

POWERING ASPIRATIONS

Vaya

Annapurna Behera
Weaver
Ratilo, Orissa

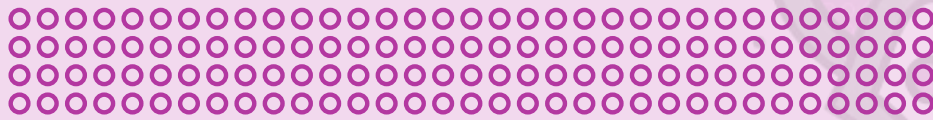
PROMOTING FINANCIAL INCLUSION

ANNUAL REPORT 2016-17



Shalu Devi
Craftswoman
Santaldih, Jharkhand

At Vaya, the compass always points to inclusiveness. Each of our initiatives is targeted at empowering enterprising women at the grassroot level to make their entrepreneurial dreams a working reality. Our approach, business model, processes and best practices are tuned to fulfilling this overarching goal. We continuously revisit and improve our financial products and services to ensure that they remain relevant, result-oriented and impactful in the ecosystem in which they operate.



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Balance Sheet



Vision

- To be the best financial services provider in India for aspiring individuals and small businesses.

Mission

- To cater to the needs of 5 million customers with convenient group loans, individual loans, insurance and other relevant products and services.
- To be the preferred choice of our customers through a relationship built on mutual trust and respect.
- To leverage innovative and scalable digital processes and technology for quick and efficient delivery.
- To be a great place to work for a committed and responsible team.

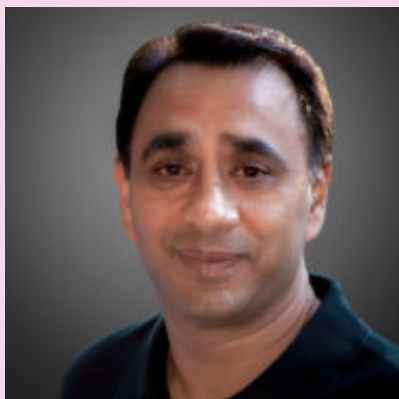
Values

- **TRUST** We operate with the utmost honesty, integrity and transparency in all aspects of the business, thereby earning the trust of our partners and customers.
- **RESPECT** for customers and their aspirations. We treat our customers with the respect and dignity, showing courtesy and understanding.
- **INVOLVEMENT** through human touch and team work. We take pride in building a long-term relationship with our customers that enables us to understand their needs and serve them better. We work together to provide services of the highest quality to the best of our capacity.
- **PASSION** for financial inclusion, for excellence. Our team is passionate about the cause of financial inclusion and driven to provide excellent, relevant, timely and convenient financial services to deserving individuals and small businesses, providing the necessary tools to make their aspirations a reality.



Jakira
Bag-maker
Narayankhed, Telangana

Board of Directors



Vikram Akula

Chairperson and Co-Promoter

Vikram Akula has been Chairperson of Vaya since 2014. He founded and led the world's largest microfinance Company, Bharat Financial Inclusion Limited (formerly SKS Microfinance) to an IPO in 2010. For his groundbreaking work in financial inclusion, TIME Magazine named him one of the 100 most influential people in the world in 2006.

Vikram is the author of *A Fistful of Rice: My Unexpected Quest to End Poverty Through Profitability* (2010), published by Harvard business Review Press. He is a Director in AgSri (a sustainable agriculture Company) and in the Bodhi Society (which provides education for under-privileged children).

He has a B.A. from Tufts, an M.A. from Yale, a Ph.D. from the University of Chicago, was a Fulbright Scholar, and has worked with McKinsey & Company and the Worldwatch Institute. He was named the Ernst & Young Entrepreneur of the Year in India (Start-up in 2006 and Business Transformation in 2010), the World Economic Forum's Young Global Leader in 2009, and the Schwab Social Entrepreneur of the Year in 2009.

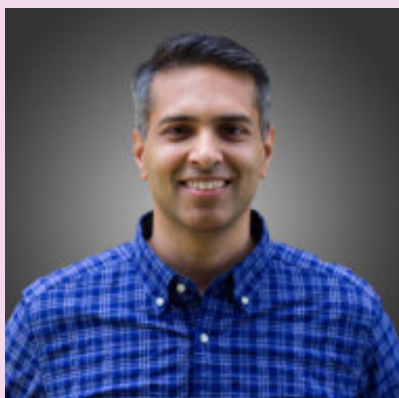


Jagadish Ramadugu

Co-founder and CEO

Jagadish has played a key role in making Vaya a dynamic, customer-centric organization with strong processes since its inception 3 years ago. With his experience in business strategy, people leadership and managing profit centers, he has created a culture of focused execution and team spirit. Under his leadership, Vaya has become a fast-growing Company with a team that is passionate about financial inclusion.

Jagadish has over 20 years of leadership experience through senior roles in Asian Paints, Coca-Cola India and RPG Group spanning diverse sectors including FMCG, Retail and Consumer Goods. He has a PGP in Finance, Strategy & Marketing from IIM-A and a B. Tech in Electronics & Communications Engineering. He is actively involved with Palliative Care and was a founding trustee of the non-profit Sparsh Hospice.



Gautam Ivatury

Director

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Gautam is a leader in the development of global mobile financial services. He was the first CFO of Bharat Financial Inclusion (formerly SKS Microfinance), one of the world's largest microfinance companies. In 2005, he authored an influential publication predicting the future of financial inclusion.

Through the CGAP Technology Program, co-funded by the Bill & Melinda Gates Foundation, Gautam led a \$26 million initiative to research and test how mobile phones and other technologies could expand access to financial services. As Chair of the GSM Association's Mobile Money for the Unbanked program, he also oversaw grant-making to dozens of mobile operators in emerging markets to develop "mobile money" programs.

Gautam is co-founder and Head of Product at ArthImpact, a digital finance venture, Chairperson of MeraDoctor/Paycillin, a pioneering mobile health Company in India, and serves as Advisor to Encourage Capital, a New York-based impact investor. He has also been an Advisor to Accion VentureLab, an early stage venture fund for global financial technology investments.

Gautam has an M.A. in International Economics from the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University.



Sandeep Parekh

Independent Director

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Sandeep is the founder of FINSEC Law Advisors. He is a former Executive Director of the Securities and Exchange Board of India (SEBI) where he headed the Legal Affairs and Enforcement Departments. Sandeep is also a visiting faculty member at Indian Institute of Management, Ahmedabad and has worked for law firms in Delhi, Mumbai and Washington, D.C.

He holds an L.L.M. (Securities and Finance Regulation) from Georgetown University and an L.L.B. from Delhi University. He is also admitted to practice law in New York and is a member of Mensa. He was named by the World Economic Forum as a Young Global Leader and has spoken at Davos. Sandeep was chairperson as well as a member of various SEBI and Reserve Bank of India committees.

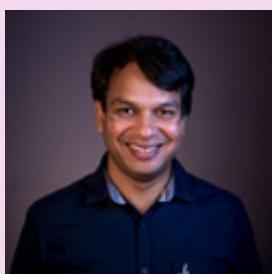
Management Team



Lakshminarayanan

Chief Financial Officer

Lakshminarayanan is a Chartered Accountant and Cost Accountant with over 18 years' experience in financial management, budgeting, treasury, financial reporting and controllership, cost management, audit, risk management and taxation.



Vijay Kumar

Business Head – MFI Operations

With over 11 years in the financial inclusion space, Vijay has worked with leading national and global microfinance institutions (BFIL, SKS). His diverse experience ranges from large scale microfinance operations, management of products and services, strategy and business planning, to equity and fundraising.



Rajeev Ranjan

Business Head – BC Operations

Rajeev is a rural management Post Graduate from VAMNICOM with 14 years of experience in business strategy, business planning, new business development, channel & distribution management, revenue-profit management, team building & management and relationship management.



Pushkar Parasar

Business Head – BC Operations

Pushkar has more than 12 years of experience in financial services across India, in organizations like Axis bank, BFIL, and Vaya Trusts. He has worked in corporate banking and capital markets, microfinance, mobile banking, product & development, and process.



Maunesh Bhatt

Head – HR & Admin

Maunesh has 20 years of experience in HR & Organizational Development (OD) across the BFSI & Pharmaceutical sectors. He is a certified OD professional and accredited administrator of several psychometric tools including MBTI& FIRO.



Chakradhar

Head – IT

Chakradhar is a seasoned technofunctional and managerial professional with over 18 years of experience in Banking and Financial Services with functional knowledge on various areas in IT.



Satya Prasad Arpirala

Head – Training

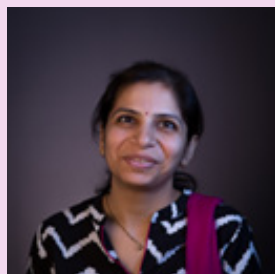
Satya Prasad is a financial inclusion professional with 12 years of experience in microfinance, micro insurance & micro pensions across various organizations. He has worked in varied domains including planning, sales, strategy & training. He is a post graduate from Institute of Rural Management, Anand (IRMA).



Abhay Singh

Head – Credit & Risk

Abhay has 20 years of experience in Banks and NBFCs, Microfinance, and Equipment Financing in the areas of hire purchase, lease and unsecured lending. He has an MBA-Finance and a Licentiate from the Insurance Institute of India.



Megha Nainani

Financial Controller

Megha is a Chartered Accountant with 17 years of experience in taxation, telecommunications, and microfinance. She has an FCA, M.Com, CS and an Executive MBA in Marketing.



B. Balaji Gupta

Company Secretary

Balaji has 11 years of experience in the sugar, insurance, infrastructure, and microfinance industries as a Company Secretary and Compliance Officer. He has a B.Com, BL and ACS.

Message from the Chairperson



Dear Fellow Shareholders,

This past fiscal year was not an ordinary year for financial inclusion. There were dramatic changes—from demonetization to the launch of several new Small Finance Banks and Payments Banks. Vaya was ready for those changes because Vaya is not an ordinary start-up.

Vaya blends the agility of a start-up with deep experience of the promoter group and the founding core team. Indeed, Vaya is the capstone of a more than 25-year journey in financial inclusion for the promoter group. It began in 1990 with grassroots NGO fieldwork that provided a deep understanding of rural poverty. Then we created the financial inclusion-focused SKS Society in 1997 that imparted an understanding of how to design financial tools for the under-banked. In 2004, we promoted and led SKS Microfinance Ltd., developing a pioneering model for scaling financial inclusion. Finally, in 2014, a seasoned team from SKS founded Vaya to have the start-up agility to innovate with new service models, new technologies, and new channels. Everything we have learned over more than 25 years has gone into Vaya, enabling us to make significant strides in financial inclusion.

For example, when demonetization came, we were ready. We already had in place a robust digital infrastructure—from India's first tablet-banking solution for financial inclusion to being the first business correspondent to have 100% Aadhaar KYC enrollment and 100% cashless disbursements. That allowed us to weather the disruption brought about by demonetization. As a result of that disruption, Vaya and the financial inclusion sector became stronger.

The transition to cashless heralds a new era for financial inclusion: one in which our customers not only integrate into the formal economy but also become a part of our digital revolution. With careful and intensive training programs, our customers have shown a high degree of adaptability to new processes and technologies. While demonetization provided an impetus for us to ramp up digitization and cashless disbursements, we have always believed in our customers and the efficacy of the right kind of customer outreach. Our success in cashless transfers and in getting our customers to adopt digital means shows that it, indeed, can be done.

Combined with the deep experience of the promoter group and core microfinance team, Vaya has also brought in professionals from outside the sector, such as our CEO Jagadish Ramadugu, who brings a wealth of rural retail experience, having worked in companies ranging from Coca-Cola to Asian Paints. That combination a leadership team with domain expertise experience combined with expertise from outside the sector is a potent combination.

One critical element of our work is training field staff to ensure empathetic customer service. Because of the vulnerability of the under-banked, it is critical to treat them with respect and dignity. As such, we have a heightened focus on the seven principles of customer protection, which include designing the right products, ensuring the right loan size, and transparency. In fact, the principles infuse every aspect of our work.

Having said that, while our goal is to create social impact, we will not compromise on financial viability. As such, we will ensure that revenue grows and costs are managed, in part through economies of scale and in part due to a model that does not require costly extensive branch infrastructure, being asset-lite.

Best Regards,
Vikram Akula
Chairperson and Co-Promoter



Shahana Khatoon
Flute-maker
Sitamarhi, Bihar

Message from the CEO



Dear Fellow Shareholders,

The last year has been a memorable one for Vaya: we have doubled our customer base and turned profitable in the process.

In our third full year of operations, Vaya has seen rapid growth. There have been many notable achievements: we are now spread across six states, with 134 branches in 55 districts. Our team has doubled in strength, and we've grown our assets under management from INR 236 crore to INR 376 crore even as we continue to be the preferred financial services provider for more than 2,56,000 households.

This same year has also seen significant changes and disruptions in the financial inclusion space. The launch of several Small Finance Banks and Payments Banks and the digitization of microfinance are radically changing the model that has been in place for the last few decades. Near-total Aadhaar penetration and the central government's successful Jan Dhan program have brought banking within the reach of the unbanked rural poor. Mobile penetration in rural households has reached new heights.

With our digital strategy and focus on technology, Vaya has been well-placed to take advantage of these developments. We have created significant advantages in business growth, portfolio quality, people management, and customer service.

Demonetization in November 2016 undoubtedly resulted in significant repayment stress among customers due to a short-term difficulty with livelihood and incomes. But overall, the sector and our customers were resilient. Our repayment rates rose back to normal levels in a few weeks. However, political interference in some small pockets had an impact on portfolio quality.

Vaya has been responsible for many firsts in the financial inclusion space over the last two years. Vaya rolled out the first tablet-banking solution in India, which was highlighted by The Wall Street Journal ('Banking on Tablets in Rural India,' 2014). Vaya was the first to deploy Aadhaar KYC enrollment and 100% cashless disbursements. Vaya also has a robust IT platform enabling lending and people management through digital solutions, including enterprise-wide implementation of ZingHR—an HR Management Solution, Abhyas—an e-learning system, and MicroSight—an in-house Business Intelligence and Analytics solution. These digital tools enable us to scale quickly while maintaining process consistency and people-readiness.

