Vaya

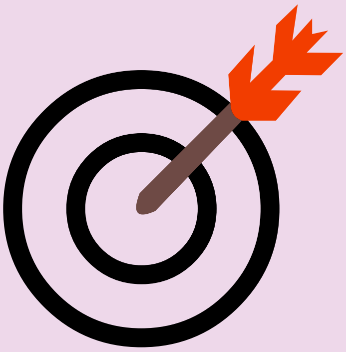
ANNUAL REPORT FY2020-21

POWERING
ASPIRATIONS
OF RURAL INDIA

Vaya is a new-generation microfinance company led by experienced management with strong capital backing that offers financial services to aspiring women entrepreneurs in rural areas to support their businesses and power their aspirations.

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 & 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 (Honesty, Integrity & Transparency):

We operate with the utmost integrity in all aspects of the business, thereby earning the trust of our partners and customers. Our dealings are always honest and transparent.

Respect (Customers and their aspirations):

We treat our customers with the respect and dignity they deserve, showing courtesy and understanding.

Involvement (High Touch & Teamwork):

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.

Core Principles

Customers will be treated with utmost respect and dignity. All interactions will be open, fair and ethical.

We will provide customers with complete and accurate information about products and services and will equip them to understand and utilize this information through financial literacy programs.

We will deliver products and services and communicate in a customer-centric manner that is ethical, transparent, and equitable.

Our formal governance system will be transparent and ethical.

We will employ free and fair recruitment practices.

Customers will be given all the information required to make decisions in their best interests, in an accessible, comprehensible and useful manner.

We are committed to the security and confidentiality of customer data. We will educate our customers about data privacy and obtain their consent before using their data.

Every customer has the right to express a grievance. We will construct an effective and accessible grievance redressal mechanism and ensure prompt and effective resolutions.

Customers

Our customers are our lifeline who are women from both rural and semi-urban areas who have an entrepreneurial dream.

Investors

Investors are one of Vaya's crucial pillars. Through transparent and inclusive processes, investors are an integral part of all of Vaya's initiatives which aims at empowering its customers.

Sangamitra

They function as an interface between customers and Vaya. The Sangamitras are Vaya's loan officers. They are trained to provide the best service to our customers.

Vaya

Contents

Company Information

Vaya

Board of Directors

Vikram Akula
Chairperson (Non-executive)

A.V. Sateesh Kumar
Managing Director, Chief Executive Officer
(appointed w.e.f. 20th April 2020)

Bikshamaiah Gujja
Nominee Director

Farzana Haque
Independent Director

Shankar Ramaswami
Independent Director
(appointed w.e.f. 03rd September 2020)

Chief Financial Officer
Lakshminarayanan S.

Company Secretary
Deepika Singh

Business Correspondent Partners
RBL Bank
YES Bank

Lenders, Subscribers & Holders of Debt Issuances and Investors under Securitisation & Direct Assignment Transactions (in alphabetical order)

- Axis Bank
- BlueOrchard Finance
- Caspian Impact Investments
- Federal Bank
- Fincare Small Finance Bank
- HDFC Bank
- Hinduja Leyland Finance
- Hiranandani Financial Services
- ICICI Bank
- IDFC FIRST Bank
- InCred Financial Services
- IndusInd Bank
- Jana Small Finance Bank
- Kotak Mahindra Bank
- Maanaveeya Development & Finance
- Manappuram Finance
- MAS Financial Services
- NABARD
- NABKISAN Finance
- Northern Arc Capital
- Northern Arc Investments
- Poonawalla Finance
- RBL Bank
- responsAbility
- SIDBI
- Standard Chartered Bank
- Utkarsh Small Finance Bank
- Vaya Trusts
- Vivriti Capital
- YES Bank

Debenture Trustee
Catalyst Trusteeship Limited

Registrar & Transfer Agent
Link Intime India Private Limited

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

Registered Office, Contact Details, CIN & Others

SLN Terminus, # 4-51/SLNT/L4-05
Gachibowli, Kondapur Road,
Hyderabad – 500 032, Telangana, India

Tel: 040 – 4789 6999

www.vayaindia.com
contact@vayaindia.com
linkedin.com/company/vayafinserv

CIN: U67190TG2014PTC093562
LEI: 335800REC4VREFDXHK91
GST: 36AABCO9893R2Z9

Message from the Chairperson

Vikram Akula

Chairperson (Non-executive)

Dear Stakeholders

At the time I wrote my last year's message, the Covid-19 pandemic had begun but we did not know the depth of the economic downturn or its length and unfortunately, the crisis has not ended as yet. Now, the second wave of the global pandemic has unfolded and we still remain uncertain about when the pandemic will be behind us. The financial year 2020-21 was challenging for our clients and employees as well as society at large. The resilience of our clients and the commitment and grit shown by employees during these testing times have been exemplary. Adaptability, agility and continuous calibration of operations was the only way to ensure sustainable business operations. I wish to convey my heartfelt gratitude to all the employees and leadership team at Vaya who rose to the challenge. Your relentless commitment and efforts enabled the company to navigate effectively even during the second wave.

The economy across the globe contracted by 3.6% (in the calendar year 2020) as per the World Bank's estimates. There is no doubt that the world has been going through unprecedented disruption and experiences of tragic proportions, probably not seen since the Great Depression or World War II. The pathogen, with rapid mobility, led to a massive global health crisis and pushed all governments of the world over to adopt stringent lockdowns which derailed economic activities and caused the global economy to shrink. And though I was pleased to see the Governments and Central Banks take swift action to support their economies, no amount of monetary or fiscal stimulus could make up for the millions of lives lost or upended by the virus. We are still working to get past the pandemic, but we feel encouraged by what we see. Several vaccines have been approved for use, and though the rollout was slow at first, we continue to make headway. Public-health officials are closely monitoring the spread of more contagious variants. But the global economy has recovered considerably.

During fiscal 2021, India's GDP plummeted by 7.3% (as per provisional estimates by the National Statistical Office), its worst performance in any year since Independence, owing to the direct impact of the lockdown, job losses, disruption of supply chains, increased uncertainty in business operations and rapid changes in consumer behaviour. However, various timely measures taken by the Government and the Reserve Bank of India (RBI) helped the economy to stay resilient in the fight against Covid-19. The rapid increase in vaccination drives, forecast of a normal monsoon, the resilience of agriculture and the farm economy, and the gathering momentum of global recovery are forces that can provide tailwinds to the revival of domestic economic activity when the second wave abates.

Amidst a vulnerable and volatile macro-environment, the Indian microfinance industry with its operations in the unbanked districts of the country continued to demonstrate exceptional resilience with an annual growth of 11.3% in the Portfolio Outstanding as on 31st March 2021. The Government of India and the RBI, too, made notable efforts by extending timely support to the microfinance sector and its customers, including the rolling out of the moratorium to all the customers between March and August 2020 and the introduction of restructuring guidelines. The representations made by Self-Regulatory Organisations viz., Microfinance Institutions Network (MFIN) and Sa-Dhan to RBI on crucial matters impacting the industry are truly commendable.

Many times in the past, we have adapted, with remarkable speed, to the new and unexpected, but I was truly amazed by our people in 2020. Time and again, they showed the creativity and resilience that make Vaya unique. Despite the challenges of the macro-environment, your Company was able to touch more lives and create better opportunities for the underserved by staying anchored to our Mission and Vision statements. As we see the second wave of Covid-19 abating over the coming months, we are more prepared to manage the situation this time around. Finally, we are very pleased to see Vaya being conferred as a "Great Place To Work® Certified" third consecutive time in a row.

My heartfelt gratitude to all our lenders and BC Partners for their support in these unprecedented times and belief in Vaya. I would like to thank all the members of the Board, the leadership team and all the employees of the Company for their untiring commitment. We possibly have overcome the toughest phase; however, it is not completely normal and hence I urge you to diligently follow Covid discipline and stay safe.

I hope all of you keep safe and I wish that very soon we will overcome this pandemic.

Thanking you.

Vikram Akula

Chairperson (Non-executive)

Message from the MD & CEO

A.V. Sateesh Kumar

Managing Director & Chief Executive Officer

Dear Stakeholders

I am delighted to connect with all of you through the Annual Report of your Company. I hope all of you and your families are safe and doing well in these trying times.

The Covid-19 pandemic, which unfolded during the last quarter of FY20, had an unprecedented impact on human life as well as economies across the globe. The complete lockdown witnessed during the first quarter had a deep impact on the economy and led to a steep fall in the domestic output. A series of measures were taken following the unlock phase helped the economy recover in the second half of the year. However, the pace of recovery was impacted again by the second wave which resulted in localized restrictions in movement and economic activities. Thanks to the extraordinary efforts of our healthcare professionals who have fought all odds to save thousands of lives. We are extremely proud of the resilience that was displayed by them along with other Covid warriors.

The financial year 2021 has been a year full of challenges and opportunities as it compelled the organisations to rethink their business model and remain agile in the wake of the volatile macroeconomic environment caused by the Covid-19 pandemic. Despite challenges that have come our way due to the pandemic, our proactive approach towards strengthening the organisational core together with our technological capabilities and timely execution has helped us to face the challenges caused by the pandemic. As we grapple with Covid-induced uncertainties it is essential that we do not lose the human touch while we deal with our clients and employees. Our employees demonstrated exemplary grit and determination and countered the adversity with courage. Collectively, we ensured that the crisis brought out the best we had to offer and was able to protect our business during these testing times. We adapted well and responded with a calibrated strategy.

Our multi-pronged approach began with activating the Business Continuity Plan. We ensured the health and wellbeing of our employees and took steps for continuity and coordination even in a work-from-home scenario. Due to the lockdown, although it was not possible to meet our customers, our Sangamitras (field officers) made regular calls to the customers updating them about the pandemic situation, health advisories on hygiene, and measures to help them to stay safe and healthy. We aligned our collections and operational strategy keeping in view the evolving cash flow situation of our clients, through regular follow-up and interactions.

Owing to the uncertainty and economic slowdown, the Company did not disburse any loans during the first quarter of the financial year and later resumed it slowly from mid-July onwards. The increasing trend in collections in the field, opening-up of the economy and reasonable progress in the operating environment helped the Company to increase the disbursements gradually. Also, Vaya entered in Uttar Pradesh with 20 branches during the second half of the year. The financial year 2021 marks the third full year operation of lending from our own balance sheet. Over these years, the Company has successfully lowered its dependence on the BC portfolio which used to be 60% of the gross loan portfolio (“GLP”) in FY19 and reduced it to 31% at the end of FY21. The Company witnessed marginal degrowth of 8% in its GLP which stands at ₹1,139 crores as on 31st March 2021, after a rough start due to the nationwide lockdown and economic headwinds in the wake of the Covid-19 pandemic. However, the own originated portfolio (excluding BC) registered a growth of 11% which stands at ₹792 crores (FY21).

In terms of borrowing, during the challenging FY21, the Company onboarded seven new lenders and drawn down an aggregate amount of ₹541 crores of debt through multiple instruments viz., term loans, non-convertible debentures (both listed & unlisted), commercial papers and direct assignment. As of the end of fiscal 2021, the Company had 29 lenders (excluding promoters) and none of them had more than 13% of the borrowing exposure, which we believe is fairly diversified given the size of our balance sheet.

To infuse confidence among the lenders amidst the pandemic-induced challenging macro-environment and also to support the Company’s next phase of growth, the Promoters of the Company, Vaya Trusts have infused additional equity capital of ₹100 crores in December 2020 which helped to expand its networth from ₹185.67 crores (as of 31st March 2020) to ₹296.65 crores (as of 31st March 2021), resulting in higher capital adequacy ratio of 34.5% (as of 31st March 2021).

Due to the continuing impact of the pandemic on livelihoods and the slow journey back to normalcy, Vaya has taken a conservative stance and provided additional provisions in terms of loan losses rather than change the Expected Credit Loss (“ECL”) model of the IND-AS accounting methodology.

I thank each of the Vaya employees for their dedication and commitment, especially amidst the Covid pandemic, towards building a robust business and developing a supportive, transparent and empowering culture in the company which is recognised and appreciated by everyone. I am proud to share that Vaya has been certified again as a “Great Place To Work” three years in a row and also achieved higher scores in each of the parameters compared to the earlier years. It has been a highly commendable effort made by the Vaya team in responding to every challenge – maintaining customer connect despite lockdowns and hindrances at local levels, prioritizing employee safety and morale, supporting communities in end-markets, efficiently handling loan moratorium, controlling customer delinquency, containment of asset quality stress, timely fund-raising and maintaining adequate liquidity. This has further reinforced the trust placed upon us by our various stakeholders on Vaya’s business resiliency, operating efficiency, transparency, high governance and social responsibility.

In June 2021, the RBI released its Consultative Document on Regulation of Microfinance, which aims to create a level-playing field between NBFC-MFIs and other financial entities engaged in microfinance. These proposed changes highlight the RBI’s intention to set NBFC-MFIs free from the exclusive regulatory shackles imposed on them through the regulatory policy 10 years ago. This new regulation is one of the important events of the new year we are looking forward to.

The past year has shown us that even in a time of adversity, we stand united and more committed than ever to our vision “to be the best financial services provider in India for aspiring individuals and small businesses”.

I thank all our stakeholders including shareholders, customers, lenders and employees for their continued and unwavering support. I am confident that we are positioned to create significant value for all the stakeholders in times to come.

I once again wish for the good health and safety of all, as we traverse our journey together for the upcoming year.

Thanking you.

A.V. Sateesh Kumar

Managing Director & Chief Executive Officer

Key Milestones - Journey till date

2014

- Incorporated as Outreach Financial Services
- 1st company to launch Tablet module in industry
- Started operations in Karnataka & Maharashtra
- Vaya Trusts & Vikram Akula acquires stake in company

2015

- Started operations in Bihar, Jharkhand, Odisha & Telangana
- Reached AUM of ₹100 crores

2016

- Crossed 2,00,000 Clients and AUM of ₹300 crores
- 100 Branches & 40 Districts
- Cashless disbursements launched

2017

- 1st in industry to reach 100% cashless disbursements
- Received NBFC-MFI license from RBI
- Started own-book lending
- Rolled-out 50 branches for own-book lending
- Crossed AUM of ₹500 crores
- CCPS infusion of ₹30 crores by Vaya Trusts

Vaya

2018

- Received 'BBB-' credit rating & 'M2' MFI grading from ICRA
- CCPS infusion of ₹100 crores by Vaya Trusts
- 1st MFI in India to become a Certified B Corporation
- Crossed 5,00,000 Clients and AUM of ₹1,000 crores
- Raised 1st listed NCDs of $6 Million from FPIs

2019

- Credit Rating upgraded to 'BBB' & MFI grading to 'M2+' by ICRA
- 'Great Place To Work' certified
- First Securitisation & Direct Assignment transactions
- Crossed 6,00,000 Clients

2020

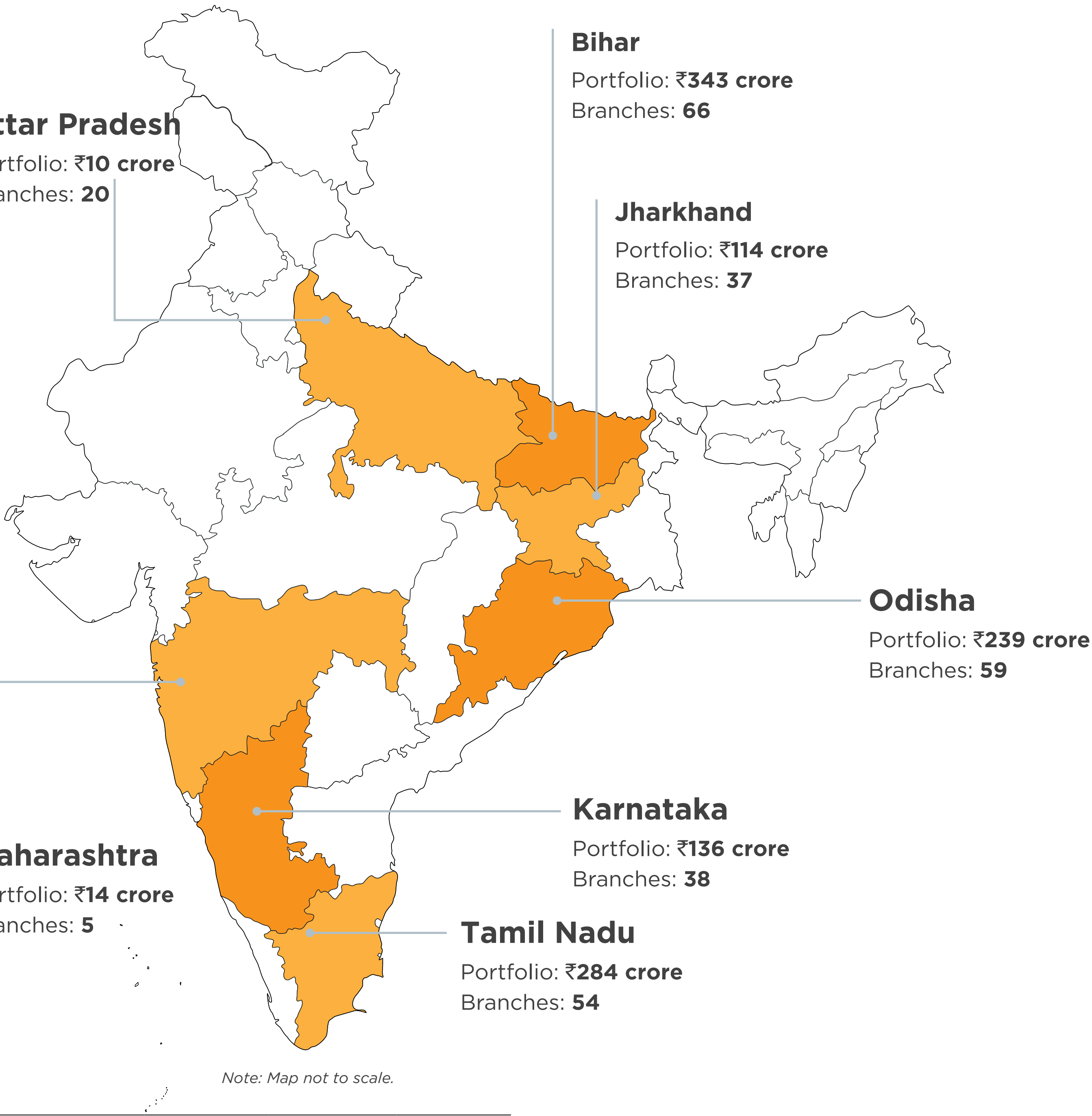
- 'Great Place To Work' certified 2nd time
- 01st Commercial Paper issuance
- Equity infusion of ₹100 crores by Vaya Trusts

2021

- 'Great Place To Work' certified 3rd time in a row
- Started operations in Uttar Pradesh
- Highest grading of 'C1' for Code of Conduct Assessment from SMERA

Vaya

Vaya's Outreach: Scaling-up in a sustainable manner



Note: Map not to scale.

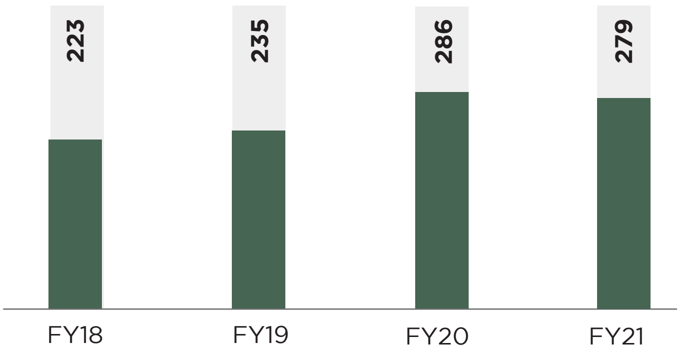
State	Own	BC	Total
Bihar	66	-	66
Jharkhand	7	30	37
Karnataka	36	2	38
Maharashtra	5	-	5
Odisha	-	59	59
Tamil Nadu	54	-	54
UttarPradesh	20	-	20
Total	**188**	**91**	**279**

- Vaya has built a highly scalable business model with a mix of On & Off-balance sheet portfolios
- For clear & seamless operations, Vaya operates on district exclusivity basis with its BC partners

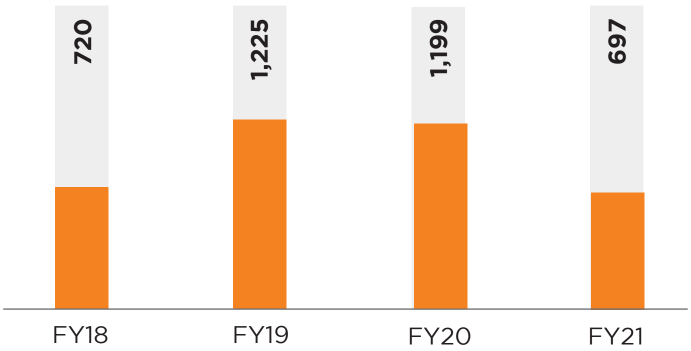
Operational Highlights

Particulars	Unit	FY18	FY19	FY20	FY21
States	No.	6	7	7	7
Districts	No.	72	78	101	98
Branches	No.	223	235	286	279
Borrowers	No.	413,473	598,459	686,012	579,522
Employees	No.	1,611	1,569	2,048	1,903
Sangamitras (Field officers)	No.	1,192	1,133	1,494	1,355
Disbursements	**₹ in Crore**	**720**	**1,225**	**1,199**	**697**
- Own portfolio	₹ in Crore	95	502	685	520
- Managed portfolio under BC	₹ in Crore	625	723	514	176
Gross Loan Portfolio (GLP)	**₹ in Crore**	**689**	**1,110**	**1,234**	**1,139**
- Own portfolio	₹ in Crore	92	419	547	730
- Securitised portfolio	₹ in Crore	-	29	129	26
- Direct assignment portfolio	₹ in Crore	-	-	39	35
- Managed portfolio under BC	₹ in Crore	597	662	519	348
Operational Efficiency:					
Borrowers per Sangamitra	No.	347	528	459	428
Borrowers per Branch	No.	1,854	2,547	2,399	2,077
Average loan amount (ticket size)	₹	26,153	27,989	29,434	27,633
Average GLP per Borrower	₹	16,667	18,555	17,993	19,660

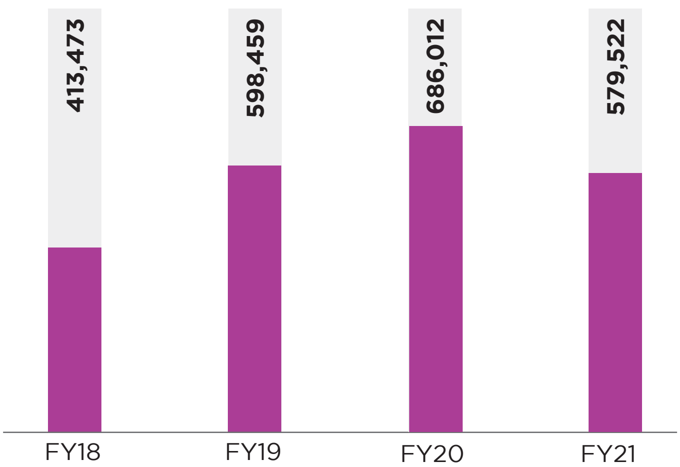
Branches



Disbursements (₹ in Crore)



