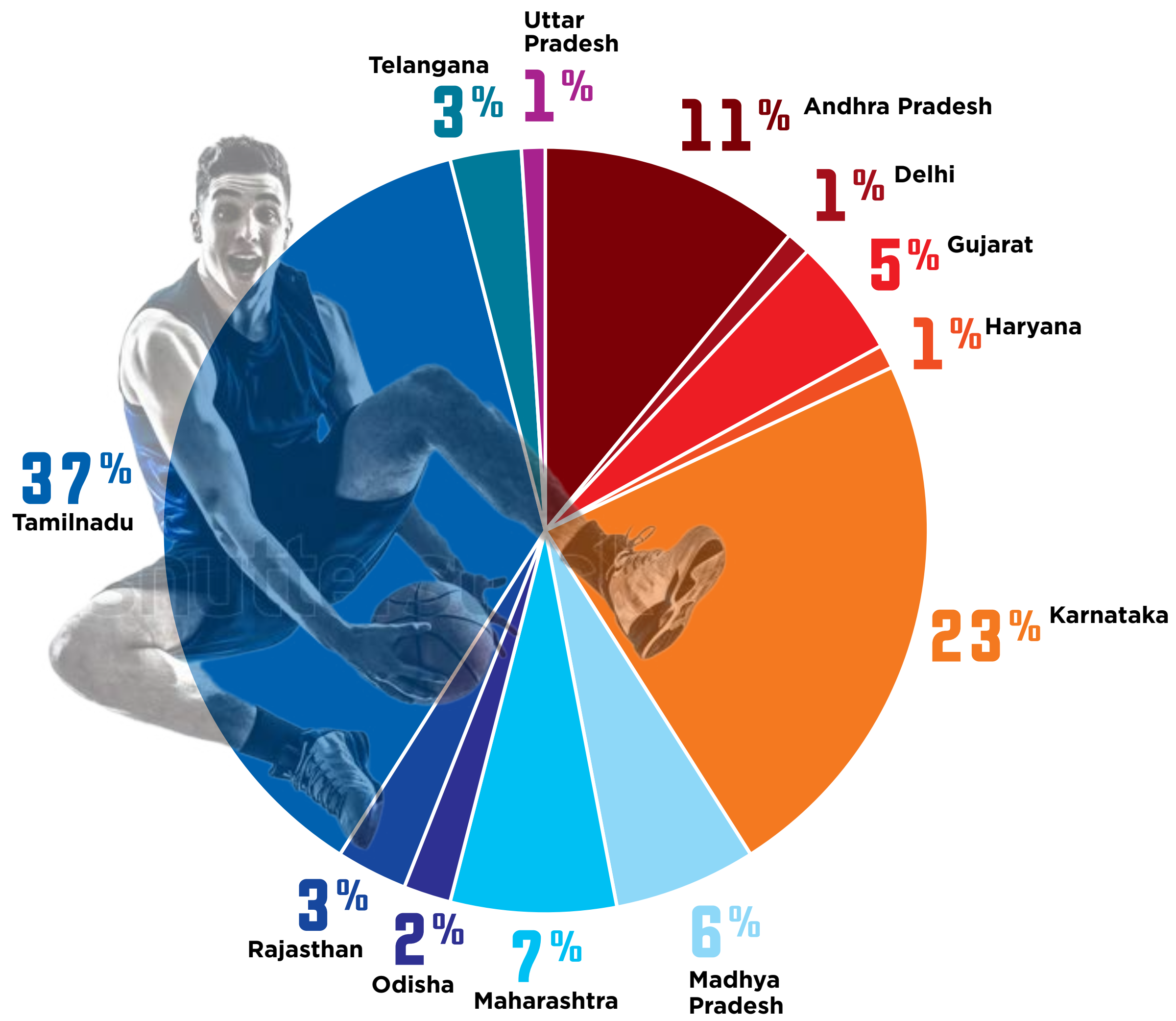
Portfolio:	Disbursements:	Capital Adequacy Ratio:
₹2,420 Crs.	**₹899.5 crs**	**29.9%**



193 branches across
12 states and 133 districts

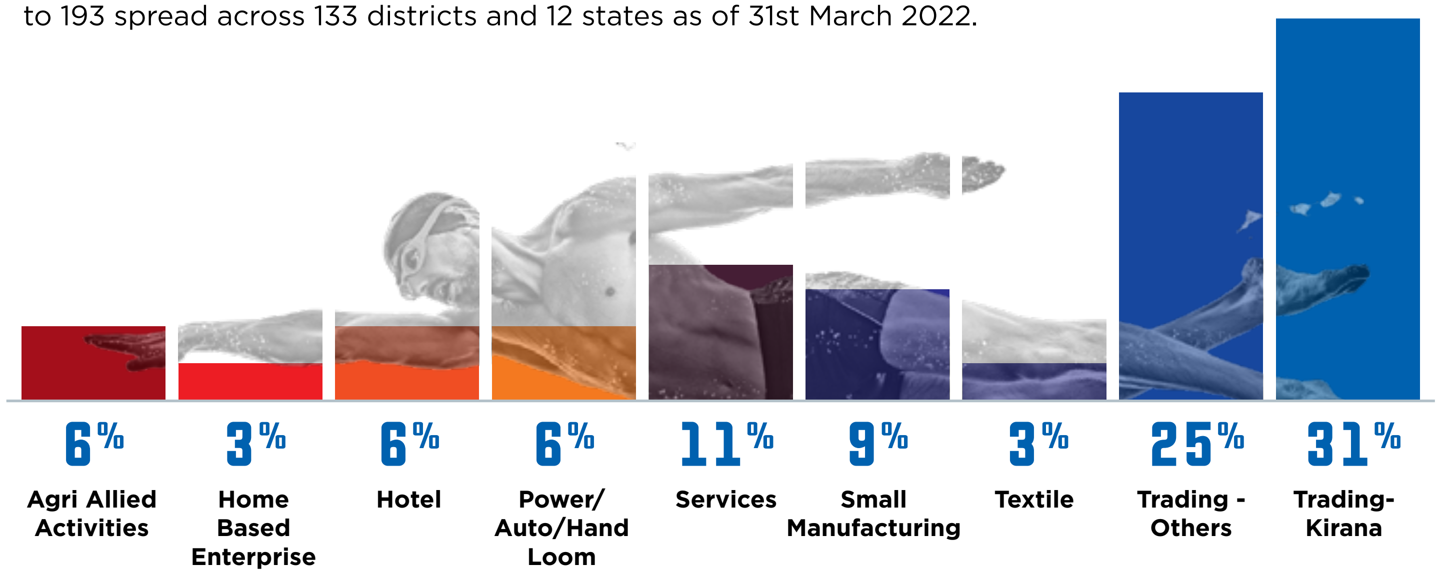
Growth Strategy:

Our growth strategy is to expand the branch network in the existing geographies where we are currently operating and to improve productivity further in the existing branches. Vistaar Finance is well diversified as we have made our presence in most of our target areas. We have focused completely on a secured enterprise loan book which will result in a healthy portfolio in the long run.



Business & Portfolio Update – FY22

Our gross loan book grew by 17%. Our PBT increased 16% YoY and stands at Rs 100 Crs. NPA reduced to 2.7% in FY22 compared to 3.25% in FY21. The Company's branches took the total count to 193 spread across 133 districts and 12 states as of 31st March 2022.



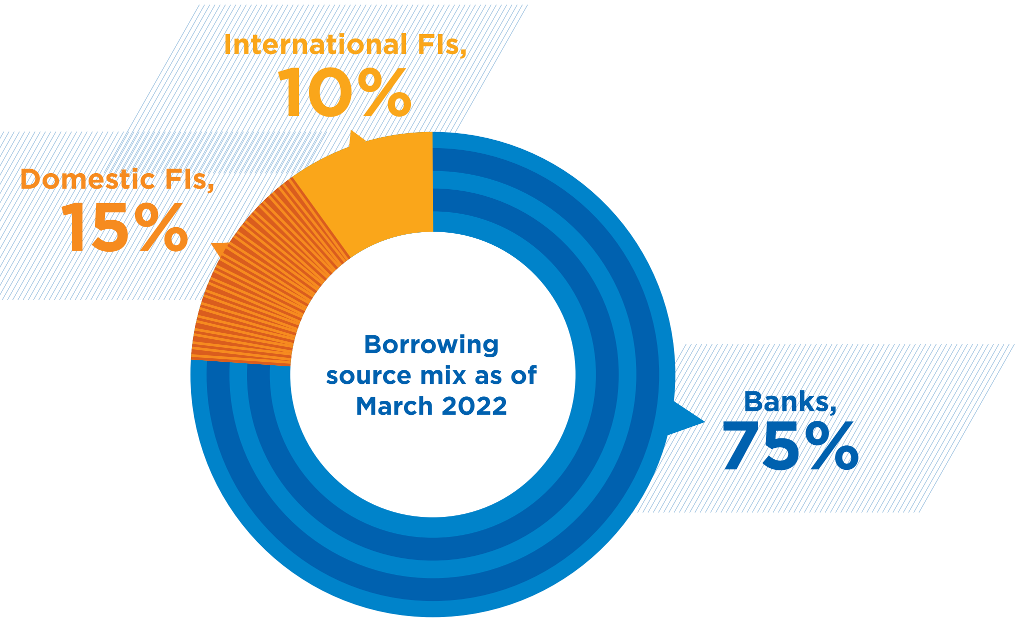
As of 31st March, 2022, the gross loan portfolio was up by 17% to ₹2,420 cr compared to ₹2,065 cr as of 31st March, 2021.

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, 2022, the overall capital adequacy ratio of the Company was 29.9%. The Company has raised primary capital from marquee investors in its journey over the last 12 years. The increasing bottom-line growth has also been contributing to the overall capital available for the Company.

Borrowing source mix as of March 2022

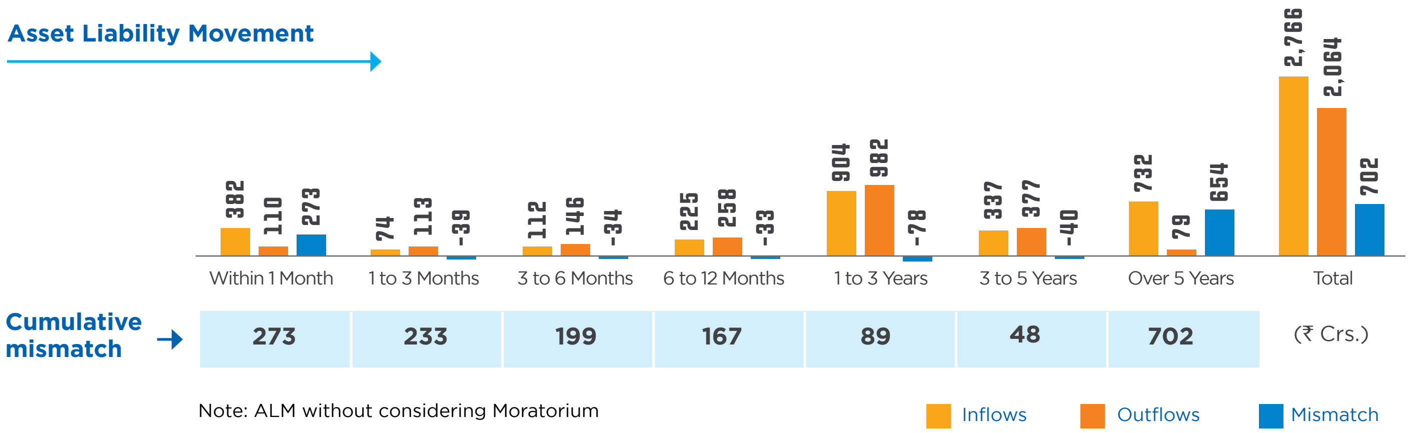
Vistaar constantly strives to diversify its sources of capital. During FY22, the Company raised 1,119 crores of debt from various Banks and Financial Institutions through term loans, Cash Credit, and Non-Convertible Debentures (NCDs) & securitization to fund its growth. The Company also enjoys working capital limits to take care of its short-term requirements. During the year, seven new lenders have been onboarded. As of the end of FY22, the Company had an outstanding debt amount of ₹1, 913 Crs from 42 banks, and domestic financial institutions as against ₹1,514 Crs in FY21



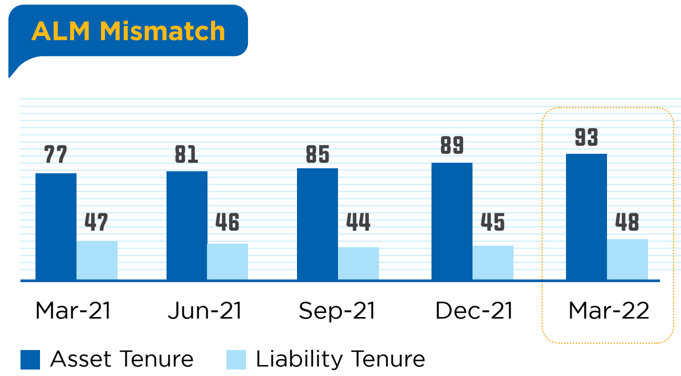
The long-term credit rating of the Company is '[ICRA] A-' with a stable outlook.

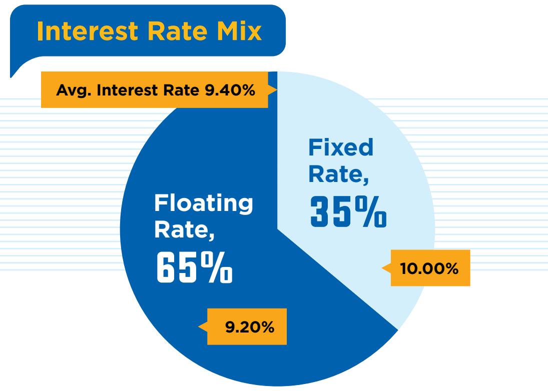
Asset Liability Management: (ALM)

The Company has a well-defined ALM policy to address the risk of mismatch between assets and liabilities either due to liquidity or changes in interest rates. The Company has an 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 a conservative and prudent ALM policy that helps to provide adequate liquidity at all times, as the total inflows in each maturity bucket are higher than the total outflows in the respective buckets except for a small mismatch in the 1-12 months period. Negative mismatches will be managed through unutilized CC/OD limits. The behavioral ALM is positive across all the buckets considering the historical pre-payment and settlements. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis.



Note: ALM without considering Moratorium





Financial Performance of FY22 vis-à-vis FY21

During the financial year 2021-22, the revenue from operations increased by 11% primarily on account of the increase in the portfolio. The total expenses however increased by 9%. The overall expenses were streamlined to respond to external market conditions. The profitability of the year increased by a healthy 17% even during the pandemic. This was possible due to portfolio growth and appropriate risk management measures undertaken by the management.

Human Resource:

When the entire nation was under the tight grips of Covid-2 and figuring out about their next best strategic move, Vistaar Finance was busy carving out a niche for itself. The outcome became more evident when Vistaar Finance was rewarded as "Best Mid-Sized Financial Services Company" by Ambition Box in June 2021.

Vistaar Finance has always been an employee centric company. In order to bring a higher level of employee delight, the company then undertook a flurry of changes in its people (HR) practices. Work-life balance was accentuated by announcing mandatory leave of 7 days for every employee, paternity leave eligibility was further increased to give new fathers more time not only to sink in the joy of fatherhood but also to help their partners to recover fast. Child adoption is a noble cause, we understand the impact it brings to society. Thus, we announced financial assistance to promote child adoption. Work time flexibility and work from home policies were also brought in to allow employees to choose their working hours and be productive.

Employee health and wellness always remains our top priority. As a result, the company not only sponsored vaccination for employees but also to their family members. Additionally, all Vistaarians were provided with another layer of medical security through Corona Kavach Policy. Also, during the year (COVID period), our fitness enthusiasts ran a daily V-Fit programme for all the employees to keep them fit and healthy during Covid period.

We also introduced V- Grow, a platform to promote internal talent for various supervisory positions. As a result, around 60% of our branch supervisory positions are internally filled and are performing well. V-Grow gave a good opportunity for Vistaarians to get professional growth.

These initiative helped the company to be included in the top 100 list of 'Great Place To Work (GPTW)" and also top 30 Best Workplaces in BFSI , Best Workplaces in NBFC . We shall continue to take steps for the all inclusive growth of our employees as they remain our top priority in the years to come and become one of the best employers in this space.

RISK MANAGEMENT & SUSTAINABILITY

Risk Management

Risk management is a comprehensive framework, meticulously designed to suit and cater each businesses to safeguard organisations. Your Company has a disciplined risk management process which guides us towards decision making in various business matters, ensuring growth and balancing approach on the 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 apprzriate 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. Risk management encompasses the 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 organization's risk culture is dependent on a combined set of individual and corporate values, attitudes, competencies, and behavior. Internal control culture (including clear lines of responsibility and segregation of duties), effective internal reporting, and contingency planning are all part of 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 counterparty fails to discharge its obligation to the Company. The Company continuously monitors the 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 the forecast of liquidity position and cash and cash equivalents based on expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate the current interest rate view and determine the pricing, mix, and maturity profile of assets and liabilities. The asset-liability management policy involves the preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing duration gap analysis and control by providing limits to the gaps.