In May 2017, Vaya was granted a Certificate of Registration from the RBI to operate as an NBFC-MFI. Until now, our unique position as a Business Correspondent has allowed us to leverage the financial strength of our partner banks while we focus on our strengths of last-mile delivery and customer management. The NBFC-MFI license will allow us to take advantage of our full suite of technological capabilities to design products and financial services that optimize the benefit for our customers.

As we head confidently into business as an MFI, we look forward to creating new benchmarks in the financial inclusion space: we are building towards a pan-India presence with a 2,000-strong team, and 250 branches across a 100 districts; all, of course, while maintaining strong and prudent risk management policies.

Best Regards,
Jagadish Ramadugu
Co-founder and CEO



Swarnalata Nayak
Pattachitra Artist
Raghurajpur, Orissa

Our Geographical Reach

(As of March 31, 2017)

Our business model is built to facilitate a cohesive, all-inclusive approach that brings together key stakeholders to deliver desired outcomes. Every step in the process seamlessly integrates with the other which opens up to a simple and effective delivery model.

Bihar

Customers - 4,052
Villages - 103
Loan Portfolio -
₹. 11.1 crore

Maharashtra

Customers - 48,901
Villages - 2,095
Loan Portfolio -
₹. 49 crore

Jharkhand

Customers - 20,864
Villages - 671
Loan Portfolio -
₹. 43.6 crore

Karnataka

Customers - 43,435
Villages - 1,530
Loan Portfolio -
₹. 44.4 crore

Orissa

Customers - 1,34,263
Villages - 3,014
Loan Portfolio -
₹. 226 crore

Telangana

Customers - 1,256
Villages - 51
Loan Portfolio -
₹. 2 crore

Highlights

Operational Performance

Parameters	2014-15	2015-16	2016-17
No. of Borrowers	21,400	140,500	256,000
No. of Districts	7	37	51
No. of Villages	1,594	3,503	8,200
No. of Branches	30	76	131
No. of Staff	257	542	1,030
Disbursement (Cr)	46	245	368
Gross Loan Portfolio (Cr)	44	237	376
PAT (Cr)	-6.94	-4.73	5.60

VAYA was established in March, 2014 to provide a variety of financial services to millions of households covering some of the most unbanked regions of the country. VAYA operated as Business Correspondent to some of the major banks (active in microfinance space segment such as YBL, RBL, IDBI).

VAYA has established its presence in 6 states covering Karnataka and Telangana in south, Maharashtra in West, Odisha, Jharkhand and Bihar in eastern and northern belt of India.

As on March 31, 2017, VAYA serves to more than 2.5 lakh customers across 51 districts in these states covering more than 8,000 villages.

VAYA serves these customers with a network of its 131 branches and a team size of 1,030.

In the last three years VAYA has disbursed more than INR 650 Crores to these customers.

VAYA's Portfolio under Management has increased from INR 44 Crores in 2014-15 to INR 376 Crores in 2016-17.

Milestones

March

Incorporated as Outreach Financial Services

June

Launched TAB Module

August

Disbursed First Loan in Karnataka

December

Expanded into Maharashtra & additional districts in Karnataka

2014

February

Crossed 1 Lakh Clients

July

Crossed AUM of INR. 300 Crores

August

200000 Clients, 100 Branches, 40 Districts

December

Cashless Disbursements Launched

2014

2016

March

Started Operations in Bihar & Jharkhand

July

Started Operations in Telangana

August

Reached Total AUM of INR. 100 Crores

December

Started Operations in Orissa

2017

January

Achieved Full-fledged Cashless Disbursement

April

First and fastest in industry to reach 100% cashless disbursement

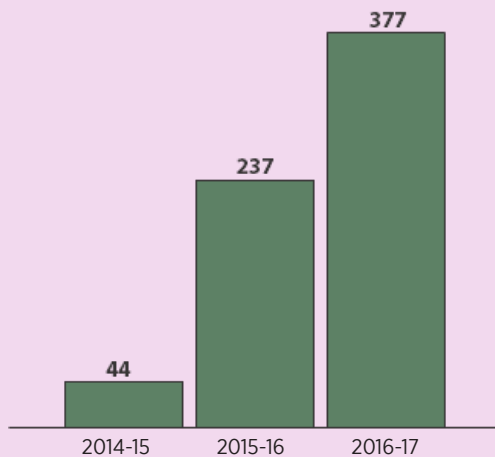
May

Received NBFC- MFI Approval

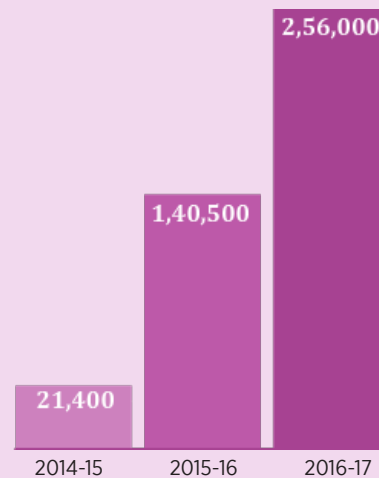
NBFC-MFI
license received

Operational and Financial Highlights

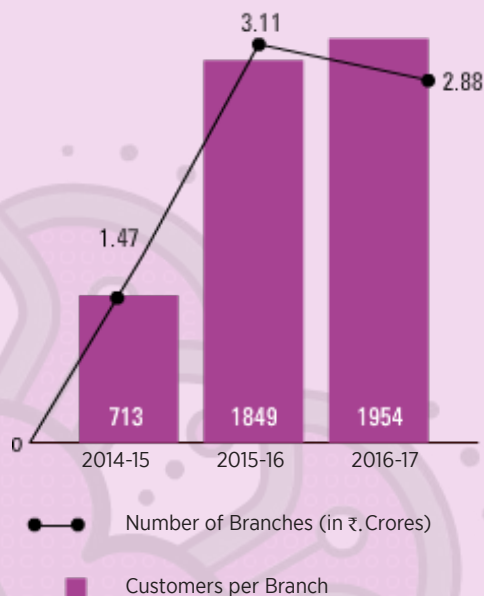
Portfolio Growth (in ₹. Crores)



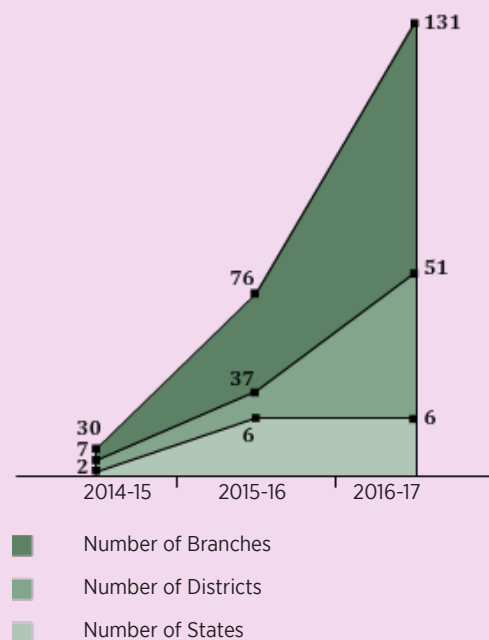
Number of Customers



Portfolio and Customers per Branch



Presence



A Bumper Harvest

Every harvest season, Subbamma braves a dense cluster of razor-sharp sugarcane grasses on her plot of land to reap her sugarcane crop. There is no hesitation or delay; her expertise is clear.

That is, her expertise is clear when she has a crop to harvest. This wasn't always the case.

One-and-a-half years ago, Subbamma faced an old dilemma: should she borrow from a moneylender so that she could invest in the sugarcane crop on time? She knew that if she tried to cobble the money together on her own, it would be too late.

But the moneylender charged a 30% interest rate, and collected lump sum payments. And despite these difficult terms, there was no guarantee that Subbamma would receive the money on time!

When she was at this impasse, Subbamma met Umesh, a Vaya field staff person. When Umesh told her that Vaya



Subbamma Allali
Shamshanagar, Karnataka

was trying to form a group in her neighborhood, she sensed a golden opportunity.

Not wanting her friends and neighbors to miss out, she quickly rounded up a group of women herself.

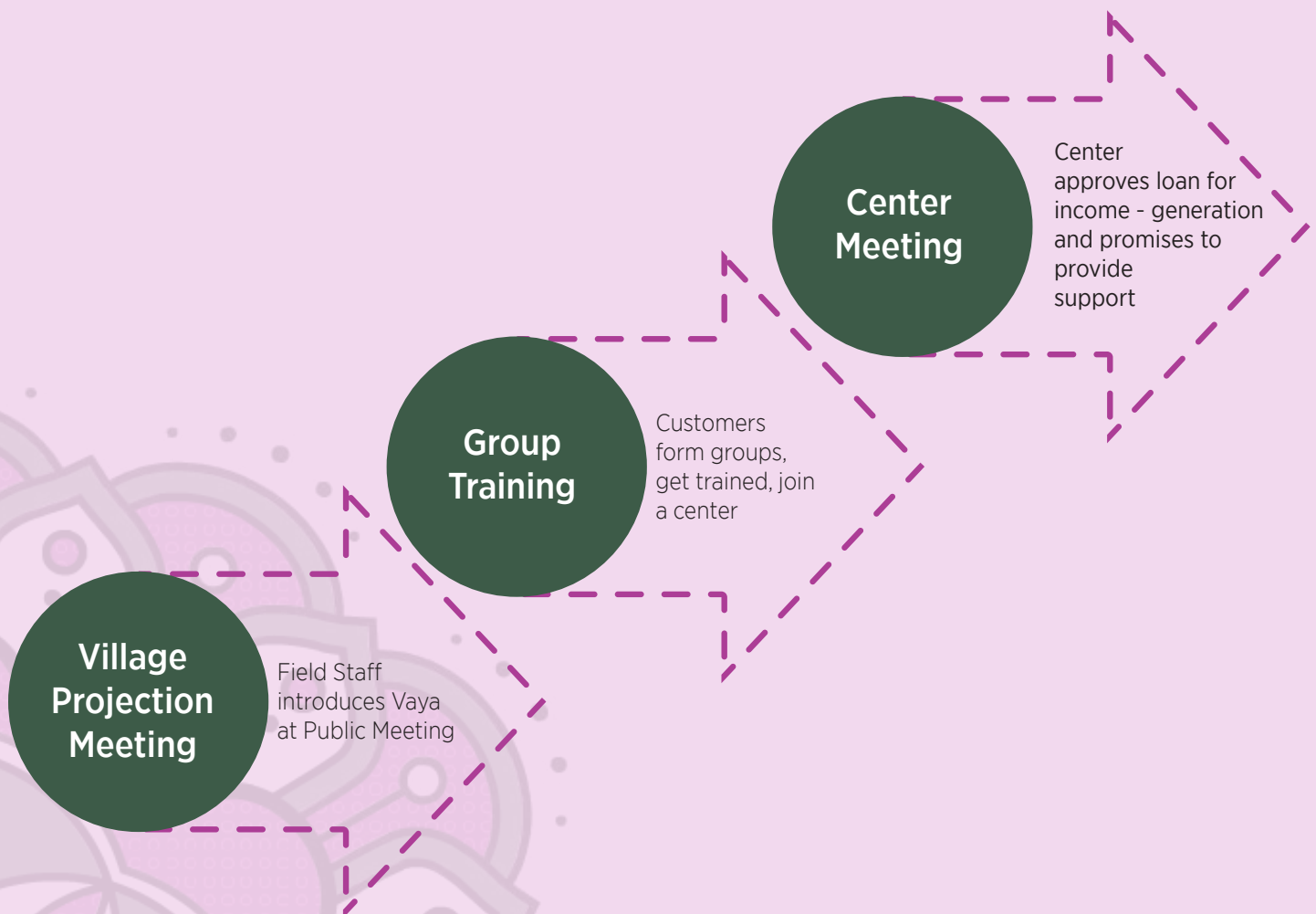
In little more than a year, things have changed for Subbamma. A small TV and various knick-knacks dot the spacious living room of her little house. Her kitchen and cozy bedroom seem well-equipped and her overflowing pooja room amply expresses Subbamma's gratitude for her good fortune. She invested her INR. 24,000 loan in manure, labor and sugarcane seed, and made a profit in the year since. Now, she expects to do so again. She has never felt undue strain from her small and manageable installments.