No. of Borrowers



Gross Loan Portfolio (₹ in Crore)

Vaya

Financial Highlights

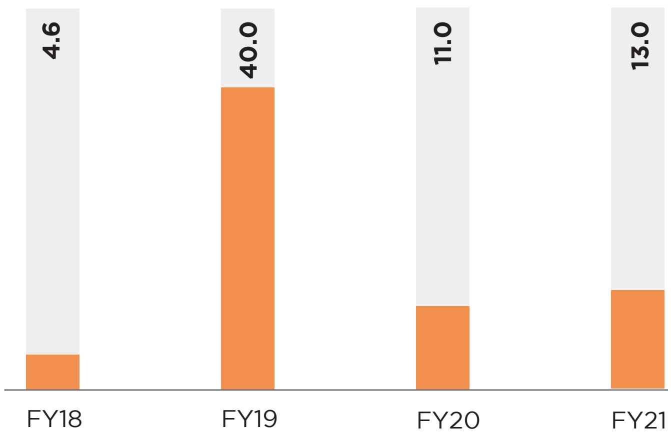
Particulars	Unit	FY18	FY19	FY20	FY21
		I-GAAP	I-GAAP	Ind-AS	Ind-AS
Total revenue	₹ in Crore	52.0	142.9	193.3	201.3
Profit before tax	₹ in Crore	4.6	40.0	11.0	13.0
Profit after tax	₹ in Crore	3.7	28.3	6.9	9.3
Networth	₹ in Crore	53.6	176.1	185.7	296.7
Borrowings*	₹ in Crore	145.0	333.8	572.8	661.6
Total assets*	₹ in Crore	221.9	557.3	809.8	1,020.0
Debt : Equity	Times	2.7x	1.9x	3.1x	2.2x
Capital adequacy ratio	%	34.2%	36.8%	24.6%	34.5%

* As per Ind-AS, Securitised pools included from FY20 onwards

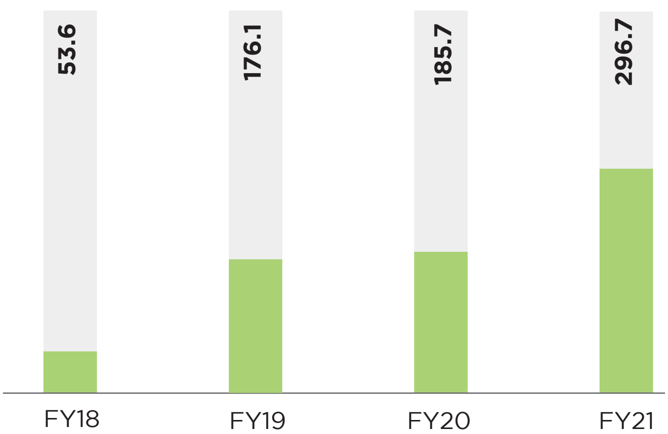
n.a. = not applicable

Total revenue (₹ in Crore)

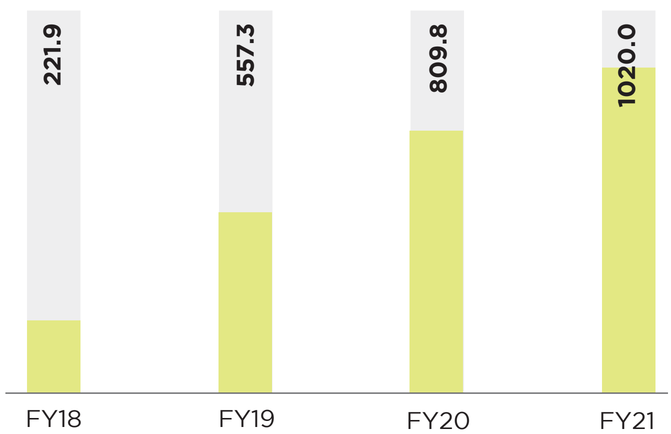
Profit before tax (₹ in Crore)



Networth (₹ in Crore)



Total assets (₹ in Crore)



Board of Directors

Vikram Akula

Chairperson (Non-executive)

Vikram Akula is a pioneer in market-based approaches to financial inclusion. He started his career as a grassroots social worker in India. When he saw the inability of non-profits to scale microfinance (the provision of small loans and other financial services to the poor), he created an innovative company, in 1997, he founded Bharat Financial Inclusion Limited or BFIL (formerly SKS Microfinance Limited), which became one of the world's largest microfinance companies. Vikram led BFIL to its IPO in 2010. Until March 2019 (before the merger with IndusInd Bank), BFIL had disbursed ₹1.12 lakh crores ($16 billion) in loans. Vikram left BFIL in 2012 as Chairperson Emeritus. He joined Vaya as a Chairperson in 2014.

For his work in financial inclusion, TIME Magazine named him one of the 100 most influential people in the world in 2006. Vikram was also 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, the Schwab Social Entrepreneur of the Year in India in 2006, and is a 1998 Echoing Green Fellow.

Vikram is an angel investor in AgSri which helps small farmers in Africa and India. He founded the Bodhi School in a village near Hyderabad, India, which provides education for underprivileged children. A former McKinsey & Company consultant, Vikram has authored two books (Fistful of Rice and Micro-Meltdown), was a Fulbright Scholar, and a Distinguished Career Fellow (Stanford). He has a B.A. from Tufts, an M.A. from Yale, a Ph.D. from the University of Chicago.

A.V. Sateesh Kumar

Managing Director & Chief Executive Officer

Sateesh has over three decades of work experience across varied sectors including financial services. He has successfully managed large teams in India and in emerging markets. Building sustainable and progressive businesses through a strong combination of strategic orientation, efficient operations and effective people management is his forte.

Before joining as MD & CEO of Vaya Finserv, Sateesh was the Chief Innovation Officer at Vaya Trusts and implemented many socially impactful initiatives benefitting the rural women. As Managing Director at d.light, he is credited with developing the solar products business in rural India leveraging the wide distribution network of MFIs and NGOs.

Prior to that, as Executive VP, Operations at Bharat Financial Inclusion Limited (formerly SKS Microfinance Limited), Sateesh managed large teams successfully. He guided them to produce outstanding results and was involved in new initiatives like client protection, financial literacy, field staff motivation etc. He was part of the team which managed various crises during 2010-13 and ensured that the company became profitable. Sateesh has also worked in executive roles with Aviva Life Insurance and Royal Sporting House.

Sateesh is a Mechanical Engineer and has a PGDM from the Indian Institute of Management, Ahmedabad. He has also done an Executive Education program from Harvard Business School.

Bikshamaiah Gujja

Nominee Director

Dr. Biksham Gujja was instrumental in establishing AgSri Agricultural Services Pvt. Ltd. From 1993 to 2010, Dr. Gujja worked with WWF, based in Gland, Switzerland, where he started the Freshwater Programme. As Senior Policy Advisor, he contributed to such major international initiatives as the World Commission on Dams, the World Water Commission, the World Water Forum, and others. Dr. Gujja was also involved in establishing projects related to high-altitude wetlands and lakes in Himalayas, river dolphins, thirsty crops initiative, cotton initiative, developing appropriate responses for adaptation and mitigation of climate change, and traditional water management systems.

From 2003 onwards, he led a team of professionals in the WWF-ICRISAT Joint Project, which focused on improving water productivity for major crops like rice and sugarcane. As Team Leader, Dr. Gujja developed, refined, and implemented farm-based methods such as the Sustainable Sugarcane Initiative (SSI) and System of Rice Intensification (SRI), which have now received global recognition and attention. Another critical area of focus for Dr. Gujja has been to establish civil society dialogue forums on specific issues such as water conflicts, the interlinking of rivers, and the Polavaram dam, to facilitate informed decision-making on major water infrastructure projects. He has managed projects in Africa, Asia and Latin America, successfully mobilizing human and financial resources on water management for the WWF network. From 1987 to 1992, prior to his assignment with WWF-International, Dr. Gujja was Director of Deccan Development Society (DDS), a non-profit organisation working in rural Andhra Pradesh, India. As Director of DDS, he initiated many programs on sustainable agriculture, social forestry, and traditional water management. He was also part of the team that designed the Krishi Vignana Kendra of Medak district in Andhra Pradesh, India, during its initial stages. Before this, he worked in the Mineral Exploration Corporation as Senior Manager.

Dr. Gujja has published extensively on water management and improving agricultural productivity. Dr. Gujja was a post-doctoral Fellow at McGill University, Montreal, Canada.

Farzana Haque

Independent Director

Farzana Haque is the Global Head for Strategic Group Accounts at Tata Consultancy Services (TCS). Starting as a management trainee in the Tata group and working her way up to her current senior leadership position at TCS, Farzana has played a key role in the transition of TCS from a local champion to a Global giant. In recognition of her leadership at TCS, Farzana was selected by the World Economic Forum as a 'Young Global Leader'.

She has won numerous Global accolades for her exemplary and visionary leadership. A Board member of TiE, a global brand ambassador for 'Catalyst for Women Entrepreneurs – CWE', Farzana is also a recipient of the 'INDIRA' Super Achiever Award 2008. She is a regular plenary speaker at business schools around the globe and India. Farzana is a physicist.

Farzana is a part of the TiE Mumbai Board of Trustees and an advisory group member at 'Empowering the Greater 50%' initiative launched by FICCI, with the vision of empowering women inclusion at every level of the economy and enterprise. She has also founded 'Stree Shakti' – a platform for women entrepreneurs. She serves globally on the boards of women centric funds and is an active investor in start-ups around the world.

Prof. (Dr.) Shankar Ramaswami

Independent Director

Shankar Ramaswami is the Professor at Jindal Global Law School, O. P. Jindal Global University, Haryana. His research and teaching focus on migrant labour and poverty. He is currently completing a book about migrant workers in Delhi. Prior to Jindal, he was a Lecturer and Director of Undergraduate Studies in the Department of South Asian Studies at Harvard University where he taught courses on anthropology and literature and he works on globalization, migration and urban workers.

He holds a Ph.D. and M.A. in Sociocultural Anthropology from the University of Chicago, and an A.B. in Economics from Harvard College.

Senior Management

Lakshminarayanan S.

Chief Financial Officer

Lakshminarayanan has over 25 years of experience in financial management, budgeting, treasury, financial reporting and controllership, cost management, audit, risk management, and taxation. He has worked with large organisations like AppLabs, Bharat Financial Inclusion Limited (formerly SKS Microfinance Limited), Goldman Sachs, ICICI Bank and KPMG. He is an experienced finance leader who has managed multi-product and multi-location teams.

He joined Vaya in January 2015 as a CFO. He has played a key role in Vaya's growth since its initial years and has also been instrumental in transforming it from a Business Correspondent company to an NBFC-MFI. In a brief period, Lakshmi has developed borrowing relationships with various lenders along with a diversified liability franchise.

Amongst his BFSI experience, at ICICI Bank, he was part of the internal audit team and was responsible for evaluating the internal controls and risk management processes in their International Banking Operations and their Information Technology departments. At BFIL, he was the Financial Controller and was responsible for financial reporting, controllership functions, taxation, and cost management.

Lakshminarayanan is a Chartered Accountant and a Cost Accountant.

Madhu Murthy

Head (Sr. VP) – Business Operations

Madhu Murthy has more than 30 years of experience in the financial services distribution space. He has extensive experience in scaling up operations across geographies, managing business profitability, large distribution networks, sales and training spanning across microfinance, life insurance, financial services, and foreign exchange.

Madhu was the Head of Business in Arohan Financial Services where he managed large teams and helped the business grow multi-fold, making it one of the largest MFIs in the country. Prior to that, he was Zonal Head for the eastern region of Bharat Financial Inclusion Limited (formerly SKS Microfinance Limited) where he motivated teams across several states to build a robust portfolio. He was instrumental in managing the large portfolio with minimal credit losses especially post the AP crisis. Madhu had a short but successful stint as a CEO with Jagaran Microfin helping the Company scale up the business in five states and also raise funds from various banks and financial institutions. He also held leadership positions in Max New York Life and Thomas Cook.

Madhu Murthy is a commerce graduate and has a Management Development Programme certification from the Indian Institute of Management – Lucknow.

Mr. Sridhar Sivalenka

Chief Technology Officer

Sridhar has over 28 years of experience in the field of Information Technology. Before joining Vaya as CTO, Sridhar was with Aptech Limited as their Business Head - South Zone for over four years and was responsible for the zone's P&L which includes Online Examinations and Training business. Prior to Aptech, Sridhar had worked in Tata Consultancy Services Limited for over five and half years as their Business Head – South Zone for the strategic unit – TCS iON, where he was responsible to develop and deliver the large volume of Online Examinations for Admissions and Recruitments through respective Government Departments. He has extensive experience in designing and implementing SaaS model deliverables. He has also served as ERP – On-demand Implementation Head for Ramco Systems.

Sridhar is a Computer Science Engineer from Bangalore University and has an MBA from M. G. University.

Satya Prasad Aripirala

Head (VP) – Human Resources & Training

Satya Prasad has 14 years of experience in financial inclusion, accumulated in various organizations in the areas of microfinance, micro insurance, micro pensions and agriculture insurance. He has worked on varied domains including training, strategy, sales & relationship management.

Prior to joining Vaya, he worked with Spandana Sphoorty Financial Limited, Invest India Micro Pension Services Pvt Ltd, ICICI Lombard, Star Microfin Service Society and ICICI Prudential. His expertise includes training strategy, need-based & competency-based training design & delivery, and digital training content development.

Satya Prasad is a Management graduate from the Institute of Rural Management, Anand (IRMA) and an acclaimed author of short fiction stories on financial literacy.

Megha Nainani

VP - Finance & Accounts

Megha has a career spanning over 20 years in the fields of Finance, Taxation and Human Resources.

She has worked for various companies like Reliance Communications, Bharat Financial Inclusion Limited (BFIL) (formerly SKS Microfinance Limited), and Goenka Group of Industries. She has been part of the IPO team and played a pivotal role in the overwhelming success of India's first listed microfinance company - BFIL. Her core areas of expertise include the development and implementation of automated financial accounting systems to increase transparency and reduce processing time; drafting complex business and financial models and designing control systems for operational efficiency. She joined Vaya in December 2016 as a Financial Controller.

Megha is a Chartered Accountant and Company Secretary along with a Post-Graduation degree in Commerce and an Executive MBA in Marketing.

Mr. K. Kishan Kumar Reddy

Head (AVP) – Risk & Internal Audit

Kishan has 12 years of experience in Audit, Fraud Investigations & Control and risk control functions across organisations. Over these years, Kishan has built acumen to identify risks at early stages and to mitigate them through branch audits, fraud investigations and functional audits.

He joined Vaya with extensive experience in Audit & Risk from Muthoot Fincorp Limited where he was Chief Manager for Internal Audit & Quality Assurance. He was responsible for planning and implementation of risk-based audit plans and risk assessments through comprehensive branch audit scorecards. Before that he was with ICICI Bank Credit Middle Office Group (CMOG) handling post-sanction credit monitoring for the wholesale banking group. Earlier, he was in the Audit & Risk function of Hinduja Foundries Limited (formerly known as Ashok Leyland Limited-DCU) and Bajaj Allianz General Insurance. Kishan has also worked with Infosys for 6 years as a Senior Consultant.

Kishan is a Chartered Accountant and a graduate in Commerce from Osmania University.

Mr. G. V. Subba Reddy

Head (AVP) – Central Operations

Subba Reddy has 15 years of experience in initiating, expanding and managing microfinance and micro-enterprise businesses across multiple geographies. He has served microfinance organisations of all sizes from start-ups to established entities managing large and diversified teams.

He was the Chief Operating Officer of Samhita Community Development Services located at Bhopal where he built a large portfolio thereby contributing to the positive networth of the organisation. He was with Agora Microfinance as COO and was instrumental in building their portfolio. Prior to that, he held leadership positions in The Royal Bank of Scotland, Bharthiya Samruddhi Finance Limited (Basix) and Spandana Sphoorty Financial Limited. In Spandana, as Zonal Head – Operations, he managed large teams and was also instrumental in developing various processes and systems. He was also a key member of Dhriiti, an NGO in Assam during his initial career days.

Subba Reddy is a graduate in Chemical Technology and post graduate from the Institute of Rural Management, Anand.

Mr. Balakrishna Dhulipalla

AVP – Finance & Accounts

Balakrishna is a dynamic professional with over 10 years of experience in the field of Finance, Accounts and Taxation. He has been associated with Vaya since its inception in 2014 as part of core founding team. He is responsible for business modelling, financial reporting, statutory and regulatory compliances and taxation. He was involved in the preparation of project report filed for RBI Application for obtaining NBFC-MFI licence.

Prior to Vaya, he worked as a Manager with Vaya Trusts (Founder and Promoter of Vaya) for two years, primarily involved in Fund Management, project accounting (pilot projects in Financial Inclusion space) and taxation. Prior to this, he worked with a CA firm as an article assistant for three years.

Balakrishna is a Chartered Accountant and has a bachelor’s degree in Commerce.

Mr. Shashank Shankpal

Head (AVP) – Funding & Treasury

Shashank has over 12 years of experience in corporate finance, fund raising (both debt and equity), treasury, investor relations and financial planning, reporting and analysis. At Vaya, he is responsible for the fund raising and treasury activities. He had joined Vaya in April 2018 and has been instrumental in building the diversified borrowing profile from a very nascent stage.

Prior to joining Vaya, he was with Vistaar Finance where he used to take care of investor relations, fund raising, business planning and budgeting. He began his career with Bharat Financial Inclusion Limited (formerly SKS Microfinance Limited) and had a multitude of experiences in raising funds through both debt and equity including being an important part of the IPO and QIP teams.

Shashank has an MBA in Finance from ICFAI University and graduated in Commerce from Osmania University, Hyderabad.

Deepika Singh

Company Secretary

Deepika has more than eight years of experience and expertise in Corporate Laws, Secretarial and Legal work.

More particularly described as a highly astute, result-oriented professional, she worked with organisations like Trident, Spandana Sphoorty Financial and Manjeera Constructions prior to Vaya. She has handled the responsibilities of governance structures & mechanisms, corporate conduct within an organisation's regulatory environment, board & Shareholder meetings, compliance with legal, regulatory & listing requirements, corporate restructuring and has also been instrumental in managing some of the complex litigations during her tenure.

Deepika is a Company Secretary and an MBA in Finance from Sikkim Manipal University along with a bachelor's degree in Commerce from Pune University.

Management
Discussion & Analysis
(MD&A)

Macro-Economic Overview

Global conditions were dire in the fiscal year 2021 due to the health and economic crisis in the form of the Covid-19 pandemic. The global economy had to face numerous setbacks due to multiple lockdowns and containment measures to control the spread of the virus. Disruption in the global supply chain and regional production network resulted in significant social and economic costs across businesses and economies worldwide. As per the World Bank's DataBank website, the global growth had contracted by 3.6% in the calendar year 2020 and is the most unprecedented economic phenomenon of this century. While the economic activities were disrupted by unscheduled and prolonged halts, the contact intensive sectors were disproportionately hit hard. A devastating burden of the fallout was borne by the small businesses, less-skilled workers, and low-income population. The policymakers across the globe responded with fiscal stimulus and innovative monetary policies to cushion the sinking economy of respective nations. The financial packages however differed across countries depending upon the economic strength.

The Indian economy entered new fiscal 2020-21 on a gloomy note, with stringent nationwide restrictions on activities and supply chain to contain the Covid-19 outbreak. India's Gross Domestic Product ("GDP") contracted by 24.4% in the first quarter, while recouping some losses with the gradual easing of the lockdown in the second quarter. However, the Indian economy entered into a technical recession with two successive quarters of de-growth — the fourth since independence and the first since the economic liberalisation in 1991. The Government of India responded quickly — first by providing relief to the economically vulnerable sections and then by stabilising the economy. The Reserve Bank of India ("RBI") pulled all levers at its disposal to inject liquidity into the system and accelerate revival. The cumulative stimulus amounted to ₹29.87 trillion or about 15% of India's GDP. The economy returned to a positive growth path in Q3, registering a 0.4% expansion. The V-shaped recovery was driven by a resilient rural economy, robust pent-up demand, and festive spending. Some important economic indicators such as Goods and Services Tax ("GST") collections, Index of Industrial Production ("IIP"), Purchasing Manager's Index ("PMI"), steel production, automobile sales, railway freight traffic, toll collections, and power demand, among others witnessed an upward trend.

Provisional estimates by the National Statistical Office ("NSO") in May 2021 placed India's real GDP contraction at 7.3% for FY21, with GDP growth in Q4 at 1.6% YoY. However, towards the close of the FY21, the recovery was impacted again by the second wave of the Covid-19 pandemic with new localised restrictions affecting socio-economic activities. The rapid increase in vaccination drives, forecast of a normal monsoon, the resilience of agriculture and the farm economy, and the gathering momentum of global recovery are forces that can provide tailwinds to the revival of domestic economic activity when the second wave abates. Moreover, people and businesses are adapting to working conditions, overcoming the challenges posed by the pandemic. On the other hand, the spread of Covid-19 infections in rural areas and the dent on urban demand pose downside risks. Ramping up the vaccination drive and bridging the gaps in healthcare infrastructure and vital medical supplies can mitigate the pandemic's devastation. The FY22 promises to be significantly better with various agencies predicting anything between 9% - 12% GDP growth.

Microfinance Industry Overview

Financial services form the backbone of India's economic growth and development. India's financial sector is growing rapidly, in terms of volume and products, and expanding to include many individuals and entities that were hitherto outside its reach. And more particularly, the role of Microfinance has been critical in driving financial inclusion in India. Microfinance in India is more than just an economic tool, often representing the empowerment of historically marginalised and financially dependent communities.

As per the quarterly report, 'Micrometer' published by Microfinance Institutions Network ("MFIN"), an RBI-recognised self-regulatory organisation, the overall microfinance industry's gross loan portfolio ("GLP") surged by 11.9% to ₹2.59 trillion as on 31st March 2021 from ₹2.32 trillion as on 31st March 2020. The growth was driven by an addition of four lakh borrowers during the pandemic-struck 12-month period ending March 2021. The industry served 5.93 crore unique borrowers, through 10.83 crore loan accounts. In the industry's GLP, banks hold the largest share at 43.7%, followed by NBFC-MFIs accounting for 31.0%, Small Finance Banks ("SFB") at 15.9%, NBFCs at 8.4%, and other players at 1.0%. The GLP of NBFC-MFIs increased by 11.0% to ₹81,475 crores as on 31st March 2021, compared to ₹73,412 crores as on 31st March 2020.