Interest rate risk

This policy of the Company is to minimize 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 lend at fixed interest rates. Also, raising funds through multiple sources enables striking 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 recognized 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 that considers the realized cash flows and marks 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 the 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 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

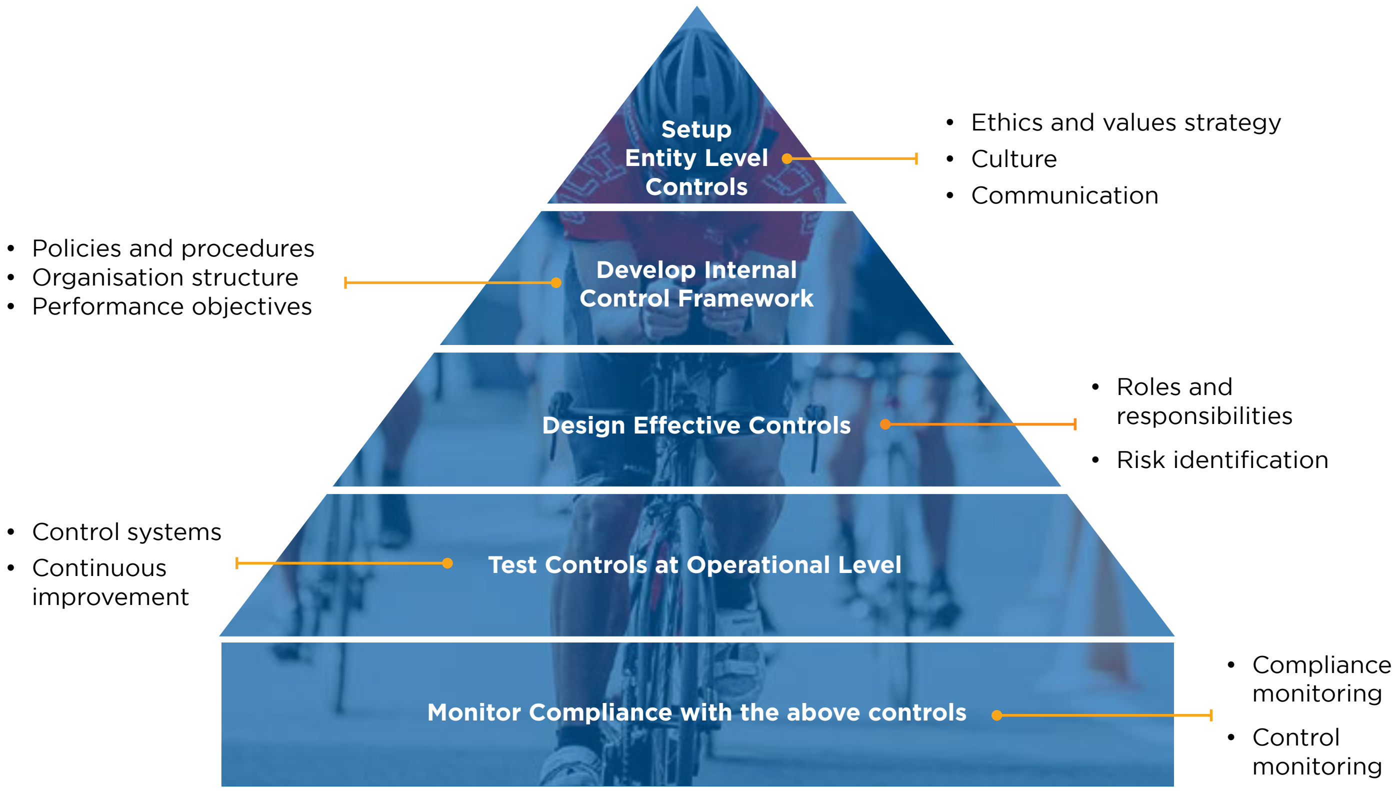
The Company has an internal control system commensurate with the size, scale, and complexity of its operations. It has a well-established internal audit department whose scope and authority are defined in the Internal Audit Charter that is approved by the Audit Committee of the Board. The Audit Committee 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 an 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. 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 mitigate the risk of significant misstatements
- Requisite accountability for financial reporting structure
- Testing the operating effectiveness of controls the following framework has been put in place to minimize risk at an entity level:
- Create an 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 risk 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's best practices. They are reviewed periodically and suitably strengthened to address emerging threats. The Company has undertaken the following 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 centralized 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 uninterrupted 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 the best corporate practices and is committed to conducting its business following the applicable laws, rules, and regulations. The Company has been complying with the requirements of all applicable corporate governance norms concerning 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. The company's Board of Directors constitutes professionals having vast experience 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 the smooth functioning of the business.

Benefits of the Risk management process

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 the 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 a 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, behavior, and complexities of these customers.
- Unique Credit Methodology:
  - Unique credit methodology in dealing with the focus segment.
  - Credit assessment is based on unconventional sources of information.
- Huge credit gap:
  - 36 million enterprises in the MSME sector contribute to over 45% of India's manufacturing output.
  - Unmet demand `is 2.9 trillion (72% of this constitutes Vistaar's target segment).
- Experienced leadership:
  - A strong team of Board members consisting of experienced investors and industry experts.
  - Experienced founders and the senior management team have 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 the 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 the agrarian economy and consequently MSME sector impacting both business and the financial condition

CORPORATE SOCIAL RESPONSIBILITY REPORT

During the financial year, we were able to continue increasing its CSR reach even during the second and third waves of the Covid 19 pandemic due to its strong belief in serving society. We concentrated our efforts on guaranteeing the community's socio-economic development by helping individuals and families to live healthier and happier lives through various projects that benefit the underprivileged and deprived. As we all know, the impact of all COVID-19 waves on India has been largely disruptive in terms of both economic activity and human lives lost. We have efficiently responded to the epidemic, given the degree of damage it has created. Our main goals are to contribute to healthcare, education, training, and giving and supporting the needs of the impoverished. We have included environmental sustainability as an additional key area within CSR this fiscal year.

Vistaar Finance has invested Rs. 241 lakhs in CSR initiatives this year. Since the inception of CSR operations, this is the highest amount the company has spent in a single financial year. The following are highlights of our CSR actions from the past year.

01 Contribution towards healthcare

One of the Company's CSR initiatives' main goals is to provide and contribute to the healthcare sector. The outbreak of COVID-19 has pushed our efforts in this approach.

The following projects have been done as part of healthcare efforts, including for COVID 19;

The following projects have been done as part of healthcare efforts, including for COVID 19;

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

  Continuing from the last 3 years under this project Vistaar this year Vistaar with its 20 plus health camps in various districts of Karnataka serving about 4,000 beneficiaries under this program.

  Roughly 17,000 government school children in about 25 schools were screened for Covid as well as general health, and about 1000 plus teachers in schools were tested for Covid and many of them received necessary medical assistance on the spot. 86% of the students did not show any health issues. In respect of 14% of the students where various issues were observed, parents and teachers have been informed so that adequate action can be taken.

- **Contribution to healthcare**

  The impact of Covid 19 2nd wave was much more dangerous and outrageous compared to 1st wave. We all have witnessed the scarcity of hospital beds, Oxygen supply, ventilators, and much medical equipment during that time which was unprecedented and yet unavoidable.

  Vistaar Finance along with Samarpaka Seva trust willingly helped **Shri Krishna Sevashrama Hospital & St. Johns Hospital** to purchase and hand over various medical equipment like ICU beds, Ventilators & Medical equipment to fight against the lethal Virus.


02 Contributing towards education

Contribution towards Biligiri Rangaswamy Temple Tiger Reserve (BRT Hills)

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

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

- Provided funding support for upgradation of anti-poaching cum watch towers (APCs)
- Provided two Bolero camper vehicles and modified them according to the forest
- Distributed Cooking utensils and other kitchen items
- Provided additional drinking water facilities with solar power pump and panels
- Repairing of Honnameti APC and kitchen block
- Providing uniforms/Jackets to APC watchers




We envision 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 a project that has been running for the past two fiscal years. The above institution focuses on providing indigenous children with non-formal residential schooling. It strives to enhance the nutritional state of these children by offering quality education as well as hygienic and nutritious food. In the middle of the COVID-19 pandemic, the Tribal School has begun community involvement initiatives to provide uninterrupted learning opportunities for rural and tribal children. Online instruction for Class 10 pupils has begun. About Covid-19, the children, and their parents were given awareness seminars on social distancing, sanitization, and hygiene. Currently, approximately 429 students from Jenukuruba, Kadukuruba, Yerava, Soliga, and a few other tribes have access to the facilities. To increase student involvement, VTCL provided alternative and innovative pre-vocational training to these kids.

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

  In many government schools, children receive minimal academic tutoring, which impedes their academic growth.

  As a result, top-up coaching for these students in and around Bangalore is required to close the gap.

  The main objectives of this program are:

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

  We have able to provide SSLC top-up coaching to more than 4000 students. The passing percentage of these students was 96.22%, out of which 2 students got 100% marks with state First rank who were part of SSLC TOP-UP program.

- **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 very bad shape until Vistaar Finace decided to partner with Samarpaka Seva Trust and Nele foundation to carry out a refurbishment program to provide better infrastructure for this school. Most of the students coming to this School belong to the lower middle class or Below the Poverty Line (BPL) section of the society.

  In less than one-year Vistaar has completed and delivered the project, the project work included

  - Repairing of RCC roof and making it leakproof
  - Plastering of Inner ceiling
  - Filling of cracks in different walls and ceilings
  - Re-concreting and refurbishment of kitchen, dining hall, and classrooms

  The staff and principal conveyed the following details -

  - The building now looks clean and complete because of which they are receiving more admission of students
  - The kitchen and other staying areas for students and staff look much more attractive with the new paint job
  - The leakage problem is now solved and the infrastructure looks more sturdy which will last longer

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

  Vistaar Finance has contributed Rs. 17.2 lakhs to the IIHS's urban fellowship Programme (Indian Institute for Human Settlements). IIHS is a national educational institution dedicated to the egalitarian, long-term, and efficient transformation of Indian settlements, with students from a variety of backgrounds, towns, and villages.

  This Programme intends to provide each student with the necessary free scholarships for learning and doing live projects on sustainable growth, as well as conceptualizing thinking to address the problems of the twenty-first century. Students are taught by interdisciplinary urban practitioners, innovators, and researchers how to apply conceptualized talents to find solutions to problems, adapt, scale, and reproduce them across the country, thereby changing people's lives, the economy, society, and the environment.

BOARD'S REPORT

Dear Members,

The Board of Directors takes pleasure in presenting the audited accounts along with the report of business and operations of the Company for the year ended 31st March 2022.

During the last two years, the COVID pandemic threatened to disrupt the entire financial system and our Company was no exception. However, we demonstrated resilience and agility and responded with a sense of purpose, responsibility, and empathy. Our employees demonstrated incredible determination to manage the crisis driven by a singular purpose of serving the customers. We leveraged our core competencies to reboot and reimagine operational strategies to ensure business continuity. We implemented new initiatives and re-oriented our efforts to implement the same. We re-invented ourselves through digitalization and automation during COVID period and most of our customer processes were digitized. The demands of the difficult COVID year were unprecedented, however, we remained determined with our unwavering motivation and undeterred spirit to achieve the desired results.

During the year under review, we were geared up to meet the challenges with the outbreak of Covid-2.0. While there was a sharp decline in business activity during the first quarter, the activity level picked up in the second quarter. The Company continued to maintain a high touchpoint with customers through the implementation of the Comprehensive Customer Reach out Program (CCRP) also with our COVID support products (GECL/VVL/Step-up). Timely and adequate credit policy response was provided to align with the market realities which helped us to maintain our portfolio quality. With collective efforts, we ended the year with a portfolio of Rs. 2,420 Crores at a YOY growth rate of 17% and GNPA of 2.8%.

BUSINESS DEVELOPMENTS

The Company has a total of 193 business branches as of 31st March 2022, spread across 12 States with presence in Karnataka, Uttar Pradesh, Gujarat, Maharashtra, Rajasthan, Tamil Nadu, Madhya Pradesh, Odisha, Andhra Pradesh, Haryana, Delhi, and Telangana. The Company has opened branches/spokesxz at 17 new locations during the current year.

The Company has disbursed INR. 912 crores during the current financial year.

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 42 lenders spread across both public and private Banks, Financial Institutions, and Overseas Development Financial Institutions.

The Profit after Tax (PAT) for FY22 is INR 79.07 crores. The total comprehensive income is Rs. 100.43 crores. Assets under Management (AUM) including managed portfolio during the same period increased to INR. 2,420 crores as against INR. 2,065 crores in FY21.

OPERATIONAL OVERVIEW

DESCRIPTION	31 March 2022	31 March 2021
Profit Before Taxes (INR. crores)	100.40	86.00
Gross NPA on AUM (in %) (As per Company policy)*	2.75%	3.25%
Asset Under Management (AUM)* (INR. crores)	2,420.00	2,065.00
Total Disbursements (INR. crores)	899.50	579.00
No. of Active Customers	33,708.00	32,830.00
No. of states	12.00	14.00
No. of Branches	234.00	191.00

** AUM includes both Own and Managed portfolios*

Particulars	31 March 2022 (Rs. in crores)	31 March 2021 (Rs. in crores)
Total Income	433.59	390.76
Total Expenditure	291.46	248.11
Profit before depreciation and provisions & write off	**142.13**	**142.65**
Depreciation	5.66	6.37
Provision & write off	36.03	50.27
Profit before tax	**100.44**	**86.01**
Other comprehensive income, net of tax	4.88	-3.23
Profit after tax	**79.07**	**61.53**

Despite the effect of the ongoing pandemic, the profit after tax increased by 28% over the previous year and the total revenue stood at Rs. 433.59 crores registering a growth of 11%.

SHARE CAPITAL

During the year under review, there was no change in authorized share capital and paid-up capital of the Company. As of 31st March, 2022 the authorized share capital of the Company and the paid-up capital of the Company was INR. 71.78 crores and INR. 67.62 crores respectively.

During the period under review, the Company had issued 350 Senior, Secured, Rated, Listed Redeemable, Non-Convertible Debentures to A.K. Capital Finance Limited at a face value of INR 10 Lakhs each (Indian Rupees Ten Lakhs Each). The detailed disclosure is as follows:

Type of securities	Senior, Secured, Rated, Listed Redeemable, Non-Convertible Debentures
Date of issue and allotment of the securities	March 30, 2022
Number of securities	350
Whether the issue of the securities was by way of preferential allotment, private placement or public issue	Private placement
Brief details of the debt restructuring pursuant to which the securities are issued	Not Applicable
Issue price	INR 10 Lakhs each
Coupon rate	None
Maturity date	March 30, 2026
Amount raised	INR 35 Crores (Indian Rupees Thirty Five Crores) including a green-shoe option of INR 10 Crores (Indian Rupees Thirty Crores)

HUMAN RESOURCE

Key efforts and achievements: The Company understands that its employees are a key asset to the organisation. The Company's key human capital management objective is to attract, retain and develop high-quality talent. The Company's ever-evolving practices and programs have been aligned toward developing talent and preparing them for critical and future leadership roles. During the period under review, the Company has focused on promoting a collaborative, transparent, and participative organization culture and constantly attempts to recognize and appreciate merit and high performance.

It is the Company's constant efforts to provide benefits, developing transparent policies, and continuous endeavour to evolve the Company's culture through efforts aimed at making the workplace more evolving and engaging. The Company has been awarded with **"Great place to work" certification and "India's Best Workplaces in BFSI 2022 - Top 30"** for the year 2022-23.

Measures and efforts taken in the continuous phase of pandemic COVID - 19: During the period under review, the pandemic COVID - 19 continued with its second and third waves. The Company continued to adopt various measures to ensure the health and safety of the employees. It took extensive precautions to sanitize offices and made available sanitizers and thermometers at all branches. Work from home facility was provided to the employees from time to time to ensure social distancing and safety of employees. Training and meetings continued to be held virtually to the extent possible. Domestic travel was largely curtailed. All the employees continued to have an additional insurance cover against Covid-19, the "Corona Kavach Policy". The Company organized Covid Vaccination Drives and related vaccine reimbursements for the employees and their family members. The Company continued to meet commitments of salary, bonuses, and other incentive pay-outs to the employees all through the various waves of the pandemic. Also, an annual salary increase was given to all eligible employees during the year. The Company also introduced a V-Fit- Vistaar Fitness Bootcamp, an initiative conceptualized to collaborate and continually improve health, safety, and wellbeing through every morning masterclass led by two fitness enthusiast employees.

a. Revision of HR Policy and key amendments: During the period under review, the Company made the following revisions and amendments to the HR policy:

   i. Upskill & Upgrade: We declared the 1st Friday of every month (from 5 PM) onwards as upskill and upgrade time. This after-hours helps employees to engage and upskill any talent, hobby, interests, take classes, etc. for their self-improvement;

   ii. Adoption policy: We understand the importance of nurturing, caring for a child, and key parenting needs. In an attempt to create awareness and the importance of the adoption of a child, we have introduced a payout to each adopting employee. We commit to stand with the employees in their noble cause of adoption;

   iii. Flexible work environment: We have announced a flexible work-time from 9:00 AM to 6:00 PM and 9:30 AM to 6:30 AM which allows employees to choose when to start their day. We have also made it official to take upto 3 days to work from home in a month during first half of the year.

   iv. Vistaar Vishwa Vidyalaya ("V3") is a well-established training program with the sole objective to foster personal growth and personal development and upskilling of employees. This program helped employees become more competent to assume more challenging roles. Unnati, Bahubali, and Nipun three core programs under which the skillsets of each employee were updated. During the year 333 employees were trained under V3.

   v. Following Four interactive programs were introduced to reunite the Vistaarians together and gain their perspective:

   a. Chalo Bangalore - Interact, Internalize and Integrate: an initiative where Cluster level employees were invited to the Head Office in Bangalore with all the functional heads and voice their concerns and give suggestions for process improvement;

   b. Hum Saath-Saath Hain - Forward Together: an initiative to bring teams closer to each other, working towards a common goal. The objective of this program is to interact and promote the continuous exchange of ideas across different teams;

   c. Gyan Vistaar - Knowledge Exchange: a platform given to employees to interact and share knowledge. Under this program the Regional Heads travel down to a few high performing locations and interact with the teams, brainstorm, and share their knowledge and experiences;

   d. Floor Interactions with the Vice-Chairman: A floor-wise one-to-one session with the Vice-Chairman helped us to conduct close interactions in small groups giving everyone a chance to speak up and understand the significant milestones achieved, the plan for the future, and be aware of important future events.

   vi. Other valuable practices:

      i. All Hands Meet- Employee Broadcast: Quarterly nationwide employee broadcast chaired by the Founder Directors who addressed hits and misses of the previous quarter, recognition of good performers of the last quarter, share the important milestones achieved by the competitors, and set the tone for the next quarter to boost the morale of every employee;

      ii. Quarterly newsletters are published capturing Quarterly highlights, sharing employee success stories, key performance metrics, and CSR initiatives.