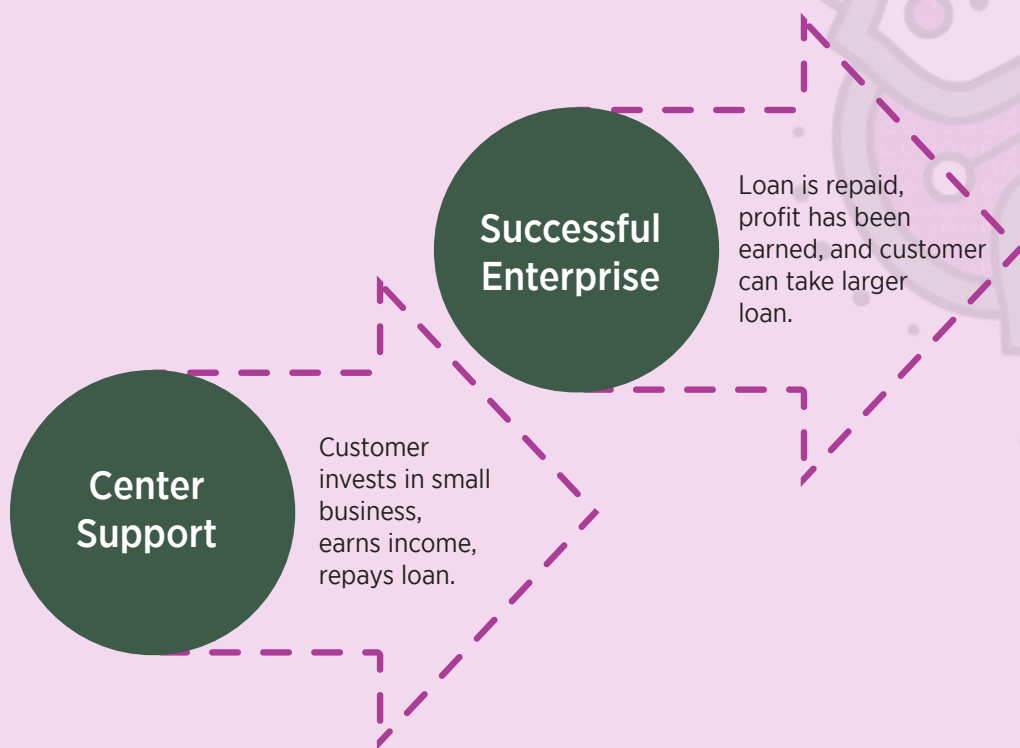
This has given Subbamma a sense of security. She feels that she can count on Vaya to get her the loan on time and consequently feels less stressed. Not only has the burden of finding sufficient funds lifted, Subbamma now also dreams of expanding her business. She wants to take a bigger loan to buy four buffaloes and start a small dairy farm.

The limitations are slowly but surely receding for Subbamma.

The Vaya Business Model

Our business model is built to facilitate a cohesive, all-inclusive approach that brings together key stakeholders to deliver desired outcomes. Every step in the process seamlessly integrates with the other which opens up to a simple and effective delivery model.





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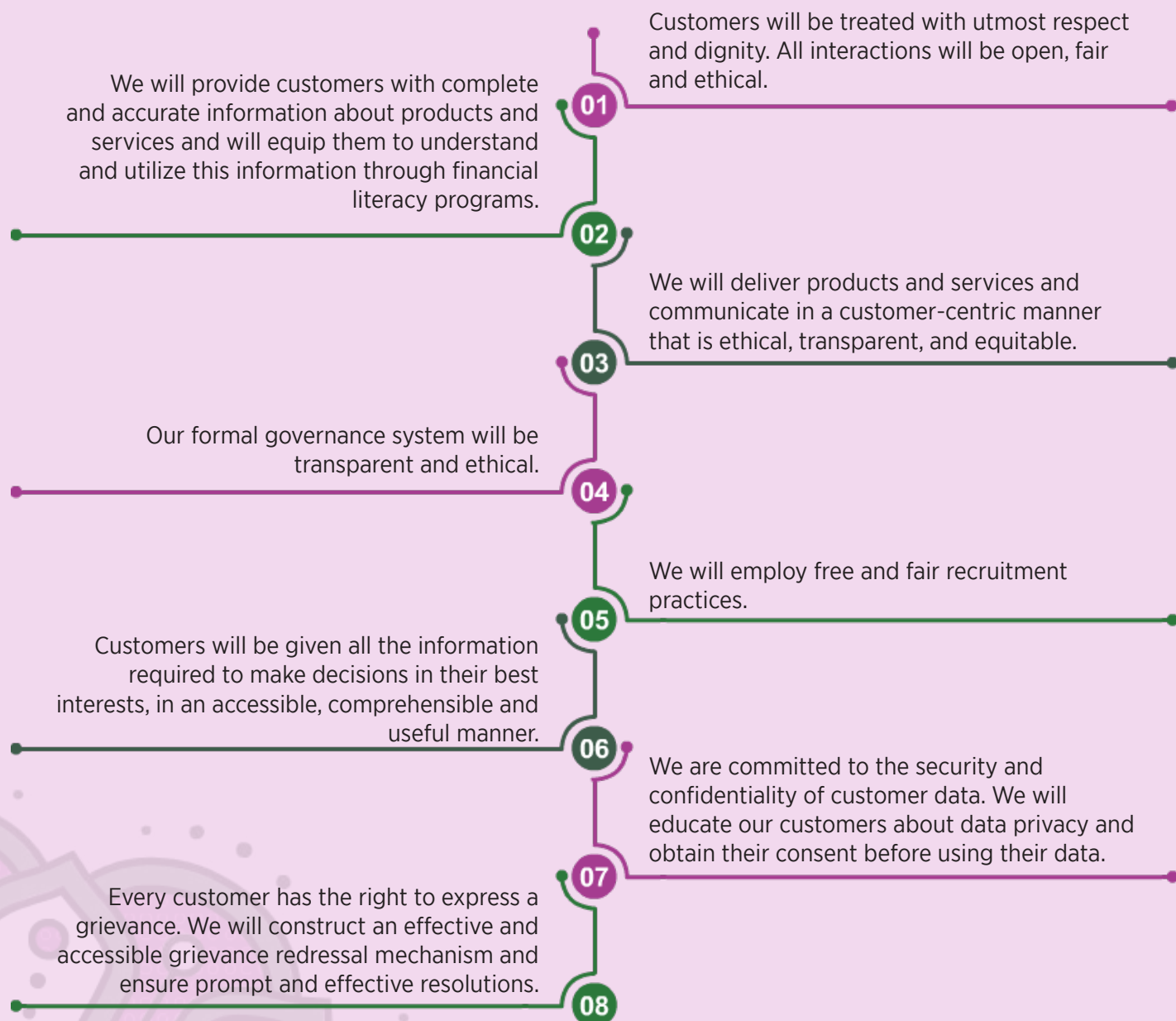
A large section of India still lives in poverty. Most Indians are self-employed, running small businesses such as farming, raising livestock or engaging in a variety of village crafts such as pottery, weaving, or carpentry. If these self-employed Indians had access to finance, they could expand or start new businesses and earn more income; until recently, however, banks did not lend to the poor because the poor had neither collateral nor credit history. With the invention of group lending, banks have been able to overcome this hurdle.

Impact assessments have demonstrated that micro-loans for income-generating activities improve people's lives by increasing their incomes.

With the launch of NBFC-MFI operations in September 2017, Vaya will be lending directly to the poor with improved product design and a more diverse range of products. As a Business Correspondent, Vaya also originates and services small loans from banks to the poor. To help meet the huge need for finance, Vaya provides unsecured loans to women through a peer-group lending model. Members of the group serve as guarantors for each other. The Vaya team has a long and successful track-record with group lending, which involves customers having joint-liability; i.e., they serve as guarantors for each other. Since group members know each other well and approve each loan, this system ensures right-sizing of loans and the selection of enterprises that have a high prospect of success. Vaya also consults credit bureaus, which further ensures that only credit-worthy customers are selected. As a result, Vaya has a 98% on-time repayment rate.

Today, central bank regulations permit banks to lend to the poor for consumption; Vaya, however, requires that the bulk of the loan be used for income-generating activities, so that the customer generates income to service the loan without falling into a debt-trap. The expectation is that the customer will have surplus during the loan tenure, which can then be used for consumption spending.

Vaya's Core Principles



Leveraging the Business Correspondent Model to Further Financial Inclusion

The Business Correspondent (BC) model involves Vaya working on a partnership basis with select banks and financial institutions to provide loans and related financial inclusion services such as savings and insurance to low-income groups in underserved rural geographies. With the support of our well-established partner banks, Vaya has grown exponentially, reaching a large demographic in a short space of time. As a start-up, Vaya's partnerships have allowed us to mobilize resources quickly and efficiently. In only three years, Vaya has built a customer base of over 2,50,000 across Maharashtra, Karnataka, Telangana, Orissa, Jharkand and Bihar.

Vaya partners with HDFC Life to provide Jeevan Suraksha life insurance: at the time of disbursement of a loan, our customer takes either a single or double life policy for herself and her spouse.

Bank Partners



Life Insurance



Sar utha ke jiyo!

Putting the Customer First

At Vaya, we have always been mindful of the challenges inherent in serving a vulnerable demographic. With that awareness, we are committed to fair and transparent practices that protect customer welfare by giving customers all the information they require to make decisions that are in their best interests. We constantly work to make financial literacy and awareness programs accessible and useful to our customers, with a strong feedback mechanism in place.

Our Sangamitras, our ‘friends of the group,’ as we call our loan officers, are continually and rigorously trained to provide the best possible service to our customers. We emphasize mutual respect and an attitude that fosters an atmosphere of trust and good faith. We treat our customers as the enterprising and resourceful individuals they have the potential to be, and take pride in their success. As enablers, we are

We emphasize mutual respect and an attitude that fosters an atmosphere of trust and good faith.

often privy to their hopes and fears, their dreams and disappointments, and as an organization, we strive to be sincere and responsible in our attempts to provide them with the capital they require. Our respect for their intelligence and capabilities drives us to trust their repayment abilities; at the same time, our cognizance of their circumstances compels us to exercise the utmost care in first assessing an individual's creditworthiness and then in training them to be sufficiently financially literate to make the best possible decisions for themselves.

Pioneering Digital Finance

Vaya was the first to use tablet banking in rural India, which it launched when it was founded in 2014. Since then, we have added other state-of-the-art technology, from QR readers to iris-scan biometric authentication.

Vaya has a powerful Core Banking System integrated with a tablet-based Loan Management System and digital Unique Identification Card (Aadhaar) readers. What makes our technology unique, however, is that it is designed for rural field staff. They are not forced to adapt to technology; we have adapted technology to them. Ruggedness, battery life, brightness, vernacular fonts, the Graphic User Interface, the font shape and size—these are the features we have kept in mind, the kind of parameters banks may not typically keep in mind. In doing so, our technology makes conducting transactions easier for staff and convenient for customers.

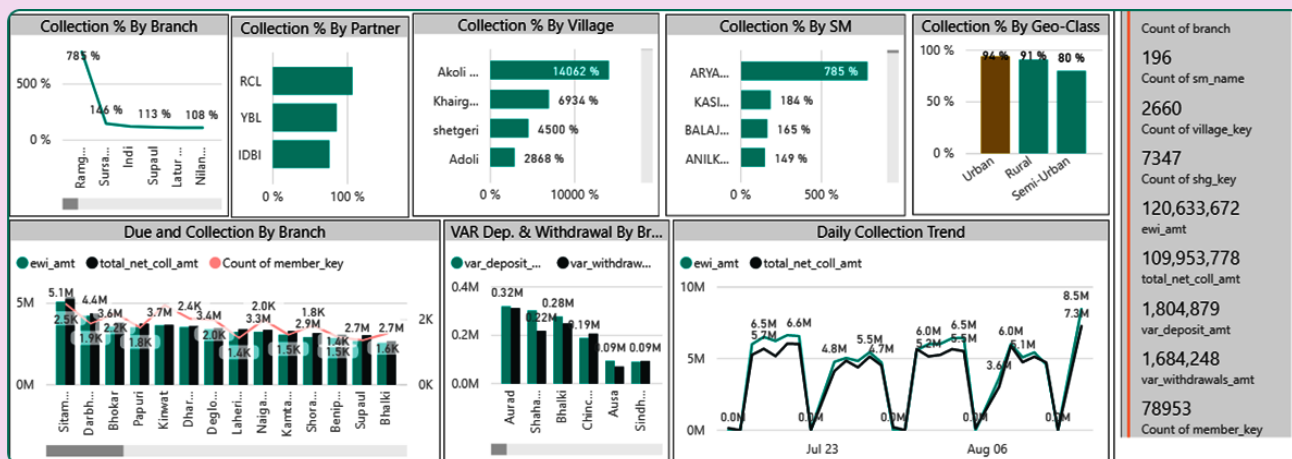
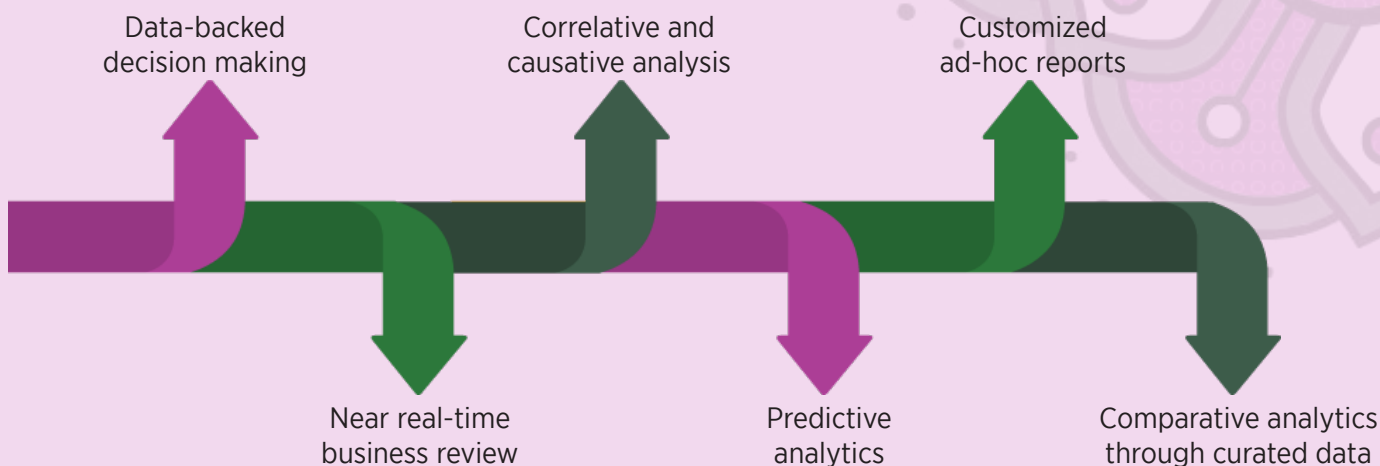
We use tablets in three stages: sourcing, disbursement and collection of loans. At the sourcing stage, we scan all the required documents. Then we use barcodes from the prospective customers' Aadhar cards to prepopulate data in our forms. Our agents manually enter the remaining data including details about assets, annual income, etc. All this data is then sent to the Credit Bureau.