Microfinance in India has come a long way over the years impacting the lives of millions of rural households. Microfinance loans are predominantly extended to women borrowers, who then use the money for income-generating activities for their households. One microfinance loan tends to impact one household with an average family size of five members. Comparing the population with unique microfinance borrower data, one can get a fair idea about the penetration level. As such, the country's overall microfinance penetration is about 22.0%, which means it already covers about 29.6 crore people, out of a total population base of about 135.0 crore (as per the 'Census of India Report of the Technical Group on Population Projections' published on 09th July 2020 for 2020). Though there are multiple players in the microfinance landscape, India still represents a huge opportunity for the microfinance sector as a significant portion of its population falls in the low-income band and also, a large part of its population still lacks access to credit from the formal sector forcing them to borrow from informal channels. This indicates the scope of microlending in achieving financial inclusion. However, in the present situation of the Covid-19 pandemic, it is important for the sector to realise this growth opportunity, identify and assess the emerging needs within the sector and address the same through relevant initiatives. Though the formal economy could take time to normalise, the microfinance industry is upbeat about a faster revival in the rural economy.

Company Overview

Vaya Finserv Private Limited ("Vaya" or the "Company") was established in the year 2014 by a team of seasoned Microfinance Institution ("MFI") professionals to provide a variety of financial services to millions of households covering some of the most unbanked regions of the country. Vaya uses the peer group lending model to offer unsecured, income-generating loans. Over the years, Vaya has pioneered digital banking through which we have made our services more efficient and secure. Vaya leverages the JAM trinity i.e. the customer's Pradhan Mantri Jan Dhan Yojna ("PMJDY") savings account, KYC check through QR code scans of Aadhaar, and mobile connectivity to disburse the loan directly into the borrower's bank account.

In the first three years, Vaya established and operated as a Business Correspondent ("BC") to some of the major banks and a financial institution (active in the microfinance space segment such as YES Bank, RBL Bank, IDBI Bank and Reliance Commercial Finance). Vaya's hallmark is that it provides financial services to its clients in a responsible manner with the aim of enhancing the customers' quality of life. In order to further its ambition of serving its clientele through innovative products and services as per their needs as well as due to the strong backing of its promoter and experienced senior and mid-level management in the microfinance sector, Vaya has applied and received a license from the Reserve Bank of India ("RBI") in May 2017 to operate as an NBFC-MFI.

Vaya has established itself in seven states covering Karnataka and Tamil Nadu in the south, Maharashtra in the west, Odisha, Jharkhand, Bihar and Uttar Pradesh in the eastern and northern belt of India.

Vaya Finserv is the first MFI and fifth Company in India to become a Certified B Corporation. Certified B Corporations are leading a global movement of people using business as a force for good that meets rigorous standards of social and environmental performance, accountability, and transparency and aspires to use the power of business to solve social and environmental problems. The Company is also Certified as 'Great Place to Work', three years in a row i.e., March 2019 to March 2021.

Great Place To Work® Certified MAR 2019–FEB 2020 INDIA

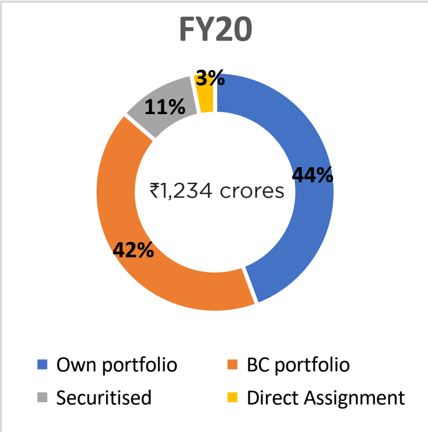
Great Place To Work® Certified MAR 2020–FEB 2021 INDIA

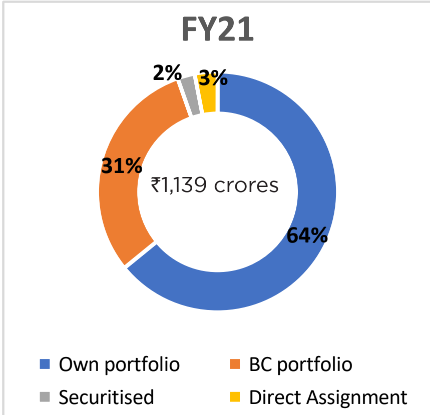
Great Place To Work® Certified MAR 2021- FEB 2022 INDIA

Business/Operations Update & Company's Response to Covid-19 Situation

The financial year 2021 marks the third full year operation of lending from our own balance sheet. Over these years, the Company has successfully lowered its dependence on the BC portfolio which used to be 60% of the gross loan portfolio ("GLP") in FY19 and reduced it to 31% at the end of FY21. The Company witnessed marginal degrowth of 8% in its GLP which stands at ₹1,139 crores as on 31st March 2021, after a rough start due to the nationwide lockdown and economic headwinds in the wake of the Covid-19 pandemic. However, the own originated portfolio (excluding BC) registered a growth of 11% which stands at ₹792 crores (FY21).

Gross Loan Portfolio





The Covid-19 pandemic outbreak has had far-reaching ramifications in terms of its impact on human lives and business. The pandemic has impacted various organisations across the globe in unprecedented ways, including impacting several critical risk areas. The first case of the Covid-19 disease in India was reported on 30th January 2020, and since then the Company started the background work to prepare itself in case the Business Continuity Plan ("BCP") was required to be activated. The Company constituted the BCP task force team headed by the Head of Risk & Audit function. The Company regularly tracked developments and enabled a conducive environment for the functioning of the Company and fulfilling its duties, while complying with all the necessary regulatory and statutory directives.

Our customer segment was adversely impacted due to the complete country-wide lockdown which started on 25th March 2020 and lasted for about six weeks. Due to the lockdown, although it was not possible to meet our customers, our Sangamitras (field officers) made regular calls to the customers updating them about the pandemic situation, health advisories on hygiene, and measures to help them to stay safe and healthy. A guidance note, customer calling script, and client-wise checklist were given to all the field staff in this regard. Post the relaxation of lockdown, all required efforts were put into practice for the smooth functioning of operations of the Company.

To help mitigate the hardship faced by borrowers, the RBI in March 2020 allowed all banks and financial institutions to offer a moratorium of three months on payment of installments of all term loans which was later extended by three more months. Accordingly, Vaya had offered moratorium on the repayments to all its borrowers for the period from March 2020 to August 2020. About 94% of our borrowers had opted for one or more installments under the moratorium during these six months. This ensured their credit history remained intact while they focused on restarting their livelihoods.

The Company did not disburse any loans during the first quarter of the financial year and later resumed it from mid-July onwards. Vaya adopted a cautious approach towards the segments and geographies it lends to. Loans were disbursed to borrowers engaged in essential economic activities such as agriculture, livestock, dairy, Kirana/general stores, vegetable/fruit vending, etc. The increasing trend in collections in the field, opening-up of the economy and reasonable progress in the operating environment helped the Company to increase the disbursements gradually. Also, Vaya entered in Uttar Pradesh with 20 branches during the year.

Vaya's team was at the forefront of providing relief measures as they undertook the distribution of ration kits, daily essentials, masks, etc. among the needy (including non-Vaya clients) in the branch catchment areas. Solar kits were also distributed among the community places, schools, etc. A collage of pictures of relief work is given below.

Covid Relief Program

Vaya
POWERING ASPIRATIONS

सोमवार को गोला में पैकेट का वितरण करते थाना प्रभारी।

गोला में गरीबों के बीच रिलीफ पैकेट का वितरण

गोला। गोला मुरी रोड में सोमवार को वाया फाइनेंस कंपनी ने कोरोना महामारी के कारण खाद्य सामग्री से जूझ रहे गरीबों को राहत देने के लिए रिलीफ पैकेट का वितरण किया। थाना प्रभारी धनंजय प्रसाद ने करीब 100 पैकेट जरूरतमंदों के बीच वितरण किया। उन्होंने कहा कि इस दुख की घड़ी में समाज के सभी लोगों को आपस का मतभेद भूल कर गरीबों की मदद करने की जरूरत है। उन्होंने सभी लोगों से सरकार व प्रशासन के दिशानिर्देशों का पालन करते हुए घरों में रहने की सलाह दी। मैनेजर राकेश रोशन ने बताया कि डॉ विक्रम आकुला व मैनेजमेंट की ओर से जरूरतमंदों के बीच पैकेट का वितरण किया जा रहा है। मौके पर कई लोग उपस्थित थे।

वाया फाइनेंस प्राइवेट लिमिटेड ने बांटा कोवाइट रिलीफ पैकेट

प्रभात मंत्र संवाददाता

रामगढ़ : स्थानीय ओल्ड ब्लॉक गेट के समीप फाइनेंस कंपनी के द्वारा 15 से 20 लोगों के बीच सोशल डिस्ट्रेंसिंग का पालन करते हुए रिलीफ पैकेट बांटा गया।मुख्य अतिथि के रूप में मिसेस कैसी मेरीलीन के

Human Resources ("HR")

Microfinance being a people-intensive business, Vaya believed that Human Resources are very important and vital for the business. Vaya has always maintained that the employees, more particularly the Sangamitra (field staff) are the flag bearers of the organisation. These employees are the face of the organisation as they meet the entrepreneurial woman borrowers for providing the best in class financial services.

Vaya is a 'Great Place To Work' – Third Time in a Row

Vaya's efforts in fostering an employee-friendly culture and providing continuous development initiatives to its employees, with a focus on creating a diverse and multi-talented workforce have helped it to be certified as the "Great Place To Work" third time in a row. Great Place to Work® is a global certification that reinforces our belief in employees' trust based on credibility, respect, pride, fairness and camaraderie. Three consecutive recognitions as a Great Place to Work has also brought a new honour from the evaluation team.

Enhanced Goodwill in the Job Market

While we continue to recruit the "Sons of the Soil" from the rural areas, in the last financial year 25% of the total new joiners in the front-line have prior experience which is more than 90% increase as compared to 13% in the prior year. There is also an increase in the minimum qualification held by these employees with over 25% being graduates or more. This trend is a clear indication of increased goodwill about Vaya in the job market and the fact that Vaya is providing excellent career opportunities to the youth in rural hinterlands.

Human Resource Management System ("HRMS")

Vaya uses a third-party HRMS – ZingHR which is now enhanced to enable the employees to use the same for attendance management, leave management, exit management and claim settlements. For the convenience of our regional staff, this new system is available in six regional languages including Hindi, Telugu, Kannada, Marathi, Tamil and Odiya, and facilitates complete employee life cycle management, faster processing and enhanced transparency of the entire process.

Supporting Employees Amidst Covid Challenges

The year 2020-21 has been a tough year as the challenge of Covid-19 restricted manpower movement while constant fear of infection gripped employees. Vaya had pro-actively planned for the Covid awareness campaign through digital media, posters and calls, constantly communicating with employees on Covid behaviour and protocols. During the lockdown, various online training sessions were conducted to keep the employees engaged. All the heads of departments personally interacted with each and every region/ division to assess and consult them to tackle the Covid situation.

Vaya provided Covid Insurance to all the field staff along with budgets to all the branches for sanitisers and masks. Staff who were tested Covid positive were provided with 14 days special leave and fast-track insurance claim settlements wherever required. Covid-19 vaccination campaigns were conducted to encourage every employee to be vaccinated.

Information Technology (“IT”)

Since its inception, Vaya had a clear focus on leveraging the latest technologies to build risk mitigation processes and at the same time enabling efficient delivery of services to its customers. Vaya was the first Company to use tablet-banking in rural India, which was part of the very launch in 2014. Since then, various technology platforms and processes have been built to ensure operational efficiency, transparency, data consistency and customer satisfaction. Vaya’s operating model is designed to maximise value across end-to-end customer journeys while reducing costs and sustaining increased levels of speed, agility and efficiency. It combines digital technologies and operational capabilities in an integrated, well-sequenced way to achieve tangible improvements across the board.

Vaya remains committed to delivering financial services till the last mile. Its ability to leverage digital technologies, lower costs and drive efficiencies is likely to enable Vaya to deliver solid performance through economic cycles.

Data analytics led area selection to mitigate geopolitical risks

Vaya’s decision to operate in any area is based on data of the region aggregated from various sources. This data includes demographic information, geopolitical influences, levels of customer indebtedness, socio-economic indicators, competition and penetration heat-map in addition to the business potential. The approval to operate in any area is determined not only by the field study conducted by the operations team but also evaluated by the risk team to ensure the best quality portfolio in that area.

System-driven customer selection

The loan management system is installed in the smartphones of Sangamitras (field officers) in a securely bound mode which helps them right from sourcing to management of customers. The customer’s credit appraisal is done on a real-time basis by accessing credit bureau information using the customer’s Voter ID details. The system logic evaluates the credit off-take capacity of the customers, level of exposure to credit and default history before arriving at the limits of credit eligibility.

Client enrolment through field assessment

In addition to the technology, the Sangamitras are also equipped through periodic training to assess the customer’s creditworthiness using house survey visits and structured visual questionnaires captured digitally. This questionnaire enables the collection of critical customer data on the current state of economic activity, indicators of customer’s ability to repay the proposed loan, etc. The visual representation of required data ensures that the questionnaire is easily administered in less time and most importantly improves the consistency and accuracy of the data. As a result of system-led credit appraisal and client selection practices, the Sangamitra can almost instantly decide loan eligibility.

Robust quality control processes

All loans go through multiple control processes before approval. Customer’s bank account details are verified online eliminating manual errors, KYC IDs are validated with the help of API integrations and customer’s data is assimilated from various sources. There is an in-house rule engine to check these processes ensuring the right quality of client sourcing.

Enhancing customer convenience and controlling risks through cashless disbursements & collections

The Sangamitra collects the bank account information of the customer which is system verified through strong validations. There are a series of verifications done to ensure the correctness of the information and post successful clearance the loan amount is directly credited into the customer’s preferred bank account. This process has not only mitigated the risk of carrying a huge amount of cash for loan disbursements but also ensured that the loan amount reaches the right customer with no third-party intervention.

Digitised real-time collections

Collections are recorded in the system and are reflected in the MIS including dashboards on a real-time basis. Customers with any unpaid dues, absent from center-meeting, or with delayed repayment history are flagged as early warning signals to the risk and the monitoring team. The customers are also given an option to pay their instalments digitally either through debit cards, or UPI. The renewal loans and the subsequent products are offered to select clients with a good track record of attendance and repayments determined through data analytics.

CRON: Risk Management & Monitoring tool

Vaya's in-house application CRON (Credit, Risk Operations & Network) assists in validating the quality of sourced customer data and help provide decision making on lending. CRON provides actionable inputs to field staff thereby increasing operational efficiencies. CRON is also used for field monitoring. Voice of Customers, appraisal and coaching of field staff is performed on CRON. In addition to the above, CRON is used in back-office processing, making credit-related decisions and managing process exceptions. CRON also provides reports for respective stakeholders on distributed levels.

Business Intelligence & Analytics

Vaya has in-house developed Business Intelligence Reports which helps the management in monitoring the day-to-day business almost on a real-time basis.

Technology-powered solutions have enabled us to be nimble and quickly adapt to the changing business dynamics with virtually no disruption in our processes.

Risk Management & Internal Audit

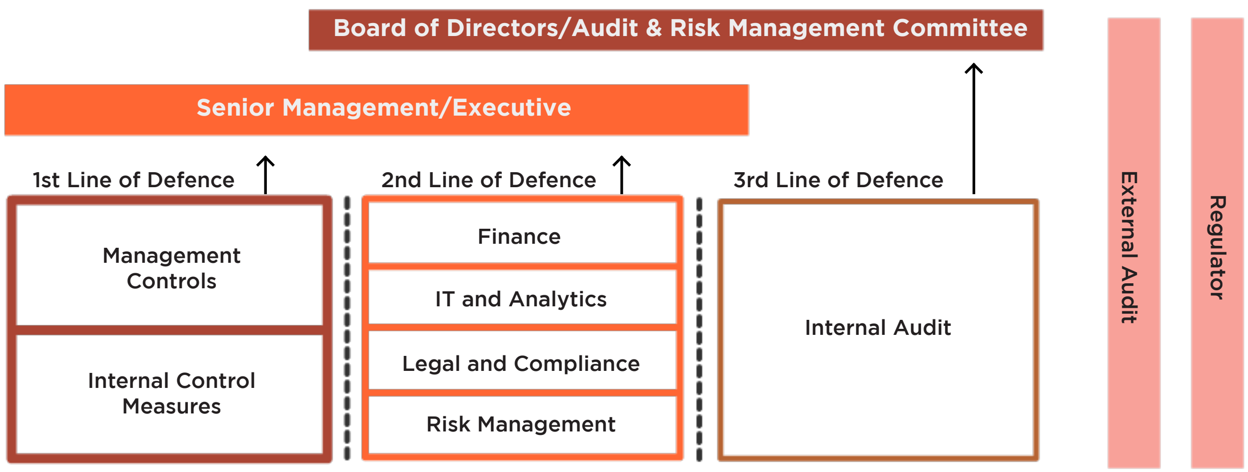
Risk Management

Vaya recognises that risk is an integral element of the business and managing risk is essential for generating Shareholder value. The Company has integrated risk management practices into its operations and governance. Appropriate systems and tools are in place for identification, measurement, reporting and managing risks.

Vaya has an independent and robust risk management framework within its structure, duly incorporating the 'Three Lines of Defence' recommended by the Institute of Internal Auditors, viz., functions that own and manage risks through internal and management controls, like Operations (first line of defence); functions that oversee risks, like Financial Control, Compliance, etc. (second line of defence); functions that provide independent assurance like Internal Audit (third line of defence).

Vaya enforces its Risk Management Framework through the Board, which convenes on a quarterly basis to ensure alignment of the risk appetite and risk tolerance levels of the Company with the overall strategy.

Risk Management Framework



The objective of the Risk Management Framework of the Company is to ensure that various risks are identified, measured, mitigated and that policies, procedures and standards are established to address these risks for systemic response and adherence.

Primary Responsibilities of Risk & Audit Function:

- Timely identification of risks at the point of emanation; accurate assessment of the risks based on their impact and likelihood on quantitative and qualitative parameters; and response strategies adopted for avoiding, accepting, mitigating or sharing the risks.
- Effective monitoring of the risks on an ongoing basis through the first and second lines of defence with the help of standardised reporting and escalation mechanisms.
- Evaluation of the relevance and effectiveness of the risk management framework through Test of Design (TOD) and Test of Operating Effectiveness (TOE) through the third line of defence, viz., Internal Audit.
- Imbibing the culture of continuous learning and development with the ever-evolving industry and risk management dynamics.

Internal Audit

Internal Audit in the Company is an independent unit focused on improving and enhancing the operations of the organisation. It assists the Company in accomplishing its objectives by bringing in a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's internal control, risk management and governance processes. The Internal Audit department is responsible for conducting periodic audits, surprise verification and need-based inspection of branches based on verification of books, field visits and interaction with the branch staff as well as customers. The Internal Auditors carry out their job in a focused manner using a comprehensive checklist that is prepared to capture all the deviations in processes and systems at the branch, regional and head-office level. The reports are published regularly and follow-up discussions are done to ensure that the deviations are rectified and compliance is confirmed by each of the branches and departments. Regular feedback is taken from different stakeholders to update the audit criteria to make it more useful and reflect the current situation.

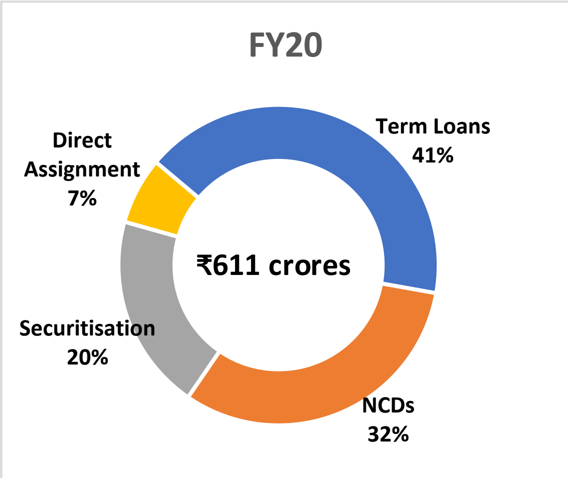
Vaya's Internal Audit team plays a significant role to ensure that the business operations are carried out efficiently as per the policies of the company and ensure compliance with it. The focus of the Internal Audit team is not only to identify and highlight deviations but also to help the staff to rectify the mistakes and to ensure due diligence is enforced by every staff across all the functions. The Internal Audit department maintains a strong internal control framework to evaluate compliance through various audit processes viz. quarterly audits, surprise audits, and corporate office audits.

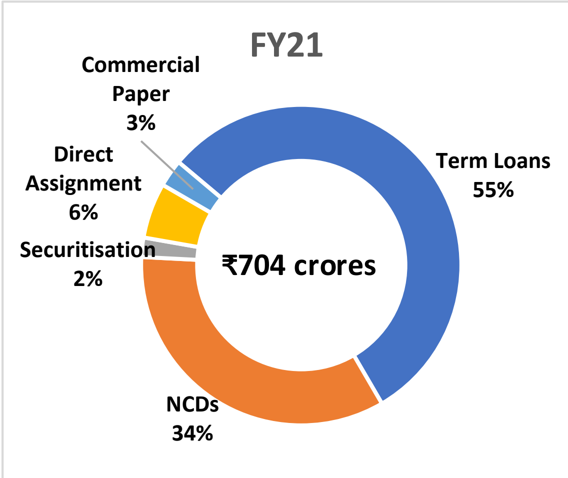
Funding Architecture, Asset Liability Management ("ALM") & Credit Rating

The Company's treasury department is responsible to secure funds from various sources such as banks, financial institutions and capital markets by way of diversified debt instruments while managing interest rate risks and maintaining strong relationships with lenders, rating agencies and other important players. The Company continuously seeks to diversify its sources of funds to facilitate flexibility in meeting its funding requirements.

During the financial year 2021, the Company onboarded seven new lenders including the Government of India's developmental financial institutions ("DFI") – SIDBI and NABARD, both of the institutions lent under the Special Liquidity Support schemes announced as part of Covid-19 relief. As on 31st March 2021, the borrowing outstanding of the Company was ₹704 crores (including securitisation and direct assignment) from 30 lenders ranging from leading private sector banks (10), Small Finance Banks (3), large and mid-sized NBFCs (11), Foreign Portfolio Investors ("FPIs") (2), domestic DFIs (2) and Alternative Investment Fund ("AIF") (1). This also includes the debt exposure of ₹35 crores from the Company's Promoters, Vaya Trusts. The source-wise break-up of the borrowing outstanding is given in the chart below. Vaya constantly strives to diversify its sources of capital in terms of both lender-base and debt instruments in order to leverage the strengths of each source.

Source Mix – Debt Instrument-wise Borrowing Outstanding





The credit rating of the Company has been re-affirmed by ICRA Limited as 'BBB' for the term loans (Bank Loan Rating), NCDs and 'A3+' for Commercial Papers with 'Stable' outlook. The Company also received the highest grading of 'C1' for its Code of Conduct Assessment ("COCA") and second highest grading of 'M2' for MFI grading, both from SMERA Gradings & Ratings during the year. A detailed list of various instrument-wise ratings is available in the 'Director's Report' section of this Annual Report.