   The total employee strength of the Company as of 31st March 2022 stood at 2,024 (The total strength of employees as of FY 21 was 1,660).

5. AMOUNT CARRIED TO THE STATUTORY RESERVES

Based on the financial results of the Company for the financial year 2021-22, the Board of Directors has transferred INR. 14.83 crores to the statutory reserves as required by Section 45-IC of the Reserve Bank of India Act, 1934.

6. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments during the FY 2021-22 and till the date of this report, affecting the financial position of the Company.

7. 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.

8. DETAILS OF THE KEY MANAGERIAL PERSONNEL (KMP):

The following persons were the KMP of the Company as of March 31, 2022.

Name of the KMP	Designation
Mr. Brahmanand Hegde	Executive Vice Chairman & Director
Mr. Ramakrishna Nishtala	Managing Director & Chief Executive Officer
Mr. Prashant Kani	Chief Financial Officer
Ms. Nisha Sharma	Company Secretary and Compliance Officer

Following were the changes in the Key Managerial Personnel & Directorship of the Company:

Sl. No.	Name	Type of change	Designation (Appointed to/Resigned From)	Effective Date
1.	**Mr. Prashant Kani** (PAN: APKPK4388L)	Appointment	Chief Financial Officer	November 10, 2021
2.	**Ms. Nisha Sharma** (CS Membership No: A35518)	Appointment	Company Secretary and Compliance Officer	November 10, 2021
3.	**Mr. Sudesh Chinchewadi** (CS Membership No: A16422)	Resignation	Company Secretary, Compliance Officer & Chief Financial Officer	November 10, 2021
4.	**Mr. Deepak Ramineedi** (DIN: 07631768)	Appointment	Nominee Director	November 10, 2021
5.	**Mr. Sumir Chadha** (DIN: 00040789)	Resignation	Nominee Director	November 10, 2021
6.	**Mr. Sandeep Marian Farias** (DIN: 00036043)	Resignation	Nominee Director	March 28, 2022

9. SUBSIDIARY COMPANIES

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

10. 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 of 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 of 31st March 2022 stood at 2.75% of the total book (including managed portfolio) which is in line with RBI norms.

11. 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.

12. CAPITAL ADEQUACY

The Capital adequacy ratio of the Company is healthy at 30% as of 31st March 2022 (36.5% as of 31st March 2021) as against the minimum capital adequacy requirement of 15% as prescribed by RBI.

13. 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 vis-à-vis the previous year.

14. CAPITAL EXPENDITURE

During the year under review, the Company has spent INR. 5.9 crores on Capex growth. The Company has embarked on a digital journey and is in the process of overhauling the loan origination system.

15. DIVIDEND

To fund the growth plans of your Company, the Board did not recommend payment of dividends for the reporting period 31st March 2022.

16. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were purely 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 according to sub-section (1) of section 188 of the Companies Act, 2013 is annexed herewith and marked as Annexure 1.

17. 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 the 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 the 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 four years and can be exercised any time during employment or within 6 (Six) 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 outstanding options under the Employee Stock Option Plan 2016 are 1,811,293 options. The Plan provides for the issuance of stock options to eligible employees based on the 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 four years and can be exercised any time during employment or within 6 (Six) 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 Rules, 2014 is given below.

Information on the options activity during the year ended 31st March 2022

Particulars	Under ESOP Scheme 2010 & 2016 No. of options	Weighted average exercise price (In Rs.)
Options outstanding at the beginning	2,369,244	176.34
Options granted during the year	1,227,500	250.80
Options vested during the year	-	-
Options forfeited during the year	345,600	229.69
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	**3,251,144**	**198.64**
Employee wise details of options granted	**No. of options**	**Weighted average exercise price (In Rs.)**
Key managerial personnel		
Mr. Prashant Kani (Chief Financial Officer)	75,000	250.80
Ms. Nisha Sharma (Company Secretary)	5,000	250.80

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	Name	Grant options	Exercise price (in Rs.)
	Sudesh Chinchewadi	140,000	250.80
	Vinod Kumar V	80,000	250.80
	Prashant Kani	75,000	250.80
	Nithin Mohan	64,000	250.80

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	3,251,144	198.64
Options exercisable at year end	1,382,219	138.81

18. CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is attached and forms part of the Board's report according to Section 134 of the Companies Act, 2013. The Board met 4 (Four) times during the year, details of the same form part of the Corporate Governance Report.

19. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

n 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 are approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee of the Board.

20. 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 the Companies Act, 2013. These declarations have been placed before the Board and duly taken on record.

21. 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

22. 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. Your Company has always endeavored to create and provide an environment that is free from discrimination and harassment including sexual harassment. Our goal has served us in creating an open and safe workplace for every employee to feel empowered, irrespective of gender, sexual preferences, and other factors, and contribute to the best of their abilities.

A policy for the Prevention of Sexual Harassment at the Workplace is in place. This policy aims at the prevention of harassment of employees and lays down the guidelines for identification, reporting, and prevention of undesired behavior.

During the period under review, we have conducted various training sessions (through online and offline modes) to educate and create awareness amongst employees and eventually establish a positive and safe working environment for them.

There was no case reported or pending during the year under review.

23. PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES & DIRECTORS

The Company has a suitable framework to evaluate the 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 and Remuneration Committee meeting and the Board Meeting held on 10th February 2022. The 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 businesses 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.

24. MEETING OF INDEPENDENT DIRECTORS

During the period under review, a separate meeting of Independent Directors took place on February 16, 2022, as required under Section 149(8) read with Clause VII of Schedule IV of the Companies Act, 2013.

25. 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

26. 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) The Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively

f) 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.

27. PARTICULAR OF LOANS AND INVESTMENTS MADE BY THE COMPANY

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

28. STATUTORY AUDITOR

Pursuant to RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs, and NBFCs (including HFCs) dated April 27, 2021 (RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22), M/s. B. K. Khare & Co., (ICAI Firm Registration No: 105102W) was appointed statutory auditors of the Company for FY 2021-22. The statutory auditors are recommended for re-appointment by the Board at their meeting on May 06, 2022 subject to the approval at the ensuing Annual General Meeting. The appointment of the auditor was in accordance with the provisions of Section 139 of the Companies Act, 2013.

29. SECRETARIAL AUDITOR

M/s. Thirupal Gorige & Associates LLP, LLPIN: AAL-8217, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2021-22, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2021-22 forms part of the Annual Report as Annexure 2 to the Board's report.

30. INTERNAL AUDITOR

The Company has an internal audit department that reports to the Audit Committee of the Board. The internal audit department has voluntarily 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 the said circular is applicable to NBFCs with asset size over Rs. 5000 crores but not applicable to your company.

31. 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 requirements of disclosure of information relating to conservation of energy and technology absorption are therefore not applicable to the Company.

32. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Party Name	Nature of payment	Amount (in USD)
FMO Development Bank	Interest payments made	9,49,247
FMO Development Bank	Principal payment	18,75,000
FMO Development Bank	Charges paid (Commitment fee, Monitoring fee, and Front end fee)	5,000

There were no foreign exchange inflows during the year.

33. DETAILS OF RISK MANAGEMENT POLICY AS PER SECTION 134(3)(n) OF THE COMPANIES ACT, 2013

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 that threaten the existence of the Company.

34. 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 2021-22 and the details of the compliance of CSR form part of the Annual Report as Annexure 3 of the Board's report.

35. 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.

36. 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 fraud. The Company has the policy to conduct fraud checks by independent third-party vendors on all loans above a certain threshold.

37. DETAILS OF INTERNAL FINANCIAL CONTROLS

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

38. DETAILS ON FRAUDS REPORTED BY THE AUDITOR

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

39. 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 are 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**	**46x**
		Ramakrishna Nishtala	**Managing Director**	**46x**
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year • The above is an increase in fixed remuneration. • The directors have received 30% as variable pay and the CFO has received 27% as variable pay. ^Joined on 20th Sept 2021.	**Name of the Director/KMP**	**Designation**	**% Increase/ (Decrease)**
		Brahmanand Hegde	**Executive Vice Chairman**	**41%**
		Ramakrishna Nishtala	**Managing Director**	**41%**
		Prashant Kani	**Chief Financial Officer**	**25%**
		Nisha Sharma	**Company Secretary^**	**NA^**

3	The percentage increase in the median remuneration of employees in the financial year:	During FY 2021-22, the Increase in median fixed remuneration of the employees was 5.3%.
4	The number of permanent employees on the rolls of the Company	There were 2,024 employees as of 31st March 2022.
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.	The average increase in fixed remuneration was 17% for Employees other than Managerial Personnel. The percentage increase in managerial remuneration was 40%. The directors did not receive any increase in remuneration for FY 19 and FY 21. Received 5% increase in FY 20.
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes

40. 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

41. COMPLIANCE OF SECRETARIAL STANDARDS:

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

42. MANAGEMENT RESPONSE TO THE QUALIFICATION

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

43. AWARDS AND RECOGNITIONS DURING FY 2021-22:

During the year, your Company has received the following awards:

- Best workplaces in BFSI – India by Great Place to Work
- India Risk Management Awards in the Masters of Risk – Private Sector Small Cap category for the best organization in Risk Management by ICICI Lombard & CNBC – TV 18
- Certified as Great place to work (Jan 2022-Jan 2023) by Great place to Work Institute, India
- Best Mid-Sized Financial Services Company- AmbitionBox

44. ACKNOWLEDGEMENT

The Directors would like to place on record their gratitude for the invaluable guidance and support received from our 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 tide over the unprecedented challenges brought about by onset of 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 and Director
DIN: 02984527

Date: May 06, 2022
Place: Bengaluru

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: May 06, 2022
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, 2022
Place: Bengaluru

Ramakrishna Nishtala
Managing Director & Chief Executive Officer
DIN: 02949469

Date: 06 May, 2022
Place: Bengaluru

TGA
Exalting growth

THIRUPAL GORIGE & ASSOCIATES LLP CS
Practising Company Secretaries
(Incorporated with Limited Liability vide LLPIN: AAL-8217)

Partners:
Thirupal Gorige
Purushottam A Rasalkar

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[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, 2022, 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, 2022 according to the provisions of:

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

THIRUPAL GORIGE & ASSOCIATES LLP
AAL-8217

Secretarial Audit Report _2021-22_Vistaar Financial_ Thirupal Gorige & Associates LLP

Regd. Off. : #87, 2nd Floor, 7th Main, 21st Cross, N.S. Palya, B.T.M. 2nd Stage, Bengaluru - 560 076, Karnataka, India
Tel. No. : 080-79634233, Email : gthirupal@gmail.com
GSTIN : 29AANFT4012E1Z8, PAN : AANFT4012E, MSME UAN : KR03D0052615

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

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

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

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

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

(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 shall be applicable for the period beginning 1st April 2021 to 12th August 2021 and the Securities and Exchange Board of India (share based employee benefits and sweat equity) Regulations, 2021 shall be applicable from 13th August 2021 to 31st March 2022; (**Not applicable during the audit period**);

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Regd. Off. : #87, 2nd Floor, 7th Main, 21st Cross, N.S. Palya, B.T.M. 2nd Stage, Bengaluru - 560 076, Karnataka, India
Tel. No. : 080-79634233, Email : gthirupal@gmail.com
GSTIN : 29AANFT4012E1Z8, PAN : AANFT4012E, MSME UAN : KR03D0052615

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

(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, 2021; (**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**).

(i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

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.

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Regd. Off. : #87, 2nd Floor, 7th Main, 21st Cross, N.S. Palya, B.T.M. 2nd Stage, Bengaluru - 560 076, Karnataka, India
Tel. No. : 080-79634233, Email : gthirupal@gmail.com
GSTIN : 29AANFT4012E1Z8, PAN : AANFT4012E, MSME UAN : KR03D0052615

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

(i) NBFC Regulations ;

(ii) Insurance Laws ;

(iii) Guidelines issued by RBI &IRDA; and

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.

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Regd. Off. : #87, 2nd Floor, 7th Main, 21st Cross, N.S. Palya, B.T.M. 2nd Stage, Bengaluru - 560 076, Karnataka, India
Tel. No. : 080-79634233, Email : gthirupal@gmail.com
GSTIN : 29AANFT4012E1Z8, PAN : AANFT4012E, MSME UAN : KR03D0052615

TGA Exalting growth

THIRUPAL GORIGE & ASSOCIATES LLP CS
Practising Company Secretaries
(Incorporated with Limited Liability vide LLPIN: AAL-8217)
Partners:
Thirupal Gorige
Purushottam A Rasalkar

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: 09-05-2022

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680D000288764

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Regd. Off. : #87, 2nd Floor, 7th Main, 21st Cross, N.S. Palya, B.T.M. 2nd Stage, Bengaluru - 560 076, Karnataka, India
Tel. No. : 080-79634233, Email : gthirupal@gmail.com
GSTIN : 29AANFT4012E1Z8, PAN : AANFT4012E, MSME UAN : KR03D0052615

THIRUPAL GORIGE & ASSOCIATES LLP

Practising Company Secretaries

(Incorporated with Limited Liability vide LLPIN: AAL-8217)

Partners:
Thirupal Gorige
Purushottam A Rasalkar

TGA Exalting growth

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: 09-05-2022

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680D000288764

THIRUPAL GORIGE & ASSOCIATES LLP AAL-8217

Secretarial Audit Report _2021-22_Vistaar Financial_ Thirupal Gorige & Associates LLP

Regd. Off. : #87, 2nd Floor, 7th Main, 21st Cross, N.S. Palya, B.T.M. 2nd Stage, Bengaluru - 560 076, Karnataka, India
Tel. No. : 080-79634233, Email : gthirupal@gmail.com
GSTIN : 29AANFT4012E1Z8, PAN : AANFT4012E, MSME UAN : KR03D0052615

Annexure 3

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	02	02
02.	Mr. Sandeep Marian Farias[1]	Nominee Director	02	01
03.	Mr. Brahmanand Hegde	Executive Vice Chairman & Director	02	02

[1]Mr. Sandeep Marian Farias resigned as Nominee Director of the Company w.e.f 28th March, 2022

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: ₹**7,907 lakhs**
7. (a) Two percent of average net profit of the company as per section 135(5) is ₹**1158 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): ₹**158 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.
237.73	12.46	30-04-2022	Not applicable	Not applicable	Not applicable

(b) Details of CSR amount spent against ongoing projects for the financial year: Amounts in Rs. lakhs

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
Coaching for SSLC students	ii. promoting education	Yes	Karnataka	Multiple districts	24 months	84.00	74.94	9.06	No	Samarpaka Seva Trust	CSR00002834
Medical tests for students	i.promoting health care including preventive health care	Yes	Karnataka	Multiple districts	24 months	6.80	3.40	3.40	No	Samarpaka Seva Trust	CSR00002834
TOTAL	-	-	-	-	-	**90.80**	**78.34**	**12.46**	-	-	-

(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:	i.promoting health care including preventive health care	Yes	Karnataka	Bengaluru	15.00	No	St. Johns Hospital	Not Applicable
02.	Covid-19 support:	i.promoting health care including preventive health care	Yes	Karnataka	Bengaluru	22.33	No	Samarpaka Seva Trust	CSR00002834.
03.	Renovation of school building	ii. promoting education	Yes	Karnataka	Bengaluru	6.00	No	Samarpaka Seva Trust	CSR00002834.
04.	Urban Fellowship program	ii. promoting education	Yes	Karnataka	Bengaluru	17.20	No	Indian Institute for Human Settlements	Not Applicable
05.	Forest conservation	iv. conservation of forest	Yes	Karnataka	Chamrajnagar	25.00	No	BRT Foundation	CSR00026067.
	TOTAL	-	-	-	-	**85.53**	-	-	-

(d) Amount spent in Administrative Overheads: ₹ 0.66 lakhs

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 164.53 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)	158.15
(ii)	Total amount spent for the Financial Year	164.53
(iii)	Excess amount spent for the financial year [(ii)-(i)]*	6.38
(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)]	6.38

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	
01	2020-21	72.96	72.96	NA	Nil	NA	Nil

(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.		Education	FY 2020-21	2 years	11.11	11.11	11.11	Completed
2.		Infrastructure support to Government school	FY 2020-21	2 years	34.00	20.40	34.00	Completed
3.		Coaching for SSLC students	FY 2020-21	2 years	20.00	7.74	20.00	Completed
4.		Education of Tribal children	FY 2020-21	2 years	54.75	27.38	54.75	Completed
5.		Forest conservation	FY 2020-21	1 year	15.00	6.56[2]	15.00	Completed
	TOTAL				**134.86**	**73.19**	**134.86**	**-**

[2]The amount required to be spend was Rs. 6.32 Lakhs, however, the Company has spent Rs. 6.56 Lakhs during the year.