All Credit Bureau approved individuals then show up on the tablets. These members are selected, the sanction amount from the Credit Bureau checked, and the disbursement proceeds. Once the disbursement is through, the tablet notifies the agents when the members' collection date arrives. Once the agents collect the repayments, they enter and save the collection amounts. When they connect their tablets to the Internet at their branches, all the data is uploaded to the server.

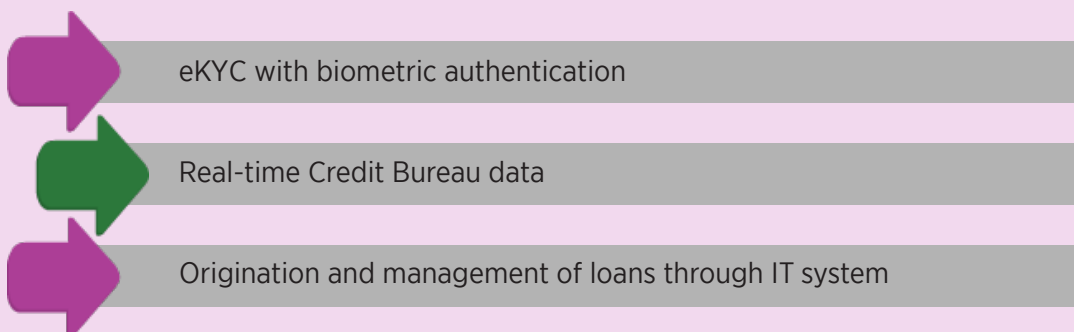
Business Enablers



For the purposes of data security and data ownership, Vaya has created an on-premise data warehouse. Transactional data from different sources and partners is stored and queried on an ad-hoc basis. We have also built a data-backed strategic decision support system – called MicroSight.



Loan Management System



Human Resource Management

HRMS - Transparency through Automation

Through the integration of ZingHR, a Human Resources Management System, Vaya has automated attendance and payroll processes, making people management smoother and more efficient.

eLMS - Abhyas



Abhyas is an e-Learning Management System designed to enhance learning experience of the employees through multilingual audio-visual content. With Abhyas now the learning is trainer-independent, consistent and the content is also available as a reference material.

I am Sangamitra

Through I am Sangamitra, Head Office employees – especially those whose roles impact field processes and staff – must spend at least one full day in the field every quarter.

Through this program, Head Office staff are exposed to operational realities in the field, sensitizing them to the needs of field staff and customers and giving them the practical knowledge to avoid decisions that would adversely impact field operations, staff or customers.



Coffee with the CEO



Through this program, one employee meets the CEO for coffee every week. The casual setting facilitates a free and easy interaction that allows the CEO to get to know his employees – and for employees to get to know the CEO.



Vaya's annual Manthan event is a forum for select staff from the field and head office to participate in wide-ranging discussions on key topics and contribute ideas, suggestions, and feedback on various business matters.

Monthly Celebrations at the Head Office



On the last Saturday of every month, the head office staff gathers to celebrate birthdays and festivals from that month.

Sangamitra – Our Backbone

In recognition of the relationship our loan officers build with our customers, we call them sangamitras, meaning friends of the group. Coming predominantly from the same milieu, sangamitras are perfectly positioned to understand the circumstances and challenges unique to our customers.



Through her job with Vaya as a field credit officer (or 'sangamitra'), Senior Sangamitra Jayamma is able to help support her family and help provide the women in her community the financial support they deserve. (Narayankhed, Telangana)



Sangamitra Siddhu interacts with a customer in a center meeting in Degloor, Maharashtra.

SANKALP

*As a Sangamitra
I pledge to...*



1

Always wear
a helmet when
I ride my bike.

6

Never discriminate
on the basis
of caste, creed,
religion or region.

2

Always follow
the safety rules
prescribed by Vaya.

7

Neither ask for
commissions or
favours, nor allow
others to do so.

3

Always treat
customers with
the utmost respect.

8

Never share
customer
information
with anyone.

4

Always deal with
customers in a fair
and transparent
manner.

9

Never use coercive
methods for
loan recovery.

5

Ensure that my
customers are
borrowing as per
their capacity.

10

Never visit
customers at
odd hours.

Mitigating Risk Through Prudent Practices

Vaya has an independent, well-developed risk organization to manage credit risk, operational risk and sectoral risk. This department also manages the audit and internal controls. Vaya closely monitors various aspects of our risk management framework.

Vaya has a board level risk committee headed by the chairperson and a high level internal risk committee comprising the CEO, CFO, Risk Head and Business Head. The committee meets every month for regular risk review.



Credit Risk:

To mitigate transaction risk and portfolio risk, we have a credit policy which ensures a strong underwriting process. Our customer selection process includes simplified cash flow analysis, Credit Bureau assessment and group selection – Grameen model. Our financial literacy training during group formation stage helps us rightsize loans to our customers. A majority of our customers are in rural areas.

Operational Risk:

Vaya has a full-fledged cash disbursement model which eliminates theft and reduces the need for movement of large cash. Rigorous organization-wide operational procedures have been framed to ensure adequate mitigation of operational and fraud risk, even while maintaining operational efficiency. Our digital lending platform, with eKYC capabilities and online Credit Bureau reduces chances of wrong customer selection and fraud. Our cloud-based data services have strong access security and backup capabilities.

Sectoral Risk:

The microfinance sector has some risk inherent to the business including political risk and concentration risk. Our approach to building a widely disbursed portfolio across multiple states and districts helps reduce geographic concentration of portfolio. We follow Fair Practice principles in our approach to customers and have established a grievance redressal mechanism.

Bishnupriya Mishra
Coconut De-Husking
Raichakradharpur, Orissa





Sangeetha Udiri
Ananthasagar, Telangana

Buying Independence

Beedis are small, thin, hand-rolled cigarettes. Any visitor to Sangeetha's home is immediately hit by the overpowering smell of beedi leaves. For someone unaccustomed to it, the air is suffocating and unbreathable. Sangeetha, however, is cheerfully resigned to this. She's been making beedis for twenty years, she says, and she's used to it.

Sangeetha is a luminous, happy woman, someone who seems unaffected by the routine mundaness of her work. She is one of those people whose smile pervades their being, infecting those around them and brightening the atmosphere.

She wants to give her children the best possible opportunity to get ahead in life: a great education.

"We will educate them for as long as they are able to study. We want to educate them more. We want them to study further. We have that desire inside. We are working

hard to improve their future. We will educate them as much as possible. They can study as much as they wish to. We will support them."

Under that glowing exterior lies a steel determination to give her children the education they want and deserve. Years of experience have given her agility and an easy expertise: Sangeetha makes a thousand beedis a day. Yet, she used to make only INR. 110 a day because the beedi Company she sold them to deducted INR. 50 as payment for the leaves they supplied.

Sangeetha didn't see why she had to lose that INR. 50.

She knew that taking a loan from Vaya would be a hassle-free process. She wouldn't have to travel miles to the nearest bank, multiple times. Vaya would come to her village. With her INR. 14,000 loan, she bought her own beedi leaves. Now she earns INR. 50 more per day. Even after paying her loan installment, she has additional monthly income, which she puts towards household expenses and her children's school fees.

Repaying loan installments from her own earnings gives Sangeetha great pride.

"Now, I don't have to ask my husband. I can take care of it myself," she beams.

In fact, Sangeetha appreciates what the loan has done for her so much that she has become a "center leader." She reaches the bi-weekly center meetings – at which members repay their dues – half an hour early to make preparations and to set up. She ensures everyone is present and involved in the proceedings. If for any reason a member falls short and is unable to make her repayment, the rest of the members pitch in to cover for her. Not only is the group-lending system a tried-and-tested substitute for collateral, it also provides Sangeetha and the other customers with a support system and a sense of camaraderie.

In their busy lives, center meetings are a way for them to catch up with each other, giving each other the strength to take the first step towards fiscal independence, and ultimately, empowerment, as they take charge of their lives.

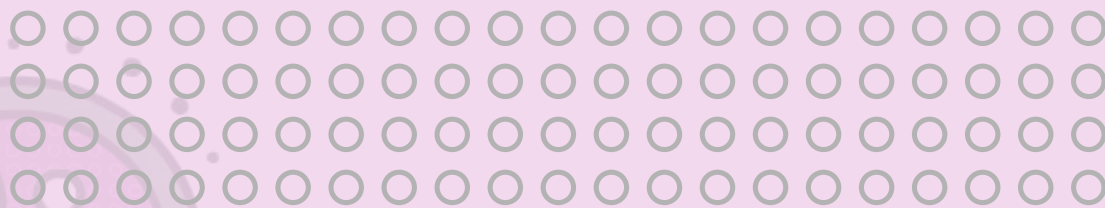
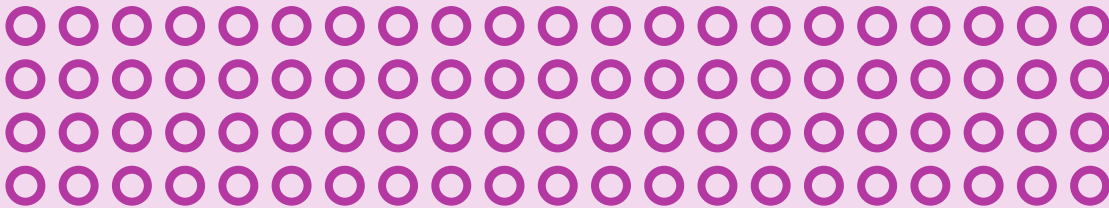
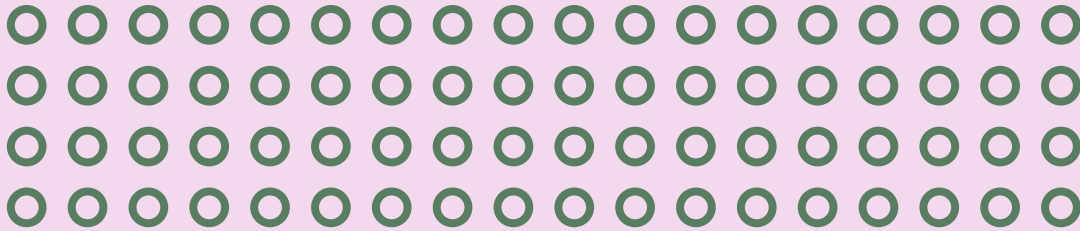


Centre Meeting
Raichakradharpur, Orissa

Vaya

The Sanskrit word 'Vaya' means both 'positive energy' and 'to weave.'

Through the provision of our financial inclusion services, we aim to fuel our customers' aspirations, enabling them to weave better lives for themselves. We understand our customers and where they come from; our Sanskritized logo, wearing a simultaneously simple and sturdy black, reflects our connection to the Indian milieu and rural roots of our business, and underlines our understanding of the processes and practicalities that underpin financial inclusion.



The pattern of the continuous dots is inspired by the design element found in the Indian currency. Since we operate in the field of microfinance, this depiction is relevant and apt. The colours used within this pattern hold symbolic value: the pink and green shades we've used are present in the 500 and 2000 denominations of the currency.

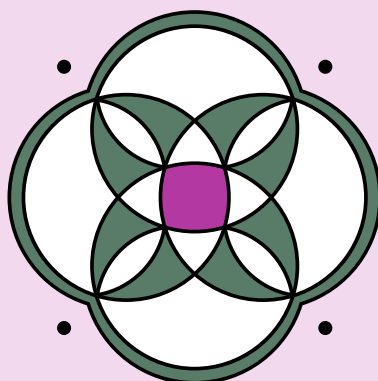
The pattern in different colours stands for the 'Three Pillars of Vaya'. The pink is for Customers, the grey for Investors and the green for our Sangamitras.



Customers

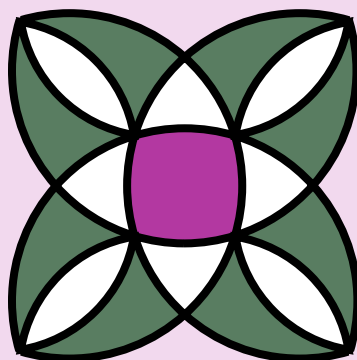
The mnemonic uses the traditional Rangoli pattern as an extended metaphor for the first step in the Vaya ecosystem - the circle. This is interpreted as the "Circle of Trust" which translates into the circular form of the mnemonic.

The colors used are bright, vibrant and stand out of the clutter. The dominating color - purplish-pink - is a reflection of the color of the new Indian rupee which directly ties back to Vaya's core competency - micro financing.



Sangamitra

For the central pillar of Vaya, the design mnemonic is rather more intricate than for the investors. This is a direct derivative of the customer mnemonic since the customer-Sangamitra relationship forms the crux of Vaya. The colours used again are a throwback to the Indian currency, while subscribing to the larger ecosystem of the "Circle of Trust".



Investor

The design palette is a derivative from the larger customer mnemonic. The colors are a combination of the new 2000 rupee note and the 500 rupee note. The design uses intersecting and interlinking curves to show a cohesive and collaborative relationship.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2017.

Financial Results

The financial results of the Company for the Financial Year 2016 – 17 are as under:

Particulars	Period ended March 31, 2017 (INR in Million)	Period ended March 31, 2016 (INR in Million)
Total Income	349.23	148.86
Total Expenses	312.67	196.15
Profit/(Loss) for the year	36.56	(47.29)
Profit/(Loss) before Tax	36.56	(47.29)
Less: Provision for Tax	(6.83)	0
Deferred Tax	26.27	0
Profit/(Loss) after Tax	56.00	(47.29)
Balance carried forward	(60.82)	(117.13)

Industry Background

As per MFIN report, the microfinance industry ("MFI") had a total loan portfolio of INR 1,069,160 million, as on March 31, 2017. This represents a growth of 26% over the last year. NBFC-MFIs contributed 42% of the overall portfolio, while Banks (including BC Portfolio) had a 38% and SFB's 14 % share.