The strong ALM strategy is one of the key pillars of the strength of the Company on a structural basis. Vaya manages its Asset-Liability mismatch prudently by not only diversifying its sources of debt capital which have longer tenures such as NCDs, but also by lending for not more than 24 months tenure. About 92% of the Company's own portfolio (including securitised and DA) consists of loans having maximum tenure of 24 months and on the liabilities side, 74% of the debt outstanding have tenure of 24 months or more. This helps to maintain adequate liquidity at all times and remain ALM positive. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

SCOT (Strengths, Challenges, Opportunities & Threats)

Strengths:

- Strong promoter background and highly experienced management: Excellent platform pedigree led by strong promoter lineage and highly experienced management especially in the microfinance sector.
- Highly scalable hybrid model with a combination of both traditional and technology-driven processes.
- Wide rural penetration: More than 95% of borrowers are from rural areas. Since its beginning, Vaya's focus has always been the under-banked and under-penetrated rural areas which provide greater potential for microfinance products along with geographic diversification.
- Technology-driven less-paper processes and customised technology platform: Use of digital technology for client acquisition, credit evaluation, business intelligence and people management in a data-rich environment. Seamlessly integrated technology setup to reduce human intervention in various functions (disbursement, audit, monitoring, etc).
- Strong risk framework is driven by best practices of traditional microfinance combined with data and analytics.
- Sound capitalisation to support growth, leverage loan book and absorb credit losses.
- Diversified funding profile: With a smaller balance sheet size of about ₹1,000 crores, the borrowing profile of the Company is fairly diversified with more than 30 lenders with no lender having exposure of more than 13% of the total borrowing outstanding as of March-end 2021.

Opportunities / Outlook:

- Huge opportunities to scale: Though there are multiple players in the microfinance landscape, India still represents a huge opportunity for the microfinance sector as a significant portion of its population falls in the low-income band and also, a large part of its population still lacks access to credit from the formal sector forcing them to borrow from informal channels.
- Huge credit demand: The micro-credit segment constitutes less than 3% of the total bank credit and has huge demand, most of them in rural areas.
- Prepared for the next phase of growth: With our high-touch customer engagement model, technology-driven processes and strong distribution network, Vaya is well-positioned to serve the evolving needs of our customer households.
- Cross sale opportunities: Vaya has built a sizeable client base of around 6 lakh and is well-positioned to offer other products and cater to their evolving needs for their income generation activities as well as households.
- Favourable ecosystem: Digital ecosystem development pushed by the government as well as regulators and other market participants offer opportunities for us to innovate new delivery methods, provide a better customer experience and become more efficient.
- Leverage on mobile connectivity: With the increased usage of smartphones in rural areas and data connectivity, the Company foresees bigger opportunities to offer better and personalised services.
- Increase in loan ticket-size: In the last fiscal 2020, the RBI has increased the limit for annual household income eligibility from ₹1 lakh to ₹1.25 lakhs in rural areas and from ₹1.60 lakhs to ₹2 lakhs in urban and semi-urban areas. Likewise, it has also increased the lending limit to ₹1.25 lakhs per eligible borrower from ₹1 lakh earlier. Vaya's average loan amount in FY21 was about ₹27,600, much lower than the maximum cap mentioned above and hence provides a good opportunity to increase the same.

Challenges & Threats:

- Stiff competition from various players: Given its huge opportunities, over the years, apart from the traditional MFIs, various types of players have entered the microfinance sector.
- Socio-political risks and natural calamities: The microfinance industry is prone to socio-political, climatic and operational risks, which could impact the operations and may result in high volatility in the asset quality indicators. Although the sector has faced multiple challenges over the past many years but has always come back stronger and proven to be resilient to such events.
- Threat to the ethos of traditional microfinance practices: In recent years, the microfinance industry has seen interests from many new-age digital technology players or fintechs as well as from very large balance sheet NBFCs which largely focuses on top-line and may lead to disrupting the core group credit discipline model built by various MFIs over the years.
- Uncertainty regarding the impact of Covid-19: The severity of Covid-19 impact on the livelihoods and macroeconomic activities is still not known as the second wave of the pandemic has put the nation's health infrastructure and administration under massive pressure. Although many vaccines were found with impressive efficacy levels and massive vaccination drives are underway, but the possibility of more virulent strains leading to further waves of pandemic is still not ruled out. However, microfinance industry has always shown strong resilience after external disturbances and given the low penetration of credit amongst the target population, the industry is expected to grow at a healthy pace over coming years.

Financial Performance of FY21 versus FY20

From FY20 onwards, the Company has converted its accounting methodology from 'I-GAAP' (Indian General Accepted Accounting Principles) to 'Ind AS' (Indian Accounting Standards).

Summary of Profit & Loss Statement	FY21		FY20		Percent Change
	₹ in crores	Percent to Revenue	₹ in crores	Percent to Revenue	
Income					
Revenue from operations	197.7	98.2%	192.3	99.5%	2.8%
Other income	3.6	1.8%	1.0	0.5%	277.8%
Total income	**201.3**	**100.0%**	**193.3**	**100.0%**	**4.1%**
Expenses					
Finance costs	76.4	37.9%	71.1	36.8%	7.4%
Impairment on financial instruments	44.7	22.2%	43.2	22.4%	3.5%
Employee benefits expenses	48.4	24.1%	45.5	23.6%	6.4%
Depreciation and amortisation expense	1.5	0.8%	2.0	1.0%	-21.5%
Other expenses	17.3	8.6%	20.5	10.6%	-15.6%
Total expenses	**188.3**	**93.6%**	**182.3**	**94.3%**	**3.3%**
Profit before tax	**13.0**	**6.4%**	**11.0**	**5.7%**	**18.1%**
Tax expense	3.7	1.9%	4.1	2.1%	-9.3%
Profit after tax	**9.3**	**4.6%**	**6.9**	**3.6%**	**34.4%**

Revenue from operations

The revenue from operations comprises interest income, income from BC portfolio, net gain on derecognition of financial instrument and income from liquid schemes of mutual funds earned on the surplus funds. The revenue from operations of the Company increased by 2.8% from ₹192.3 crore in FY20 to ₹197.7 crore in FY21.

Other income

Interest income from fixed deposits and income from servicing of derecognised financial instruments largely comprises the other income.

Employee benefits expenses

Employee benefits expenses comprise salaries and other employee benefits expenses which represents 24.1% of the total income for FY21. Employee benefit expenses increased marginally by 6% from ₹45.5 crore in FY20 to ₹48.4 crore in FY21.

Finance costs

The Company's finance costs represented 37.9% of the total income in FY21 compared to 36.8% in FY20 and the finance costs increased from ₹71.1 crore in FY20 to ₹76.4 crore in FY21. The average effective cost of borrowing including securitisation was 13.16% for FY20 and 13.40% for FY21.

Depreciation and amortisation expense

Depreciation and amortisation expenses comprised 0.8% of the total income for the year FY21, as the Company does not own any major plants and machineries except for furniture, computer and printers, etc.

Impairment on financial instruments

The provisions and write-offs increased marginally from ₹43.2 crore in FY20 to ₹44.7 crore in FY21. The Expected Credit Loss ("ECL") computation for the year under consideration has taken into account the estimation of future losses published by independent rating and research agencies which includes:

a) provision of ₹30.4 crore on own portfolio (including securitisation portfolio)
b) write off of own portfolio ₹5.9 crore on own portfolio
c) a provision of ₹6.3 crore on BC portfolio and
d) invocation of First Loan Default Guarantee ("FLDG") by BC partners under the arrangement for an amount of ₹2.2 crore.

Other expenses

It comprises of operational expenses such as rent, travel and conveyance, communication, consultancy, technology subscription charges, etc. The other expenses reduced by 16% from ₹20.5 crore in FY20 to ₹17.3 crore in FY21, due to various cost control measures undertaken by the management in the wake of Covid-19 situation.

Directors' Report

To
The Members,
Vaya Finserv Private Limited.

It is our immense pleasure to present the Eighth Annual Report along with the Audited Financial Statements of your Company for the financial year ended March 31, 2021.

1. Financial Results

The financial statements of the company for the year ended March 31, 2021 have been prepared in accordance with Ind AS and Schedule III to the Companies Act, 2013 (the "Act"). The financial performance of the Company is summarized below:

Particulars	FY21 (₹ in Cr)	FY20 (₹ in Cr)
Total Income	201.29	193.28
Total Expenses	188.32	182.30
Profit/(Loss) before tax	**12.97**	**10.98**
Less:		
Current Tax	(11.09)	(9.58)
Deferred Tax	7.66	5.40
Profit/(Loss) after Tax	**9.54**	**6.80**

2. Review of Operations:

The Company was able to maintain the loan portfolio despite facing several challenges on account of Covid-19 pandemic which has impacted the macro-economic environment. The Company served 5,79,522 active borrowers through 279 branches across 98 districts in 7 states with 1903 employees working across India. The total loan amount disbursed during the year ended March 31, 2021 is ₹697 crore and the outstanding loan portfolio as on this date is ₹1139 Cr.

The Company is empaneled as a Business Correspondent ("BC") with RBL Bank Limited and Yes Bank Limited for facilitating formation of Joint Liability Groups ("JLG") for disbursal of loans to these JLGs.

The Company is operating in seven states viz. Bihar, Jharkhand, Uttar Pradesh, Karnataka, Maharashtra, Odisha and Tamil Nadu. The Company is also planning to enter new geographies.

The Company was able to raise the necessary resources all through the year to match the business and operational requirements, leveraging its relationships with banks and financial institutions as well as forming new lender relationships. The overall performance was satisfactory resulting in improvement in all operational parameters.

3. Change in the nature of the Business:

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

4. Transfer to Reserves:

The Company has transferred ₹1.91 crore to Statutory Reserves, i.e. 20% of the Profit after Tax, in accordance with the provisions of Section 45 – IC of Reserve Bank of India Act, 1934.

5. Public Deposits:

The Company has not accepted any public deposits during the year under report falling within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Your Company is registered with the Reserve Bank of India (RBI), as a Non-Deposit accepting NBFC under Section 45-1A of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non-banking financial company in conformity with the guidelines of the RBI. As such no amount of principal and interest was outstanding during the year.

6. Dividends:

(a) **Dividend on Equity Share Capital:** The Board of Directors aim to grow the business lines of the Company and enhance the rate of return on investments of the Shareholders. With a view to finance the long-term growth plans of the company that require substantial resources, the Board of Directors did not recommend any dividend on Equity Shares for the year under review.

(b) **Dividend on Preference Share Capital:** The Compulsory Convertible Preference Shares (CCPS) were converted into Equity Shares on August 05, 2020.The dividend on CCPS has been paid cumulatively as per the terms of issuance of the respective instruments till conversion.

7. **Material changes and commitments, if any, affecting the financial position of the Company, that have occurred since the end of the year and till the date of the report:**

The sudden spread of first wave of COVID-19 pandemic during February and March 2020 resulted in a declaration of national lockdown by Govt. of India to protect the population from the pandemic. Simultaneously, the government and RBI announced several financial packages to support the business community and help clients to overcome the difficult situation. RBI announced a loan moratorium for borrowers for 6 months from March 01, 2020 to August 31, 2020 and your Company offered the same to all the borrowers. Later, RBI also came up with resolution plan 1.0 with restructuring options for the businesses impacted due to pandemic and accordingly the Company had supported borrowers during Q3 and Q4 of FY 2021. When the businesses were slowly coming back to normalcy, second wave of COVID-19 struck hard which results severe lockdowns in many states. Your company took adequate measures to safeguard the employees and customers including offering work-from-home, sanitizers, masks and counseling to clients. RBI too extended the support by announcing resolution plan 2.0 for businesses impacted due to the second wave of COVID-19 by way of restructuring, additional credit lines, deferred payment etc. The Company is in the process of extending such support to the customers.

8. **Share Capital and Debt Structure:**

(a) **Authorised Share Capital:**

The Authorised Share Capital of the Company has been revised from ₹ 160 crore i.e. ₹30 crore Equity Share Capital divided into 3 crore Equity Shares of ₹10 each and ₹130 crore Preference Share Capital divided into 13 crore Preference Shares of ₹10 each to ₹204 crore divided into ₹104 Equity Share Capital divided into 10 crore 40 lakhs Equity Shares of ₹ 10 each and ₹100 crore Preference Share Capital divided into 10 crore Preference Shares of ₹10 each.

During the year under review, the changes in the capital structure of the company has undergone certain changes and the same has been summarized in table below:

Sr. No.	Date of Event	Nature of Change	Authorised Share Capital (in Cr)	
			Equity	Preference
1	29-Jul-20	Increase in Equity Share Capital of the Company from ₹160 crore to ₹193 crore	63	130
2	03-Sep-20	Reclassification of Authorised Share Capital	93	100
3	08-Dec-20	Increase in Equity Share Capital of the Company from ₹193 crore to ₹204 crore	104	100

Paid up Share Capital: The Paid-up Share Capital of the Company as on March 31, 2021 is ₹90.89 crore. The Company has not issued Shares with differential voting rights.

During the year under review, the Company has converted its 13 crore preference Shares of ₹10 each amounting to ₹130 crore into 3,51,35,135 Equity Shares of ₹37 each (face value ₹10) on August 05, 2020.

The Company has also issued 1,38,71,820 partly paid-up Equity Shares of ₹37 per Share (face value ₹10 each, paid up value ₹1) on October 22, 2020 and 2,70,27,027 Equity Shares of ₹37 each (face value ₹10 fully paid up) on private placement basis on December 10, 2020.

With a view to motivate employees, the Company came up with ESOP 2020 and allotted 18,44,500 stock options to its employees under ESOP 2020 Plan. No stock options were given to any of the Directors.

(b) **Debentures:**

During the financial year 2020-21, the Company issued Non-convertible Debentures on private placement basis aggregating to ₹67 crore. Details of Non-Convertible Debentures issued by the Company are mentioned below:

Number and class of debentures	Listed/Unlisted	Date of listing
220, 11.723% Secured Rated Listed Non-Convertible Debentures of ₹10,00,000 each	Listed	04-Dec-20
220, 11.723% Secured Rated Listed Non-Convertible Debentures of ₹10,00,000 each	Listed	04-Dec-20
230, 12.40% Secured Rated Unlisted Non-Convertible Debentures of ₹10,00,000 each	Unlisted	N/A

(c) **Listing of NCDs:**

During the year, the Company has issued Non-convertible Debentures that are listed on BSE Limited. The listing fees to the Stock Exchange for the financial year 2021-22 have duly been paid.

(d) **Debenture Redemption Reserve**

As per Rule 18(7)(b)(iv)(A) of the Companies (Share Capital and Debenture) Rules, 2014, the Company is not required to create Debenture Redemption Reserve as the Debentures of the Company are privately placed.

(e) Securitisation & Direct Assignment

The Company has used Securitisation and Direct Assignment structures to improve its asset and liability mix in line with extant guidelines of RBI. As on March 31, 2021, the outstanding value of Securitisation and Direct Assignment transactions were ₹13.76 crore and ₹39.39 crore respectively. During the year under review, the Direct Assignment transactions of Gross Value ₹25.20 crore was recorded however no additional funds were raised through securitization.

(f) Credit rating

Your company has been assessed by various rating agencies. It has received highest rating for Code of Conduct Assessment issued by SMERA representing the excellent performance of the company.

The ratings assigned by credit rating agencies for various instruments issued by the Company during the year under review are:

Name of the Instrument	Current Rating	Rating Agency	Amount Rated (₹crore)
Code of Conduct Assessment (COCA)	C1	SME Rating Agency of India Limited	Not Applicable
MFI Grading	M2	SME Rating Agency of India Limited	Not Applicable
Bank Loan Rating	BBB (Stable)	ICRA Limited	500
Non-Convertible Debentures*	BBB (Stable)	ICRA Limited	211
Pooled Loan Issuance (Guarantee backed Term Loans)	A(SO)	India Ratings and Research Private Limited	15
	BBB+(CE)	ICRA Limited	15
	BWR A (CE)	Brickwork Ratings India Pvt Ltd.	20
Commercial Paper	A3+	ICRA Limited	50
Securitisation pools	A+ (SO)	ICRA Limited	188^
	A (SO)	ICRA Limited	
	A- (SO)	ICRA Limited & CARE Ratings Limited	
	BBB+ (SO)	ICRA Limited	
	BBB (SO)	ICRA Limited & CARE Ratings Limited	
	BBB- (SO)	ICRA Limited & CARE Ratings Limited	
	BB- (SO)	ICRA Limited	

* Note : NCD amount of Rs 23 crore was rated in April'2021.

^ Note : aggregate amount of multiple transactions.

9. Board of Directors and Key Managerial Personnel

(a) Board of Directors:

As on March 31, 2021, the Board of Directors of your company consists of five Directors. Their details are as follows:

Category	Name of Directors
Non-Executive Directors	Dr. Vikram Akula, Chairman of the Board
	Dr. Bikshamaiah Gujja
Non-Executive Independent Directors	Ms. Farzana Haque
	Dr. Shankar Ramaswami
Executive Director	Mr. A.V. Sateesh Kumar, Managing Director & CEO

Changes in Directors

During the year under review, following changes were recorded:

Name of Director	Nature of changes	Event Date
Mr. A.V. Sateesh Kumar	Appointment as Managing Director & CEO	20-Apr-2020
Mr. Jagadish Babu Ramadugu	Change in Designation from Managing Director to Director	20-Apr-2020
	Resigned as Director	31-Aug-2020
Mr. Shankar Ramaswami	Appointed as an Independent Director	03-Sep-2020
Mr. Alok Misra	Resigned as an Independent Director	22-Aug-2020
Mr. Gautam Ivatury	Resigned as an Director	11-Aug-2020

(b) Key Managerial Personnel:

As on March 31, 2021, Mr. A.V. Sateesh Kumar, Managing Director & CEO, Mr. S Lakshminarayanan, Chief Financial Officer and Mrs. Deepika Singh, Company Secretary and Compliance Officer are the key managerial personnel of your company in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The present term of Mr. A.V. Sateesh Kumar as Managing Director & CEO of the Company shall expire on April 19, 2025.

During the year under review, Mr. S Lakshminarayanan has rejoined as Chief Financial Officer of the Company w.e.f. June 30, 2020.

Further, Mrs. Deepika Singh was appointed as Company Secretary and Compliance Officer w.e.f. June 24, 2020 in place of Mr. B. Balaji Gupta, who has resigned w.e.f. June 23, 2020 (close of business hours).

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.

(c) Policy on Directors' appointment and remuneration and other Details:

The assessment and appointment of the Board is based on a combination of criteria that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential Board member is also assessed on the basis of independence criteria as defined in Section 149 (6) and Section 178(3) of the Companies Act, 2013, and in accordance with RBI Regulations and SEBI (LODR) Regulations, 2015. Based on the recommendations of the Nomination and Remuneration Committee, the Board has adopted a Nomination and Remuneration Policy for Directors and Key Management Personnel (KMPs). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which form part of this report.

A detailed policy on Nomination and remuneration of the Directors is placed on the Company's website under the web link: http://www.vayaindia.com/about-us.

(d) Declaration by Independent Directors:

Ms. Farzana Haque and Dr. Shankar Ramaswami are the Independent Directors on the Board of the Company. The Company has received declarations from the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the provisions of Section 149 of the Companies Act, 2013, SEBI Regulations and RBI Master Directions.

(e) Statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance, its Directors, and that of its Committees:

The Companies Act, 2013 read with Rules issued thereunder provides that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and Individual Directors. Pursuant to provisions of Section 134(p) of the Companies Act 2013, the Board had carried out annual evaluation of its own performance and that of its committees as well as performance of the Directors individually. The entire performance evaluation process was completed to the satisfaction of the Board.

(f) Board meetings:

During the year under review, the Board met six times i.e. on April 20, 2020, June 23, 2020, September 2, 2020, November 12, 2020, December 7, 2020, and March 27, 2021. The details of the same has been included in the Report on Corporate Governance enclosed as **Annexure – 1.**

(g) Committees of the Board:

The details of the Committees of the Board namely Audit & Risk Management Committee, CSR Committee, Nomination and Remuneration Committee, Assets Liability Management Committee, Borrowing Committee and IT Strategy Committee, their composition, terms of reference and the activities during the year under review are elaborated in the Report of Corporate Governance which forms the part of this report. Further, there were no instances where the Board has not accepted recommendations of Audit & Risk Management Committee.

10. Human Resources

Your Company is committed to provide a suitable work environment that encourages a positive attitude and superior performance. The role of human capital in your organization is of utmost importance. With a view to maintain the fine balance between customer service and achievement of performance targets, the policies relating to Human Resources are framed in employee-friendly manner which support an environment of accomplishment and satisfaction.

Your Directors are delighted to inform that the company has been recognized as "Commitment To being Great Place to Work" by Great Place to Work® for remaining consistent in receiving GPW certification for the third time in a row.

The disclosure regarding the ratio of the remuneration of the Executive Director and KMPs to the median employee's remuneration and other details as prescribed under the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure- 2** to this Report.

11. Directors' Responsibility Statement

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

(a) In the preparation of annual accounts, the applicable standards have been followed along with proper explanations relating to material departures, if any.

(b) The Directors have 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 the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that year.

(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 have devised proper systems to ensure compliance with the provisions of all applicable laws and to ensure that such systems are adequate and operating effectively.

(f) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

12. Internal Control System

The Internal Financial Controls ensure the orderly and efficient conduct of its business. The Audit and Risk Management Committee ensures all the procedures are properly authorized, documented, described and monitored. The Company has in place technology advanced infrastructure with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting. These controls and processes are driven through various policies and procedures. The system also ensures orderly and efficient conduct of its business, including the safeguarding of its assets and prevention and detection of fraud and errors.

In compliance to the Section 138 and 134(5)(e) of the Companies Act, 2013, your Company has its own Internal Audit team led by Head Internal Audit. Each branch is audited at least once in three months.

The Audit & Risk Management Committee of the Board of Directors, comprising primarily of Independent Directors, periodically reviews the internal audit reports, covering observations, adequacy of internal controls and ensures compliance. The Audit & Risk Management Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, adequacy and effectiveness of the internal controls and systems followed by the Company. Information System Security controls enable the Company to keep a check on technology-related risks and improve business efficiency and distribution capabilities. Your Company is committed to invest in IT systems, including back-up systems, to improve the operational efficiency, customer service and decision-making process.

13. Details of Subsidiary/Joint Ventures/Associate Companies

The Company does not have any Subsidiary or Associate and it has not entered into joint venture with any organization.

14. Particulars of Loans, Guarantee or Investments

During the year under review, the Company has not given any loan or guarantee to any person or any other body corporate u/s 186 of the Companies Act, 2013.

However, the Company is providing lien on its securities including Terms Loans, Securitisation arrangements and Fixed Deposits placed with Banks towards First Loss Default Guarantee ("FLDG") in respect of the loans disbursed to JLGs by Banks. These details are mentioned in the table below:

Particular	(₹ in crore)	
	FY21	FY20
Term loans	27.67	8.84
Securitisation arrangements	12.06	15.22
Security against First Loss Default Guarantee on BC arrangements	23.10	21.51
Total	**62.83**	**45.57**

15. Particulars of Contracts or Arrangements with Related Parties

The Company has adopted a Board approved policy for Related Party Transactions. The policy provides for identification, necessary approvals by Audit & Risk Management Committee/Board and disclosure requirements in compliance with the requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company did not enter any related party transaction as specified in sub-section (1) of section 188 of the Companies Act, 2013. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable.