10. In case of creation or acquisition of the 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

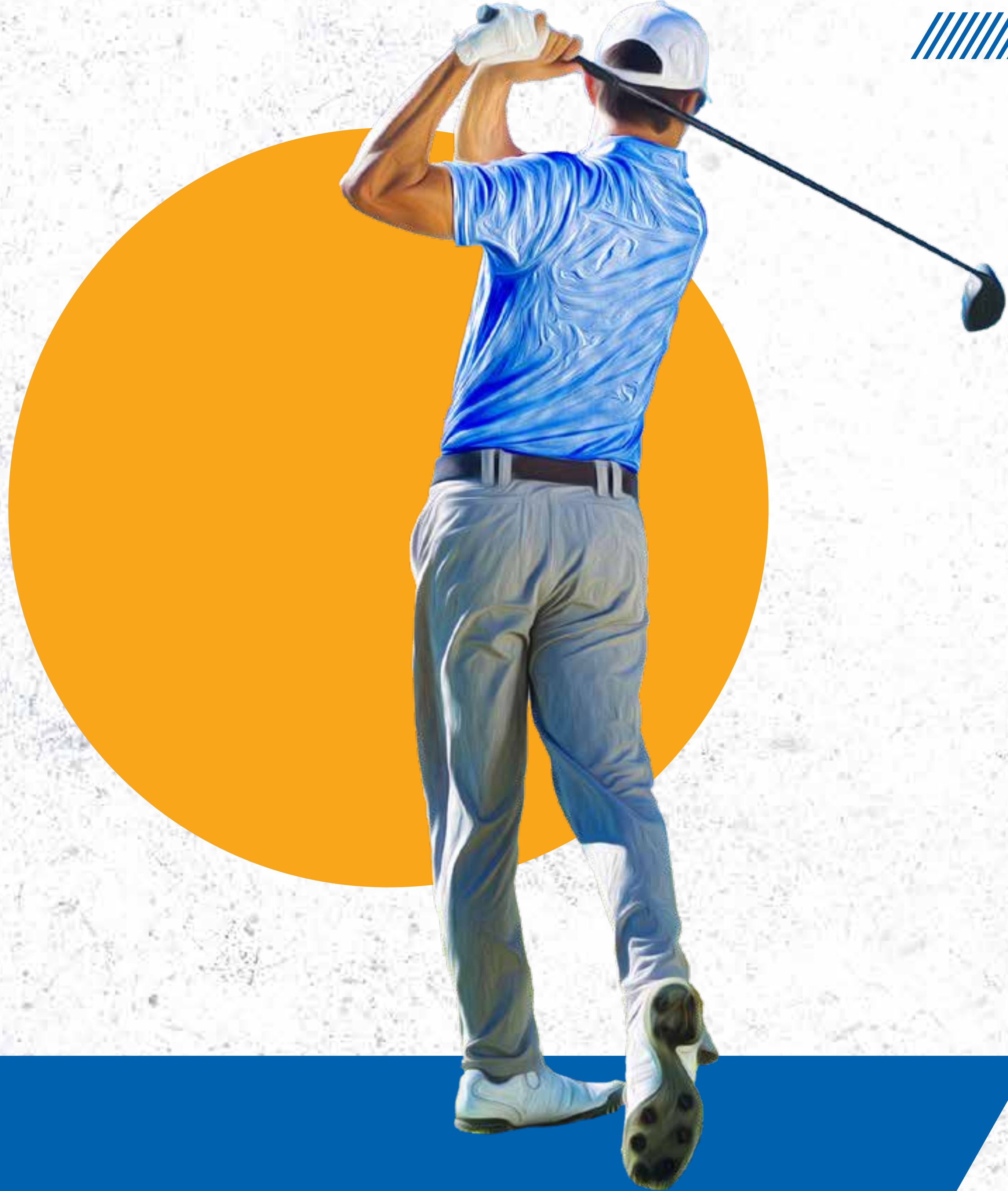
*Note: the Company has not utilized any amount for the creation of the capital asset.

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, the Company has spent over and above the requirement of the Companies Act 2013. Hence not applicable.

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

Chandrashekhar Bhaskar Bhave	**Brahmanand Hegde**
Chairman - CSR Committee	**Director & Executive Vice Chairman**
DIN: 00059856	DIN: 02984527



CORPORATE GOVERNANCE REPORT

FOR FY22

CORPORATE GOVERNANCE PHILOSOPHY

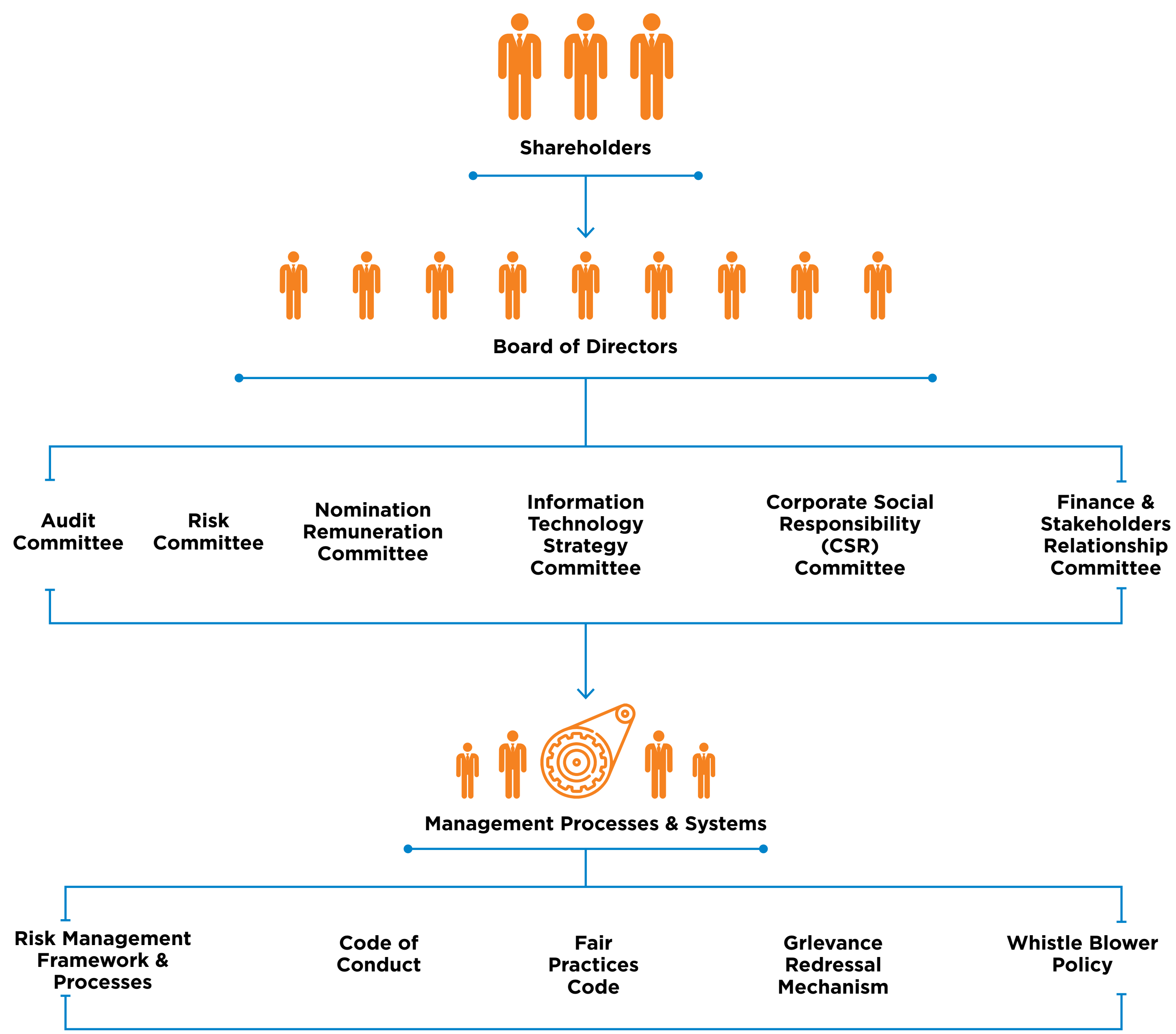
The Company is committed to ensuring high standards of transparency and accountability in all its activities. A strong reporting system was developed right at the start after carefully understanding the requirements of different stakeholders for operational and financial information. This system is continuously 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 is driven by distinguished Board Members.

The approach of the Company has always been to create an ecosystem that 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.



A. 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 Eight Directors as of 31st March, 2022 comprising Two Founder / Executive-Directors, Three independent Directors, and Three Nominee Directors. Following were the changes on the Board of the Company.

Sl. No.	Name	Type of change	Designation	Effective Date
1.	Mr. Deepak Ramineedi (DIN: 07631768)	Appointment	Additional Director	10th Nov, 2021
2.	Mr. Sumir Chadha (DIN: 00040789)	Resignation	Nominee Director	10th Nov, 2021
3.	Mr. Sandeep Marian Farias (DIN: 0036043)	Resignation	Nominee Director	28th March, 2022

All Independent Directors of the Company possess requisite qualifications and experience 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.

B. BOARD & COMMITTEE MEETINGS AND ATTENDANCE

The Board met four times during the financial year 2021-22. 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 is 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 2021-22 are as follows:

Board/Committee Meetings	No. of Meetings held during FY 2021-22
Board Meetings	04
Audit Committee	05
Risk Committee	04
Nomination and Remuneration Committee	02
Corporate Social Responsibility Committee	02
Finance & Stakeholders Relationship Committee	48
IT Strategy Committee	02

C. PARTICULARS OF BOARD MEETINGS

Particulars		Dates of Meetings held
Meeting of Board of Directors	Q1	May 06, 2021
	Q2	August 05, 2021
	Q3	November 10, 2021
	Q4	February 10, 2022

D. PARTICULARS OF COMMITTEE MEETINGS

Name of Committee	Dates of Meetings	
Audit Committee	Q1 Q2 Q3 Q4	May 05, 2021 July 15, 2021 August 04, 2021 November 09, 2021 February 09, 2022
Risk Committee	Q1 Q2 Q3 Q4	May 05, 2021 August 04, 2021 November 09, 2021 February 09, 2022
Nomination & Remuneration Committee	Q1 Q2 Q3 Q4	May 06, 2021 Nil Nil February 10, 2022
Corporate Social Responsibility Committee	Q1 Q2 Q3 Q4	May 05, 2021 Nil October 26, 2021 Nil
IT Strategy Committee	Q1 Q2 Q3 Q4	Nil August 04, 2021 Nil February 09, 2022

Finance and Stakeholders Relationship Committee	Q1	Q2	Q3	Q4
	April 06, 2021 April 21, 2021 May 03, 2021 May 22, 2021 June 08, 2021 June 28, 2021 June 29, 2021	July 05,2021 July 16,2021 July 20,2021 July 22,2021 July 27,2021 July 31,2021 Aug 10,2021 Aug 27,2021 Aug 30,2021 Sept 14, 2021 Sept 23,2021 Sept 28,2021 Sept 30,2021	Oct 01, 2021 Oct 22, 2021 Nov 16, 2021 Nov 22, 2021 Nov 25, 2021 Nov 26, 2021 Nov 29, 2021 Dec 06, 2021 Dec 13, 2021 Dec 14, 2021 Dec 20, 2021 Dec 30, 2021	Jan 03,2022 Jan 06,2022 Jan 20,2022 Jan 25,2022 Jan 29,2022 Feb 12,2022 Feb 22,2022 Feb 28,2022 Mar 05, 2022 Mar 10, 2022 Mar 15, 2022 Mar 18, 2022 Mar 23, 2022 Mar 25, 2022 Mar 30, 2022

E. ATTENDANCE

Name	Nature of Directorship	Attendance			
		Board	Audit	Risk	NRC
Chandrashekhar Bhaskar Bhave	Non-Executive Chairman & Independent Director	4/4	NA	NA	2/2
Ms. Manju Agarwal	Independent and Women Director	4/4	5/5	4/4	NA
Mr. James Abraham	Independent Director	3/4	5/5	4/4	2/2
Mr. Sandeep M. Farias	Nominee Director	3/4	NA	NA	NA
Mr. Shailesh J Mehta	Nominee Director	3/4	NA	3/4	NA
Mr. Badri Bahukutumbi Pillapakkam	Nominee Director	3/4	5/5	4/4	NA
Mr. Sumir Chadha[3]	Nominee Director	1/3	NA	NA	1/1
Mr. Brahmanand Hegde	Executive Vice Chairman	4/4	NA	4/4	2/2
Mr. Ramakrishna Nishtala	Managing Director & CEO	3/4	NA	3/4	1/2
Mr. Deepak Ramineedi[4]	Additional (Nominee) Director	2/2	NA	NA	01

[3]Resigned as Nominee Director w.e.f. 10th November, 2021
[4]Appointed as Nominee Director (Additional Director) w.e.f. 10th November, 2021

Name	Nature of Directorship	Attendance		
		IT Strategy Committee	CSR Committee	Finance & Stakeholders Relationship Committee
Chandrashekhar Bhaskar Bhave	Non-Executive Chairman & Independent Director	4/4	NA	NA
Ms. Manju Agarwal	Independent and Women Director	2/2	NA	NA
Mr. James Abraham	Independent Director	NA	NA	NA
Mr. Sandeep M. Farias	Nominee Director	NA	1/2	NA
Mr. Shailesh J Mehta	Nominee Director	NA	NA	NA
Mr. Badri Bahukutumbi Pillapakkam	Nominee Director	NA	NA	NA
Mr. Sumir Chadha	Nominee Director	NA	NA	NA
Mr. Brahmanand Hegde	Executive Vice Chairman	2/2	2/2	48/48
Mr. Ramakrishna Nishtala	Managing Director & CEO	2/2	2/2	48/48
Mr. Deepak Ramineedi	Additional (Nominee) Director	NA	NA	NA

F. PROFILE

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

G. ANNUAL GENERAL MEETING AND SHAREHOLDERS' MEETINGS

The details of the Annual General Meetings / Extraordinary General Meeting held during the year ended 31st March 2022 are as follows:

General Body Meeting	Date, Time & Venue	No. of Special Resolution passed
Annual General Meeting	June 23, 2021 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- 01
Extraordinary General Meeting	January 05, 2022 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- 01 Ordinary Resolution- None

[1] Resigned as Nominee Director w.e.f. 10th November, 2021
[2] Appointed as Nominee Director (Additional Director) w.e.f. 10th November, 2021

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

H. 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, 2022, the Company has the following committees of the Board of Directors:

- **Audit Committee:**
  - i) Ms. Manju Agarwal (Chairperson)
  - ii) Mr. James Varghese Abraham
  - iii) Mr. Badri Bahukutumbi Pillapakkam
- **Risk Committee:**
  - i) Mr. Brahmanand Hegde (Chairman)
  - ii) Mr. James Varghese Abraham
  - iii) Ms. Manju Agarwal
  - iv) Mr. Badri Bahukutumbi Pillapakkam
  - v) Mr. Shailesh Mehta
  - vi) Mr. Ramakrishna Nishtala
- **Nomination and Remuneration Committee:**
  - i) Mr. James Varghese Abraham (Chairman)
  - ii) Mr. Chandrashekhar Bhaskar Bhave
  - iii) Mr. Deepak Ramineedi
  - iv) Mr. Brahmanand Hegde
  - v) Mr. Ramakrishna Nishtala
- **IT Strategy:**
  - i) Ms. Manju Agarwal (Chairperson)
  - ii) Mr. Brahmanand Hegde
  - iii) Mr. Ramakrishna Nishtala
  - iv) CIO
  - v) CRO

  Mr. Sumir Chadha resigned as the Nominee Director of the Company. Mr. Deepak Ramineedi was duly appointed as the Additional (Nominee) Director of the Company effectively from November 10, 2021 due to change in nomination of Westbridge Crossover Fund LLC, Mauritius, investor holding Company.
- **Corporate Social Responsibility:**
  - i) Mr. Chandrashekhar Bhaskar Bhave (Chairman)
  - ii) Mr. Brahmanand Hegde
  - iii) Mr. Sandeep Marian Farias
- **Finance and Stakeholders Relationship Committee:**
  - i) Mr. Brahmanand Hegde (Chairman)
  - ii) Mr. Ramakrishna Nishtala

I. TERMS OF REFERENCE

I) 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 auditors and internal auditors and remuneration and terms of appointment of auditors of the Company.
- Review the 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 the 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 weaknesses in processes, the 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 the 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, 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, and 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.