NBFC-MFI industry saw a modest growth in FY17 after two years of robust growth. During FY17, the industry disbursed loans worth INR 502,660 Million, representing a 13% increase over the previous year. This resulted in a 25% growth in Gross Loan Portfolio ("GLP") to INR 468,470 million. During the same period, the number of clients increased by 30% to 27.5 Million, while the number of people employed by the industry grew by 49% to 86440 and the branch network of 9,012. The average loan amount disbursed per account was INR 17,779/-.

NBFC-MFIs now cover 32 states/union territories of India. The coverage of these microfinance institutions is now geographically well dispersed with GLP in South at 31%, North at 27%, West at 24% and East at 18%.

Top five, viz. Karnataka, Tamil Nadu, Uttar Pradesh, Maharashtra and Madhya Pradesh account for 56% of GLP. Karnataka has the largest NBFC-MFI exposure at 15% of GLP. In terms of geographic spread, 57% of the NBFC-MFI industry portfolio is "Urban focussed".

Portfolio at Risk (PAR) 30 has increased considerably from 0.4% in FY 15-16 to 14.1% in FY 16- 17. This is directly attributed to the impact of demonetization.

As of 31st Mar 2017, MFIs have reported 27.5 million clients with 30.7 million loan accounts. It may be noted that client number given here is not unique and does not factor for overlaps. Compared with FY 15-16, there has been Year on Year (YoY) growth of 29% of clients and 23 % of loan accounts.

Review of operations and the State of the Company 's affairs

Your Company has been empanelled as Business Correspondent ("BC") to YES Bank Ltd. ("YBL") for facilitating formation of Self Help Groups ("SHGs") and Joint Liability Groups ("JLGs") for disbursal of loans to these SHGs/JLGs by YBL and started its operations in July, 2014.

The Company has entered into BC relationship with RBL Bank Ltd. ("RBL") (formerly, Ratnakar Bank Ltd.) for facilitating formation of Joint Liability Groups ("JLGs") and disbursal of loans to these JLGs by RBL. Operations started in July, 2015.

During the year, in May, 2016 the Company has started BC relationship with IDBI Bank Ltd. ("IDBI") for facilitating formation of Self Help Groups ("SHGs") and disbursal of loans to these SHGs by IDBI.

During the year, the Company has also started another BC relationship with Reliance Capital Ltd. ("RCL") in October, 2016 for facilitating formation of Joint Liability Groups ("JLGs") and disbursal of loans.

Presently, your Company is operating in the States of Karnataka, Maharashtra, Bihar, Jharkhand, Odisha and Telangana. The Company is planning to enter into new geographies.

As the end of March 31, 2017, your Company has 143 branches. The Company has 1,030 employees including the staff at Registered Office at the end of the financial year. The total loan amount disbursed during the year ended March 31, 2017 is INR 3,639.9 Million and the outstanding loan portfolio as at this date is INR 3,767 Million.

Financial year 2016 – 17 has been a challenging year to the Company. The Government of India announced demonetized Rs. 500/- and Rs. 1000/- bank notes effective November 9, 2016. This step was taken with a view to restrain financing of terrorism through the proceeds of Fake Indian Currency Notes (FICN) and the use of such funds for activities Viz., smuggling of arms, spying, drugs and other contrabands into India and to eliminate menace of black money.

The new currency was in short supply leading to restrictions on cash withdrawal and a cash crunch during the ensuing months.

This had significant impact on the microfinance sector which deals with a borrower base that predominantly earn their wages/incomes in cash. However, this has severely affected the growth and collection of all MFIs (including the Company).

During the period under review, the affairs of the Company have been managed in terms of the provisions of the Articles of Association of the Company and the Companies Act, 1956 and 2013 as may be applicable.

Extract of Annual Return

As required pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT- 9 as a part of this Annual Report (ANNEXURE – I).

Number of Board Meetings

During the period under review, 5 Board Meetings have been held on 24-5-2016, 29-6-2016, 13-9-2016, 14-12-2016, and 21-3-2017.

Change in the nature of business

There is no change in the nature of business of the Company.

Board of Directors and Key Managerial Personnel

The Board of Directors of the Company is vested with general power of superintendence, direction and management of the affairs of the Company.

The present Board of Directors of your Company comprise of Dr. Vikram Akula, Non-Executive Chairman, Jagadish Babu Ramadugu, Managing Director & CEO, Mr. Gautam Ivatury, Director, and Mr. Sandeep Parekh, Independent Director.

Mr. Gautam Ivatury, Independent Director has resigned from the Board with effect from 23rd August, 2016. Later, Mr. Gautam Ivatury, has appointed as additional Director with effect from 13th September, 2016. Mr. Balaji Gupta, member of ICSI as Company Secretary of the Company.

In accordance with the Articles of Association of the Company , the Directors need not retire by rotation in the General Meeting.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164 of The Companies Act, 2013.

Infusion of Capital

During the year under review, the Company has infused Capital of INR 27.05 Million in the form of equity share capital.

Declaration by Independent Directors of the Company as to the compliance u/s 149(6) of the Companies Act, 2013

The independent Directors of the Company have given a declaration as to their meeting the criteria required under the provisions of Section 149(6) of the Companies Act, 2013.

Explanations or comments by the Board on every qualification, reservations or adverse remark or disclaimer made by Auditors and Company Secretary in Practice in their reports

No qualifications, reservations or adverse remarks have been made by the Auditors and the Company is not required to undertake Secretarial Audit by Company Secretary in Practice.

Transfer to reserves

The Company does not propose any amount to be transferred to reserves.

Dividend

Your Directors do not recommend dividend for the period under review.

Directors Responsibility Statement

In pursuance of section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- a. In the preparation of annual accounts, the applicable standards have been followed along with proper explanations relating to material departures.
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- c. The Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors had prepared the annual accounts on a going concern basis.
- e. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees

Information under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to employees drawing Salary not less than Rupees Sixty Lakhs per annum, during the year 2016 – 17.

Name of the Employee	Jagadish Babu Ramadugu	Lakshminarayanan S.
Designation	MD & CEO	CFO
Remuneration paid (INR In Million)	9.36	6.6
Nature of Employment	Contractual	Contractual
Date of commencement of employment	28-01-2015	12-01-2015
Age of the employee	44 years	44 years
Last employment held by such employee before joining the Company.	RPG Group	APLabs Limited
% of equity shares held by the employee in the Company in terms of Rule 5(2)(iii)	8.85%	1.68%
Whether any such employee is a relative of any director or manager of the Company, if so, name of such director or manager.	No	No

Events subsequent to the date of Financial Statements

1. The Company had submitted the NBFC – MFI application with Reserve Bank of India (RBI) in September, 2016. Your Company has received NBFC-MFI license from Reserve Bank of India (RBI) in the month of May, 2017.
2. The Company has raised equity share capital through Private Placement and the details of fund raised are as under:

Date of allotment	Number of shares	Face value in INR	Total amount in INR (Million)	Issue Price in INR	Form of consideration
20-06-2017	1,00,000	10	1.07	10.70/-	Issued by way of Cash

Except the above, there are no events which will affect the financial position of the Company occurred between end of the financial year of the Company to which the financial statements relate and the date of the report.

Particulars regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Expenditure

Conservation of Energy, Technology Absorption:

Adequate measures have been taken to reduce energy consumption, wherever possible. There were no additional investments made for the conservation of energy during the period under review.

Foreign Exchange Earnings & Outgo

Details of Foreign currency earnings and outgo during the year under the review are as follows:

Particulars	2016 – 17	2015 – 16
Foreign Exchange Earnings Amount (INR in Million)	0	0
Expenditure in Foreign Exchange Amount (INR in Million)	0.38	0.82

Details of Deposits

Your Company has not accepted any Fixed Deposits during the period under review.

Significant and material orders passed by the Regulators

No significant and material orders were passed during the year by the Regulators

Details of adequacy of internal financial controls

The Company is well equipped with adequate internal financial controls. The Company has a continuous monitoring mechanism which enables the organisation to maintain the standards of the control systems in taking corrective actions on timely basis.

Particulars of loans, guarantees or investments

There were no loans or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

However, the Company is providing lien on its Fixed Deposits placed with Banks towards First Loss Default Guarantee (“FLDG”) in respect of the loans disbursed to SHGs/JLGs by Banks as these SHGs/JLGs are formed and serviced by your Company.

The Company also providing lien on its Mutual Funds placed with Reliance Mutual Fund towards FLDG in respect of the loans disbursed to JLGs by Reliance Capital Limited as these JLGs are formed and serviced by your Company.

Risk Management Policy

The Company is continuously evaluating the risks associated with the business in which it is operating and is in the process of designing and implementation of Risk Management Policy.

Corporate Social Responsibility Policy

The provisions are not applicable to the Company during the year under report.

Related Party Transactions

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC – 2 (ANNEXURE – II).

Report on Sexual Harassment complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act & Rules, 2013

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company had constituted Internal Compliance Committee (“ICC”) and there were no cases of sexual harassment by the women employees have been reported by them during the year under review.

Information about the Financial Performance / Financial Position of the Subsidiaries / Associates / Joint Ventures

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under report.

Auditors

M/s. V. Nagarajan & Co. Chartered Accountants, Hyderabad, have been appointed as the Auditors of the Company in the 1st Annual General Meeting (“AGM”) held on December 5, 2014 to hold office from the conclusion of the 1st AGM until conclusion of 6th AGM of the Company, subject to ratification of appointment at subsequent AGMs. Ratifica-

tion of appointment of M/s. V. Nagarajan & Co. Chartered Accountants is being placed for approval of shareholders in the 4th AGM of the Company. The Company had received a certificate from M/s. V. Nagarajan & Co. Chartered Accountants bearing Registration No.04879N to the effect that their appointment as Auditors, if made, would be in accordance with the limits prescribed in under provisions of the Companies Act, 2013.

Necessary Resolution for ratification of appointment of M/s. V. Nagarajan & Co. Chartered Accountants as statutory auditors' of the Company from the conclusion of 4th AGM till conclusion of the 5th Annual General Meeting of the Company is proposed for approval of the Shareholders at the ensuing 4th AGM of the Company.

Details of frauds reported by the Statutory Auditors

During the year under review, the Statutory Auditors of the Company have not reported any fraud as required under Section 143 (12) of the Companies Act, 2013.

Acknowledgements

The Directors wish to place on record their appreciation for the co-operation and support received from RBI, Shareholders, Employees, Bankers and other Stakeholders during the year under review and look forward to their continued support.

For and on behalf of the Board of Directors

Sd/-
Dr. Vikram Akula
Non-Executive Chairman

Place: Mumbai
Date: June 20, 2017

ANNEXURE – I

EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

1	CIN	U67190TG2014PTC093562
2	Registration Date	18/03/2014
3	Name of the Company	VAYA FINSERV PRIVATE LIMITED
4	Category/Sub-category of the Company	PRIVATE LIMITED Company HAVING SHARE CAPITAL
5	Address of the Registered office & contact details	SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad – 500 032, Telangana, India.
6	Whether listed Company	NO
7	Name , Address & contact details of the Registrar & Transfer Agent, if any.	No RTA is appointed

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated.

Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
Activities auxiliary to financial inclusion or financial intermediation i.e. Business Correspondent to Banks	66190	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
NIL				

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Physical	Demat
A. Promoters										
(1) Indian										
a) Individual/HUF	0	0	0	0	0	0	0	0	0	0
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0	0
e) Any other (Trusts)	0	14,560,000	14,560,000	69.16	0	14,562,500	14,562,500	61.29	-7.86	0
SUB TOTAL:(A) (1)	0	14,560,000	14,560,000	69.16	0	14,562,500	14,562,500	61.29	-7.86	0
(2) Foreign										
a) NRI- Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	5,800,000	5,800,000	27.55	0	5,800,000	5,800,000	24.41	-3.14	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	5,800,000	5,800,000	27.55	0	5,800,000	5,800,000	24.41	-3.14	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	20,360,000	20,360,000	96.71	0	20,362,500	20,362,500	85.70	-11.00	0
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0	0
C) Cenntal govt	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	0	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Physical	Demat
(2) Non Institutions										
a) Bodies corporates										
i) Indian	0	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0						
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	10	10	0	0	10	10	0.00	0.00	0
ii) Individuals share-holders holding nominal share capital in excess of Rs. 1 lakhs	0	309,990	309,990	1.47	0	3,014,990	3,014,990	12.69	11.22	0
c) Others (specify)	0	384,000	384,000	1.82	0	381,500	381,500	1.61	-0.22	0
SUB TOTAL (B)(2):	0	694,000	694,000	3.29	0	3,396,500	3,396,500	14.30	11.00	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	694,000	694,000	3.29	0	3,396,500	3,396,500	14.30	11.00	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	21,054,000	21,054,000	100%	0	23,759,000	23,759,000	100%	0	0

(ii) **SHARE HOLDING OF PROMOTERS**

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	VAYA Trust 1 (formerly, SKS Mutual Benefit Trust, Jogipet)	2,912,000	13.83%	0	2,912,000	12.26%	0	-1.57%
2	VAYA Trust 2 (formerly, SKS Mutual Benefit Trust, Medak)	2,912,000	13.83%	0	2,912,000	12.26%	0	-1.57%
3	VAYA Trust 3 (formerly,SKS Mutual Benefit Trust, Sadasivapet)	2,912,000	13.83%	0	2,912,000	12.26%	0	-1.57%
4	VAYA Trust 4 (formerly, SKS Mutual Benefit Trust, Sangareddy)	2,912,000	13.83%	0	2,912,000	12.26%	0	-1.57%
5	VAYA Trust 5 (formerly, SKS Mutual Benefit Trust, Narayankhed)	2,912,000	13.83%	0	2,914,500	12.27%	0	-1.56%
6	Think OFS LLC	5,800,000	27.55%	0	5,800,000	24.41%	0	-3.14%
		20,360,000	96.70%	0	20,362,500	85.72%	0	-10.98%