However, as per Indian Accounting Standard-24 issued by the Institute of Chartered Accountants of India, the "Notes to Accounts" of Balance sheet consists of certain transactions, i.e.,

- The remuneration paid to executive Director and key managerial personnel,
- Sitting fees paid to non-executive Directors for the Board meeting(s) and
- Consideration received from executive Director and key managerial personnel for the Shares being subscribed to them.

16. Corporate Social Responsibility

Your company carries on CSR initiatives through partnering with Trust/foundation, qualified to undertake CSR activities in accordance with Schedule VII of the Companies Act, 2013 (including amendments thereto). In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has established a Corporate Social Responsibility Committee (CSR Committee). The composition, function and details of the meetings attended by the Committee members are provided in the Corporate Governance report.

The Board adopted the CSR Policy and same is available on the website of the Company. The details of average net profits of the Company for the past three financial years, prescribed CSR expenditure and details of the amount spent on CSR activities during the year have been disclosed Annual report on CSR Activity placed as **Annexure - 3** of this Report.

17. Conservation of Energy & Technology Absorption and Foreign Exchange Earnings and Outgo (as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014

(a) Conservation of energy and Technology absorption, Adaptation and Innovation:

(i) Conservation of Energy:

(i)	the steps taken or impact on conservation of energy	The provisions of Section 134(3) (m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Company. The company has, however used information technology extensively in its operations and continuously invested in energy-efficient office equipment's at all its office locations.
(ii)	the steps taken by the company for utilizing alternate sources of energy	
(iii)	the capital investment on energy conservation equipment	

(ii) Technology Absorption, Adaptation and Innovation:

(i)	the effort made towards technology absorption	The provisions of Section 134(3) (m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Company. The company has, however used information technology extensively in its operations and continuously invested in energy-efficient office equipment's at all its office locations.
(ii)	the benefits derived, such as product improvement, cost reduction, product development or import substitution	
(iii)	in case of imported technology (important during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported (b) the year of import; (c) whether the technology been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	

(b) Foreign Exchange Earnings and Outgo (₹ in Crore):

	FY 2020-21	FY 2019-2020
Inflow	Nil	Nil
Outflows	0.019	0.018

18. Risk Management:

The Board of Directors of the Company has constituted a "Audit & Risk Management Committee" to frame, implement, and monitor the risk management plan for the Company. Based on the recommendation of the Committee, the Board of Directors have adopted a Risk Management Policy for the Company which provides for identification, assessment and control of risks may threaten the existence of the Company. The Committee periodically reviews various risks with which the organization is exposed including but not limited to Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk.

19. Disclosure on establishment of Vigil Mechanism

The Company in accordance with the provisions of Section 177 of Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, has established a vigil mechanism through Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected, fraud or violation of Company's code of conduct. The policy provides for an adequate safeguard against victimization to the Whistle Blower and enables them to raise concerns. The Whistle Blower Policy is disclosed on the website of the Company at http://www.vayaindia.com/about-us.

20. Employees Stock Option Plan

Pursuant to the approval accorded by members at their Extraordinary General Meeting held on September 3, 2020, the Board formulated a scheme "Vaya Employees Stock Option Plan 2020". The Plan was applicable to all permanent and full time employees, excluding promoters of the company.

Presently, 18,44,500 stock options have been granted or Shares have been issued under ESOP Plan 2020.

Details of Options granted, Vested and Exercise of Options:

Date of grant of Options	No. of options granted	Vesting date	Vested Options	No. of exercised options	Exercise Price (₹)	Variation in terms of options	Money realized by exercise of Options
02-Nov-20	12,99,500	01-Nov-21	33%	NA	37/-	Nil	Nil
		01-Nov-22	33%	NA	37/-	Nil	Nil
		01-Nov-23	34%	NA	37/-	Nil	Nil
24-Dec-20	5,45,000	23-Nov-21	33%	NA	37/-	Nil	Nil
		23-Nov-22	33%	NA	37/-	Nil	Nil
		23-Nov-23	34%	NA	37/-	Nil	Nil

Employee wise details of Options:	Name	Designation	No. of options granted
Options received more than 5% of grant	Madhu Rama Murthy Vishnubhatla	Head Operations	1,50,000
	Aripirala Satyaprasad	Head HR and Training	1,00,000
	Megha Ashish Nainani	VP Finance and Accounts	1,00,000
Key Managerial Employee	Deepika Singh	Company Secretary	25,000

21. Event Based

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

(a) Issue of Equity Shares with differential rights as to dividend, voting or otherwise.

(b) Issue of Sweat Equity Shares to the employees.

(c) Significant and material orders passed by the regulators or courts or tribunal.

(d) Significant orders passed by the authorities which impact the going concern status and Company's operations in future.

(e) Any application or proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

22. Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulations, forms an integral part of this Annual report and gives details of the overall industry structure, economic developments, performance and state of affairs of the Company. It forms part of the Annual Report.

23. Auditors

(a) Statutory Auditor:

M/s. Walker Chandiok & Co. LLP, Chartered Accountants having ICAI Firm Registration No. 001076N/N500013, were appointed on the recommendations of Audit & Risk Management Committee and Board of Director's (in conformity with the provisions of Section 139 and 141 of the Companies Act, 2013 read with the Companies Audit and Auditors Rules 2014) as the Statutory Auditors of the Company in the 5th Annual General meeting held in the year 2018 for a period of five years subject to the provisions of Non-Banking Financial Company- Systematically Important Non Deposit taking Company (Reserve Bank Directions, 2016 as amended time to time).

The Auditors' Report on the financial statements of the company for financial year ended March 31, 2021 does not contain any reservation, qualification or adverse remarks and their report together with notes to Financial Statements are self-explanatory and hence do not call for any further comments under Section 134 of the Act. Further, there are no instances of fraud reported by the Statutory Auditor to the Board pursuant to Section 143(12) of Companies Act, 2013.

RBI has issued Guidelines for appointment of Statutory Central Auditors (SCA)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its circular No. RBI/2021-22/25 Ref. No DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021.

In compliance of the said guidelines and on the recommendation of Audit & Risk Management Committee, the Board of Directors has proposed appointment of M/s Manohar Chowdhry & Associates (FRN 001997S), as a Statutory Auditors of the Company for a period of three years at the ensuing Annual General Meeting.

The Board has placed on record its sincere appreciation for the services rendered by M/s Walker Chandiok & Co., LLP, as Statutory Auditors of the Company.

(b) Secretarial Auditors:

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of your Company has re-appointed M/s R & A Associates as Secretarial Auditors to undertake the Secretarial Audit of the Company for the Financial Year 2020-21 in its meeting dated June 26, 2021.

The report from the Secretarial Auditor in the prescribed Form MR – 3 is annexed as **Annexure-4** to this report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

The Board places on record its sincere appreciation for the services rendered by M/s R & A Associates, Company Secretaries, as Secretarial Auditors of the Company.

24. Disclosures pertaining to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has zero tolerance towards sexual harassment at the workplace. The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the year under review, the company did not receive any compliant on sexual harassment.

25. Net Owned Funds ('NOF') and Capital to Risk Assets Ratio (CRAR)

As on March 31, 2021, the Company is in compliance of the regulatory requirements of net owned funds ('NOF') and Capital to Risk Assets Ratio (CRAR) as defined under section 45 – IA of the Reserve Bank of India, 1934, to carry on the business of a non-banking financial institution.

26. Other Disclosures

(a) **Compliance with Secretarial Standards:**

The Ministry of Corporate Affairs notified the Secretarial Standard on Meetings of the Board of Directors (SS– 1), Secretarial Standard on General Meetings (SS–2), Secretarial Standard on Dividend (SS–3) and Secretarial Standard on Report of the Board of Directors (SS-4).

The Company complies with Secretarial Standards (as applicable) and guidelines issued by the Institute of Company Secretaries of India (ICSI).

(b) **Maintenance of cost accounts and records as specified by the Central Government**

The Company does not fall under the category of Sec 148(1) of Companies Act, 2013 and hence such disclosure and maintenance of cost records is not applicable.

(c) **Annual Return**

The Annual Return of the Company for the financial year 2020-21 is made available on the website of the Company, www.vayaindia.com.

(d) **Frauds**

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.

27. Acknowledgements

Your Directors would like to express their sincere gratitude for the assistance, patronage and co-operation received from the Borrowers, Banks, Financial Institutions, Investors, and Employees of the Company, for their consistent support and encouragement to the Company. The Board of Directors also places on record their sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company. Their dedication and competence have ensured that the Company continues to be a significant player in the Microfinance industry.

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 00906907

Place: Seattle
Date: September 25, 2021

Annexure-1
Report on Corporate Governance

A report for the Financial Year ended March 31, 2021 on the compliance by the Company with Corporate Governance requirements, is furnished below:

1. Company's Philosophy on Corporate Governance:

Vaya believes in following high standards of corporate governance so that the company's performance will have a positive impact on its stakeholders, customers, investors, Shareholders, employees and business associates and the community in which it operates.

In order to enhance and retain the trust of its stakeholders, the company is committed towards ethical business conduct, integrity and commitment to values, transparency and accountability, essential features of effective corporate governance. Empowered by the Board, the company's key management officials implement policies and guidelines related to corporate governance.

The Company, being an NBFC – MFI, has adopted best practices and follows guidelines issued by RBI from time to time. Over the years, your Company has complied with the Companies Act, 2013, SEBI Regulations, RBI Directors/Circulars, IND AS (Accounting Standards), Secretarial Standards, etc., The following report on the implementation of the Corporate Governance Practices is a sincere effort of the company to follow the Corporate Governance Principles in its letter and true spirit.

2. Board of Directors

(a) Composition of the Board and its meetings:

In consonance with the requirements of the Companies Act, 2013, RBI Regulations and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board is constituted with appropriate blend of Independent and Non – Independent Directors to maintain the independence of the Board and to separate the Board functions of governance from management of the Company.

The Company is managed and controlled through a professional body of Board of Directors, which comprises of total Five Directors. Two Directors are Independent out of which one is a Woman Director. Two Directors are Non - Executive Directors and the Managing Director & CEO is the only Executive Director on the Board. The Managing Director & CEO is responsible for the conduct of the Business and the day-to- day affairs of the Company.

The Board consists of eminent persons with considerable professional expertise and experience. The Independent Directors do not have any pecuniary relationship or transactions with the Company (other than sitting fees), Promoters and Management, which may affect independence or judgement of the Directors in any manner. The Board of Directors is the apex body constituted by Shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that the Shareholders' long-term interests are being served

None of the Directors are disqualified as per the provisions of Section 164 of the Companies Act, 2013. Changes in the Directors and KMP have been covered in Director Report.

The Board meet at least once a quarter to review operations and other items on the agenda and on the General Meeting. Additional meetings are held when necessary. The Board has unrestricted access to all Company-related information, including that of our employees. At Board Meetings, managers and representatives who can provide additional insights into the items being discussed are invited. There are no inter-se relationships between the Board of Directors of the Company.

During the year, the Board met six times i.e. April 20, 2020, June 23, 2020, November 12, 2020, December 7, 2020, March 27, 2021. Due to Covid – 19, during FY 21, almost all the meetings of the Board and the Committees excluding Annual General Meeting and Extraordinary General meetings were held only through video conferencing. The quorum requirements were adequately met, and all circular resolutions were recorded in the minutes of succeeding meetings. The composition of the Board and their attendance details are as follows:

Name	DIN	20-Apr-20	23-Jun-20	02-Sep-20	12-Nov-20	07-Dec-20	27-Mar-21	Attendance at the last AGM
Dr. Vikram Akula (Non- Executive Director)	00906907	✓	✓	✓	✓	✗	✓	✗
Mr. A.V. Sateesh Kumar (Executive Director)	01769871	✓	✓	✓	✓	✓	✓	✓
Mr. Bikshamaiah Gujja (Non-Executive Director)	03102944	✓	✓	✓	✓	✓	✓	✗
Ms. Farzana Haque (Independent Director)	03276127	✗	✓	✓	✓	✗	✓	✗
[1] Dr. Shankar Ramaswami (Independent Director)	08863823	--	--	--	✓	✗	✓	--
[2] Mr. Jagadish Babu Ramadugu (Executive Director)	01855121	✓	✓	--	--	--	--	--
[3] Mr. Gautam Ivatury (Non-Executive Director)	03361826	✗	✗	--	--	--	--	--
[4] Dr. Alok Misra (Independent Director)	06433514	✓	✓	--	--	--	--	--

1. Dr. Shankar Ramaswami was appointed as Independent Director on September 3, 2020.
2. Mr. Jagadish Babu Ramadugu resigned as Director on August 31, 2020
3. Mr. Gautam Ivatury resigned as Director on August 11, 2020
4. Dr. Alok Misra resigned as Director August 22, 2020.

(b) Remuneration paid to the Directors

During the year under review, the Company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of ₹1,00,000 per meeting as prescribed under the Companies Act, 2013 and the rules made thereunder. In addition, the Non-Executive Directors will be paid traveling expenses including airfare, hotel stay and car on rental basis for attending the meetings of the Board/Committee and such other expenses as are incurred, if any by the Non-Executive Directors and allowed to be reimbursed as per the provisions of the Companies Act, 2013. There was no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the Financial Year ended March 31, 2021 other than those disclosed in the Financial Statements. Also, none of Directors of the Company except Mr. A.V. Sateesh Kumar, Managing Director & CEO is taking remuneration as approved by Board of the Company. The details of remuneration paid to Executive Director is included in **Annexure - 2** of the Directors Report.

(c) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of the Directors. The Board also evaluated the performance of the Independent Directors. The performance evaluation of the Directors are based on certain parameters as mentioned in the Nomination and Remuneration Policy. The Board has also evaluated its own performance as well as performance of all the committees. The Directors have expressed their satisfaction with the evaluation process.

(d) Performance Evaluation criteria for Independent Directors

Independent Directors have three key roles- governance, control and guidance. Some of the performance indicators, based on which the Independent Directors are evaluated, are:

- Contribution to and monitoring of Corporate Governance practices.
- Ability to contribute and address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of obligations and responsibilities.

The performance evaluation of Independent Director is done by the Board annually based on criteria of attendance and contributions at Board/Committee meetings.

3. Board Committees:

The members of the committees are co-opted by the Board. The Board constitute the committees and has defined their terms of reference. The Board at present, has six committees:

(i) Audit & Risk Management Committee

(ii) Nomination & Remuneration Committee

(iii) Borrowings Committee

(iv) Assets and Liability Management Committee

(v) Corporate Social Responsibility Committee and

(vi) IT Strategy Committee.

As per the charter of respective committees, the committees deliberate on the matters assigned/referred to it by the Board or as mandated by the statutes. Chairman for the committees are elected at the meetings except IT Strategy Committee. Company Secretary officiates as the Secretary to these Committees. Recommendations of the Committees are submitted to the Board to take decision on the matter requiring Board's decision. During the financial year under review, the Board has accepted the recommendation of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered. The minutes of all Committee meetings are placed before the Board for confirmation. Due to Covid – 19, most of the committee meetings were held through video conferencing.

Detailed terms of reference, composition, meetings, and other information of each of the Committees of the Board are detailed herein below:

(a) Audit & Risk Management Committee

The Audit & Risk Management Committee ensures prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. Majority of the members of the Committee are Independent Directors and all the members of the Audit & Risk Management Committee have required qualification and expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management. During the year under review, the Committee was reconstituted on June 23, 2020 and September 2, 2020.

Composition of the Committee and particulars of Committee meetings:

During the year under review, the committee met four times. The composition and attendance details of the committee is mentioned in the table below:

Name of the Member	Audit & Risk Management Committee meetings			
	22-Jun-20	02-Sep-20	12-Nov-2020	27-Mar-2021
Ms. Farzana Haque (Independent Director)	✓	✓	✓	✓
[1] Mr. Jagadish Babu Ramadugu (Non-Executive Director)	✓	--	--	--
[2] Dr. Alok Misra (Independent Director)	✓	--	--	--
[3] Mr. A.V. Sateesh Kumar (Managing Director & CEO)	--	✓	✓	✓
[4] Dr. Shankar Ramaswami (Independent Director)	--	--	✓	✓

1 & 2 Ceased to be member from June 23, 2020 and September 2, 2020 respectively.
3 & 4 Admitted as member from June 23, 2020 and September 2, 2020 respectively.

The terms of reference of Audit & Risk Management Committee are as under:

(i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iii) Examination of the financial statement and the auditors' report thereon;

(iv) Approval or any subsequent modification of transactions of the Company with related parties;

(v) Scrutiny of inter-corporate loans and investments;

(vi) Valuation of undertakings or assets of the Company, wherever it is necessary;

(vii) Evaluation of internal financial controls and risk management systems;

(viii) Monitoring the end use of funds raised through public offers and related matters;

(ix) Evaluating the risk mitigation / management system;

(x) Monitoring and reviewing of the risk management plan;

(xi) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board;

(xii) To discuss any related issues with the internal and statutory auditors and the management of the company;

(xiii) To investigate into any matter in relation to the items or referred to it by the Board;

(xiv) To obtain professional advice from external sources;

(xv) To have full access to information contained in the records of the company.

(b) Nomination & Remuneration Committee

The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Section 178 of the Companies Act, 2013 and RBI Regulations. The Committee ensures/determines fit and proper attributes/ qualifications of proposed/existing Directors and Key Managerial Personnel. The Nomination and Remuneration policy of the company has been uploaded on the website of the company. During the year under review, the committee was reconstituted on September 2, 2020.

Composition of the Committee and particulars of Committee meetings:

During the year under review, the committee met three times. The composition and attendance details of the committee is mentioned in the table below:

Name of the Member	Nomination and Remuneration Committee meetings		
	22-Jun-20	02-Sep-20	12-Nov-2020
Ms. Farzana Haque (Independent Director)	✓	✓	✓
Mr. Bikshamaiah Gujja (Non Executive Director)	✓	✓	✓
[1] Dr. Alok Misra (Independent Director)	✓	--	--
[2] Dr. Shankar Ramaswami (Independent Director)	--	--	✓

1. Ceased to be member from September 2, 2020.
2. Admitted as member from September 2, 2020.

The terms of reference of Nomination & Remuneration Committee are as under:

(i) Formulation of a policy governing, appointment and removal of Board of Directors.

(ii) Laying down criterion for evaluation of Directors' performance.

(iii) Formulation of a policy to determine compensation of executive members such as CEO etc. and key managerial personnel.

(iv) Implementation and review of compensation guidelines devised.

(v) Review and establish succession plans in senior management of the Company.

(vi) Review incentives to be given in addition to the existing payment plans.

(vii) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;

(viii) Recommend to the Board their appointment and removal shall carry out evaluation of every Directors performance.

(ix) Formulate the criteria for determining qualifications, positive attributes and independence of a Director; and

(x) Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

(c) Borrowing Committee

The Borrowing Committee was constituted with a view to ascertain and meet fund requirements of the Company through diversified resources as per the applicable provisions of the Companies Act, 2013 and rules made thereunder. During the year under review, the committee was reconstituted on June 23, 2020.

Composition of the Committee and particulars of Committee meetings:

During the year under review, the committee met eleven times. The composition and attendance details of the committee is mentioned in the table below:

Name of Members	Borrowing Committee meetings										
	29-Apr-20	24-May-20	08-Jul-20	28-Sep-20	22-Oct-20	22-Dec-20	18-Jan-21	05-Feb-21	24-Feb-21	19-Mar-21	25-Mar-21
Mr. A.V. Sateesh Kumar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Bikshamaiah Gujja	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Vikram Akula	✗	✗	✓	✓	✗	✗	✗	✗	✗	✓	✓
[1] Mr. Jagadish Babu Ramadugu	✓	✓	--	--	--	--	--	--	--	--	--

1. Ceased to be member as June 23, 2020.

The terms of reference of Borrowings Committee are as under:

(i) To review and recommend funding strategy of the Company;

(ii) To review the funding mix from time to time to ensure mitigation of risk concentration in terms of specific lender or lender class;

(iii) To review cash flows and liquidity levels;

(iv) To review the funding pipelines on a periodic basis;

(v) To approach Banks, Financial Institutions, All India Financial Institutions, NBFCs, other entities/ lenders for obtaining loans, debentures, convertible instruments, Bonds, other instruments or such other agreed form of loans;

(vi) To review and finalize the terms and conditions and approve the loan/borrowing facilities (including but not limited to Term Loans, Revolving Term Loans, Cash Credit, Overdraft, Commercial Papers, Convertible/Non-Convertible Debentures/Bonds, External Commercial Borrowings (ECBs), Securitisation and Direct Assignment Transactions, etc.) from both domestic and foreign Banks (including all types of Banks), Financial Institutions (including All India Financial Institutions), Non-Banking Finance Companies (NBFCs), Developmental Financial Institutions (DFIs), or other entities, persons, firms, bodies corporate in Indian or foreign currency) within the specified limits;

(vii) Nominate and designate representative(s) to carry out the required documentation for the abovementioned facilities approved by this Committee.

(viii) To enter and sign the agreements, deeds, documents, papers etc. for obtaining the abovementioned facilities.

(ix) Power/authority to open bank accounts in the name of the Company.

(x) To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable law from time to time.

(d) Assets Liability Management Committee

Pursuant to the regulatory framework for NBFC-ND-SI issued by Reserve Bank of India, Asset and Liability Management Committee (ALCO) was constituted. The Committee lays down policies and quantitative limits that involve assessment of various types of risks and movements in assets and liabilities to manage such risks. The Committee monitors, on an ongoing basis, Liquidity, Interest Rate and Funding Risks to which the company is susceptible. During the year under review, the Committee was reconstituted on June 23, 2020 and November 12, 2020.

Composition of the Committee and particulars of Committee meetings:

During the year under review, the committee met four times. The composition and attendance details of the committee is mentioned in the table below:

Name of Member	Asset Liability Committee meetings			
	22-Jun-20	02-Sep-20	12-Nov-20	27-Mar-21
[1] Mr. A.V. Sateesh Kumar (Managing Director & CEO)	✓	✓	✓	✓
Mr. S. Lakshminaryanan (Chief Financial Officer)	✗	✓	✓	✗
Mr. Shashank Shankpal (AVP- Finance and Accounts)	✓	✓	✓	✓
[2] Mr. Vijay Kumar	✗	✗	--	--
[3]Mr. Kishan Kumar Reddy (Head (AVP) - Risk & Internal Audit)	--	--	--	--

1. Admitted as member on June 23, 2020.
2. Ceased to be member on November 12, 2020.
3. Admitted as member on September 25, 2021.

The terms of reference of Asset Liability Management Committee are as under:

(i) Addressing concerns regarding Asset Liability mismatches;

(ii) Achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity;

(iii) Addressing concerns regarding interest rate risk exposure;

(iv) To continuously review the fund requirement of Company on monthly and quarterly basis in accordance with the ongoing business plan;

(v) To review the cash management and optimum utilisation of the funds available to the company at frequent intervals;

(vi) To review the fund position in each prescribed Asset Liability Management (ALM) buckets;

(vii) To review, examine and approval of statements viz; liquidity statements, funds statements interest sensitivity statements, other statements etc; and

(viii) To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

(e) Corporate Social Responsibility Committee

In terms of section 135 and Schedule VII of the Companies Act, 2013 read with rules made thereunder, the Board of Directors of your Company have constituted a Corporate Social Responsibility Committee. During the year under review, the committee was reconstituted on June 23, 2020.