[4] Resigned as the Nominee Director of the Company effectively from March 28, 2022.

II) 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 that 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

III) NOMINATION ANDREMUNERATION COMMITTEE

This Committee identifies and formulates criteria for determining qualifications, positive attributes for the Board, and independence of a Director. The Committee recommends to the Board, the appointment and removal of the Director. The Committee also reviews the compensation of executive directors, key managerial personnel, and other employees of the Company and frames the ESOP scheme, recommends the 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. Deepak Ramineedi**
- **Mr. Brahmanand Hegde**
- **Mr. Ramakrishna Nishtala**

Terms of reference

- Identify individuals suitably qualified to become Board members and recommend them to the 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.

[5]Mr. Sumir Chadha resigned as the Nominee Director of the Company. Mr. Deepak Ramineedi was duly appointed as the Additional (Nominee) Director of the Company effectively from November 10, 2021 due to change in nomination of Westbridge Crossover Fund LLC, Mauritius, investor holding Company.

iv) 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. 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

v) 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 the 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 review dematerialisation of shares.

Members

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

Terms of reference

Stakeholder related

- To address stakeholder's grievances and related matters
- Consider and resolve the grievances of the stakeholders
- Resolve complaints related to transfer of shares, non-receipt of the 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 the exercise of ESOP by the employee
- Allot shares and maintain a relationship with stakeholders of the company
- Review & approve the issue of duplicate certificate & change of name of the member on the 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 the charge on the assets of the Company as per the limits fixed by the Board of Directors & Shareholders

vi) 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 ensure that the management has put an effective strategic planning process in place.

Members

- **Ms. Manju Agarwal** - Independent Director & Chairman of the Committee
- **Mr. Ramakrishna Nishtala** - Executive Director
- **Mr. Brahmanand Hegde** - 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 them before the Board for 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 of exposure to IT risks and controls.

J. 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.

K. MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER & COMPANY SECRETARY CERTIFICATION

Managing Director & CEO, Chief Financial Officer and Company Secretary have given an annual compliance report to the Board setting out compliances under various statutes and regulations applicable to the Company.

L. FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code (last amended on February 10, 2022) pursuant to the Reserve Bank of India guidelines issued in this regard.

M. WHISTLEBLOWER 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 actions taken are reviewed by the Management.

N. REGULAR UPDATES

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

O. 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, 2022
Place: Bengaluru

Ramakrishna Nishtala
Managing Director and Chief Executive Officer
DIN: 02949469
Date: May 06, 2022
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 accompanying of Vistaar Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and 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 the Companies (Indian Accounting Standards) Rules, 2015 as amended "Ind AS" and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors 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 ("the 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

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

Sr. No	Key audit matter	How the Key Audit Matter was addressed in our audit
01	**Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of the Company**	
	Refer to the accounting policies in 'Note 4 (b) to the Ind AS Financial Statements: Expected Credit Loss', 'Note 4 (c) to the Ind AS Financial Statements: Revenue Recognition' and 'Note 4 (j) to the Ind AS Financial Statements: Impairment of Financial Assets and 'Note 43 to the Ind AS Financial Statements: Risk Management'.	
	Subjective estimates: Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:	Our key audit procedures included: Review of Policy/procedures & design/ controls • Minutely going through the Board approved Policy and approach concerning the assessment of credit and other risks and ascertainment/ ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation.
	• Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. • The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Ind AS Financial Statements as a whole, and possibly many times that amount. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Studying the report of review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (and those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. • Testing of review controls over measurement of provisions and disclosures in the Standalone Ind AS Financial Statements. • Involvement of Information system resource to obtain comfort over data integrity and process of report generation through interface of various systems. • Understanding of models and general economic indicator criteria used for regression testing over data of the loan book. Substantive verification • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible.

Sr. No	Key audit matter	How the Key Audit Matter was addressed in our audit
		• Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient.
02	**Information Technology**	
	IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These includes implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: • Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. • Deployed our internal experts to carry out IT general Controls testing and identifying gaps, if any. » Our other processes include: » Selectively recomputed interest calculations and maturity dates; » Selectively re-evaluating masters updation, interface with resultant reports; » Selective testing of the interface of Ebix with other IT systems like Encollect, and other workflows. » Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) » Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. » Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' 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 during the course of our 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 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 management 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.

Auditors' 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 auditors' 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.

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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 auditors' 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 auditors' 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 year and are therefore the key audit matters. We describe these matters in our auditors' 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.

Other Matters

The Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by another auditor whose report dated 6th May, 2021 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, 2020("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A", 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 including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows 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.

(e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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 B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.

(g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 46 to the Financial Statements.

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 14 to the Financial Statements; and

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

(iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 44 (l) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 44 (l) no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(v) The Company has not declared any dividend during the year

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 22111212AIMMVE6880.

Place: Mumbai
Date: May 06, 2022

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF VISTAAR FINANCIAL SERVICES PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and as per the information and explanation provided to us, we give a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment and its intangible assets.

(b) The Company has a programme of physical verification of its fixed assets under which all fixed assets are verified in a phased manner. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were informed to have been noticed in 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 the immovable property are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, it has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated against the Company for holding Benami property under the "Benami Transactions (Prohibition) Act, 1988 and Rules made thereunder.

(ii) (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.

(b) During the year the company has been sanctioned working capital limit of Rs 3,900 lakhs, from various banks on the basis of security of book debts. Based on our examination of the records of the company, the quarterly returns/ statements filed by the company with the said bank are in agreement with the books of accounts maintained by the company.

(iii) (a) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the terms and conditions of the grant of all loans and advances, investments made are not observed to be prejudicial to the Company's interest.

(c) & (d) The company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/ Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting.

(e) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(e) of the Order are not applicable to it.

(f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. No order whatsoever has been passed by the Company Law Board or National Company Law Tribunal or RBI or any other authority in this respect.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of the clause (vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax, Goods and Service Tax, Cess and other material statutory dues have been generally regular in depositing during the year by the Company with the appropriate authorities. There are no undisputed statutory dues payable in respect to the above statues, outstanding as at March 31, 2022, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have dues which have not been deposited as on March 31, 2022, on account of any disputes.

(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, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government, debenture holders or any other lender.

(b) As represented, the company has not been declared as a wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans from bank during the year for the purposes for which they were obtained, other than temporary investment in Liquid Mutual funds and in Fixed deposits as per the Board approved investment policy as part of treasury operations, pending utilization towards purpose for which the same are obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and further considering the Asset Liability management mechanism of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes.

(e) & (f) The company does not have any subsidiaries, associates, or joint ventures. Accordingly, the provisions of the clauses 3(ix)(e)&(f) of the Order are not applicable.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer/ further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or securities during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) During the course of our 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, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit.

(b) No report under Section 143 (12) of the Act has been filed by us, during the year under report, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

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

(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 Ind AS Financial Statements as required under applicable Indian Accounting Standard (Ind AS).

(xiv) (a) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

(b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into non-cash transactions with directors or persons connected with them.

(xvi) (a) 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 valid registration under the said section of the said Act.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.

(d) As per information provided in course of our audit, the group to which the Company belongs, does not have CIC.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash loss in the financial year and the immediately preceding financial year.

(xviii) During the year, M/s MSKA & Associates, the Statutory auditors of the Company have resigned with effect from 13th July 2021. As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.

(xix) In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, along with details provided in Note 43 to the Ind AS Financial statements which describe the maturity analysis of assets & liabilities and other information accompanying the Ind AS Financial Statements, our knowledge of the plans of Board of Directors and of Management, we are of the opinion that no material uncertainty exists as on the date of the audit report and that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx) (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.

(xxi) Reporting under clause xxi of the Order is not applicable as the same is required to be reported only in case of consolidated financial statement.

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 22111212AIMMVE6880.

Place: Mumbai
Date: May 06, 2022

Annexure B to the Independent Auditors' report on the Financial Statements of Vistaar Financial Services Private Limited for the year ended 31 March 2022

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

Opinion

1. We have audited the internal financial controls with reference to the Financial Statements of Vistaar Financial Services Private Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the 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.

6. 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 the Financial Statements.

Meaning of Internal Financial Controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

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

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 22111212AIMMVE6880.

Place: Mumbai
Date: May 06, 2022

FINANCIAL STATEMENTS

Balance Sheet as at 31 March 2022

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	5	31,436	19,965
(b) Bank balances other than (a) above	6	9,671	8,465
(c) Derivative financial instruments	14	685	-
(d) Loans	7	227,575	192,133
(e) Other financial assets	8	3,005	1,986
Total financial assets		**272,372**	**222,549**
2 Non-financial assets			
(a) Current tax assets (net)		2,024	1,606
(b) Deferred tax assets (net)	9	1,504	2,246
(c) Property, plant and equipment	10	325	107
(d) Right of use asset	38	760	519
(e) Intangible asset under development	11	117	9
(f) Other intangible assets	12	137	38
(g) Other non-financial assets	13	1,550	1,115
Total non-financial assets		**6,417**	**5,640**
Total assets		**278,789**	**228,189**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Derivative financial instruments	14	-	685
(b) Trade payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		5	-
(ii) total outstanding dues other than micro enterprises and small enterprises		147	173
(c) Debt securities	16	17,150	17,733
(d) Borrowings (other than debt securities)	17	174,197	129,709
(e) Other financial liabilities	18	7,768	8,655
Total financial liabilities		**199,267**	**156,955**
2 Non-financial liabilities			
(a) Provisions	19	439	374
(b) Other non-financial liabilities	20	595	514
Total non-financial liabilities		**1,034**	**888**
3 Equity			
(a) Equity share capital	21	6,762	6,762
(b) Other equity	22	71,726	63,584
Total equity		**78,488**	**70,346**
Total liabilities and equity		**278,789**	**228,189**

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 **B. K. Khare & Co**
Chartered Accountants
ICAI Firm registration number: 105102W

Shirish Rahalkar
Partner
Membership No: 111212
Place: Mumbai
Date: 06 May 2022

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 2022

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2022

Prashant Kani
Chief Financial Officer
Place: Bengaluru
Date: 06 May 2022

Nisha Sharma
Company Secretary
Membership No. A35518
Place: Bengaluru
Date: 06 May 2022

Statement of Profit and Loss for the period ended 31 March 2022

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
1 Revenue from operations			
(i) Interest income	23	39,770	35,652
(ii) Fees and commission income	24	1,474	1,080
(iii) Net gain on fair value changes	25	247	110
(iv) Net gain on derecognition of financial instruments under amortised cost category		1,838	2,227
Total revenue from operations		**43,329**	**39,069**
2 Other income	26	30	7
3 Total income (1+2)		**43,359**	**39,076**
4 Expenses			
(i) Finance costs	27	15,650	14,237
(ii) Fee and commission expense	28	507	297
(iii) Impairment of financial instruments	29	3,603	5,027
(iv) Employee benefits expense	30	10,846	8,813
(v) Depreciation and amortisation expense	32	566	637
(vi) Other expenses	31	2,143	1,464
Total expenses		**33,315**	**30,475**
5 Profit before tax (3-4)		**10,044**	**8,601**
6 Tax expense:			
(a) Prior year taxes		43	(74)
(b) Current tax		2,004	2,085
(c) Deferred tax (credit) / charge		578	114
		2,625	**2,125**
7 Profit for the year (5-6)		**7,419**	**6,476**
8 Other comprehensive income, net of tax			
(i) Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plans		(60)	(44)
Income tax relating to items that will not be reclassified to profit or loss		15	11
(ii) Items that will be reclassified to profit or loss			
Effective portion of losses on hedging instruments in cash flow hedge		712	(387)
Income tax relating to items that will be reclassified to profit or loss		(179)	97
Other comprehensive income		**488**	**(323)**
9 Total comprehensive income for the year (7+8)		**7,907**	**6,153**
10 Earnings per equity share (of ₹10 each):	33		
Basic (in ₹)		10.78	9.41
Diluted (in₹)		10.68	9.34
Summary of significant accounting policies	4		

The accompanying notes 1 - 53 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 **B. K. Khare & Co**
Chartered Accountants
ICAI Firm registration number: 105102W

Shirish Rahalkar
Partner
Membership No: 111212
Place: Mumbai
Date: 06 May 2022

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 2022

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2022

Prashant Kani
Chief Financial Officer
Place: Bengaluru
Date: 06 May 2022

Nisha Sharma
Company Secretary
Membership No. A35518
Place: Bengaluru
Date: 06 May 2022

Statement of Cash Flows for the year ended 31 March 2022

(All amounts in ₹ lakhs unless otherwise stated)

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
Cash flows from operating activities			
Profit before tax		10,044	8,601
Adjustments for:			
Depreciation and amortisation expense		566	637
Impairment of loans		3,379	2,348
Loan assets written-off		46	3,416
Share-based payments to employees		257	203
Profit on sale of investments in mutual funds		(247)	(110)
Profit on sale of property, plant and equipment		(11)	1
Interest income on fixed deposits		(726)	(960)
Interest expense on lease liabilities		73	93
Operating profit before working capital changes		**13,381**	**14,229**
Adjustment for change in working capital:			
(Increase) / decrease in loans		(38,867)	(20,069)
(Increase) / decrease in other assets		(1,454)	(1,149)
Increase / (decrease) in other liabilities and provisions		263	1,459
Cash used in operating activities		**(26,677)**	**(5,530)**
Income tax paid, net of refunds		(2,466)	(2,249)
Net cash (used in) / generated from operating activities	**(A)**	**(29,143)**	**(7,779)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets (net of changes in capital work in progress)		(748)	(10)
Proceeds from sale of property, plant and equipment		19	4
Purchase of investments in mutual funds		(124,140)	(83,214)
Proceeds from sale of investments in mutual funds		124,387	83,324
Investment in fixed deposit, (net)		(480)	(1,074)
Net cash (used in) / generated from investing activities	**(B)**	**(962)**	**(970)**
Cash flows from financing activities			
Proceeds from term loans			
Proceeds of loan availed from banks		88,657	40,000
Proceeds of loan availed from others		13,880	11,388
Proceeds of loan availed from External commercial borrowings		-	22,350
Proceeds of loan availed from non-convertible debentures		3,500	11,000
Repayment of term loans			
Repayment of loan availed from banks		(45,028)	(27,061)
Repayment of loan availed from others		(12,029)	(25,080)
Repayment of loan availed from External commercial borrowings		(1,397)	-
Repayment of loan availed from non-convertible debentures		(4,104)	(13,191)
Proceeds of short-term borrowings, (net)		-	(2,237)
Principal payment of lease liabilities		(333)	(524)
Net cash generated from financing activities	**(C)**	**43,146**	**16,645**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)		**13,041**	**7,896**
Cash and cash equivalents at the beginning of the year/ period		15,381	7,485
Cash and cash equivalents at the end of the year/period		**28,422**	**15,381**
Note 1: Cash and cash equivalents as per note 5		28,422	15,381
		28,422	**15,381**

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 **B. K. Khare & Co**
Chartered Accountants
ICAI Firm registration number: 105102W

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

Shirish Rahalkar
Partner
Membership No: 111212
Place: Mumbai
Date: 06 May 2022

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 06 May 2022

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2022

Prashant Kani
Chief Financial Officer
Place: Bengaluru
Date: 06 May 2022

Nisha Sharma
Company Secretary
Membership No. A35518
Place: Bengaluru
Date: 06 May 2022

Statement of Changes in Equity for the period ended 31 March 2022

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity share capital*

	Balance as at 1 April 2020	Changes in equity share capital during the year 2020-21	Balance as at 31 March 2021	Changes in equity share capital during the year 2021-22	Balance as at 31 March 2022
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 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**
Profit for the year	-	-	-	7,419	-	**7,419**
Remeasurement gains on defined benefit plans, net of tax	-	-	-	(45)	-	**(45)**
Effective portion of losses on hedging instruments in cash flow hedge	-	-	-	-	532	**532**
Cost of issue of Non convertible debentures	-	(21)	-	-	-	**(21)**
Share based compensation for the year	-	-	257	-	-	**257**
Transfer from Statement of Profit and Loss to Statutory Reserve	1,484	-	-	(1,484)	-	**-**
Balance at 31 March 2022	**6,435**	**40,526**	**1,209**	**23,314**	**242**	**71,726**

* Refer note 21
** Refer note 22
The accompanying notes 1 - 53 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 **B. K. Khare & Co**
Chartered Accountants
ICAI Firm registration number: 105102W

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

Shirish Rahalkar
Partner
Membership No: 111212
Place: Mumbai
Date: 06 May 2022

Brahmanand Hegde
Executive Vice Chairman
DIN : 02984527
Place: Bengaluru
Date: 06 May 2022

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2022

Prashant Kani
Chief Financial Officer
Place: Bengaluru
Date: 06 May 2022

Nisha Sharma
Company Secretary
Membership No. A35518
Place: Bengaluru
Date: 06 May 2022

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. During FY 21 and FY 22, the Indian government and various state governments announced strict lockdowns to contain the spread of the virus. This pandemic and response thereon have impacted most of the industries. Considering the risks involved, the Company's operations were scaled down during the first quarter of FY 22 due to Government restrictions. In subsequent quarters, 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.

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 2022 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 05 May 2022 and 06 May 2022 respectively.

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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

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.