(iii) **CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)**

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	VAYA Trust 1 (formerly, SKS Mutual Benefit Trust, Jogipet)	2,912,000	13.83%	2,912,000	12.26%
2	VAYA Trust 2 (formerly, SKS Mutual Benefit Trust, Medak)	2,912,000	13.83%	2,912,000	12.26%
3	VAYA Trust 3 (formerly,SKS Mutual Benefit Trust, Sadasivapet)	2,912,000	13.83%	2,912,000	12.26%
4	VAYA Trust 4 (formerly, SKS Mutual Benefit Trust, Sangareddy)	2,912,000	13.83%	2,912,000	12.26%
5	VAYA Trust 5 (formerly, SKS Mutual Benefit Trust, Narayankhed)	2,912,000	13.83%	2,914,500	12.27%
6	Think OFS LLC	58,000,000	27.55%	58,000,000	24.41%

(iv) **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)**

Sl. No.		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Lakshminarayanan S	400,000	1.68	400,000	1.68
2	Sandeep parekh	100,000	0.42	100,000	0.42
3	Gautam Ivatury	100,000	0.42	100,000	0.42
4	G.V.Surya Kumar	209,990	0.88	209,990	0.88
5	Sarath Sura	100,000	0.42	100,000	0.42
6	OFS Employees Welfare Trust	381,500	1.60	384,000	1.60

(v) SHAREHOLDING OF DIRECTORS & KMP

Sl. No.	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year	2,105,000	8.85	2,105,000	8.85
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
At the end of the year	2,105,000	8.85	2,105,000	8.85

(vi) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
Additions	0	0	0	0
Reduction	50,000,000	0	0	50,000,000
Net Change	-50,000,000	0	0	-50,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	200,000,000	0	0	200,000,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	14,286,464	0	0	14,286,464
Total (i+ii+iii)	214,286,464	0	0	214,286,464

(vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount	
1	Gross salary	Jagadish Babu Ramadugu		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	93,60,000	93,60,000	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	
2	Stock option	-	-	
3	Sweat Equity	-	-	
4	Commission	-	-	
	as % of profit			
	others (specify)			
5	Others, please specify (Sitting Fees as Non-Executive Director)	-	-	
	Total (A)	93,60,000	93,60,000	

B. Remuneration to other Directors

Sl.No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Gautam Ivatury (upto Aug, 2016)	Sandeep Parekh	500,000
	(a) Fee for attending board committee meetings	0	0	0
	(b) Commission	0	0	0
	(c) Others, please specify	0	500,000	500,000
	Total (1)	0	500,000	500,000
2	Other Non Executive Directors	Vikram Akula	Gautam Ivatury (from Aug, 2016)	
	(a) Fee for attending board committee meetings	300,000	300,000	0 600000
	(b) Commission	0	0	0 0
	(c) Others, please specify (Consulting Fees)	0	0	0 0
	Total (2)	300,000	300,000	0 600,000
	Total (B)=(1+2)	300,000	300,000	0 600,000
	Total Managerial Remuneration			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	Gross Salary	CEO	Company Secretary	CFO	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		1,005,017	6,600,000	7,605,017
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	Total		1,005,017	6,600,000	7,605,017

Note:

1. Section 203 is not applicable to our Company. However, the Company providing Company Secretary and CFO salary in the form/return.
2. Stock options granted, but not vested during the year.

ANNEXURE-II 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 transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

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

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl.No.	Particulars	Details
a	Name (s) of the related party & nature of relationship	NIL
b	Nature of contracts/arrangements/transaction	
c	Duration of the contracts/arrangements/transaction	
d	Salient terms of the contracts or arrangements or transaction including the value, if any	
e	Date of approval by the Board	
f	Amount paid as advances, if any	

Independent Auditors' Report

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1. Report on the financial statements

We have audited the accompanying financial statements of VAYA FINSERV PRIVATE LIMITED (the 'Company '), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and loss, the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's responsibility for the financial statements

The Company 's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements 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 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.

3. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company 's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company 's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

5. Report on other legal and regulatory requirements

- i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- ii. 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 accounts as required by the law have been kept by the Company, so far as it appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the Directors as on March 31, 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013;
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" issued under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")
 - g) With respect to the other matters to be included in the Auditor's report in accordance with Rule of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company does not have any pending litigations which would impact its financial position.
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.
 - d) The Company had provided requisite disclosures in its financial statements {Refer Note [2.20]} as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

Date: June 20, 2017

Place: Mumbai

**for V. Nagarajan & Co.,
Chartered Accountants**

Sd/-

AG SITARAMAN

Partner

Firm Reg. No.: 04879N | M. No.: 017799

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

[Referred to in Paragraph 5 (i) of our report of even date]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
 - b) The Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were identified on such verification.
 - c) The Company does not have any immovable properties. Therefore, the paragraph 3(i)(c) of the order is not applicable to the Company.
- ii. The Company does not have any inventory. Accordingly the paragraph 3(ii) of the order is not applicable to the Company.
- iii. According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the paragraphs 3 (iii)(a) , 3 (iii) (b) and 3(iii) (c) of the Order are not applicable to the Company.
- iv. The Company have not made any loans, investments, guarantees and security so the provisions of Sec 185 and Sec 186 were not applicable.
- v. Based on our audit and representation from management, we state that during this financial year, the Company did not accept any deposits. Accordingly, paragraph 3 (v) of the Order is not applicable.
- vi. To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act. Accordingly, the paragraph 3 (vi) of the order is not applicable
- vii. In respect of its Statutory dues: According to the information and explanations given to us and on the basis of our examination of the records of the Company.
 - a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable to the Company and no arrears of undisputed outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable. There are no material dues of income tax or sales tax or duty of customs or duty of excise or service tax that have not been deposited with the appropriate authorities on account of any dispute.
 - b) There are no material dues of income tax or sales tax or duty of customs or duty of excise or service tax that have not been deposited with the appropriate authorities on account of any dispute.
- viii. The Company has not defaulted in repayment of dues to debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer and the term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

- xi. The Company being a private Company paragraph 3(XI) of the order is not applicable.
- xii. In our opinion and according to explanation given to us, the Company is not a nidhi Company. Accordingly paragraph 3(XII) of the order is not applicable to the Company.
- xiii. The transactions with the related parties are in compliance with section 188 of the Companies Act, 2013 and disclosed in the financial statements. The Company being a Private Company sec 177 is not applicable.
- xiv. According to information and explanations given to us and based on examination of records, the Company has made preferential allotment of shares. The requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- xv. According to information and explanations given to us the Company has not entered into any non-cash transactions with Directors or persons and persons connected with him and so, the provisions of section 192 of Companies Act, 2013 not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Date: June 20, 2017

Place: Mumbai

**for V. Nagarajan & Co.,
Chartered Accountants**

**Sd/-
AG SITARAMAN
Partner
Firm Reg. No.: 04879N| M. No.:017799**

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

[Referred to in Paragraph 5 (i)(f) of our report of even date]

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

We have audited the internal financial controls over financial reporting of VAYA FINSERV PRIVATE LIMITED (“the Company”) as of 31 March 2017 dated in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control 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 (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility:

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting:

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company ; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting:

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

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: June 20, 2017

Place: Mumbai

**for V. Nagarajan & Co.,
Chartered Accountants**

Sd/-

AG SITARAMAN

Partner

Firm Reg. No.: 04879N| M. No.:017799

Balance Sheet as at March 31, 2017

(Amount in Rs. unless otherwise stated)

		31-Mar-17	31-Mar-16
Note no.			
I. Equity and Liabilities Shareholders' Funds			
Share capital	2.1	237,590,000	210,540,000
Reserves and surplus	2.2	(60,818,804)	(117,134,185)
		176,771,196	93,405,815
Non-Current Liabilities			
Long term borrowings	2.3	200,000,000	250,000,000
		200,000,000	250,000,000
Current Liabilities			
Trade payables	2.4	105,068,910	74,929,397
Other current liabilities	2.5	16,764,710	19,593,175
Short-term provisions	2.6	50,974,079	3,169,126
		172,807,699	97,691,698
Total		549,578,895	441,097,513
II. Assets			
Non-Current Assets			
Fixed assets	2.7		
- Property, plant and equipment		15,742,202	11,208,960
- Intangible assets		43,471	75,444
Non-current Investments	2.8	3,000,000	-
Deferred tax assets (net)	2.18	26,272,917	-
		45,058,590	11,284,404
Current Assets			
Trade receivables	2.9	33,019,857	22,927,090
Cash and cash equivalents	2.10	413,830,067	375,744,686
Short-term loans and advances	2.11	5,452,866	1,701,665
Other current assets	2.12	52,217,514	29,439,668
		504,520,304	429,813,109
Total		549,578,895	441,097,513
Accounting policies and notes to accounts	1 & 2		
Other disclosures	3		

As per our report of even date
for V. Nagarajan & Co.,
Chartered Accountants
ICAI Firm Reg. No.: 04879N

Sd/-
A. G. Sitaraman
Partner
M. No.: 017799

Place: Mumbai
Date: June 20, 2017

VAYA 4th Annual Report

for and on behalf of the Board of Directors of
Vaya Finserv Private Limited

Sd/-
Vikram Akula
Chairman
DIN : 00906907

Sd/-
S. Lakshminarayanan
Chief Financial Officer

Sd/-
R. Jagadish Babu
Managing Director & CEO
DIN : 01855121

Sd/-
B. Balaji Gupta
Company Secretary
M.No.: A17980

Statement of Profit and Loss for the year ended March 31, 2017

(Amount in Rs. unless otherwise stated)

		31-Mar-17	31-Mar-16
	Note no.		
Income			
Revenue from operations	2.13	324,744,398	128,084,751
Other income	2.14	24,489,887	20,779,411
Total		349,234,285	148,864,162
Expenses			
Employee benefit expenses	2.15	179,666,458	124,044,784
Other operating expenses	2.16	63,021,990	49,861,452
Finance cost	2.17	24,437,757	19,286,052
Depreciation and amortization expenses	2.7	3,584,027	2,426,579
Provisions and write-offs	2.19	41,958,868	535,925
Total		312,669,100	196,154,792
Profit/(Loss) before tax		36,565,185	(47,290,630)
Less: Current tax		(6,833,880)	-
Add: Deferred tax		26,272,917	-
Profit/(loss) after tax		56,004,223	(47,290,630)
Earnings per share - Basic		2.40	(2.25)
Earnings per share - Diluted [Refer note 3.3]		2.31	(2.21)
Accounting policies and notes to accounts	1 & 2		
Other disclosures	3		

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

As per our report of even date
for V. Nagarajan & Co.,
Chartered Accountants
ICAI Firm Reg. No.: 04879N

Sd/-
A. G. Sitaraman
Partner
M. No.: 017799

Place: Mumbai
Date: June 20, 2017

for and on behalf of the Board of Directors of
Vaya Finserv Private Limited

Sd/-
Vikram Akula
Chairman
DIN : 00906907

Sd/-
S. Lakshminarayanan
Chief Financial Officer

Sd/-
R. Jagadish Babu
Managing Director & CEO
DIN : 01855121

Sd/-
B. Balaji Gupta
Company Secretary
M.No.: A17980

Cash Flow Statement for the year ended March 31, 2017

(Amount in Rs. unless otherwise stated)

	31-Mar-17	31-Mar-16
Cash flows from operating activities		
Profit before taxation	36,565,185	(47,290,630)
Adjustments for:		
Depreciation	3,584,027	2,426,579
Provision for credit loss	40,000,000	535,925
Gratuity	1,506,998	1,825,073
Stock option expenditure	311,158	334,665
(Profit)/Loss on the sale of assets	348,417	(4,009)
Working capital changes:		
(Increase) / Decrease in current assets	(1,939,677)	(29,866,265)
Increase / (Decrease) in current liabilities	26,775,123	77,966,742
Cash generated from operations	107,151,231	5,928,080
Income taxes paid	(34,682,137)	(14,559,990)
Net cash from operating activities [A]	72,469,093	(8,631,910)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,496,978)	(7,313,709)
Investments in mutual funds (Debt funds)	(3,000,000)	-
Proceeds from sale of fixed assets	63,265	129,535
Net cash used in investing activities [B]	(11,433,713)	(7,184,174)
Cash flows from financing activities		
Proceeds from issue of equity share capital	27,050,000	-
Proceeds from issue of non convertible debentures	-	250,000,000
Redemption of non convertible debentures	(50,000,000)	-
Net cash used in financing activities [C]	(22,950,000)	250,000,000
Net increase in cash and cash equivalents [A+B+C]	38,085,381	234,183,916
Cash and cash equivalents at beginning of the year	375,744,686	141,560,770
Cash and cash equivalents at end of the year	413,830,067	375,744,686

Accounting policies and notes to accounts 1 & 2
 Others disclosures 3
 The accompanying notes form an integral part of financial statements

As per our report of even date
 for V. Nagarajan & Co.,
 Chartered Accountants
 ICAI Firm Reg. No.: 04879N

Sd/-
 A. G. Sitaraman
 Partner
 M. No.: 017799

Place: Mumbai
 Date: June 20, 2017

VAYA 4th Annual Report

for and on behalf of the Board of Directors of
 Vaya Finserv Private Limited

Sd/-
 Vikram Akula
 Chairman
 DIN : 00906907

Sd/-
 S. Lakshminarayanan
 Chief Financial Officer

Sd/-
 R. Jagadish Babu
 Managing Director & CEO
 DIN : 01855121

Sd/-
 B. Balaji Gupta
 Company Secretary
 M.No.: A17980

Significant accounting policies and notes to accounts

Company overview:

Vaya Finserv Private Limited [herein after referred as ‘the Company’] is domiciled in India and incorporated under the provisions of Companies Act, 2013. The Company is presently engaged in providing financial inclusion services through a “Business Correspondent model” by partnering with select banks/financial institutions and acting as their business correspondent in specified territories.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) rules, 2014 and the relevant provisions of the Companies Act, 2013/Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

1.2 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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Revenue recognition

- i. Income from product delivery and services from banks/financial institutions in the capacity of Business Correspondent are recognised on accrual. Income by way of revenue sharing with banks/financial institutions are recognised as and when the related services are completed and accepted by them.
- ii. Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

1.4 Property, plant and equipment

All Fixed assets are stated at historical cost less accumulated depreciation. Cost includes the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

1.5 Depreciation and amortisation

Depreciation is provided pro-rata on the Straight-line method at the following stated rates based on useful life of the assets as specified under Schedule II of the Companies Act, 2013:

Class of fixed assets	Useful life	Depreciation (%)
Furniture & fixtures	10 years	9.5%
Office equipment	5 years	19.00%
Computers - Desktops and laptops	3 years	31.67%
Vehicles	8 years	11.88%

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for use. The Company has estimated that the useful life of these assets as 4 years.