Composition of the Committee and particulars of Committee meetings:

During the year under review, the committee met four times. The composition and attendance details of the committee is mentioned in the table below:

Name of Members	Corporate Social Responsibility Committee meetings			
	29-Jun-20	02-Sep-20	12-Nov-20	27-Mar-21
Ms. Farzana Haque (Independent Director)	✓	✓	✓	✓
[1]Mr. A.V.Sateesh Kumar (Managing Director & CEO)	✓	✓	✓	✓
Mr. Bikshamaiah Gujja (Non-Executive Director)	✓	✗	✓	✓

1. Admitted as member on June 23, 2020.

The terms of reference of Corporate Social Responsibility Committee are as under:

(i) Draft the CSR policy and recommend the same to the Board for approval.

(ii) Review and recommend any new CSR initiatives to be taken up by the company including the selection/appointment of implementation agencies.

(iii) Review the progress of CSR projects already undertaken by the Company and the utilization of budgets for each such projects

(iv) Review and recommend the CSR report to be included in the Board's Report.

(v) Review and recommend any amendments to be made in the CSR policy of the Company.

(vi) To carry such other functions as may be delegated to it by the Board relating to CSR.

(f) Information Technology ("IT") Strategy Committee

In compliance with the RBI Master Direction – Information Technology Framework for the NBFC Sector, your Board of Directors had constituted an IT Strategy Committee and delegated the power to review the compliance of IT framework. During the year under review, the committee was reconstituted on June 23, 2020, November 12, 2020 and February 2, 2021.

Composition of the Committee and particulars of Committee meetings:

During the year under review, the committee met four times. The composition and attendance details of the committee is mentioned in the table below:

Name of Member	IT Strategy Committee meetings			
	29-Jun-20	02-Sep-20	12-Nov-20	27-Mar-21
Ms. Farzana Haque (Independent Director) - Chairman	✓	✓	✓	✓
[1] Mr. A.V. Sateesh Kumar (Managing Director & CEO)	✓	✓	✓	✓
[2] Mr. Anil Kumar	✓	✓	✓	--
[3] Mr. Vijay Kumar	✓	✓	--	--
[4] Mr. Sridhar Sivalenka (CTO & CIO)	--	--	--	✓

1 Admitted as member on June 23, 2020.
2 Ceased to be member from February 2, 2021
3 Ceased to be member from November 12, 2020
4 Admitted as member on February 2, 2021

The terms of reference of IT Strategy Committee are as under:

(i) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.

(ii) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.

(iii) Ensuring IT investments represent a balance of risks and periodically assessed from time to time and ensure that the benefits of the investments in IT should result in value addition to the business processes and that budgets are acceptable.

(iv) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

(v) Ensuring proper balance of IT investments for sustaining Vaya's growth and becoming aware about exposure towards IT risks and controls.

(vi) To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws from time to time.

4 General Body Meetings:

(a) Annual General Meeting (AGM):

The details of the Annual General Meetings of the Company held during last three years are given below:

Financial Year	Date	Time (IST)	Venue	Special resolutions
2019-20	30-Sep-20	11.00 AM	Registered Office	• Approval for issuance of Bonds/Debt Securities /Non-Convertible Debentures etc. upto ₹500 Crores • Ratification of dividend paid to the Compulsory Convertible Preference Shareholders
2018-19	30-Sep-19	3.00 PM	Registered office	• Consideration and approval of issuance of Non-Convertible Debentures (NCDs /Debt Securities / Bonds upto ₹300 Crores.
2017-18	30-Sep-18	5.00 PM	Registered office	• Consideration and approval of issuance of Non-Convertible Debentures (NCDs /Debt Securities / Bonds upto ₹300 Crores.

(b) Extraordinary General Meeting (EGM):

During the year under review, four Extraordinary General Meetings were convened. The meetings were duly convened, and the resolutions passed were duly recorded in the minutes of the said meetings.

The Extraordinary General Meeting details are as follows:

Date	Time(IST)	Venue
29-Jul-20	11.00 AM	Registered office
03-Sep-20	11.00 AM	Registered office
13-Nov-20	11.00 AM	Registered office
08-Dec-20	11.00 AM	Registered office

5. Shareholders' Communication

All important information relating to the Company, its financial performance, Shareholding pattern, business information, policies are placed as per RBI regulations and LODR regularly on Company's website. The Half Yearly and Annual Financial Results of the Company are normally published in "Business Standard" and other newspapers. These results are also available on BSE website. The company also send various communications including Documents like notice and Annual Reports to the Shareholders at their email address.

6. General Information for Members and Debenture holders

The Secured, Redeemable, Non-Cumulative, Non-Convertible Debentures issued by the Company on a private placement basis were listed on the BSE. The Company has complied with the LODR Regulations and ILDS Regulations.

The Company is registered with the Registrar of Companies, Hyderabad. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs ("MCA") is U67190TG2014PTC093562.

Details of Debenture Trustees and the Registrar and Transfer Agents for the Debentures issued by the Company are, given below:

(i) Debenture Trustees

Catalyst Trusteeship Limited ("Trustee")

Add: Windsor, 6th Floor, Office No. 604, CST Road, Kalina,

Santacruz (East), Mumbai-400098

Ph No: 022-49220555

E-Mail: ComplianceCTL-Mumbai@ctltrustee.com

(ii) Registrar and Transfer Agents

Link Intime India Private Limited

Add: C 101, 247 Park, L B S Marg Vikhroli (West)

Mumbai- 400083

Ph No: 022 - 4918 6000

E-mail: equityca@linkintime.co.in; debtca@linkintime.co.in

7. Applicability of Corporate Governance Report:

As a part of good corporate governance, the Company has voluntarily adopted Corporate Governance Report. Being debt listed, certain information as required to be disclosed by Equity listed company are not applicable to the debt listed company and hence have not been covered in this report.

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 00906907

Place: Seattle
Date: September 25, 2021

Annexure 2
Details of the Managerial Remuneration as per Companies Act, 2013 for FY 2020-21

I. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Requirement	Disclosure
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Managing Director & CEO: 28 times
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Increase in Remuneration: Chief Executive Officer: Nil Chief Financial Officer: Nil Company Secretary: Nil
3.	The percentage increase in the median remuneration of employees in the financial year	1.94%
4.	The number of permanent employees on the rolls of company as on March 2021	1903
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salaries of employees was 4.45% and the average increase in the managerial remuneration (CEO, CFO & CS) : Nil
6.	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is paid as per remuneration policy of the Company

II. The statement containing particulars of employees as required under Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year 2020-21 is provided under.

S. No.	Name of the Employee	Designation	Remuneration received (₹ in crore)	Nature of Employment	Date of commencement of employment	Age of the employee	Last employment held by such employee before joining the Company	% of Equity Shares held by the employee in the company	Whether any such employee is a relative of any director or manager of the company, if so, name of such director or manager
1.	A.V. Sateesh Kumar*	MD & & CEO	1.10	Contractual	20/04/2020	57 years	D.light	9.07 %	No
2.	S. Lakshmi-narayanan**	CFO	0.93	Contractual	30/06/2020	49 years	App Labs Limited	5.78 %	No

* Mr. A.V. Sateesh Kumar has been appointed as MD & CEO w.e.f April 20, 2020.

** Mr. S Lakshminaryanan has been appointed as CFO w.e.f June 30, 2020.

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 00906907

Place: Seattle
Date: September 25, 2021

Annexure 3
Annual Report on Corporate Social Responsibility (CSR) Activity
[Pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken**

   The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged. In alignment with this vision, the Company, through its CSR initiatives, will continue to enhance value creation in the society.

   Vaya Finserv Private Limited is a Non-Banking Non-Deposit taking Systematically Important Financial Company engaged in the business of providing financial services to the women entrepreneur in rural areas. Therefore, the Company prefers to spend in the areas of education of women and children

   Your Company is working on areas like empowerment through Education, Employment and Women Entrepreneurship through various Non-Government Organisations spread across the country.

2. The composition of the Committee has been mentioned in the Corporate Governance Report which forms part of Director's Report.

3. **Web-link for the Composition of CSR committee and CSR Policy as approved by the board:** http://www.vayaindia.com/about-us.

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):** Not Applicable for the financial year under review.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No	Financial Year	Amount available for set-off from preceding financial years (₹)	Amount required to be set-off for the financial year, if any (₹)
1.	*2020-21	91,000	Nil
2.	2019-20	Nil	Nil
3.	2018-19	NA	NA

**The Company has spent in excess of the mandatory requirement under the Companies Act, 2013 and the same is not proposed to be set off.*

6. Average net profit of the company as per section 135(5): ₹18.54 crore

7. (a) Two percent of average net profit of the company as per section 135(5): ₹37.09 Lakhs

   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil

   (c) Amount required to be set off for the financial year, if any: Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹37.09 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of transfer
38,00,000	NA	NA	NA	NA	NA

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

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount allocated and spent for the project (in ₹)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District.			Name.	CSR registration number.
NA									

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

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District.			Name.	CSR registration number.
1	Providing leadership skills to youth	Livelihood enhancement projects;	Yes	All states		4,00,000	No	1 Million For 1 Billion (1M1B)	--
2	Providing Education to poor and orphan children	Education	No	Odisha	Kendrapara	5,00,000	No	Farooque Educational Trust	--
3	Child welfare program including education, medical care, etc	Education, Poverty, hunger, malnutrition	No	Odisha	Cuttack	6,00,000	No	Yusuf Memorial Trust	--
4	Providing support to children who have limited financial means	Livelihood enhancement projects;	No	Odisha	Cuttack	2,00,000	No	Al-Kairulwara Educational Trust	--
5	Providing support to women entrepreneurs to start up and scale up their businesses	Women empowerment	Yes	All states		9,00,000	No	Catalyst for Women Entrepreneurship (CWE)	--
6	Program for educating girl child	Education		Rajasthan, Madhya Pradesh and Uttar Pradesh	All districts	2,00,000	No	Foundation to Educate Girls Globally	--
7	Providing support to youth and encourage for creative thinking	Livelihood enhancement projects;		Karnataka	All districts	10,00,000	No	INK Foundation (Ixoraa Knowledge Foundation)	--
		Total				**38,00,000**			

(d) Amount spent in Administrative Overheads: Nil

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹38,00,000

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

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

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

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

Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
NA								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NA

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

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 00906907

Place: Seattle
Date: September 25, 2021

Mr. A.V. Sateesh Kumar
Managing Director & CEO
DIN 01769871

Place: Hyderabad
Date: September 25, 2021

Ms. Farzana Haque
Chairman, CSR Committee
DIN: 03276127

Place: Mumbai
Date: September 25, 2021

Annexure 4
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
VAYA FINSERV PRIVATE LIMITED,
(CIN: U67190TG2014PTC093562),
SLN Terminus, #4-51/SLNT/L4-05, Gachibowli,
Kondapur Road, Hyderabad-500032, Telangana, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **VAYA FINSERV PRIVATE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2021 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2021 according to the provisions of:

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

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; - **(Not applicable to the Company during the Audit Period)**

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(4) Foreign Exchange Management Act, 1999 and the rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. **- (Not applicable to the Company during the Audit Period)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. **(Not applicable to the Company during the Audit Period)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. - **(Not applicable to the Company during the Audit Period)**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **(Not applicable to the Company during the Audit Period).**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period).**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable to the Company during the Audit Period).**
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; **- (Not applicable to the Company during the Audit Period).**
- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(6) The Company has identified the following laws as specifically applicable to the Company.

- (a) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- (b) Master Direction - Information Technology Framework for the NBFC Sector.

(c) Master Direction - Know Your Customer (KYC) Direction, 2016.

(d) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

(e) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

(f) Master Circular- 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) – Directions.

We have also examined compliance with the applicable clauses of the following:

(1) Secretarial Standards issued by The Institute of Company Secretaries of India;

(2) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that in few instances there were delay in filings / Intimations to the Stock Exchange under Regulations 7(3), 50(3) and 60(2) of the SEBI LODR.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

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

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

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events/actions that having a major bearing on the Company affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

For R&A Associates,
Company Secretaries

CS R. Ramakrishna Gupta
Senior Partner
FCS No.: 5523
CP No.: 6696
UDIN: F005523C000662366

Place: Hyderabad
Date: July 20, 2021

This report is to be read with our letter of even date, which is annexed as "Annexure – A" and forms an integral part of this report.

"Annexure – A"

To
The Members,
VAYA FINSERV PRIVATE LIMITED,
(CIN: U67190TG2014PTC093562),
SLN Terminus, #4-51/SLNT/L4-05, Gachibowli,
Kondapur Road, Hyderabad-500032, Telangana, India.

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

1. Maintenance of Secretarial Records is the responsibility of the management of **VAYA FINSERV PRIVATE LIMITED** ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For R&A Associates,
Company Secretaries

CS R. Ramakrishna Gupta
Senior Partner
FCS No.: 5523
CP No.: 6696

Place: Hyderabad
Date: July 20, 2021

Independent Auditor's Report

To the Members of Vaya Finserv Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Vaya Finserv Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to Note 2 to the accompanying financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic outbreak on the Company's operations, the extent of which is significantly dependent on future developments, as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment losses on loan portfolio and implementation of COVID relief measures Refer note 3(e) for significant accounting policies and note 39 for credit risk disclosures. The Company has gross loan assets of ₹ 75,973 lakhs outstanding as at 31 March 2021, against which an impairment of ₹ 4,876 lakhs has been recorded while an impairment loss of ₹ 2,916 lakhs has been recorded as at such date against the 'managed portfolio' of the Company in accordance with the terms of arrangement for 'business correspondent services' entered into	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Evaluated the Company's accounting policies for estimation of expected credit loss on loans and impairment loss on managed portfolio in accordance with the requirements of Ind AS 109, Financial Instruments; • Obtained an understanding of the modelling techniques adopted by the Company including

Key audit matter	How our audit addressed the key audit matter
by the Company with certain banks. Under such arrangement, the Company has given a guarantee against credit impairment loss on the managed portfolio of loans to the extent of 5% of such portfolio as explained in note 43, which is also measured in accordance with Ind AS 109, Financial Instruments, using 'Expected Credit Loss' (ECL) method. The ECL is measured at 12-month ECL for Stage 1 loan assets and managed portfolio and at lifetime ECL for Stage 2 and Stage 3 loan assets and managed portfolio in accordance with the accounting policy adopted by the Company. Significant management judgement in measuring ECL is required with respect to: • determining the criteria for significant increase in credit risk • factoring in forward-looking information (including macroeconomic factors on a portfolio level) • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors and a change in such models or assumptions could have a material impact on the accompanying financial statements. Further,COVID-19 pandemic has added to the complexity of determination of aforesaid parameters in the current year. **Implementation of COVID-19 relief measures** During the current year, the Company has implemented the "COVID 19 Regulatory Package - Asset Classification and Provisioning" as announced by the Reserve Bank of India ('the RBI') on 27 March 2020, dated 17 April 2020 and 23 May 2020 and "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'COVID-19 – Regulatory Package'), which were collectively considered by the management in identification and provisioning of nonperforming assets. Considering the significance of the above	the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD), including the adjustments made to such estimates on account of COVID-19 impact; • Obtained the approved policy of board of directors to understand the relief measures sanctioned to various class of borrowers in accordance with the directions given by Reserve Bank of India ('RBI') and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per the COVID-19 – Regulatory Package. • For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions with agreed repayment schedule of the borrowers and publicly available information, including the impact of moratorium facility availed by certain borrowers pursuant to aforesaid relief measures announced by RBI; • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically;

Key audit matter	How our audit addressed the key audit matter
matter to the financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, degree of estimation uncertainty and significant management judgment involved, this area required significant auditor attention to test such complex accounting estimates, and accordingly, this matter has been identified as a key audit matter for the current year audit. We also draw attention to note 2 to the accompanying financial statements regarding uncertainties arising out of COVID-19 pandemic and the consequential impact on the appropriateness of impairment losses provided on the aforementioned loan assets and managed portfolio outstanding as on 31 March 2021.	• With respect to the management's assessment for the requirement of additional provisions to be made on account of the impact of the COVID-19 pandemic, we understood and evaluated the underlying assumptions used by the Company for such estimate by considering our understanding of the risk profiles of the customers of the Company. • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 39 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.
Information Technology system for the financial reporting process The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Since our audit strategy focused on audit of key IT systems and controls due to the pervasive impact of such systems and controls on the financial statements, we have determined the same as a key audit matter for current year audit.	Our audit procedures with the involvement of our IT specialists included, but were not limited to, the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related user interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income, provisions on loans, NPA identification for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

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

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.
17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the financial statements dealt with by this report are in agreement with the books of account;
    d. in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
    e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
    f. we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 June 2021 as per Annexure B expressed unmodified opinion; and

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

   i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

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

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

Manish Gujral
Partner
Membership No: 105117
UDIN: 21105117AAAAEJ8700

Place: Mumbai
Date: 26 June 2021

Annexure A to the Independent Auditor's Report of even date to the members of the Vaya Finserv Private Limited, on the financial statements for the year ended 31 March 2021

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitativedetails and situation of Property, plant and equipment.

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

(c) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are no applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

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

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

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

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

Annexure A (Contd)

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

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

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

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

(xiv) During the year, the Company has made private placement of equity Shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment or private placement of fully or partly convertible debentures.

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

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

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

Manish Gujral
Partner
Membership No: 105117
UDIN: 21105117AAAAEJ8700

Place: Mumbai
Date: 26 June 2021

Annexure B to the Independent Auditor's Report of even date to the members of the Vaya Finserv Private Limited on the financial statements for the year ended 31 March 2021

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Vaya Finserv Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Annexure B (Contd)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

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

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

Manish Gujral
Partner
Membership No: 105117
UDIN: 21105117AAAAEJ8700

Place: Mumbai
Date: 26 June 2021

Financial Statements

Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs except otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Financial assets			
Cash and cash equivalents	4	20,046	5,980
Bank balances other than cash and cash equivalents	5	6,282	4,557
Trade receivables	6	1,973	1,909
Loans	7	71,097	66,156
Investments	8	-	57
Other financial assets	9	542	350
		99,940	**79,009**
Non-financial assets			
Current tax assets (net)	10	287	564
Deferred tax assets (net)	11	1,276	499
Property, plant and equipment	12	396	777
Other intangible assets	13	5	8
Other non-financial assets	14	95	127
		2,059	**1,975**
Total		**101,999**	**80,984**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt securities	15	25,419	31,422
Borrowings (other than debt securities)	16	41,054	26,493
Other financial liabilities	17		
(i) Total outstanding dues of micro enterprises and small enterprises		1	3
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,210	4,047
		71,684	**61,965**
Non-Financial liabilities			
Current tax liabilities (net)	10	140	-
Provisions	18	280	217
Other non-financial liabilities	19	230	235
		650	**452**
Equity			
Equity Share capital	20	9,089	2,734
Other equity	21	20,576	15,833
		29,665	**18,567**
Total		**101,999**	**80,984**

Summary of significant accounting policies 3

The accompanying notes 1 - 48 are an integral part of the financial statements.

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

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

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

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2021

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 26 June 2021

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 26 June 2021

S. Lakshminarayanan
Chief Financial Officer

Place: Hyderabad
Date: 26 June 2021

Deepika Singh
Company Secretary
Membership No.: A28358

Place: Hyderabad
Date: 26 June 2021

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

(All amounts in ₹ lakhs except otherwise stated)

		Notes	Year ended 31 March 2021	Year ended 31 March 2020
1	**Revenue from operations**			
	Interest income	22	15,137	13,171
	Fee and commission income	23	727	1,788
	Net gain on fair value changes	24	190	285
	Revenue from contract with customers	25	3,484	3,691
	Net gain on derecognision of financial instrument	26	228	297
	Total revenue from operations		**19,766**	**19,232**
2	**Other income**	27	363	96
3	**Total income (1+2)**		**20,129**	**19,328**
4	**Expenses**			
	Finance costs	28	7,635	7,111
	Impairment on financial instruments	29	4,474	4,323
	Employee benefits expenses	30	4,844	4,555
	Depreciation and amortisation expense	31	153	195
	Other expenses	32	1,726	2,046
	Total expenses		**18,832**	**18,230**
5	**Profit before tax (3-4)**		**1,297**	**1,098**
6	**Tax expense**	33		
	Current tax		(1109)	(958)
	Deferred tax credit		766	540
			(343)	**418**
7	**Profit for the year (5-6)**		**954**	**680**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit and loss			
	Remeasurement gains/(loss) on defined benefit plans		(39)	11
	Income tax relating to the above		10	(3)
	Other comprehensive income for the year		**(29)**	**8**
9	**Total comprehensive income for the year (7+8)**		**925**	**688**
10	**Earning per equity share (face value of ₹ 10 each)**	34		
	Basic (₹)		1.63	2.49
	Diluted (₹)		1.63	1.09

Summary of significant accounting policies 3

The accompanying notes 1 - 48 are an integral part of the financial statements.

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

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

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

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2021

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 26 June 2021

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 26 June 2021

S. Lakshminarayanan
Chief Financial Officer

Place: Hyderabad
Date: 26 June 2021

Deepika Singh
Company Secretary
Membership No.: A28358

Place: Hyderabad
Date: 26 June 2021

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

(All amounts in ₹ lakhs except otherwise stated)

A **Equity share capital**

Particulars	Balance as at 1 April 2019	Changes in equity share capital	Balance as at 31 March 2020	Changes in equity share capital	Balance as at 31 March 2021
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	2,734	-	2,734	6,216	8,950
Equity shares of ₹ 10 each, issued, subscribed and partly paid up of ₹ 1 each	-	-	-	139	139
	2,734		**2,734**	**6,355**	**9,089**

B **Other equity**

Particulars	Equity component of compound financial instruments	Reserves					
		Statutory Reserve	Securities premium	General reserve	Share option outstanding account	Retained earnings	Total
Balance as at 1 April 2019	**1,686**	**639**	**22**	**-**	**-**	**1,234**	**3,581**
Profit for the year	-	-	-	-	-	680	**680**
Other comprehensive income (net of tax)	-	-	-	-	-	8	**8**
Extinguishment of financial liabilty with equity instruments	11,564	-	-	-	-	-	**11,564**
Transfer to statutory reserves	-	136	-	-	-	(136)	**-**
Balance as at 31 March 2020	**13,250**	**775**	**22**	**-**	**-**	**1,786**	**15,833**
Profit for the year	-	-	-	-	-	954	**954**
Other comprehensive income (net of tax)	-	-	-	-	-	(29)	**(29)**
Conversion of CCPS to Equity (refer note 20(b)(ii))	(13,250)	-	9,486	-	-	250	**(3,514)**
Transfer to statutory reserves	-	191	-	-	-	(191)	**-**
Issue of equity shares	-	-	7,298	-	-	-	**7,298**
Employee stock option expense	-	-	-	-	34	-	**34**
Balance as at 31 March 2021	**-**	**966**	**16,806**	**-**	**34**	**2,770**	**20,576**

The accompanying notes 1-48 are an integral part of the financial statements.

This is the statement of changes in equity referred to in our report of even date.