Commission income from insurance agency

Income from commission is recognised on accrual basis on assessment of certainty and measurement.

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)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
5 Cash and cash equivalents		
Cash on hand	160	181
Balances with banks in current accounts	19,119	17,103
Bank deposits with maturity of less than 3 months	12,157	2,681
Total	**31,436**	**19,965**
Cash and cash equivalents for the purpose of Statement of Cash flows:		
Cash and cash equivalents	31,436	19,965
Less: Bank overdraft (refer note 18)	(3,014)	(4,584)
	28,422	**15,381**
6 Other bank balances		
Fixed deposit with banks with original maturity more than three months	3,327	2,335
Balances with bank to the extent held as margin money	6,344	6,130
	9,671	**8,465**
7 Loans		
Secured, considered good (carried at amortised cost)		
Loans to small business, net of deferral	2,28,332	1,95,690
Interest accrued but not due on loans to small business	3,039	2,676
Interest accrued and due on loans to small business	709	1,104
Total	**2,32,081**	**1,99,470**
Less: Impairment loss allowance	(4,506)	(7,337)
Total	**227,575**	**192,133**
Notes:		
a) The reconciliation of loans to small business is as below:		
Secured, considered good	241,984	206,544
Unsecured, considered good	-	-
	2,41,984	**2,06,544**
Less: Direct Assignment	(10,381)	(8,275)
Own portfolio	**2,31,603**	**1,98,269**
Less: Deferral of net income on origination of loans	(3,271)	(2,579)
Loans to small business, net of deferral	**228,332**	**195,690**
Note: Secured loans are secured by way of tangible assets which constitutes land and building. All the loans are given to borrowers residing in India.		
8 Other financial assets		
Security deposits	209	225
Receivables on assignment	2,789	1,686
Others	7	75
Total	**3,005**	**1,986**
9 Deferred tax assets (net)		
Deferred tax asset arising on account of:		
Employee benefits	111	95
Impairment loss allowance	1,106	1,658
Disallowance u/s 43B of Income-tax Act, 1961 and other provisions	34	34
Amortisation of transaction cost / income on assets on finance as per EIR model	822	649
Depreciation and amortisation	155	181
Foreign exchange gain/loss in OCI	(82)	97
Fair value adjustments	9	12
	2,155	**2,726**
Deferred tax liability arising on account of:		
Recognition of income on assignment transaction	650	478
Recognition of interest income of non-performing assets	1	2
	651	**480**
Net deferred tax asset	**1,504**	**2,246**

(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 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**
Additions	-	37	185	42	52	16	**332**
Disposals	-	23	210	23	49	11	**316**
Balance as at 31 March 2022	**11**	**130**	**399**	**320**	**196**	**97**	**1,153**
Accumulated depreciation							
As at 1 April 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**
Depreciation charge for the year		15	51	20	13	7	**106**
Disposals		15	210	23	49	11	**308**
Balance as at 31 March 2022	**-**	**88**	**233**	**281**	**146**	**80**	**828**
Net block							
As at 31 March 2021	**11**	**28**	**32**	**17**	**11**	**8**	**107**
As at 31 March 2022	**11**	**42**	**166**	**39**	**50**	**17**	**325**

Note:

a **Contractual obligations**

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

	As at 31 March 2022	As at 31 March 2021
11 Intangible asset under development		
Software development	117	9

The ageing schedule of intangible assets under development are as follows;

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Intangible assets under development	-	-	-	-	-
Projects in progress	117	-	-	-	117
Projects temporarily suspended	-	-	-	-	-

There are no intangible assets under development where the completion is overdue or the costs have exceeded initial estimates.

12 Other intangible assets	**Computer Software**	**Total**
Gross block		
As at 31 March 2020	**642**	**642**
Additions	23	23
Disposals	-	-
As at 31 March 2021	**665**	**665**
Additions	151	151
Disposals	-	-
As at 31 March 2022	**816**	**816**
Amortisation		
As at 31 March 2020	569	569
Charge for the year	58	58
Disposals	-	-
As at 31 March 2021	**627**	**627**
Charge for the year	52	52
Adjustments	-	-
As at 31 March 2022	**679**	**679**
Net block		
As at 31 March 2020	**73**	**73**
As at 31 March 2021	**38**	**38**
As at 31 March 2022	**137**	**137**

13 Other non-financial assets

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	135	122
Unamortised borrowing cost	1,299	884
Capital advances	48	-
Other advance	6 8	109
Total	**1,115**	**828**

14 Derivative Financial Instruments

	31 March 2022			31 March 2021		
	Notional amounts	Fair value - Assets	Fair value - Liabilities	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	21,313	685	-	22,350	-	685
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub total	**21,313**	**685**	**-**	**22,350**	**-**	**685**
(iii) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
(iv) Equity linked derivatives	**-**	**-**	**-**	**-**	**-**	**-**
(v) Other derivatives (Please specify)	**-**	**-**	**-**	**-**	**-**	**-**
Total derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Financial instruments (i)+(ii)+(iii)+(iv)+(v)	**21,313**	**685**	-	**22,350**	**-**	**685**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(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	21,313	685	-	22,350	-	685
Credit derivatives	-	-	-	-	-	-
Equity linked derivatives	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub total (ii)	**21,313**	**685**	**-**	**22,350**	**-**	**685**
(iii) Net investment hedging	**-**	**-**	**-**	**-**	**-**	**-**
(iv) Undesignated Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total Derivative Financial Instruments (i)+ (ii)+(iii)+(iv)	**21,313**	**685**	**-**	**22,350**	**-**	**685**

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
15 Trade payables		
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	5	-
(ii) total outstanding dues other than micro enterprises and small enterprises	147	173
	152	**173**

Note: Amount of Rs. 150 lacs as at March 31, 2021 has been reclassified to 'other payable' under 'other financial liabilities' to correspond to current year classification. Refer note 18.

The ageing of trade payables are as follows

Particulars	2021-22	2020-21
MSME		
Less than 1 year	5	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**5**	**-**
Others		
Less than 1 year	147	155
1-2 years	-	2
2-3 years	-	5
More than 3 years	-	11
Total	**147**	**173**
Disputed dues - MSMEs		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**-**	**-**
Disputed dues - Others		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**-**	**-**
Grand total	**152**	**173**

Based on the information available with the Company, there were 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. Further, as per the confirmations available from vendors, there were no dues payables to MSMEs as at March 31, 2021.

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
16 Debt securities		
At amortised cost, Secured		
Non-convertible debentures ('NCD') *	17,150	17,733
	17,150	**17,733**
*Refer note 40 for terms of NCD.		
Borrowings in India	17,150	17,733
Borrowings outside India	-	-
	17,733	**17,733**
17 Borrowings ^		
At amortised cost		
Secured		
Term loans		
- from banks	1,28,907	79,653
- from financial institutions	23,977	27,867
External Commercial Borrowings	21,313	22,051
Unsecured		
Term loans from financial institutions	-	-
Working capital loans from banks	-	138
	174,197	**129,709**
^ Refer note 40 for terms of borrowings from banks and financial institutions.		
18 Other financial liabilities		
Interest accrued but not due on borrowings	817	901
Payable towards assignment/securitisation of loans	731	656
Employee dues	1,322	997
Accrued expenses	678	749
Book overdraft	3,014	4,584
Lease liability	850	618
Other payables	356	150
	7,768	**8,655**

Note: Amount of Rs. 150 lacs as at March 31, 2021 has been reclassified from Trade payables to correspond to current year classification.

19 Provisions		
Provision for employee benefits		
Gratuity (refer note 35)	354	294
Compensated absences	85	80
	439	**374**
20 Other non-financial liabilities		
Advance received from small business loans	327	263
Other statutory dues payable	268	251
	595	**514**

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
21 Share capital		
Authorised		
(i) 11,449,980 (31 March 2021: 11,449,980) equity shares of ₹ 10 each	1,145	1,145
(ii) 500 (31 March 2021: 500) class A equity shares of ₹ 10 each [₹ 5,000 (31 March 2020: ₹ 5,000)]	0	0
(iii) 60,000,000 (31 March 2021: 60,000,000) compulsorily convertible preference shares of ₹ 10 each	6,000	6,000
(iv) 3,300,000 (31 March 2021: 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 2021: 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 2021: 1,782,471 shares) allotted to the ESOP trust] [refer note 21(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 2021: 59,306,300) compulsorily convertible preference shares of ₹ 10 each, fully paid-up	5,931	5,931
(iv) 3,232,958 (31 March 2021: 3,232,958) class A compulsorily convertible preference shares of ₹ 1 each, fully paid-up	32	32
	6,762	**6,762**

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
a) Reconciliation of share capital (equity)				
Balance at the beginning of the year	9,769,220	977	9,769,220	977
Add : Issued during the year	-	-	-	-
	9,769,220	**977**	**9,769,220**	**977**
Less : Amount recoverable from the ESOP trust [face value of 1,782,471 shares (31 March 2021: 1,782,471 shares) allotted to the ESOP trust]	1,782,471	178	1,782,471	178
Balance at the end of the year	**7,986,749**	**799**	**7,986,749**	**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	59,306,300	5,931	59,306,300	5,931
Add : Issued during the year	-	-	-	-
Balance at the end of the year	**59,306,300**	**5,931**	**59,306,300**	**5,931**
Reconciliation of share capital (class A compulsorily convertible preference shares)				
Balance at the beginning of the year	3,232,958	32	3,232,958	32
Add : Issued during the year	-	-	-	-
Balance at the end of the year	**3,232,958**	**32**	**3,232,958**	**32**

(All amounts in ₹ lakhs unless otherwise stated)

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 2022		As at 31 March 2021	
	Percent of shareholding	No. of shares	Percent of shareholding	No. of shares
Equity shares				
Mr. Brahmanand Hegde (Promoter)	19.82	19,35,890	19.82	19,35,890
Mr. Ramakrishna Nishtala (Promoter)	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
Note: There has been no change in the shareholding percentage of promoters during the year				
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 2022. The Company has not bought back equity shares during five years immediately preceding 31 March 2022, 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 36.

For details of shares reserved for issuance of conversion of CCPS and Class A CCPS, refer note 21(b) regarding terms of conversion of CCPS.

g) The shareholding of promoters of the Company is as follows;

Promoter Name	No. of shares	% of total shares for each class of shares	% Change during the year
Equity Shares			
Mr. Brahmanand Hegde	1,935,890	19.82	No change
Mr. Ramakrishna Nishtala	1,935,890	19.82	No change
Class A Compulsorily Convertible Preference Shares			
Mr. Brahmanand Hegde	1,616,479	50.00	No change
Mr. Ramakrishna Nishtala	1,616,479	50.00	No change
Total	71,04,738		

The promoters do not hold any other class of shares other than above.

Summary of significant accounting policies and other explanatory information as at/ for the year ended 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
22 Other equity		
Statutory reserve u/s 45(IC) of the RBI Act, 1934	6,435	4,951
Securities premium	40,526	40,547
Share options outstanding account	1,209	952
Surplus in the Statement of Profit and Loss	23,314	17,424
Cash flow hedge reserve	242	(290)
	71,726	**63,584**

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 2021: ₹ 1,282) [refer note 21(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. Also refer note 36.

	Year ended 31 March 2022	Year ended 31 March 2021
23 Interest Income		
At amortised cost		
Interest on loans to small businesses	39,044	34,692
Interest on margin money deposits	242	327
Interest on fixed deposits	484	633
	39,770	**35,652**
Note: Previous year number to the extent of Rs. 737 lakhs pertaining to interest income reversal accounted under loan assets written off has been reclassified from impairment of financial instruments under note 29 in order to make the same comparative to current year classification.		
24 Fee and commission income		
Fee income from customers	1,336	1,018
Commission income from insurance business	132	57
Servicing fee on securitisation	6	5
	1,474	**1,080**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
25 Net gain on fair value changes		
Net gain/loss on financial instruments through profit or loss		
Profit on sale of investments in mutual funds	247	110
Fair value changes on assigned transactions	-	-
	247	**110**
Fair value changes:		
- Realised	247	110
- Unrealised	-	-
	247	**110**
26 Other income		
Profit on sale of fixed assets	11	1
Others	19	6
	30	**7**
27 Finance costs		
Interest expense on financial liabilities measured at amortised cost		
- Banks	9,169	8,076
- Financial institutions	4,703	3,662
- NCDs	1,673	2,336
- Overdraft facility	2	36
Bank charges	30	34
Interest expense on lease liabilities	73	93
	15,650	**14,237**
28 Fees and commission expense		
Underwriting charges	410	233
Other fees	97	64
	507	**297**
29 Impairment of financial instruments		
Impairment of loans	3,379	4,667
Impairment of assignment receivables	178	41
Loan assets written off	46	319
	3,603	**5,027**

Note: Previous year number to the extent of Rs. 737 lakhs pertaining to interest income reversal accounted under loan assets written off has been reclassified to interest income under note 23 in order to make the same comparative to current year classification.
Further, Rs. 2,360 lakhs pertaining to provisions on accounts written off was grouped under loan assets written off in FY 21. The same has been grouped under impairment of loans line item above. Impairment of assignment receivables of Rs. 41 lacs for FY 21 was grouped under impairment of loans. These reclassifications have been made to make the same comparative to current year classification.

30 Employee benefits expenses		
Salaries and wages	9,657	7,833
Contributions to provident and other funds	587	508
Share based compensation (refer note 36)	257	203
Gratuity expense (refer note 35)	99	83
Insurance expenses	115	101
Staff welfare expenses	131	85
	10,846	**8,813**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
31 Other expenses		
Electricity and water	61	68
Repairs and maintenance	184	161
Rates and taxes	33	11
Travelling and conveyance	355	179
Printing and stationery	37	32
Postage and courier	39	31
Information technology costs	379	343
Legal and professional fees	490	209
Remuneration to auditors [refer note 31 (a)]	30	28
Contribution towards CSR [refer note 31 (b)]	238	200
Communication	61	70
Training and recruitment	93	58
Branding and marketing	131	66
Miscellaneous	12	8
	2,143	**1,464**
31 (a) Payment to auditors (excluding taxes)		
- Audit fees	25	24
- Tax audit fees	2	1
- Certifications	1	3
- Out of pocket expenses	2	-
	30	**28**
31 (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.	158	121
Amount spent during the year on purposes other than construction/acquisition of any asset		
- Paid	238	200
- Yet to be paid^	-	-
	238	**200**
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	73

Reason for shortfall

There is no shortfall of amount to be spent in the current year. In respect of the financial year ending March 31, 2021, the Company had 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. The same has been fully utilised during the current year. During the year ended March 31, 2022, the Company has transferred an amount of Rs. 12.45 lakhs to the Unspent CSR account being amount in respect of ongoing projects. The Company has however spent over and above the requirement of the regulations on a cumulative basis upto March 31, 2022.

Nature of CSR activities

The Company's CSR activities involve support towards education, healthcare and environment. During the year, the Company has conducted special coaching to about 4000 students appearing for SSLC exams in various Government schools in Karnataka. Further, the Company has also conducted health camps for the above students. In addition to the above, the Company has contributed towards setting up of medical facilities during Covid second wave. Further, the Company has contributed to the Forest department in BR Hills in Chamrajnagar district in Karnataka state for specific needs of the Forest guards and personnel.

The Company has not entered into transactions with any related parties in respect of the CSR activities. Further, as at the year end, the Company does not carry any provisions in respect of liabilities incurred but not paid in respect of CSR expenditure and therefore no movement of provisions are provided.

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
32 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 10)	106	159
Amortisation on intangible assets (refer note 12)	52	58
Amortisation of right of use asset (refer note 38)	408	420
	566	**637**
33 Earnings per equity share (EPS)		
Net profit attributable to equity shareholders	**7,419**	**6,476**
Weighted average number of shares outstanding during the year for computing basic EPS (nos)	68,800,238	68,800,238
Add: Effect of potential shares for conversion of ESOP (nos)	687,470	532,740
Weighted average number of shares used to compute diluted EPS (nos)	**69,487,708**	**69,332,978**
Profit per share:		
Basic	10.78	9.41
Diluted	10.68	9.34
Nominal value per equity share	10	10

34 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 2022	31 March 2021
Transactions with key management personnel		
- Managerial remuneration (refer note below)		
Mr. Brahmanand Hegde	152	98
Mr. Ramakrishna Nishtala	153	97

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

Nature of transaction	31 March 2022	31 March 2021
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

35 Employee benefits

A Defined contribution plan

The Company makes contribution of statutory provident fund as per the Employees' Provident Funds and Mis cellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The contribution amounts have been disclosed under note 30, Employee benefits expense. Details are as follows;

Particulars	March 31, 2022	March 31, 2021
Contribution to Provident Fund	517	447
Contribution to Employee state insurance scheme	70	61
Total	**587**	**508**

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 2021: 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 as sumption 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) Discountrate-Reductionindiscountrateinsubsequentvaluationscanincreasetheplan'sliability

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 amounts recognized in the Balance Sheet:

		31 March 2022	31 March 2021
1	**The amounts recognised in the Balance Sheet are as follows:**		
	Present value of the obligation as at the end of the year	512	408
	Fair value of plan assets as at the end of the year	161	114
	Net liability recognised in the Balance Sheet	**351**	**294**
2	**Changes in the present value of defined benefit obligation**		
	Defined benefit obligation as at beginning of the year	408	287
	Service cost	86	74
	Interest cost	18	15
	Actuarial losses/(gains)		
	- change in financial assumptions	(8)	10
	- change in demographic assumptions	-	-
	- experience variance (i.e. actual experiences assumptions)	68	36
	Benefits paid	(59)	(14)
	Defined benefit obligation as at the end of the year	**512**	**408**

(All amounts in ₹ lakhs unless otherwise stated)

	31 March 2022	31 March 2021
3 Change in the fair value of plan assets		
Fair value as at the start of the year	114	121
Total Contributions		
Contributions to the fund	100	-
Contributions by way of benefit payment	-	-
Benefits paid	(59)	(14)
Interest income on plan assets	5	6
Re-measurements		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	1	1
Fair value as at the end of the year	**161**	**114**
Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:		
Discount rate	4.9% p.a.	4.5% 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 2022 and 31 March 2021 comprises of following components:		
Current service cost	86	74
Net interest cost on the net defined benefit liability	18	15
Interest income on plan assets	(5)	(6)
Components of defined benefit costs recognized in Statement of Profit and Loss	**99**	**83**
5 Other comprehensive income		
Remeasurements on defined benefit obligations		
Change in financial assumptions	(8)	10
Change in demographic assumptions		
Experience variance (i.e. actual experience vs assumptions)	68	36
Remeasurements on plan assets		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	(1)	(1)
Components of defined benefit costs recognized in other comprehensive income	**59**	**45**

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, 2022	2 years
FY ended March 31, 2021	2 years

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

	As at 31 March 2022	As at 31 March 2021
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	(19)	(11)
	Decrease by 100 basis points	20	12
Salary escalation rate	Increase by 100 basis points	19	11
	Decrease by 100 basis points	(18)	(11)
Withdrawal rate	Increase by 100 basis points	(6)	(4)
	Decrease by 100 basis points	6	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.