1.6 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

1.7 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings. All borrowing costs are expensed in the period they occur.

1.8 Employee benefits

Defined Contribution Plan

Company's contributions paid / payable during the period to Provident Fund and other funds are recognized in the Profit and Loss Account.

Defined benefit obligation

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.

1.9 Segment reporting

The Company is engaged in the business of providing financial inclusion services and there is no other reportable segment.

1.10 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.11 Income taxes & Deferred taxes

- i) Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- ii) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- iii) Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- iv) Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

1.12 Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation cannot be made.

1.13 Operating cycle

Based on the nature of activities of the Company and normal time between acquisition of assets, their realisation of cash and cash equivalent, the Company has determined operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to accounts

2.1 Share capital

	31-Mar-17	31-Mar-16
Authorized		
25,000,000 (31-Mar-16: 25,000,000) equity shares of Rs.10 each	250,000,000	250,000,000
	250,000,000	250,000,000
Issued, subscribed and paid-up		
Equity		
23,759,000 (31-Mar-16: 21,054,000) equity shares of Rs.10 each fully paid-up	237,590,000	210,540,000
	237,590,000	210,540,000

2.1.1 Rights, preferences, restrictions of share capital

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

2.1.2 Reconciliation of shares

	31-Mar-17		31-Mar-16	
Equity shares	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	21,054,000	210,540,000	21,054,000	210,540,000
Add: issued during the year	2,705,000	27,050,000	-	-
Balance at the end	23,759,000	237,590,000	21,054,000	210,540,000

2.1.3 The details of shareholders holding more than 5% is set out below

	31-Mar-17	31-Mar-16
Think OFS LLC - USA	24.41%	27.55%
SKS Mutual Benefit Trust - Narayankhed	12.27%	13.83%
SKS Mutual Benefit Trust - Jogipet	12.26%	13.83%
SKS Mutual Benefit Trust -Sadasivpet	12.26%	13.83%
SKS Mutual Benefit Trust -Sangareddy	12.26%	13.83%
SKS Mutual Benefit Trust - Medak	12.26%	13.83%
R Jagadish Babu	8.86%	-

2.2 Reserves and surplus

	31-Mar-17	31-Mar-16
Surplus from Profit and Loss statement		
Opening balance	(117,134,185)	(70,178,220)
Additions during the year	56,004,223	(47,290,630)
Stocks options Outstanding (Refer Note 3.4)	311,158	3 34,665
	(60,818,804)	(117,134,185)

2.3 Long-term borrowings

	31-Mar-17	31-Mar-16
200(31-Mar-16: 250), 11.5% Secured, Redeemable, Non-convertible debentures of Rs. 10,00,000 each	200,000,000	250,000,000
	200,000,000	250,000,000

Notes:

- 1 Redeemable at par on June 19,2020
- 2 Interest at the fixed rate of 11.5% per annum compounded on a quarterly basis payable on an annual basis.

Nature of security

Secured by hypothecation of

- i The whole of the current assets, both present and future (excluding the existing Fixed Deposits (FDs) and future FDs on which lien has been specifically given/to be given to YBL or any other bank).
- ii All book debts and receivables including the Premium and the Concession Fee, revenues of whatsoever nature and wherever arising and the Company 's over all cash, cash equivalent and other funds, accounts including the Escrow Account, the Retention Accounts (or any account in substitution thereof) and such other Bank Accounts that may be opened in terms hereof excluding the existing and future fixed deposits on which lien is/will be given in favour of banks.
- iii Debentures are to be redeemed at par as on June 19,2020 .

The charge covers principal and accruing interest but not exceeding Rs. 40 cr at any point of time.

Significant Accounting policies and notes to accounts

2.4 Trade payables

	31-Mar-17	31-Mar-16
Amount held as a business correspondent- due to banks	82,369,006	59,892,865
Client insurance premium payable (held in trust)	940,824	513,291
Payable to staff	12,764,240	10,134,445
Claims received from insurer but not settled (held in trust)	2,929,730	1,264,000
Expenses payable	6,065,110	3,124,796
	105,068,910	74,929,397

2.5 Other current liabilities

	31-Mar-17	31-Mar-16
Statutory dues payable	2,478,246	
Interest accrued but not due on borrowings	14,286,464	
	16,764,710	19,593,175

2.6 Short-term provisions

	31-Mar-17	31-Mar-16
Provision on managed portfolio	40,000,000	535,925
Employee benefits- gratuity	4,140,199	2,633,201
Provision for tax	6,833,880	-
	50,974,079	19,593,175

2.6.1 The Company has obtained actuarial valuation and provided accrued liability on account of gratuity. The principal actuarial assumptions used at the balance sheet date for valuation are disclosed below as per Accounting standard -15 "Employee Benefits":

	31-Mar-17	31-Mar-16
Discount rate	7.5%	8%
Return on plan assets	-	-
Attrition rate	0.3% to 82%	1%
Salary escalation rate	10%	5%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Note: The gratuity liability of Rs. 4,140,199 is unfunded. So, return on plan assets are shown as nil in the year.

Notes to the financial statements

2.7 Fixed assets

Particulars	Gross block			Depreciation/Amortization			“As at 31 Mar2016”	
	“As at 1 April 2016”	Additions during the year	“Deletions during the year”	“As at 31 Mar 2017”	Charge for the year	“Deletions during the year”	“As at 31 Mar 2017”	“As at 31 Mar 2016”
Tangible assets								
Computers	5,165,198	2,958,173	516,985	7,606,386	1,972,738	332,278	3,445,818	4,160,568
Office equipment	3,653,168	2,464,478	-	6,117,646	906,338	-	1,537,625	4,580,021
Furniture and fixtures	3,330,633	3,074,327	257,167	6,147,793	428,849	30,192	692,977	5,454,816
Vehicles	2,054,954	-	-	2,054,954	244,129	-	508,157	1,790,926
Total (A)	14,203,953	8,496,978	774,152	21,926,779	3,552,054	362,470	6,184,577	15,742,202
Intangible assets								
Computer software	127,893	-	-	127,893	31,973	-	84,422	43,471
Total (B)	127,893	-	-	127,893	31,973	-	84,422	75,444
Grand total (A+B)	14,331,846	8,496,978	774,152	22,054,672	3,584,027	362,470	6,268,999	15,785,673
Previous year								
Tangible assets	7,032,918	7,313,709	142,674	14,203,953	2,394,606	17,148	2,994,993	11,208,960
Intangible assets	127,893	-	-	127,893	31,973	-	52,449	75,444
Grand total	7,160,811	7,313,709	142,674	14,331,846	2,426,579	17,148	3,047,442	11,284,404
								6,522,800

2.8 Non current Investments

	31-Mar-17	31-Mar-16
Investments in Mutual Funds		
- Reliance regular saving fund - Debt 129,487.97 units of Rs.23.1682 each	3,000,000	-
{ NAV as on 31.03.2017: Rs. 23.4922 per unit. Aggregate market value Rs. 3,041,957/-}		
	3,000,000	-
Encumbered		
Mutual fund investments held as collateral against Reliance Commercial Finance Ltd managed portfolio	3,000,000	-

2.9 Trade receivable

	31-Mar-17	31-Mar-16
Less than six months		
Commission receivable from BC operations	32,977,866	22,927,090
Other receivables	41,991	-
	33,019,857	22,927,090

2.10 Cash and cash equivalents

	31-Mar-17	31-Mar-16
Balance with banks		
‘- in current accounts	99,394,542	65,497,941
‘- in term deposits	311,483,667	308,024,868
Cash on hand	2,951,858	2,221,877
	413,830,067	375,744,686
Encumbered		
Deposits held as cash collateral against Yes Bank Ltd managed portfolio	68,498,000	108,495,000
Deposits held as cash collateral against RBL Bank Ltd managed portfolio	110,811,726	9,999,000
Deposits held as cash collateral against IDBI Bank Ltd managed portfolio	3,538,000	-
Un Encumbered		
Term deposits with less than 12 months maturity	76,138,941	159,533,868
Term deposits with more than 12 months maturity	52,497,000	29,997,000

2.11 Short-term loans and advances

	31-Mar-17	31-Mar-16
Unsecured, considered good		
Security deposits	3,396,319	965,213
Other advances	2,056,547	736,452
	5,452,866	1,701,665

2.12 Other current assets

	31-Mar-17	31-Mar-16
Interest accrued but not due on term deposits	16,744,205	14,166,331
Balance with revenue authorities (TDS Recoverable)	34,682,137	14,559,990
Cenvat credit	58,318	18,633
Prepaid expenses	732,854	694,714
	52,217,514	29,439,668

2.13 Revenue from operations

	31-Mar-17	31-Mar-16
Commission earned from Business Correspondent (BC) operations	293,986,739	109,154,974
Unbilled revenue from BC operations	30,757,659	18,929,777
	324,744,398	128,084,751

2.14 Other income

	31-Mar-17	31-Mar-16
Interest on term deposits	24,466,892	20,652,979
Miscellaneous income	22,995	126,432
	24,489,887	20,779,411

2.15 Employee benefits expense

	31-Mar-17	31-Mar-16
Salaries and other allowances	161,122,370	108,330,554
Contributions to Provident and other funds	11,948,308	7,935,714
Staff welfare and training expenses	3,502,868	4,396,553
Staff insurance	1,274,756	1,222,225
Gratuity	1,506,998	1,825,073
Stock option expenditure	311,158	334,665
	179,666,458	124,044,784

2.16 Other operating expenses

	31-Mar-17	31-Mar-16
Technology subscription charges	3,112,749	2,093,300
Rent	11,098,682	8,022,848
Travelling expenses	21,520,157	14,231,175
Consultancy charges	3,077,662	10,366,200
Office maintenance	6,735,538	3,512,640
Printing & Stationery	5,130,776	3,080,088
Communication expenses	4,980,398	3,171,032
Rates and taxes	1,107,659	1,073,172
Insurance	928,819	1,051,776
Repairs and maintenance	455,184	332,388
Director sitting fee	1,100,000	680,000
Payment to auditors		
- As auditor	800,000	600,000
- Certification charges	42,000	37,618
-Reimbursement of expenses	9,079	17,700
Membership fee	220,000	429,417
Staff recruitment expenses	93,282	115,373
Bank charges	1,731,671	693,115
Business promotion expenses	58,650	183,366
Loss on sale of fixed assets/Assets writtenoff	348,417	103,535
Commission & Brokerage Charges	18,000	-
Donation	25,000	-
Miscellaneous expenses	428,267	66,709
	63,021,990	49,861,452

2.17 Finance cost

	31-Mar-17	31-Mar-16
Interest on debentures	24,437,757	19,286,052
	24,437,757	19,286,052

2.18 Deferred tax asset

	31-Mar-17	31-Mar-16
Impact of accumulated tax losses	24,884,418	35,263,159
Impact of difference between tax depreciation and depreciation charged for the financial reporting	(500,729)	295,433
Timing difference	1,889,228	-
Deferred tax asset	26,272,917	35,558,592
Deferred tax asset recognised	26,272,917	-

The deferred tax asset amounting to Rs. 26,272,917 (31-Mar-16: Rs. 35,558,592) as at Mar 31, 2017 has been recognised.

2.19 Provision and write-offs

	31-Mar-17	31-Mar-16
Loss on managed portfolio	1,958,868	535,925
Provision on managed portfolio	40,000,000	-
	41,958,868	535,925

Note:

As per the contractual terms entered by the Company with banks, a provision of Rs. 40,000,000 is made against estimated liability on account of non repayment of loan installments by clients post demonetisation.

2.20 Specified Bank Notes (SBN)

The details of SBNs held and transacted during the period 08/11/2016 to 30/12/2016 as mentioned in below table.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,374,000	784,538	3,158,538
Add: Permitted receipts (Note 1 given below)	109,667,500	359,750,613	469,418,113
Less: Permitted payments		4,296,820	4,296,820
Less: Amount deposited in Banks	112,041,500	353,863,483	465,904,983
Closing cash in hand as on 30.12.2016		2,374,848	2,374,848

Note 1:

SBNs amounting to Rs. 10.97 crores collected by the Company (as per the directions issued by the Banks) from the Loan Clients towards the repayment of SHG/JLG Loans of the Banks (Yes Bank Ltd, RBL Bank Ltd, IDBI) in its capacity as a Business Correspondent during the period from November 9, 2016 to December 30, 2016. Such collections were remitted to the corresponding banks in the ordinary course of business.

Other disclosures

3.1 Business Correspondent for Financial Inclusion with banks:

- 3.1.1** The Company is extending Financial Inclusion services as a Business Correspondent (BC) of Banks/ Financial institutions in tune with its objects for promotion of Financial Inclusion Services to the poor and less privileged in the unbanked areas of India. This is as per RBI circular no. RBI/2011-12/100 DBOD. NO.BL.BC.33/22.01.001/2011-12, dated July 01, 2011 and subsequent circulars issued by RBI from time to time.
- 3.1.1.1** All the lending and recoveries (along with interest and other charges) is routed through the books of Company pool account and periodically reconciled with respective banks/financial institutions.
- 3.1.1.2** As the loan assets are held and owned by respective banks/financial institutions, it is not recognised in the books of the Company. Any loan amount recovered with interest and charges from the women micro borrowers and pending payable to respective banks/financial institutions at year end is stated as liability in financial statements.
- 3.1.1.3** The Company is maintaining books of accounts till the first point of business, viz with the borrowers at Centre Meetings, conducted and attended by Sangamitra of the Company, for cash control and effective management of operations; however, the borrower based data both personal as well financial is maintained by respective banks/financial institutions, in its central servers for interest calculations and monitoring of non-performance.
- 3.1.1.4** The Company has an internal control and internal audit system and is strengthening it to commensurate with the risk associated with the growing operations and size and scale of business.