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

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

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2021

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 26 June 2021

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 26 June 2021

S. Lakshminarayanan
Chief Financial Officer

Place: Hyderabad
Date: 26 June 2021

Deepika Singh
Company Secretary
Membership No.: A28358

Place: Hyderabad
Date: 26 June 2021

Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ lakhs except otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Profit before tax	**1,297**	**1,098**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	153	195
Impairment on financial instruments	4,474	4,323
Net gain on fair value changes	(190)	(285)
Interest income on term deposits	(155)	(82)
Finance costs on leases and sub-ordinated liabilities	65	450
Effective interest rate adjustment for financial instruments	20	98
Revenue recognised as business correspondent	325	139
Net gain on dereognition of financial instrument	17	(150)
Share based payments to employees	34	-
Net (gain)/loss on derecognition of property, plant and equipment	3	4
Operating profit before working capital changes	**6,043**	**5,790**
Working capital changes		
Changes in loans	(8,583)	(23,555)
Changes in trade receivables	(389)	992
Changes in other financial assets	(209)	(102)
Changes in other non financial assets	32	(44)
Changes in other financial liabilities	319	(2,728)
Changes in provisions	23	82
Changes in other non financial liabilities	(5)	26
Cash used in operating activities	**(8,812)**	**(25,329)**
Income taxes paid (net)	(692)	(1,488)
Net cash used in operating activities (A)	**(3,461)**	**(21,027)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(22)	(118)
Proceeds from sale of property, plant and equipment	291	4
Interest received on fixed deposits with bank	44	121
Investments in fixed deposit	(3,455)	(4,273)
Redemption of fixed deposit	1,841	3,708
Investments in mutual funds	(59,759)	(63,344)
Proceeds from sale of mutual funds	60,006	63,804
Net cash used in investing activities (B)	**(1,054)**	**(98)**
Cash flows from financing activities		
Proceeds from borrowings (other than debt securities)	37,278	39,911
Repayment of borrowings (other than debt securities)	(32,826)	(26,721)
Repayment of lease liability	(72)	(102)
Proceeds from issuance of debt securities	6,700	7,600
Repayment of debt securities	(2,000)	-
Proceeds from issue of equity shares including share premium	10,139	-
Dividend paid	(638)	(784)
Net cash generated from financing activities (C)	**18,581**	**19,904**
Net movement in cash and cash equivalents (A+B+C)	**14,066**	**(1,221)**
Cash and cash equivalents as at the beginning of the year	5,980	7,201
Cash and cash equivalents as at the end of the year (refer note 4)	**20,046**	**5,980**

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

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

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

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2021

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 26 June 2021

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 26 June 2021

S. Lakshminarayanan
Chief Financial Officer

Place: Hyderabad
Date: 26 June 2021

Deepika Singh
Company Secretary
Membership No.: A28358

Place: Hyderabad
Date: 26 June 2021

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

1 Background or Corporate Information

Vaya Finserv Private Limited ('Company') is domiciled in India and incorporated under the provisions of Companies Act, 2013. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ('RBI') with effect from 4 May 2017. The Company provides unsecured loans to women in rural and semi urban areas and organised as Joint Liability Groups ('JLG'). The Company is also 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.

Basis of preparation of financial statements in liquidity format

i) Statement of compliance with Indian Accounting Standards (Ind AS)

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

The financial statements for the year ended 31 March 2021 were authorised and approved for issue by the Board of Directors on 26 June 2021.

ii) Historical cost conversion

These financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and liabilities which are measured at fair values as explained in relevant accounting policies.

2 Uncertaininties relating to Covid-19 Pandemic

Consequent to the outbreak of the COVID-19 pandemic, its impact, including changes in customer behavior and pandemic fears, as well as restriction of business and individual activities, had led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. These developments resulted in lower demand for new loans and lower collections, however, regulatory measures like moratorium on payment of dues and standstill in asset classification mitigated the economic consequences on the borrowers during the year ended 31 March 2021. The extent to which COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance, will depend on ongoing as well as future developments which are highly uncertain. The Company's capital and liquidity position remains sufficient and would continue to be the focus area for the Company; accordingly, the Company does not expect a stress on its liquidity situation in the immediate future.

In accordance with the Board approved moratorium policy and Reserve Bank of India guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 23 May 2020, the Company has offered moratorium on payment of instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to eligible borrowers as per the Company's policy. For such accounts where the moratorium is granted, the asset /stage-wise classification has remained stand still during the moratorium period as per the Notification issued by RBI dated 17 April 2020.

The Company has recognized provisions as on 31 March 2021, towards its loan assets and managed portfolio ('business correspondent service'), based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these financial statements.

3 Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for the periods presented in the financial statements.

a) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

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

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Asset Class	Useful life
Office equipments	5 years
Computer equipments	3 years
Furniture and fixture	10 years
Vehicle	8 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use till the date the asset is sold or disposed. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is derecognised.

b) Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

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

Intangible assets are amortised over a period of 4 years from the date when the assets are available for use, on straight line method as per management's estimate. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Interest and processing fee income on loans

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognized when the related loan assets are derecognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Income from business correspondent services

Income from business correspondent services is recognised as and when the services are rendered (refer note 43).

Dividend income

Dividend income is recognised at the time when the right to receive is established on the reporting date.

Miscellaneous income

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/collection.

d) Financial Instrument

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

i. Financial assets carried at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. Investments in mutual funds

Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

Derecognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

First loss default guarantee

First loss default guarantee contracts are contracts that require the Company to make specified payments to reimburse the bank and financial institution for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a agreement. Such financial guarantees are given to banks and financial institutions, for whom the Company acts as 'Business Correspondent'.

These contracts are initially measured at fair value and subsequently measured at higher of:

i. The amount of loss allowance (calculated as described in policy for impairment of financial assets)

ii. Maximum amount payable as on the reporting date to the respective bank/financial institution which is based on the amount of loans overdue for more than 90 days in respect to agreements with bank and financial institutions

Further, the maximum liability is restricted to the cash outflow agreed in the agreement.

Compound financial instruments

Convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum (including redemption premium, if any) at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Determination of fair value

The Company measures investments under financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

a) Level 1: Quoted prices (unadjusted) for identical instruments in an active market.
b) Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs.
c) Level 3: Inputs which are not based on observable market data (unobservable inputs).

e) Impairment of financial assets

Loan assets

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

Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date, and the Company has rebuttable presumption of Stage 1 classification for loans which have a days past due status of 0-29 days.

Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, and the Company has rebuttable presumption of Stage 2 classification for loans which have a days past due status of 30-89 days, unless identified at an earlier stage.

Stage 3 includes loan assets that have objective evidence of impairment at the reporting date, and the Company has rebuttable presumption of Stage 3 classification for loans which have a days past due status of 90 days and beyond.

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

Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)

LGD represents the Company's expectation of the extent of loss on a defaulted exposure.

Exposure at Default (EAD)

EAD is based on the amounts the Company expects to be owed at the time of default.

Forward-looking economic information (including management overlay) is included in determining the ECL. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

ECL is estimated after considering time value of money by discounting cash flows at their present values using the original effective interest rate of the loan.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

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

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

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

f) Taxation

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

g) Employee Benefits

Short-term employee benefits

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

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

i) Defined contribution plan

The Company makes contributions under a defined contribution plan to statutory provident fund in accordance with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The contributions payable are recognised as an expense in the period in which services are rendered by the employees.

ii) Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, where in the amount than an employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date together with adjustment for past services costs, if any. The defined benefit obligation is calculated at the Balance Sheet date by an independent actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

iii) Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to availed after one year from the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

h) Share based payments

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

i) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents includes bank overdrafts, if that are repayable on demand and form an integral part of the Company's cash management.

k) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability

Disclosure for contingent liabilities is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Company or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

l) Leases

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset, except for lease modifications airising as a direct consequence of Covid-19 pandemic which are accounted in accordance with Paragraphs 46A-46B of Ind AS 116 inserted vide Notification No. G.S.R. 463(E) dated 24th July, 2020.

m) Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Cash flow statements

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

o) Segment reporting

The Chief Operating Decision Maker ('CODM') reviews the operations at the Company level. The operations of the Company fall under 'financing activities' which is considered to be the only reportable segment in accordance with the provisions of Ind AS 108, Operating Segments. The Company operates in a single geographical segment, i.e. domestic.

p) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements:

Recognition of deferred tax assets

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

Business model assessment

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

Evaluation of indicators for impairment of assets

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

Expected credit loss ('ECL')

The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behavior. The Company makes significant judgements with regard to the following while assessing expected credit loss:

i. Determining criteria for significant increase in credit risk;

ii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

iii. Establishing groups of similar financial assets for the purposes of measuring ECL.

Significant estimates

Useful lives of depreciable/amortisable assets

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

Defined benefit obligation (DBO)

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

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Company has considered the average borrowing rate of similar tenures and used them for Ind AS 116 calculation purposes.

Determining standalone selling price of the different components in business correspondent services contracts

In revenue contracts where the Company acts as a business correspondent, it has several distinct performance obligations, like sourcing the loan, servicing the loan, and providing a first loss default guarantee. Ind AS 115 requires the transaction price to be allocated to such distinct performance obligations based on their standalone selling prices. Considering that the Company does not offer these services individually, and only as a group, the allocation is done based on management estimates using a cost plus margin approach.

	As at 31 March 2021	As at 31 March 2020
4 Cash and cash equivalents		
Cash on hand	21	36
Balances with banks		
-Balances with banks in current account	7,818	3,787
-Bank deposit with maturity of less than 3 months *	12,207	2,157
	20,046	**5,980**

* Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and to earn interest at the respective short-term deposit rates.

	As at 31 March 2021	As at 31 March 2020
5 Bank balances other than cash and cash equivalents		
Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments	6,282	4,557
	6,282	**4,557**

The amount under lien as security against term loan availed, assets securitised, first loss default guarantee are as follows :

	As at 31 March 2021	As at 31 March 2020
Term loans	2,767	884
Securitisation arrangements	1,206	1,522
Security against first loss default guarantee	2,310	2,151
	6,283	**4,557**

	As at 31 March 2021	As at 31 March 2020
6 Trade receivables		
Considered good (unsecured)*	1,973	1,909
	1,973	**1,909**

Trade receivables are non interest bearing and it is primarily from very reputed and creditworthy parties, and the contractual terms are such that the expected credit loss is immaterial, therefore related disclosures are also not given.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

	As at 31 March 2021	As at 31 March 2020
7 Loans		
At amortised cost		
A) Term loans		
Joint liability loans (unsecured)	75,973	67,991
Total Gross	**75,973**	**67,991**
Less: Impairment loss allowance	(4,876)	(1,835)
Total Net	**71,097**	**66,156**
B) Loans in India		
Public sector	-	-
Others (unsecured)	75,973	67,991
Total Gross	**75,973**	**67,991**
Less: Impairment loss allowance	(4,876)	(1,835)
Total Net	**71,097**	**66,156**

		As at 31 March 2021	As at 31 March 2020
8	**Investments**		
	Measured at fair value through profit and loss		
	Quoted: Mutual fund		
	Reliance Credit Risk Fund-Direct Growth Plan Growth option	-	0
	Reliance Strategic Debt Fund - Direct Growth Plan	-	57
		-	**57**
	Investment in India	-	57
	Investment outside India	-	-
		-	**57**
	No of units outstanding		
	Quoted: Mutual fund		
	Reliance Credit Risk Fund-Direct Growth Plan Growth option	-	49
	Reliance Strategic Debt Fund - Direct Growth Plan	-	508,330

Mutual Funds held as collateral against Managed Portfolio: Nil (31 March 2020: ₹ 57 Lakhs)

9	**Other financial assets**		
	Security deposits	57	78
	Interest strip receivable on direct assignment	200	216
	Other recoverables	457	188
	Total	**714**	**482**
	Less: Impairment loss allowance	172	132
		542	**350**
10	**Current tax assets/(liabilities) (net)**		
	Balance of previous financial years	287	274
	Current financial year:		
	Advance income tax and tax deducted at source	969	1,248
	Less: Provision for income tax	(1,109)	(958)
		(140)	290
	Total Current tax assets/(liabilities) (net)	**147**	**564**
11	**Deferred tax assets/(liabilities) (net)**		
	Tax effect of items constituting deferred tax assets		
	Employee benefit expenses	79	55
	Amortisation of transaction cost/income on assets as per EIR	58	53
	Impairment allowance for loans	1,489	618
	Income on securitization of loan assets	(298)	(83)
	Gain on direct assignment of loans	(34)	(38)
	Impact of difference between tax depreciation/amortisation	14	6
	Others	(32)	(112)
	Total Deferred tax assets/(liabilities) (net)	**1,276**	**499**

Movement in above mentioned deferred tax assets/(liabilities) as on 31 March 2021

Particulars	As at 31 March 2020	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2021
Employee benefit expenses	55	14	10	79
Amortisation of transaction cost/income on assets as per EIR	53	5	-	58
Impairment allowance for loans	618	870	-	1,489
Income on securitization of loan assets	(83)	(214)	-	(298)
Gain on direct assignment of loans	(38)	4	-	(34)
Impact of difference between tax depreciation/amortisation	6	8	-	14
Others	(112)	80	-	(32)
Total	**499**	**767**	**10**	**1,276**

Movement in above mentioned deferred tax assets/(liabilities) as on 31 March 2020

Particulars	As at 31 March 2019	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2020
Employee benefit expenses	68	(10)	(3)	55
Amortisation of transaction cost/income on assets as per EIR	33	20	-	53
Impairment allowance for loans	91	527	-	618
Income on securitization of loan assets	(3)	(79)	-	(83)
Gain on direct assignment of loans	-	(38)	-	(38)
Impact of difference between tax depreciation/amortisation	(3)	8	-	6
Others	(224)	112	-	(112)
Total	**(38)**	**540**	**(3)**	**499**

12 Property, plant and equipment

	Computer and Accessories	Furniture and Fixtures	Office Equipments	Vehicles	Right of use asset	Total
Gross block						
Gross Carrying Value						
As at 31 March 2019	**247**	**119**	**100**	**15**	**273**	**754**
Additions	54	41	20	-	361	476
Reversal on disposal of assets	21	3	-	-	-	24
Balance as at 31 March 2020	**280**	**157**	**120**	**15**	**634**	**1,206**
Additions	2	2	-	18	41	63
Reversal on disposal of assets	12	8	2	-	368	390
Balance as at 31 March 2021	**270**	**151**	**118**	**33**	**307**	**879**
Accumulated depreciation						
As at 31 March 2019	137	25	46	7	36	251
Charge for the year	69	13	21	2	88	193
Reversal on disposal of assets	14	1	-	-	-	15
Balance as at 31 March 2020	**192**	**37**	**67**	**9**	**124**	**429**
Charge for the year	55	15	18	2	60	150
Reversal on disposal of assets	11	4	1	-	80	96
Balance as at 31 March 2021	**236**	**48**	**84**	**11**	**104**	**483**
Net block						
Balance as at 31 March 2020	**88**	**120**	**53**	**6**	**510**	**777**
Balance as at 31 March 2021	**34**	**103**	**34**	**22**	**203**	**396**

13 Other intangible assets

	Software	Total
Gross Block		
Gross Carrying Value		
As at 31 March 2019	**10**	**10**
Additions	3	3
Reversal on disposal of assets	-	-
Balance as at 31 March 2020	**13**	**13**
Additions	-	-
Reversal on disposal of assets	-	-
Balance as at 31 March 2021	**13**	**13**
Accumulated depreciation		
As at 31 March 2019	**3**	**3**
Charge for the year	2	2
Reversal on disposal of assets	-	-
Balance as at 31 March 2020	**5**	**5**
Charge for the year	3	3
Reversal on disposal of assets	-	-
Balance as at 31 March 2021	**8**	**8**
Net block		
Balance as at 31 March 2020	**8**	**8**
Balance as at 31 March 2021	**5**	**5**

		As at 31 March 2021	As at 31 March 2020
14	**Other non-financial assets**		
	Unsecured, considered good		
	Balance with government authorities	79	97
	Prepaid expenses	16	30
		95	**127**
15	**Debt securities**		
	Secured (at amortised cost)		
	Redeemable non-convertible debentures	24,042	19,330
	Borrowings under securitisation arrangement	1,377	12,092
		25,419	**31,422**
	Out of the above		
	Borrowings in India	25,419	31,422
	Borrowings outside India	-	-
		25,419	**31,422**

		As at 31 March 2021	As at 31 March 2020
A	**Redeemable non-convertible debentures**		
	200, 11.5% p.a. Secured, Unlisted, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 1.a)	-	2,000
	410, 13.14% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.a)	4,086	4,078
	350, 12.95% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.b)	3,491	3,489
	440, 12.40% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.c)	4,394	-
	230, 12.40% p.a Secured, Rated, Unlisted, Transferable, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.d	2,296	-
	430, 13.10% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.e)	4,286	4,279
	300, 13% p.a. Secured, Unlisted, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.f)	3,000	3,000
	250, 13.90% p.a. Secured, Rated, Unlisted, Transferable, Redeemable Non-convertible debentures of ₹10 lakhs each (refer note 2.g)	2,489	2,484
		24,042	**19,330**

Note:

1 The NCDs are secured by hypothecation of movable and immovable assets including receivables (present and futures). The NCDs shall be redeemable as per the terms and conditions specified in the agreement which is as below:

a) 11.50% NCD, principal shall be redeemable in single instalment on 20 July 2020. The interest is compounded quarterly and payable annually.

2 The NCDs are secured by hypothecation of the loans receivable of the Company. The NCDs shall be redeemable as per the terms and conditions specified in the agreement which is as below:

a) 13.14% NCD, principal shall be redeemable in two equal instalments on 20 May 2021 and 20 May 2022. The interest along with applicable withholding taxes is payable semi-annually.

b) 12.95% NCD, principal shall be redeemable in two instalments of ₹ 875 Lakhs and ₹ 2,625 Lakhs on 22 October 2021 and 22 October 2025 respectively. The interest along with applicable withholding taxes is payable semi-annually.

c) 12.40% NCD, principal shall be redeemable in three instalments of ₹ 550 Lakhs, ₹ 550 Lakhs and ₹ 3,300 Lakhs on 27 November 2021, 27 November 2022 and 27 November 2023 respectively. The interest along with applicable withholding taxes is payable semiannually.

d) 12.40% NCD, principal shall be redeemable in two instalments of ₹ 800 Lakhs and ₹ 1,500 Lakhs on 31 May 2022 and 30 Mar 2023 respectively. The interest is compounded monthly and payable quarterly.

e) 13.10% NCD, principal shall be redeemable in single instalment on 21 October 2022. The interest along with applicable withholding taxes is payable semi-annually.

f) 13.00% NCD, principal shall be redeemable in single instalment on 12 December 2022. The interest is payable annually.

g) 13.90% NCD, principal shall be redeemable in single instalment on 31 March 2023. The interest is compounded monthly and payable quarterly.

B Borrowings under securitisation arrangement

a) Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement carrying a rate of interest in the range of 10.00%-12.55%.

		As at 31 March 2021	As at 31 March 2020
16	**Borrowings (other than debt securities)**		
	Borrowings carried at amortised cost		
	Term loans - Secured		
	- From banks	22,069	14,572
	- From others	16,733	11,290
	- Through Commercial paper	1,942	-
	Lease liability	310	631
		41,054	**26,493**
	Out of the above		
	Borrowings in India	41,054	26,493
	Borrowings outside India	-	-
		41,054	**26,493**

Note:

a) Term loan from banks and financial institutions are secured by hypothecation of loans receivable of the Company.

b) Fixed deposits amounting to ₹2,767 Lakhs (31 March 2020: ₹ 884 lakhs) have been pledged towards availing term loans from banks and financial institutions.

c) The Company has not defaulted in repayment of term loans.

d) Refer note 16 (A) for terms of repayments.