36 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

The Company has two 'Employee Stock Option Plans namely 'Employee Stock Option Plan 2010' and 'Employee Stock Option Plan 2016'. The 'Employee Stock Option Plan 2010' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 2 July 2010. 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 Plans are 4,000,730 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Nomination and 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.

Option activity during the year is summarised below:

	31 March 2022		31 March 2021	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	2,369,244	176.34	1,369,544	138.46
Granted during the year	1,227,500	250.80	1,124,900	227.30
Forfeited during the year	(345,600)	229.69	(125,200)	219.87
Exercised during the year	-	-	-	-
Options outstanding at the end	3,251,144	198.64	2,369,244	176.34
Options exercisable at year end	1,382,219	138.81	1,142,044	119.40

The options outstanding as at 31 March 2022 were with the exercise price of ₹ 35.09 to ₹ 250.80. With effect from October 15, 2021 (effective date), employees who have been with the Company for over three years and have resigned post the effective date with exercisable outstanding options, have an option to pay 25% of the exercise price in respect of options that the employee desires to exercise with the condition that balance 75% is to be paid at the time of first liquidity event mandatorily. The above modification of the plan has resulted in a modification of the ESOP plan and the Company has recorded an amount of ₹136 lakhs as an expense arising out of this modification in the current financial year.

The Employee Stock Option Plans have 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 2022	31 March 2021
Expected life (in years)	2.5 to 4.6 years	2.5 to 4.6 years
Volatility (%)	30%	50%
Risk free rate (%)	4.90% - 5.60%	4.50% - 5.30%
Exercise price (₹)	250.80	227.30
Dividend yield	Nil	Nil
Option fair value	86.05	92.08

Employee stock option plan 2010 and 2016 have been combined for the purpose of disclosure in the current year as the terms and conditions of both the options are identical in all respects.

b) 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 2022		31 March 2021	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year	3,137,097	112.22	3,137,097	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	3,137,097	112.22	3,137,097	112.22
Exercisable at year end	-	-	-	-

There has been no grant under the scheme during the current year and the previous year.

	Year ended 31 March 2022	Year ended 31 March 2021
37 Income tax expense		
a) Income tax expense recognised in Statement of profit and loss		
Current tax for the year	2,004	2,085
Adjustment in respect of earlier years	43	(74)
Deferred tax (credit) / charge	578	114
	2,625	**2,125**
b) Income tax recognised in other comprehensive income		
Taxes on re-measurement of defined benefit plans	15	11
Taxes on ineffective portion of hedges	(179)	97
c) Reconciliation of income tax expense and the accounting profit for the year		
Profit before tax	10,044	8,601
Enacted tax rates	25.168%	25.168%
Income tax expense calculated on corporate tax rate	2,528	2,165
Expense disallowed under the provisions of Income tax Act, 1961	59	52
Expense allowed under the provisions of Income tax Act, 1961	(5)	-
Reversal of deferred tax on account of change in tax rates	-	-
Reversal of deferred tax on account of interest on NPA written-off	-	(18)
Adjustment to deferred tax on account of change in tax base on filing of return	-	-
Income tax in respect of earlier years	43	(74)
At the effective income tax rate of 25.168% (31 March 2021: 25.168%)	**2,625**	**2,125**

d) Movement in deferred tax assets (net)

Particulars	As at 31 March 2021	(Charged) / credit to statement of profit and loss	(Charged) / credit to other comprehensive income	As at 31 March 2022
Deferred tax assets				
Employee benefits	95	1	15	111
Impairment loss allowance	1,658	(552)	-	1,106
Disallowance u/s 43B and other provisions	34	(0)	-	34
Amortisation of transaction cost / income on assets on finance as per EIR model	661	170	-	831
Foreign exchange gain/loss in OCI	97	-	(179)	(82)
Depreciation and amortisation	181	(25)	-	156
Total deferred tax assets	**2,726**	**(406)**	**(164)**	**2,156**
Deferred tax liabilities				
Recognition of income on assignment transaction	478	172	-	650
Recognition of interest income of non-performing assets	2	-	-	2
	480	**172**	**-**	**652**
Net deferred tax asset	**2,246**	**(578)**	**(164)**	**1,504**

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	23	11	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 gain/loss in OCI	-	-	97	97
Depreciation and amortisation	173	8		181
Total deferred tax assets	**2,501**	**117**	**108**	**2,726**
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**
	2,252	**(114)**	**108**	**2,246**

38 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 2020	**1,475**	**1,475**
Additions	133	133
Derecognition	(225)	(225)
Modifications	(179)	(179)
Gross carrying value as on 31 March 2021	**1,204**	**1,204**
Additions	661	**661**
Derecognition	(516)	**(516)**
Modifications	-	-
Gross carrying value as on 31 March 2022	**1,349**	**1,349**
Accumulated depreciation as on 1 April 2020	482	482
Depreciation	420	420
Accumulated depreciation on derecognition	(217)	(217)
Accumulated depreciation as on 31 March 2021	**685**	**685**
Depreciation	408	408
Accumulated depreciation on derecognition	(504)	(504)
Accumulated depreciation as on 31 March 2022	**589**	**589**
As at 31 March 2022	**760**	**760**
As at 31 March 2021	**519**	**519**

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 43. The effective interest rate for lease liabilities is 10%, with maturity between 2022-2028.

Amounts recognised in balance sheet	As at 31 March 2022	As at 31 March 2021
Lease liabilities (refer note 18)	850	618

39 Change in liabilities arising from financing activities

Changes in fair values in respect of debt securities are as follows;

Particulars	31-Mar-22	31-Mar-21
Opening balance	22,051	-
Cash flows	(1,378)	22,350
Changes in fair values	-	-
Exchange difference	640	(299)
Closing balance	**21,313**	**22,051**

There are no other financial assets/ liabilities to be disclosed in respect of fair value changes other than above.

40 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 2022	Balance outstanding as at 31 March 2021	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	-	-	-	-	-
					(4)	(67)	-	-	(67)
II. With moratorium of 1-3 months									
2-3 years	8.25%-8.85%	5,000	2,803	1,212	12	1,212	21	1,591	2,803
					(12)	(909)	(4)	(303)	(1,212)
3-5 years	9.40% - 9.75%	32,475	20,546	16,023	12	6,984	41	13,562	20,546
					(12)	(7,168)	(48)	(8,855)	(16,023)
>5 years	9.05%	5,000	3,421	-	12	1,026	28	2,394	3,421
IV. Without moratorium									
Within 1 year	6.32%	5,000	-	500	-	-	-	-	-
					(1)	(500)	-	-	(500)
2-3 years	10.86%	1,200	367	3,375	12	367	-	-	367
					(12)	(2,988)	(11)	(387)	(3,375)
3-11 years	7.25% - 11.06%	128,152	77,130	44,027	12	20,354	78	56,776	77,130
					(12)	(15,354)	(72)	(28,673)	(44,027)
Quarterly repayment									
I. With moratorium of 3 months									
2-7 years	10.5% - 11.50%	6,300	4,327	5,975	4	756	20	3,571	4,327
					(4)	(1,148)	(24)	(4,827)	(5,975)
II. Without moratorium									
2-5 years	9.00 - 9.20%	24,000	20,313	8,974	4	4,849	16	15,464	20,313
					(4)	(2,100)	(13)	(6,874)	(8,974)
Total			**128,906**	**80,153**		**35,548**		**93,358**	**128,907**

Notes:

Notes:

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

b) Fixed deposit amounting to ₹ 5,920 lakhs (31 March 2021: ₹ 5,706 lakhs) have been pledged towards availing term loan from banks.

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

d) There has been no default in repayments during the year.

e) Figures in brackets represent previous year numbers.

(b) Indian rupee loan from financial institutions

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021	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	5.75%	8,500	3,780	-	4	3,780	-	-	3,780
2-3 years	11.95%	5,000	833	-	6	833	-	-	833
3-7 years	8.75%-11.95%	28,506	15,587	-	12	6,195	61	9,392	15,587
ii. With moratorium of 3 months									
1-2 years	11.95%	1,500	-	708	-	-	-	-	-
					(11)	(708)	-	-	(708)
2-3 years	10.14%-12.85%	5,017	-	2,504	-	-	-	-	-
					(12)	(1,670)	(6)	(833)	(2,504)
3-6 years	10.55-12.25%	28,506	-	19,928	-	-	-	-	-
					(12)	(7,431)	(37)	(12,497)	(19,928)
iii. With moratorium of 6 months									
3-6 years	9.15%	1,400	1,400	-	6	129	48	1,271	1,400
Quarterly repayment									
I. With moratorium of 2-3 months									
2-3 years	11.50%	1,000	-	667	-	-	-	-	-
					(4)	(333)	(4)	(333)	(667)
3-6 years	10.55%- 12.25%	3,950	2,377	3,560	4	790	12	1,586	2,377
					(4)	(790)	(14)	(2,770)	(3,560)
Total			**23,977**	**27,367**		**11,727**		**12,249**	**23,977**

Notes:

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

b) Fixed deposit amounting to ₹ 160 lakhs (31 March 2021: ₹ nil) have been pledged towards availing term loan from banks.

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

d) There has been no default in repayments during the year.

e) Figures in brackets represent previous year numbers.

(c) External commercial borrowings

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021	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%	22,350	21,313	22,051	4	5,588	11	15,725	21,313
					(1)	(1,378)	(15)	(20,673)	(22,051)
			21,313	**22,051**		**5,588**		**15,725**	**21,313**

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 has been no default in repayments during the year.

e) Figures in brackets represent previous year numbers.

Summary of significant accounting policies and other explanatory information as at/ for the year ended 31 March 2022

(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 2022	Balance outstanding as at 31 March 2021	Due within one year	Due within 2 - 3 years	Total	Redemption terms
NCD 1	24-Aug-18	24-Aug-23	10.50%	6,900	6,900	6,900	-	6,900	6,900	Bullet repayment at the end of 60 months
							-	(6,900)	(6,900)	
NCD 2	29-Dec-20	30-Jun-22	9.53%	5,000	1,250	5,000	1,250	-	1,250	Quarterly Repayment with moratorium of 9 months
							(3,750)	(1,250)	(5,000)	
NCD 3	23-Jun-20	29-Jun-23	9.75%	5,000	5,000	5,000	-	5,000	5,000	Bullet repayment at the end of 36 months
							-	(5,000)	(5,000)	
NCD 4	20-May-20	1-Apr-23	11.45%	1,000	500	833	333	167	500	Quarterly Repayment
							(333)	(500)	(833)	
NCD 5	30-Mar-22	30-Mar-26	9.30%	3,500	3,500	-	875	2,625	3,500	Quarterly Repayment
Total					**17,150**	**17,733**	**2,458**	**14,692**	**17,150**	

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.

c) There has been no default in repayments during the year.

d) Figures in brackets represent previous year numbers.

(e) Working capital loans from banks

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021	Due within 1 year	
					No of instalments	Amount
I. Without moratorium						
Less than 1 year	9.5% - 12.5%	3,900	-	138	-	-
					(1)	(138)
Total			**-**	**138**		**-**

Notes:

a) There has been no default in repayments during the year.

b) Figures in brackets represent previous year numbers.

41 Capital management

The capital management objectives of the Company are:

- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

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

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

Gearing Ratio

	As at 31 March 2022	As at 31 March 2021
Debt securities	17,150	17,733
Borrowings (other than debt securities)	174,197	129,709
Net debt	**191,347**	**147,442**
Total equity	**78,488**	**70,346**
Net debt to equity ratio	**2.44**	**2.10**

42 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 2022					
Financial Assets					
Cash and cash equivalents	-	-	31,436	31,436	31,436
Bank balances other than above	-	-	9,671	9,671	9,671
Derivative financial instruments	-	685	-	685	685
Loans	-	-	227,575	227,575	227,575
Other financial assets	-	-	3,005	3,005	3,005
Total financial assets	**-**	**685**	**271,687**	**272,372**	**272,372**
Derivative financial instruments	-	-	-	-	-
Trade payables	-	-	152	152	152
Debt securities	-	-	17,150	17,150	17,150
Borrowings (other than debt securities)	-	-	174,197	174,197	174,197
Other financial liabilities	-	-	7,768	7,768	7,768
Total financial liabilities	**-**	**-**	**199,267**	**199,267**	**199,267**
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	-	-	192,133	192,133	192,133
Other financial assets	-	-	1,986	1,986	1,986
Total financial assets	**-**	**-**	**222,549**	**222,549**	**222,549**
Derivative financial instruments	-	685	-	685	685
Trade payables	-	-	173	173	173
Debt securities	-	-	17,733	17,733	17,733
Borrowings (other than debt securities)	-	-	129,709	129,709	129,709
Other financial liabilities	-	-	8,655	8,655	8,655
Total financial liabilities	**-**	**685**	**156,270**	**156,955**	**156,955**

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.

Summary of significant accounting policies and other explanatory information as at/ for the year ended 31 March 2022

(All amounts in ₹ lakhs unless otherwise stated)

The following table shows the levels within the hierarchy of financial assets measured at fair value as at March 31, 2022:

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

There are no financial liabilities measured at fair value as at March 31, 2022. Further, there were no financial assets measured at fair value as at March 31, 2021.

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 are no financial assets measured at fair value as at March 31, 2021.

-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.

43 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.

(All amounts in ₹ lakhs unless otherwise stated)

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 2022	As at 31 March 2021
Low credit risk on financial reporting date		
Cash and cash equivalents	31,436	19,965
Bank balances other than above	9,671	8,465
Loans and corresponding interest receivables*	221,875	198,465
Other financial assets	3,005	1,986
Moderate credit risk		
Loans *	10,206	1,001
High credit risk		
Loans *	-	4

*These represent gross carrying values of financial assets, without deduction for expected credit losses (refer note 7)

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 2022				
Cash and cash equivalents	31,436	0%	-	31,436
Bank balances other than above	9,671	0%	-	9,671
Derivative financial instruments	685	0%	-	685
Other financial assets	3,005	0%	-	3,005
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

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.
- 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 including repayment behaviour of the customer on the loans taken from other lenders using bureau 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 2022				
Low credit risk	209,171	6,338	5,888	221,397
Moderate credit risk	-	10,009	197	10,206
High credit risk	-	-	-	-
Gross carrying amount	**209,171**	**16,347**	**6,085**	**231,603**
Less: Loss allowance	998	1,643	1,801	4,442
Carrying amount	**208,173**	**14,704**	**4,284**	**227,161**
31 March 2021				
Low credit risk	80,439	110,501	6,324	197,264
Moderate credit risk	814	187	-	1,001
High credit risk	3	1	0	4
Gross carrying amount	**81,256**	**110,689**	**6,324**	**198,269**
Less: Loss allowance	1,054	4,100	2,080	7,235
Carrying amount	**80,202**	**106,589**	**4,244**	**191,034**

Note: The above disclosure on loans relates to only own portfolio as disclosed in note 7. The above does not include interest accrued and receivable of Rs. 3,749 lakhs (31 March 2021:Rs. 3,780 lakhs) and provision thereon of Rs. 64 lakhs (31 March 2021: Rs. 102 lakhs)

^ As at 31 March 2022 and 31 March 2021, 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:

(All amounts in ₹ lakhs unless otherwise stated)

Credit risk exposure	As at 31 March 2022	As at 31 March 2021
Low credit risk	-	106,750
Moderate credit risk *	7,371	66
High credit risk	-	0
Gross carrying amount	**7,371**	**106,816**
Less: Loss allowance	1,021	3,786
Carrying amount	**6,350**	**103,030**

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 2020	-	3,524	2,351	5,875
Transfer to 12 months ECL	798	(798)	(0)	(0)
Transfer to life time ECL not credit impaired	(2)	3	(2)	(0)
Transfer to Lifetime ECL credit impaired	-	(1,195)	1,196	1
Net remeasurement of loss allowance	-	3,224	2,354	5,578
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**	**2,080**	**7,235**
Transfer to 12 months ECL	420	(419)	(1)	0
Transfer to life time ECL not credit impaired *	(108)	111	(3)	0
Transfer to Lifetime ECL credit impaired	(266)	(1,324)	1,608	18
Net remeasurement of loss allowance	(140)	(63)	4,063	3,860
New financial assets originated or purchased	339	-	-	339
Financial assets that have been derecognised	(301)	(763)	(375)	(1,439)
Write offs	-	-	(5,571)	(5,571)
Balance as at 31 March 2022	**998**	**1,643**	**1,801**	**4,442**

* 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.