3.1.1.5 The fee received and expenses incurred in execution of its status as Business Correspondence is recognised in the books of accounts, under appropriate heads.

3.1.2 With Yes Bank Limited:

3.1.2.1 VAYA Finserv Pvt Ltd commenced operations from August' 2014 in Karnataka and Maharashtra states and later expanded its operations in Bihar, Jharkhand and Telangana states and is dealing with only small ticket loans. The Company acts as a Banking Correspondent to distribute micro loans of YBL to SHG/JLG groups of women entrepreneurs in rural area and recover the same on behalf of YBL for onward payment.

3.1.2.2 Below data pertains to Business correspondent services provided by the Company to Yes bank Limited as on Mar 31, 2017

Lending model	No. of branches	No. of SHGs/JLG Members disbursed	Amount disbursed (Rs.)	No. of outstanding SHG Members/JLG Members	Outstanding amount (Rs.)
SHG	60	3,013	773,962,000	8407	921,446,966
JLG	12	1,905	41,713,409	1922	29,252,926

3.1.2.3 Various balances due to/due from, Yes Bank Ltd, on account of being "Business Correspondent", are grouped under heads as below:

Account	Description	Amount (Rs.)
Bank account no. 025083800004952	Regular banking transaction (pool a/c)- Disbursement_SHG	106,746
Bank account no. 025083800004831	Regular banking transaction (pool a/c)- Loan collection_SHG	13,017,927
Bank account no. 025063700000032	Regular banking transaction (Settlement a/c)- Loan collection_SHG	249,238
Bank account no. 025083800004585	Business transaction account	11,747,274
Bank account no. 025084900000188	Regular banking transaction (pool a/c)- Disbursement_JLG	235,391
Bank account no. 025084900000133	Regular banking transaction (pool a/c)- Loan collection_JLG	128,153
Trade receivable	Services bill due for the month of Mar 2017	7,022,512
Payable to YBL	Collection and undisbursed amounts as on 31 Mar, 2017	24,837,292
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	950,699,892

3.1.3 With Ratnakar Bank Limited (RBL):

3.1.3.1 Started acting as a BC from July'2015 in Odissa and Jharkhand States and is dealing with only small ticket loans under JLG model. The Company acts as a Business Correspondent to distribute micro loans of RBL to JLG groups of women entrepreneurs in rural areas and recover the same on behalf of RBL for onward payment to the bank.

3.1.3.2 Below data pertains to Business correspondent services provided by the Company to RBL Bank Limited as on Mar 31, 2017

Lending model	No. of branches	No. of loans disbursed	Amount disbursed (Rs.)	No. of outstanding accounts	Outstanding amount (Rs.)
JLG	70	114,765	2,639,502,000	152,721	2,664,899,953

3.1.3.3 Various balances due to/due from, RBL Bank Ltd, on account of being “Business Correspondent”, are grouped under heads as below:

Account	Description	Amount (Rs.)
Bank account no. 409000375695	Regular banking transaction (pool a/c)- Disbursement	16,455,594
Bank account no. 409000375686	Regular banking transaction (pool a/c)- Loan collection	1,657,214
Trade receivable	Services bill due	24,438,121
Payable to RBL	Collection and undisbursed amounts as on 31 Mar, 2017	32,976,708
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	2,664,899,953

3.1.4 With Industrial Development Bank of India (IDBI):

3.1.4.1 Started acting as a BC from May’2016 in Maharastra State and is dealing with only small ticket loans under SHG model. The Company acts as a Business Correspondent to distribute micro loans of IDBI to SHG groups of women entrepreneurs in rural areas and recover the same on behalf of IDBI for onward payment to the bank.

3.1.4.2 Below data pertains to Business correpondent services provided by the Company to IDBI as on Mar 31, 2017

Lending model	No. of branches	No. of SHG's disbursed during the year	Amount disbursed (Rs.)	No. of outstanding shgs	Outstanding amount (Rs.)
SHG	5	284	69,952,000	284	40,464,641

3.1.4.3 Various balances due to/due from, IDBI Bank Ltd, on account of being “Business Correspondent”, are grouped under heads as below:

Account	Description	Amount (Rs.)
Bank account no. 0028102000027964	Regular banking transaction (pool a/c)- Disbursement	177,192
Bank account no. 0028102000027973	Regular banking transaction (pool a/c)- Loan collection	1,709,935
Trade receivable	Services bill due	771,316
Payable to IDBI	Collection and undisbursed amounts as on 31 Mar, 2017	2,073,213
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	40,464,641

3.1.5 With Reliance Commercial Finance Limited (RCFL):

3.1.5.1 Started acting as a BC from Nov’2016 in Bihar State and is dealing with only small ticket loans under JLG model. The company acts as a Business Correspondent to distribute micro loans of RCFL to JLG groups of women entrepreneurs in rural areas and recover the same on behalf of RCFL for onward payment to the RCFL.

3.1.5.2 Below data pertains to Business correspondent services provided by the company to RCFL as on Mar 31, 2017

Lending model	No. of branches	No. of loans disbursed	Amount disbursed (Rs.)	No. of outstanding accounts	Outstanding amount (Rs.)
JLG	7	4,610	114,855,000	4610	110,926,127

3.1.5.3 Various balances due to/due from, RCFL Ltd, on account of being “Business Correspondent”, are grouped under heads as below:

Account	Description	Amount (Rs.)
Bank account no. 50200021120164	Regular banking transaction (pool a/c)- Disbursement	20,450,138
Bank account no. 50200021120303	Regular banking transaction (pool a/c)- Loan collection	1,558,860
Trade receivable	Services bill due	745,917
Payable to RCL	Collection and undisbursed amounts as on 31 Mar, 2017	22,481,793
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	110,926,127

3.2 Contingent liabilities and capital commitments

	31-Mar-17	31-Mar-16
a) Contingent liabilities		
Deposits held as cash collateral against managed portfolio	185,847,726	118,494,000
b) Capital commitments	Nil	Nil

3.3 Earnings per share

Reconciliation of basic and diluted shares used in computation of earnings per share

	31-Mar-17	31-Mar-16
Net profit as per profit and loss account	56,004,223	(47,290,630)
Weighted average number of shares considered for computation of basic earnings per share	23,304,849	21,054,000
Add: Effect of potential dilutive stock options	887,148	357,931
Weighted average number of shares considered for computation of diluted earnings per share	24,191,997	21,411,931
Nominal value per share [Rs.]	10	10

3.4 Stock Option Scheme

3.4.1 The Company has provided ESOPs to Mr. Jagadish Babu Ramadugu (MD & CEO) and Mr. S Lakshminarayanan (CFO). The details are mentioned below.

Particulars	Plan I
Date of Grant	July 28, 2015
Date of Board approval	July 18, 2015
Date of shareholders' approval	July 28, 2015
Number of options granted	1,584,709
Exercise price	10/-
Method of settlement	Equity
Vesting period	33.33% on 27/07/2016
	33.33% on 27/07/2017
	33.33% on 27/07/2018
Exercise period	6 years from the date of vesting
Vesting conditions	The Options shall become exercisable in part or in full after vesting but any time before resignation, termination etc. as permitted under the Plan, Grant Letter and Agreement.
Name of the Plan	ESOP Plan 2014

The details of Plan I have been summarised below:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of Options	Weighed average exercise price (Rs.)	Number of Options	Weighed average exercise price (Rs.)
Outstanding at the beginning of the year	1,584,709	10	-	-
Granted during the year	-	-	1,584,709	10
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,584,709	10	1,584,709	10
Exercisable at the end of the year	-	-	-	-
Weighted avg remaining contractual life (in years)	1.3	-	2.3	-
Weighted avg fair value of options granted	-	0.67	-	0.51

Details of Options outstanding as on March 31, 2017:

Series	Range of exercise price	Number of Options outstanding (31-Mar-17)	Number of Options outstanding (31-03-2016)	Weighted avg remaining contractual life of options (in years) (31-Mar-17)	Weighted avg remaining contractual life of options (in years) (31-Mar-16)	Weighted average exercise price
Plan I	10	1,584,709	1,584,709	1.3	2.3	10

Plan I: The weighted average fair value of stock options outstanding was Rs. 0.67. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19
Share price on the date of grant (Rs.)	6.67	6.67	6.67
Exercise price (Rs.)	10	10	10
Expected Volatility (%)	20	20	20
Life of the options granted (years)	2.5	3.0	3.5
Risk-free interest rate (%)	8	8	8
Expected dividend rate (%)	0	0	0
Fair value of the option	0.36	0.51	0.67

Expected Volatility - Since VAYA Finserv Private Limited is a private Company, a 20% volatility is assumed based on the stock markets returns over the last few years

Effect of the ESOP Plans of the profit and loss account and on the financial position:

	31-Mar-17	31-Mar-16
Employee compensation cost	311,158	334,665
Deferred compensation cost	162,378	473,536
Liability for employee stock option outstanding as at period end	473,536	808,202

3.5 Related party disclosures

3.5.1 Names of related parties and nature of relationship

Names	Nature of relationship
Mr. R Jagadish Babu, MD & CEO	Key Management personnel
Mr. S Lakshminarayanan, CFO	Key Management personnel
Autologic Motors India Private Limited	Entity in which Directors are interested
Think OFS LLC - USA	Associate

3.5.2 Nature of transactions

Name	Nature of transaction	Type	31-Mar-17	31-Mar-16
R Jagadish Babu	Salary and incentives	Payment	9,360,000	9,360,000
	Sitting fee	Payment	-	-
S Lakshminarayanan	Salary and incentives	Payment	6,600,000	6,600,000
Vikram Akula	Consultancy charges	Payment	-	6,356,774
	Sitting fee	Payment	300,000	420,000
Autologic Motors India Private Limited	Vehicle purchase (Lodgy RXZ 110 PS)	Payment	-	1,462,676
Outstanding balances as at year end				
R Jagadish	Incentive payable		2,160,000	2,160,000
S Lakshminarayanan	Incentive payable		1,100,000	1,100,000

3.6 Earnings and expenditure in foreign currency:

Particulars	31-Mar-17	31-Mar-16
Earnings	-	-
Expenditure		
- Travelling expenses	386,345	3,002,635
- Professional and consultancy charges	-	5,281,860

3.7 Dues to Micro and Small enterprises:

“There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the ‘MSMED’) pertaining to micro or small enterprises. For the year ended March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.”

3.8 In the opinion of the Board of Directors, all the assets have a value on realisation in the ordinary course of business at least equal to the amount at which they were stated. In the case of assets where realisation is doubtful, they are provided for.

3.9 Information on instances of fraud/theft/robbery

Instances of fraud for the year ended Mar 31, 2017:

Particulars	31-Mar-17	31-Mar-16
Amount of fraud/theft/robbery {3 cases (31-Mar-16: 2 cases)}	389,466	170,400
Recovery	-	45,000
To be recovered	389,466	125,400

3.10 Prior year comparatives

The previous year figures are regrouped /rearranged where necessary to conform to current year presentation.

As per our report of even date
for V. Nagarajan & Co.,
Chartered Accountants
ICAI Firm Reg. No.: 04879N

for and on behalf of the Board of Directors of
Vaya Finserv Private Limited

Sd/-
A. G. Sitaraman
Partner
M. No.: 017799

Sd/-
Vikram Akula
Chairman
DIN : 00906907

Sd/-
R. Jagadish Babu
Managing Director & CEO
DIN : 01855121

Place: Mumbai
Date: June 20, 2017

Sd/-
S. Lakshminarayanan
Chief Financial Officer

Sd/-
B. Balaji Gupta
Company Secretary
M.No.: A17980

Larger Yield, Larger Dreams

Kavita rushes to get her two little children ready in time for school. She combs her daughter's hair and clasps her son's belt. Then she nudges them along and hoists them onto a motorbike: the little girl in front of her father, clutching the handle and her brother behind, holding onto his bag. Having seated them securely, she steps back and smiles in relief and pride, waving goodbye.

Kavita's family runs a flower business. They make garlands and floral decorations for wedding ceremonies and other functions. They harvest their own marigolds from the one-and-a-half acres of land that they own.

Kavita wants to grow their business. She wants to lease more land and increase the size of their crop. She



Kavita Sambhaji Patil
Gadegaon, Maharashtra

knows that once her children finish 5th grade, she will have no option but to send them to another village with her mother-in-law to study further. Their small Maharashtrian village, Gadegaon, only offers primary schooling; Kavita is determined not to be satisfied with such an incomplete education for her children – even if it means having to live without them for extended periods of time while she and her husband run their business at home.

But Kavita lacks the necessary capital to fulfill her ambitions. When she heard that Vaya was lending in a nearby village, she immediately saw a clear path to her goals. She approached a Vaya field staff person and offered to form her own group. Once her group was trained and loans approved, Kavita obtained INR. 24,000 to invest in her business.

She bought flower seeds. As she had planned, she received a larger yield and a larger profit.

But Kavita is not one to rest on her laurels. Like any good entrepreneur, she wants to take a calculated risk when the going is good. Next, she wants a loan of INR. 50,000, so that she can get further along on that business expansion plan of hers. Her dreams – more land, a bigger business, a good education for her children – are now well within her sights.

Vaya

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Telangana, India,
Tel: 040 – 47896999,
Website: www.vayaindia.com

Sabita Behera
Dairy Farmer
Raichakradharpur, Orissa