Loss allowance of Rs. 64 lacs (31 March 2021: Rs. 102 lakhs) pertaining to outstanding interest dues has not been included in the above.

(All amounts in ₹ lakhs unless otherwise stated)

The following table further explains changes in the gross carrying amount of the Loan portfolio (own portfolio as per note 7) 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 2020	-	175,900	6,779	182,679
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**	**110,689**	**6,324**	**198,269**
Transfer to 12 months ECL	52,909	(52,860)	(49)	(0)
Transfer to life time ECL not credit impaired *	(1,439)	1,510	(71)	-
Transfer to Lifetime ECL credit impaired	(942)	(5,297)	6,239	-
New financial assets originated or purchased	91,207	-	-	91,207
Financial assets that have been derecognised/repaid	(13,820)	(37,695)	(787)	(52,302)
Write offs	-	-	(5,571)	(5,571)
Balance as at 31 March 2022	**209,171**	**16,347**	**6,085**	**231,603**

* 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 2022	As at 31 March 2021
Gross carrying amount of loans (refer note 7, own portfolio)	231,603	198,269
Concentration by industry		
Agri and allied sectors	3,995	4,438
Others	227,608	193,831
	231,603	**198,269**

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, 2022 was ₹ 5,571 (March 31, 2021 ₹ 3,416). The Company however continues with the recovery efforts in respect of these loans.

(All amounts in ₹ lakhs unless otherwise stated)

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 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	55,400	94,632	35,752	5,563	191,347
Trade payable	152	-	-	-	152
Lease Liability	404	334	111	2	851
Bank overdraft	3,014	-	-	-	3,014
Other financial liabilities at amortised cost	3,903	-	-	-	3,903
Total	**62,873**	**94,966**	**35,863**	**5,565**	**199,267**

31 March 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	46,766	71,383	26,557	2,736	147,442
Trade payable	173	-	-	-	173
Lease Liability	376	232	10	-	618
Bank overdraft	4,584	-	-	-	4,584
Other financial liabilities at amortised cost	3,453	-	-	-	3,453
Total	**55,352**	**71,615**	**26,567**	**2,736**	**156,270**

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 2022	As at 31 March 2021
Financial liabilities (USD)		
Foreign currency loan	21,313	22,051
Net exposure to foreign currency risk (liabilities)	21,313	**22,051**

The above numbers are restated at spot rate as at the reporting date.

Sensitivity

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

Particulars	As at 31 March 2022	As at 31 March 2021
USD sensitivity*		
INR/USD- increase by 100 bp (31 March 2021 100 bp)	(213)	(221)
INR/USD- decrease by 100 bp (31 March 2021 100 bp)	213	221

* Holding all other variables constant

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 2022	As at 31 March 2021
Designated derivative instruments			
Cross currency interest rate swaps	USD		
Contract Value in USD Mio		28	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 2022	As at 31 March 2021
Balance as at the beginning of the year	(387)	-
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	712	(387)
Balance as at year end	325	(387)
Deferred tax thereon	(83)	97
Balance as at the end of the year, net of deferred tax	**242**	**(290)**

(All amounts in ₹ lakhs unless otherwise stated)

The related hedge transactions for balance is cash flow hedging reserves as of March 31, 2022 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, 2022 and March 31, 2021, 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 2022	As at 31 March 2021
Variable rate borrowing	123,664	68,621
Fixed rate borrowing	67,683	78,821
Total borrowings	**191,347**	**1,47,442**

Sensitivity

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

	31 March 2022	31 March 2021
Interest sensitivity*		
Interest rates – increase by 100 basis points	1,237	685
Interest rates – decrease by 100 basis points	(1,237)	(685)
*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.

44 Additional regulatory information as per Division III Schedule III of the Companies Act 2013

a) **Title deeds of Immovable Properties not held in name of the Company**
There are no immovable properties which are not held in the name of the Company.

b) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) during the year.

c) The Company has not revalued its Intangible assets during the current year.

d) There are no loans or advances in the nature of loans granted to promoters, Directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly.

e) **Capital work in progress**
There are no amounts lying in Capital work in progress in respect of Property, Plant and Equipment.

f) **Details of Benami Property held**
There are no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

g) **Wilful Defaulter**
The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

h) **Relationship with Struck off Companies**
The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

i) **Registration of charges or satisfaction with Registrar of Companies (ROC)**
There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

j) **Compliance with number of layers of companies**
The Company does not have any subsidiary companies. Further, Companies (Restriction on number of Layers) Rules, 2017 do not apply to the Company in terms of Subrule 2 of Rule 2 of the said rules.

k) **Compliance with approved Scheme(s) of Arrangements**
The Company has not entered into any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

l) **Utilisation of Borrowed funds and share premium**
No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

m) **Undisclosed income**
There are no transactions that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 which have not been recorded in the books of accounts.

n) **Details of Crypto Currency or Virtual Currency**
The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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 Contingent Liabilities and commitments (to the extent not provided for)

a) Commitments

Commitment towards purchase of various assets including software ₹ 149 lakhs (31 March 2021: ₹ Nil).

b) 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.

47 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	17,290	-
Unsecured		-
(b) Deferred credits		-
(c) Term loans (secured)	174,873	-
(d) Inter-corporate loans and borrowing		-
(e) Commercial paper		-
(f) Other loans (Overdraft facilities and working capital loans)	-	-
	192,163	**-**

Assets side:	Amount outstanding
b. Break-up of loans and advances:	
(a) Secured	231,603
(b) Unsecured	-
	231,603
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	231,603	-	231,603
	231,603	**-**	**231,603**

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 2022
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	6,085
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	4,284
iii) Assets acquired in satisfaction of debt	-

47B 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 as at/ for the year ended 31 March 2022
(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.

In accordance with the RBI notification RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020, the above disclosure requirements are applicable only for Financial Years 2019-20 and 2020-21. Accordingly, the above disclosure is not required to be provided for March 31, 2022.

47C Disclosure on accounts subjected to restructuring for the year ended March 31 2022

The Company has restructured certain loan accounts in accordance with the RBI circular dated August 06, 2020. The number of accounts outstanding and the outstanding balance in respect of such accounts is as follows;

Particulars	No. of accounts restructured	Amount (Rs. Lakhs)
As at March 31, 2022	1,596	10,205
As at March 31, 2021	1,955	12,512

47D Additional disclosure required by RBI

(i) Capital Risk Asset Ratio

Sl.No.	Items	As at 31 March 2022	As at 31 March 2021
(a)	Capital risk Asset Ratio (%)	30.0%	36.5%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	30.7%	37.6%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	-0.7%	-1.1%
(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. The Company has no unhedged foreign currency exposure as on 31 March 2022 (31 March 2021: Nil)

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

a Cross Currency Interest Rate Swap

Particulars	31-Mar-22	31-Mar-21
i) The notional principal of swap agreements	21,313	22,350
ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements	(685)	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)	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-22		31-Mar-21	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging*		**21,313**		**22,350**
	b) For trading				
(ii)	Marked to Market Positions				
	a) Asset (+)		**685**		
	b) Liability (-)				**(685)**
(iii)	Credit Exposure				
(iv)	Unhedged Exposure				

* Pertains to cross currency interest rate swap

Summary of significant accounting policies and other explanatory information as at/ for the year ended 31 March 2022

(All amounts in ₹ lakhs unless otherwise stated)

(iii) Exposure to real estate

Particulars	As at March 31, 2022	As at March 31, 2021
a. Direct exposures		
i **Residential mortgages** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	31,056	14,187
ii **Commercial real estate** Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	200,547	184,082
iii **Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
a. Residential	-	-
a. Commercial real estate	-	-
b. Indirect exposures Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total exposure to real estate sector	**231,603**	**198,269**

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

Maturity pattern of certain assets and liabilities as on 31 March 2022

	Assets		Liabilities	
	Advances*^	Investments	Borrowings from Banks financial institutions*	Market Borrowings*
1 day to 7 days	3,432	-	2,142	-
8 to 14 days	-	-	1,572	-
15 days to 30/31 days	-	-	2,589	83
Over one month to 2 months	3,512	-	4,309	-
Over 2 months up to 3 months	3,541	-	5,049	1,469
Over 3 months to 6 months	10,660	-	13,575	302
Over 6 months to 1 year	21,487	-	23,706	604
Over 1 year to 3 years	87,137	-	80,815	13,817
Over 3 years to 5 years	32,349	-	34,877	875
Over 5 years	69,485	-	5,563	-
Total	**2,31,603**	**-**	**1,74,197**	**17,150**

(All amounts in ₹ lakhs unless otherwise stated)

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

	Assets		Liabilities	
	Advances^	Investments	Borrowings from Banks financial institutions*	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**	**17,733**

^ Provisions on NPA has not been reduced in the above
The above advances maturity pattern is based on behavioural maturity.

(V) Disclosures relating to securitisation:

Particulars	As at 31 March 2022	As at 31 March 2021
Credit enhancements provided and outstanding (Gross)		
Interest subordination	-	-
Principal subordination	1,287	3,381
Cash collateral	4,445	5,381
	No./Amount	No./Amount
1. No. of SPVs sponsored by the NBFC for securitisation transactions	8	10
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	13,504	20,900
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	1,287	3,381
* 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	4,445	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 2022	As at 31 March 2021
No. of accounts	576	1,626
Aggregate value (net of provisions) of accounts sold	6,646	7,230
Aggregate consideration	6,004	7,349
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
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) for procuring or soliciting insurance business for life, general and health insurers. The license is valid upto 31 March 2025.

(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	500	20 Jul 2021	ICRA A- Stable	19 Jul 2022
Non-Convertible Debentures	1,250	20 Jul 2021	ICRA A- Stable/IND	19 Jul 2022
Non-Convertible Debentures	5,000	20 Jul 2021	ICRA A- Stable	19 Jul 2022
Non-Convertible Debentures	6,900	20 Jul 2021	ICRA A- Stable	19 Jul 2022
Non-Convertible Debentures	3,500	23 Mar 2022	IND A-/Stable	22 Mar 2023
Term loans	1,25,278	20 Jul 2021	"ICRA and IND A-Stable"	19 Jul 2022
Term loans	3,780	17 Aug 2021	IND A1	16 Aug 2022
Securitisation transaction	2,739	20 Dec 2021	ICRA AA[SO]	19 Dec 2022
Securitisation transaction	3,009	20 Dec 2021	ICRA AA[SO]	19 Dec 2022
Securitisation transaction	264	20 Dec 2021	ICRA AA[SO]	19 Dec 2022
Securitisation transaction	936	20 Dec 2021	ICRA AA[SO]	19 Dec 2022
Securitisation transaction	399	20 May 2021	IND AA-(SO)	19 May 2022
Securitisation transaction	610	4 Apr 2022	IND AA(SO)	3 Apr 2023
Securitisation transaction	4,599	9 Mar 2022	IND AA(SO)	8 Mar 2023
Securitisation transaction	833	13 Aug 2021	ICRA AA[SO]	12 Aug 2022

Note: The rating is subject to annual surveillance till final repayment/redemption of rated facilities. CC/ OD limits are rated A- Stable by ICRA. The above balances do not include external commercial borrowings of Rs. 21,313 lakhs and borrowing from financial institutions of Rs. 10,437 lakhs which are unrated.

(xiv) Draw down from reserves

There has been no draw down from reserves during the year ended 31 March 2022 (31 March 2021: Nil).

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

	As at 31 March 2022	As at 31 March 2021
Impairment of loans (refer note below)	3,557	4,708
Provision for current tax (including prior year taxes)	2,047	2,011
Provision for leave encashment (refer note 19 and 35)	5	21
Provision for gratuity (refer note 19 and 35)	99	83

Note:

Impairment of loans for 31 March 2021 has been increased by Rs. 2,360 lakhs on account of reclassification from loan assets written off to provisions. The amount pertains to provisions on accounts written off during FY 21. This has no impact on the current or previous year financial statements and this is only a reclassification adjustment with in the same note.

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

	As at 31 March 2022	As at 31 March 2021
Concentration of Advances		
Total advances to twenty largest borrowers	1,000	1,000
Percentage of advances to twenty largest borrowers to total advances of the Company	1.11%	1.73%
Concentration of Exposures		
Total exposures to twenty largest borrowers/customers	1,012	1,009
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/ customers	0.44%	0.51%
Concentration of NPAs		
Total exposures to top four NPA accounts	196	173

(xvii) Sector-wise NPAs

	As at 31 March 2022	As at 31 March 2021
Sector	Percentage of gross NPAs to total advances in that sector	Percentage of gross NPAs to total advances in that sector
Agriculture & allied activities	3.80%	0.00%
MSME	1.93%	3.10%
Corporate borrowers	-	-
Services	3.15%	3.60%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

(xviii) Movement of NPAs

Sl No	Particulars	31 March 2022	31 March 2021
i	Net NPAs to Net Advances (%)	1.89%	2.22%
ii	Movement of NPAs (Gross)		
	i) Opening balance	6,324	6,778
	ii) Additions during the year	6,291	4,096
	iii) Reductions during the year	(6,530)	(4,550)
	iv) Closing balance	6,085	6,324
iii	Movement of Net NPAs		
	i) Opening balance	4,241	4,427
	ii) Additions during the year	578	476
	iii) Reductions during the year	(535)	(662)
	iv) Closing balance	4,284	4,241
iv	Movement of provisions for NPAs (excluding provision on standard assets)		
	i) Opening balance	2,083	2,351
	ii) Provisions made during the year	5,713	3,620
	iii) Write-off during the year	(5,571)	(3,871)
	iv Write-back of excess provisions	(424)	(17)
	v) Closing balance	1,801	2,083

(xix) Customer complaints

	31 March 2022	31 March 2021
No. of complaints pending at the beginning of the year	13	5
No. of complaints received during the year	543	358
No. of complaints redressed during the year	485	350
No. of complaints pending at the end of the year	71	13

(All amounts in ₹ lakhs unless otherwise stated)

(xx) Details of investments

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

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

There were no instances of fraud reported during the year ending March 31, 2022. The details of frauds reported during the the previous 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.

49 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	209,170	998	2,08,172	837	161
Standard	Stage 2	16,348	1,643	14,705	598	1,046
Subtotal		**225,518**	**2,641**	**2,22,877**	**1,435**	**1,207**
Non performing assets (NPA)						
Sub standard	Stage 3	**4,192**	**1,257**	**2,935**	**434**	**823**
Doubtful						
Upto 1 year	Stage 3	1,819	522	1,297	364	158
1 to 3 years	Stage 3	74	22	52	22	0
More than 3 years	Stage 3					
Subtotal for doubtful		**1,893**	**544**	**1,349**	**386**	**158**
Loss	Stage 3	-				
Subtotal for NPA		**6,085**	**1,801**	**4,284**	**820**	**981**
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						
		2,31,603	**4,442**	**2,27,161**	**2,255**	**2,188**

* 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.

(All amounts in ₹ lakhs unless otherwise stated)

Non performing assets have been computed in accordance with the applicable RBI master directions. Assets with days pending due of greater than 90 days as at March 31, 2022 have been considered as non performing assets. Considering the deferral provided by the Reserve Bank of India (RBI) vide circular RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022 on classification of NPA accounts as standard, the Company has deferred implementation of the requirements of the circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2022 in respect of the above classification requirement.

50 Expenditure/ payments in foreign currency

The details of expenditure/ payments in foreign currency are as follows; Amount (USD)

Party Name	Nature of payment	2021-22	2020-21
FMO development bank	Interest payments	9,49,247	1,68,919
FMO development bank	Principal payment	1,875,000	-
FMO development bank	Charges paid (Commitment fee, Monitoring fee and Front end fee)	5,000	3,41,667
Total		**2,829,247**	**5,10,586**

51 Value of import in foreign currency on CIF basis

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

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

53 There have been no events after the reporting date that require disclosure in the financial statements.

For **B. K. Khare & Co**
Chartered Accountants
ICAI Firm registration number: 105102W

Shirish Rahalkar
Partner

Membership No: 111212
Place: Mumbai
Date: 06 May 2022

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 2022

Ramakrishna Nishtala
Managing Director
DIN : 02949469
Place: Bengaluru
Date: 06 May 2022

Prashant Kani
Chief Financial Officer
Place: Bengaluru
Date: 06 May 2022

Nisha Sharma
Company Secretary
Membership No. A35518
Place: Bengaluru
Date: 06 May 2022

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

Write to us at : finance@vistaarfinance.com

Follow us :

www.linkedin.com/company/vistaar-financial-services

www.facebook.com/VistaarFinanceOfficial