16 (A) Repyament details of debt securities and borrowings (other than debt securities)

Original Maturity	Interest rate	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 5 years		Due between 5 to 6 years		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
Terms of repayment of borrowings (term loan and non-convertible debentures) as on 31 March 2021												
Monthly												
1-3 years	6.01% - 7.00%	1	667	-	-	-	-	-	-	-	-	**667**
	9.01% - 10.00%	6	813	-	-	-	-	-	-	-	-	**813**
	10.01% - 11.00%	26	2,159	23	1,875	-	-	-	-	-	-	**4,034**
	11.01% - 12.00%	55	4,594	16	1,374	-	-	-	-	-	-	**5,968**
	12.01% - 13.00%	188	6,300	119	3,702	20	580	-	-	-	-	**10,582**
	13.01% - 14.00%	179	3,601	51	903	-	-	-	-	-	-	**4,504**
	14.01% - 15.00%	1	86	-	-	-	-	-	-	-	-	**86**
	15.01% - 16.00%	5	349	-	-	-	-	-	-	-	-	**349**
Quarterly												
1-3 years	9.01% - 10.00%	4	2,500	-	-	-	-	-	-	-	-	**2,500**
	11.01% - 12.00%	4	500	4	500	4	500	-	-	-	-	**1,500**
	12.01% - 13.00%	4	333	4	333	3	250	-	-	-	-	**916**
	13.01% - 14.00%	4	667	2	333	-	-	-	-	-	-	**1,000**
Bullet												
3-5 years	9.01% - 10.00%	2	1,250	-	-	-	-	-	-	-	-	**1,250**
	10.01% - 11.00%	2	1,250	-	-	-	-	-	-	-	-	**1,250**
	11.01% - 12.00%	2	1,942	-	-	-	-	-	-	-	-	**1,942**
	12.01% - 13.00%	-	-	5	3,000	-	-	-	-	-	-	**3,000**
	13.01% - 14.00%	-	-	2	4,300	-	-	-	-	-	-	**4,300**
Others												
1-3 years	6.01% - 7.00%	1	2,500	1	2,500	-	-	-	-	-	-	**5,000**
	12.01% - 13.00%	2	550	4	2,850	2	3,300	-	-	-	-	**6,700**
	13.01% - 14.00%	3	2,925	4	4,550	-	-	-	-	-	-	**7,475**
3-5 years	13.00% - 14.00%	-	-	-	-	-	-	1	2,625	-	-	**2,625**
Total		**489**	**32,986**	**235**	**26,220**	**29**	**4,630**	**1**	**2,625**	**-**	**-**	**66,461**
Deferral of net expense on origination of borrowings												(298)
Lease liability												310
Grand Total												**66,473**

16 (A) Repayament details of debt securities and borrowings (other than debt securities)

Original Maturity	Interest rate	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 5 years		Due between 5 to 6 years		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
Terms of repayment of borrowings												
Monthly												
1-3 years	9.01% - 10.00%	10	1,266	-	-	-	-	-	-	-	-	**1,266**
	10.01% - 11.00%	31	3,951	6	375	-	-	-	-	-	-	**4,326**
	11.01% - 12.00%	53	7,492	14	742	6	353	-	-	-	-	**8,588**
	12.01% - 13.00%	61	3,690	20	1,809	-	-	-	-	-	-	**5,499**
	13.01% - 14.00%	147	6,185	103	4,291	2	65	-	-	-	-	**10,541**
	14.01% - 15.00%	8	823	-	-	-	-	-	-	-	-	**823**
	15.01% - 16.00%	2	188	2	161	-	-	-	-	-	-	**349**
Quarterly												
1-3 years	12.01% - 13.00%	2	1,250	-	-	-	-	-	-	-	-	**1,250**
	13.01% - 14.00%	4	667	4	667	2	333	-	-	-	-	**1,667**
Bullet												
3-5 years	11.01% - 12.00%	3	3,250	-	-	-	-	-	-	-	-	**3,250**
	12.01% - 13.00%	1	2,000	-	-	1	3,000	-	-	-	-	**5,000**
	13.01% - 14.00%	-	-	-	-	3	6,800	-	-	-	-	**6,800**
Others												
1-3 years	13.01% - 14.00%	-	-	1	1,025	1	1,025	-	-	-	-	**2,050**
	14.01% - 15.00%	-	-	1	1,025	1	1,025	-	-	-	-	**2,050**
5-6 years	13.00% - 14.00%	-	-	1	875	-	-	-	-	1	2,625	**3,500**
Total		**322**	**30,762**	**152**	**10,969**	**16**	**12,602**	**-**	**-**	**1**	**2,625**	**56,958**
Deferral of net expense on origination of borrowings												(293)
Financial Liability relating to CCPS												619
Lease liability												631
Grand Total												**57,915**

		As at 31 March 2021	As at 31 March 2020
17	**Other financial liabilities**		
	Payable to employees	180	214
	Interest accrued on debt securities	969	914
	Interest accrued on borrowings other than debt securities	178	137
	Financial guarantee liability	2,916	1,938
	Payable towards direct assignment	491	233
	Unearned service income	66	65
	Other payables	411	549
		5,211	**4,050**

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	1	3
ii) Interest due thereon remaining unpaid	-	-
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
v) Interest accrued and remaining unpaid	-	-
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

18	**Provisions**		
	Provisions for gratuity (refer note 44)	217	154
	Provision for compensation absences	63	63
		280	**217**
19	**Other non financial liabilities**		
	Statutory dues payables	230	235
		230	**235**
20	**Equity share capital**		
	Authorised		
	104,000,000 (31 March 2020: 30,000,000) Equity shares of ₹ 10 each	10,400	3,000
	100,000,000 (31 March 2020: 130,000,000) Preference shares of ₹ 10 each	10,000	13,000
		20,400	**16,000**
	Issued, subscribed and fully paid-up		
	89,505,871 (31 March 2020: 27,343,709) equity shares of ₹ 10 each	8,950	2,734
	Issued, subscribed and partly paid-up		
	13,871,820 (31 March 2020: Nil) equity shares of ₹ 10 each partly paid-up of ₹ 1 each	139	-
		9,089	**2,734**

20 Equity share capital (cont'd)

a) Reconciliation of shares

Equity shares	31 March 2021 No. of shares	31 March 2021 Amount	31 March 2020 No. of shares	31 March 2020 Amount
At the beginning of the year	27,343,709	2,734	27,343,709	2,734
Add:				
- Fresh issue during the year (fully paidup)	27,027,027	2,702	-	-
- Conversion of CCPS to Equity Shares (fully paidup)	35,135,135	3,514	-	-
- Fresh issue during the year (Partly paidup)	13,871,820	139	-	-
At the end of the year	**103,377,691**	**9,089**	**27,343,709**	**2,734**

b) Rights, preferences, restrictions of share capital

i) The Company has single class of equity shares having a par value of ₹ 10 per equity share. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders except for partly paid-up equity shares who are not entitled to any dividend rights and voting rights. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.
ii) The Company has converted the existing 130,000,000 Compulsorily Convertible Preference Shares of ₹ 10 each in to 35,135,135 equity shares of ₹ 10 each at a premium of ₹ 27 per equity share on 5 August 2020.

c) The details of shareholders holding more than 5% of fully paid equity shares is set out below

	As at 31 March 2021 Number	As at 31 March 2021 % holding	As at 31 March 2020 Number	As at 31 March 2020 % holding
Vaya Trust 2	19,851,527	22.18%	2,804,500	10.26%
Vaya Trust 4	18,557,527	20.73%	2,804,500	10.26%
Vaya Trust 3	18,163,527	20.29%	2,804,500	10.26%
Vaya Trust 1	17,804,527	19.89%	2,804,500	10.26%
Vaya Trust 5	12,427,054	13.88%	2,807,000	10.27%
S. Lakshminarayanan*	NA	NA	1,479,161	5.41%
R Jagadish Babu*	NA	NA	4,510,548	16.50%
Think OFS LLC - USA#	NA	NA	5,800,000	21.21%

* As at 31 March 2021, the respective shareholders hold less than 5% of paid-up capital of Rs.10 each, hence the disclosure is not applicable.
* As at 31 March 2021, the shareholder does not hold any equity share capital in the Company.

d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer note 46.

21 Other equity	As at 31 March 2021	As at 31 March 2020
Equity component of compound financial instruments	-	13,250
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	966	775
Securities premium	16,806	22
Share option outstanding account	34	-
Retained earnings	2,770	1,786
Total	**20,576**	**15,833**

21.1 Equity component of compound financial instruments

Equity component of compound financial instruments comprise of equity portion of compulsorily convertible preference shares accounted in accordance with Ind AS 109, Financial Instruments.

21.2 Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45IC of Reserve Bank of India Act 1934.

21 **Other equity (cont'd)**

21.3 **Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

21.4 **Stock option outstanding**

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

		For the year ended 31 March 2021	For the year ended 31 March 2020
22	**Interest income**		
	On financial assets measured at amortised cost		
	Interest on portfolio loans	14,681	12,763
	Interest income on deposits from banks	155	82
	Other interest income	301	326
		15,137	**13,171**
23	**Fee and commission income**		
	Commission income	724	1,788
	Facilitation fees	3	-
		727	**1,788**
24	**Net gain on fair value changes**		
	Net gain on financial instruments measured at fair value through profit and loss	190	285
		190	**285**
	Fair value changes		
	Realised	190	319
	Unrealised	-	(34)
		190	**285**
25	**Revenue from contract with customers**		
	Income from business correspondent operations	3,484	3,691
		3,484	**3,691**
26	**Net gain on derecognition of financial instruments**		
	Gain on direct assignment of loans	228	297
		228	**297**
27	**Other income**		
	Interest on income tax refund	37	-
	Web branding income	6	2
	Income from subletting	15	4
	Servicing income	214	80
	Marketing income	88	-
	Miscellaneous income	3	10
		363	**96**
28	**Finance costs**		
	On financial liabilities measured at amortised cost:		
	Interest on borrowings other than debt securities	3,748	3,606
	Interest on debt securities	3,548	2,887
	Interest on Commercial Paper	154	29
	Interest on subordinated liabilities	19	383
	Interest on OD from Banks	1	-
	Other borrowing costs	165	206
		7,635	**7,111**

		For the year ended 31 March 2021	For the year ended 31 March 2020
29	**Impairment on financial instruments**		
	Impairment on financial guarantee contracts	626	708
	Loss on managed portfolio (net of recoveries)	217	1,939
	Impairment loss allowance on portfolio loans	3,042	1,676
	Write off of loan assets	589	-
		4,474	**4,323**
30	**Employee benefits expenses**		
	Salaries, wages and bonus	4,319	4,106
	Contributions to Provident and other funds	333	267
	Share based payments to employees	34	-
	Staff welfare and training expenses	73	122
	Gratuity (refer note 44)	85	60
		4,844	**4,555**
31	**Depreciation and amortization**		
	Depreciation on property, plant and equipment (refer note 12)	90	105
	Depreciation on right to use asset (refer note 12)	60	88
	Amortisation on intangible assets (refer note 13)	3	2
		153	**195**
32	**Other expenses**		
	Travelling expenses	718	775
	Rent	207	217
	Office maintenance	160	203
	Communication expenses	129	123
	Consultancy charges	84	174
	Technology subscription charges	68	96
	Printing & Stationery	49	80
	Rates, taxes, and filings	100	87
	Auditors' remuneration	23	23
	Membership fee	46	35
	Director sitting fee	21	21
	Insurance	8	12
	Commission and brokerage charges	-	1
	Repairs and maintenance	16	19
	Loss on Cash embezzlement	36	104
	CSR Expenses	38	33
	Miscellaneous expenses	23	43
		1,726	**2,046**
32A	**Auditors' remuneration:**		
	- Statutory audit	13	13
	- Limited review	5	5
	- Tax audit	2	2
	- Certification charges	2	2
	- Reimbursement of expenses	1	1
		23	**23**

		For the year ended 31 March 2021	For the year ended 31 March 2020
32B	**Corporate social responsibility expenses**		
(a)	Total amount to be spent for the financial year (including amount unspent in previous year)	37	32
(b)	Total amount spent during the year pertaining to previous year/ period	-	-
(c)	Total amount spent during the year pertaining to current year/ period	38	33
(d)	Amount unspent, if any	-	-

33	**Tax expense**		
	Current tax	1,109	958
	Deferred tax credit	(766)	(540)
		343	**418**

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Company is 25.17% (March 31, 2020 25.17%) and the reported tax expense in statement of profit and loss are as follows:

Accounting profit before Income Tax	1,297	1,098
Income tax rate	25.17%	25.17%
Expected tax expense	326	276
Interest on subordinated liabilities	5	96
Expense disallowed under the provisions of Income tax Act, 1961	12	10
Adjustment to deferred tax on account of change in tax base on filing of return	-	20
Reversal of deferred tax on account of change in tax rates	-	5
Tax expense relating to previous years	-	9
Others	-	2
Tax expense	**343**	**418**

34 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year

	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit attributable to equity holders	954	680
Weighted average number of equity shares for Basic earnings per share (Nominal value ₹ 10)	58,472,920	27,343,709
Weighted average number of equity shares for Diluted earnings per share (Nominal value ₹ 10)	58,472,920	62,478,844
Earnings per share		
Basic earning per share (₹)	1.63	2.49
Diluted earning per share (₹)	1.63	1.09
Nominal value per share (₹)	10.00	10.00

35 Contingent liability and Commitments

First loss default guarantee on business correspondent portfolio in excess of provisions held	-	655

36 Related party disclosures

36.1 List of related parties

Name of the key managerial personnel	Designation
Sateesh Kumar AV	Managing Director and CEO (from 20 April 2020)
R Jagadish Babu	Managing Director and CEO (upto 20 April 2020)
S Lakshminarayanan	Chief Financial Officer
B Balaji Gupta	Company Secretary (upto 23 June 2020)
Deepika Singh	Company Secretary (from 24 June 2020)
Vikram Akula	Non Executive Chairman
Bhikshamaiah Gujja	Non Executive Director
Farzana Haque	Non Executive Director
Shankar Ramaswami	Non Executive Director
Alok Misra	Non Executive Director

36.2 Transactions during the year with related parties :

Transactions with	Nature of transactions	For the year ended 31 March 2021	For the year ended 31 March 2020
Sateesh Kumar AV	Remuneration	110	-
	Issue of partly paidup equity shares	94	-
	Sitting Fee	1	6
R Jagadish Babu	Remuneration	92	204
	Sitting Fee	1	-
S Lakshminarayanan	Remuneration	93	93
	Issue of partly paidup equity shares	45	-
B Balaji Gupta	Remuneration	4	15
Deepika Singh	Remuneration	8	-
Vikram Akula	Sitting fees	5	2
Bhikshamaiah Gujja	Sitting fees	6	3
Farzana Haque	Sitting fees	4	5
Shankar Ramaswami	Sitting fees	2	-
Alok Misra	Sitting fees	2	5

Note:
The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure since the exact amount is not ascertainable.

36.3 Amount due to related parties:

Balances with	Nature	As at 31 Mar 2021	As at 31 Mar 2020
Mr. Sateesh Kumar AV	Payable against remuneration	23	-
Mr. S Lakshminarayanan	Payable against remuneration	17	-

37 Capital management

“The Company’s capital management objectives are
- to ensure the Company’s ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders”

Management assesses the Company’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return of capital to shareholders, issue of new shares or sale of assets to reduce debt.

Particulars	As at 31 March 2021	As at 31 March 2020
Debt (including interest accrued)	67,620	58,965
Less: Cash and other bank balances	24,018	8,386
Net Debt	43,602	50,579
Net equity	29,665	18,567
Net debt to equity ratio	1.47	2.72

38 Fair value measurement

Financial instruments by category

Particulars	Category	As at 31 March 2021	As at 31 March 2020
Financial assets:			
Cash and cash equivalents	Amortized cost	20,046	5,980
Bank balances other than cash and cash equivalents	Amortized cost	6,282	4,557
Trade receivables	Amortized cost	1,973	1,909
Loans	Amortized cost	71,097	66,156
Investments	FVTPL	-	57
Security deposits	Amortized cost	57	78
Other financial assets	Amortized cost	485	272
Total financial assets		**99,940**	**79,009**
Financial liabilities:			
Debt securities	Amortized cost	25,419	31,422
Borrowings (other than debt securities)	Amortized cost	41,054	26,493
Other financial liabilities	Amortized cost	5,211	4,050
Total financial liabilities		**71,684**	**61,965**

38.2 Financial assets and liabilities measured at fair value through profit or loss at each reporting date

Particulars	Level 1	
	As at 31 March 2021	As at 31 March 2020
Financial assets measured at FVTPL		
Investment in mutual funds	-	57

38.3 Financial assets and liabilities measured at amortised cost at each reporting date

	As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	20,046	20,046	5,980	5,980
Bank balances other than cash and cash equivalents	6,282	6,282	4,557	4,557
Trade receivables	1,973	1,973	1,909	1,909
Loans	71,097	71,097	66,156	66,156
Other financial assets	542	542	350	350
Total	**99,940**	**99,940**	**78,952**	**78,952**

	As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Debt securities	25,419	25,419	31,422	31,422
Borrowings (other than debt securities)	41,054	41,054	26,493	26,493
Other financial liabilities	5,211	5,211	4,050	4,050
Total	**71,684**	**71,684**	**61,965**	**61,965**

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

39 Financial risk management

The Company's activities expose it to market risk, liquidity risk, credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk Management
Credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	Credit limit and ageing analysis	Highly rated bank deposits and diversification of asset base and collaterals taken for assets.
Liquidity risk	Payables, debt securities, borrowings, subordinated liabilities and other financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Debt securities, borrowings, subordinated liabilities at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors

A) Credit risk

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

A.1 Credit risk management

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

(i) Low credit risk on financial reporting date

(ii) Moderate credit risk on financial reporting date

(iii) High credit risk on financial reporting date

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

Based on business environment in which the Company operates a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery. Recoveries made subsequently are recognized in the statement of profit and loss.

A.2 Financial assets that expose the entity to credit risk

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Low credit risk		
Cash and cash equivalents	20,046	5,980
Bank balances other than cash and cash equivalents	6,282	4,557
Trade receivables	1,973	1,909
Loans	64,243	65,864
Investments	-	57
Other financial assets	542	350
(ii) Moderate credit risk		
Loans	4,661	83
(iii) High credit risk		
Loans	2,193	209

A.3 Management of credit risk for financial assets

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents, bank deposits and mutual funds is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Trade receivables

Trade receivables measured at amortised cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortized cost

Other financial assets measured at amortised cost includes loans and advances to employees security deposits insurance claim receivables and other recoverables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Loans

The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower thereby limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

The major guidelines for selection of the client includes:

i) The basic criteria for selection of customers: acceptable KYC, availability of bank accounts, mobile number, age criteria, economically active customers

ii) Risk profiling of customers based on their household assesment, assets, income profile and an assesment of household visit by loan officer and branch manager to ascertain KYC and address

iii) Credit bureau footprint and code for responsible lending guidelines

iv) Mandatory financial literacy program through Group Effectiveness Training (GET)

A.4 Credit exposure

i) Expected credit losses for financial assets other than loans

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	20,046	-	20,046
Bank balances other than cash and cash equivalents	6,282	-	6,282
Trade receivables	1,973	-	1,973
Other financial assets	714	172	542

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	5,980	-	5,980
Bank balances other than cash and cash equivalents	4,557	-	4,557
Trade receivables	1,909	-	1,909
Other financial assets	482	132	350

Cash and cash equivalents, other bank balances trade receivables, and other financial assets are with very reputed counterparties where risk of credit loss is negligible. As such, nil ECL is recognised for such assets.

ii) Expected credit loss for loans

Definition of default:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default..

Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 April 2019	44,532	32	24	44,588
New assets originated during the year, netted off for repayments and derecognised portfolio	23,367	8	28	23,403
Net transfer between stages				
Transfer from stage 1	(651)	115	536	-
Transfer from stage 2	1	(26)	25	-
Transfer from stage 3	-	-	-	-
Gross carrying amount as at 31 March 2020	**67,249**	**129**	**613**	**67,991**
New assets originated during the year, netted off for repayments and derecognised portfolio	3,347	4,065	1,159	8,571
Net transfer between stages				
Transfer from stage 1	(4,117)	1,524	2,593	-
Transfer from stage 2	8	(32)	24	-
Transfer from stage 3	21	7	(28)	-
Write off	-	-	(589)	(589)
Gross carrying amount as at 31 March 2021	**66,508**	**5,693**	**3,772**	**75,973**

Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Stage 1	Stage 2	Stage 3	Total
Loss Allowance as at 1 April 2019	**134**	**9**	**16**	**159**
Increase of provision, netted off for repayments and derecognised portfolio	1,253	45	378	1,676
Net transfer between stages				
Transfer from stage 1	(2)	1	1	-
Transfer from stage 2	-	(9)	9	-
Transfer from stage 3	-	-	-	-
Loss Allowance as at 31 March 2020	**1,385**	**46**	**404**	**1,835**

Particulars	Stage 1	Stage 2	Stage 3	Total
Increase of provision, netted off for repayments and derecognised portfolio	899	929	1,802	3,630
Net transfer between stages				
Transfer from stage 1	(124)	52	72	-
Transfer from stage 2	12	(34)	22	-
Transfer from stage 3	93	39	(132)	-
Write off	-	-	(589)	(589)
Loss Allowance as at 31 March 2021	**2,265**	**1,032**	**1,579**	**4,876**

Note:

As a practice, the Company provides top-up loans or additional loans to its existing customers. In determining whether there has been increase in credit risk and potential loss estimate for such borrowers, the Company has considered their past repayment behavior and assessed their ability to generate cash flows, and accordingly has classified loan assets aggregating to ₹ 1,669 lakhs in Stage 3, though such loan assets where either current or less than 60 days past due and recorded additional provision of ₹ 526 lakhs for the year ended 31 March 2021.

iii) Expected credit loss on Financial guarantee contracts

In addition, the Company also applied the expected credit loss model for the first loss default guarantee contracts for the loans serviced as business correspondent. Following is the overall reconciliation of the movement of Expected credit loss on financial guarantee contracts

Particulars	As at 31 March 2021	As at 31 March 2020
Opening expected credit loss	1,103	395
Additions during the year	843	2,647
Invoked during the year	(217)	(1,939)
Closing Expected credit loss	**1,729**	**1,103**
Expected credit loss routed through Financial guarantee liability	697	785
Unrecongised Guarantee income	490	50
Financial guarantee liability	**2,916**	**1,938**

A5 Analysis of inputs to the ECL Model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3e) Summary of significant accounting policies. The model sets out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios, as at 31 March 2021.

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

B.1 The tables below analyse the Company financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2021	Within 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Debt Securities	4,853	14,700	3,300	2,625	25,478
Borrowings (other than debt securities)	28,219	11,615	1,421	125	41,381
Other financial liabilities	5,211	-	-	-	5,211
Total	**38,283**	**26,315**	**4,721**	**2,750**	**72,070**

As at 31 March 2020	Within 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Debt Securities	13,649	3,368	11,850	2,625	31,492
Borrowings (other than debt securities)	17,909	7,765	928	343	26,946
Other financial liabilities	4,050	-	-	-	4,050
Total	**35,609**	**11,133**	**12,778**	**2,968**	**62,488**

C Market risk - Interest rate risk

C.1 Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2021, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits are at fixed interest rates.

Interest rate exposure

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

Particulars	As at 31 March 2021	As at 31 March 2020
Variable rate liabilities		
Debt securities	1,377	12,092
Borrowings (other than debt securities)	15,703	18,819
Fixed rate liabilities		
Debt securities	24,042	19,330
Borrowings (other than debt securities)	25,351	7,674
Total	**66,473**	**57,915**

Sensitivity

The sensitivity of the statement of profit and loss is the effect of the changes in market interest rates on debt securities, other borrowings and subordinated liabilities. Below is the sensitivity of profit and loss in interest rates.

Interest rate	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest sensitivity*		
Interest rates – increase by 0.50%	84	149
Interest rates – decrease by 0.50%	(84)	(149)

** Holding all other variables constant*

C.2 Price risk

The Company is exposed to price risk from its investment in mutual funds measured at fair value through profit & loss. (Impact on profit before tax)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Increase by 50 basis points	-	0
Decrease by 50 basis points	-	(0)

C.3 Assets

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

40 Maturity analysis of assets and liabilities

Assets	As at 31 March 2021		
	Within 12 months	After 12 months	Total
Financial assets			
Cash and cash equivalents	20,046	-	20,046
Bank balances other than cash and cash equivalents	2,821	3,461	6,282
Trade receivables	1,973	-	1,973
Loans	49,400	21,697	71,097
Investments	-	-	-
Other financial assets	485	57	542
Non financial assets			
Current tax assets (net)	287	-	287
Deferred tax assets (net)	-	1,276	1,276
Property, plant and equipment	-	396	396
Other intangible assets	-	5	5
Other non-financial assets	16	79	95
Total assets	**75,028**	**26,971**	**101,999**
Liabilities			
Financial liabilities			
Debt securities	4,819	20,600	25,419
Borrowings (other than debt securities)	28,001	13,053	41,054
Other financial liabilities	5,211	-	5,211
Non financial liabilities			
Current tax liabilities (net)	140	-	140
Provisions	-	280	280
Other non financial liabilities	230	-	230
Total liabilities	**38,401**	**33,933**	**72,334**

Assets	As at 31 March 2020		
	Within 12 months	After 12 months	Total
Financial assets			
Cash and cash equivalents	5,980	-	5,980
Bank balances other than cash and cash equivalents	1,122	3,435	4,557
Trade receivables	1,909	-	1,909
Loans	32,658	33,498	66,156
Investments	57	-	57
Other financial assets	272	78	350
Non financial assets			
Current tax assets (net)	564	-	564
Deferred tax assets (net)	-	499	499
Property, plant and equipment	-	777	777
Other intangible assets	-	8	8
Other non-financial assets	30	97	127
Total assets	**42,592**	**38,392**	**80,984**

Liabilities	As at 31 March 2020		
	Within 12 months	After 12 months	Total
Financial liabilities			
Debt securities	13,622	17,800	31,422
Borrowings (other than debt securities)	17,694	8,799	26,493
Other financial liabilities	4,050	-	4,050
Non financial liabilities			
Provisions	-	217	217
Other non financial liabilities	235	-	235
Total liabilities	**35,601**	**26,816**	**62,417**

41 **Transfers of Financial assets**

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

i) Securitisation

The Company has securitised part of its loan assets to certain unrelated and unconsolidated special purpose vehicles (SPVs). The Company does not hold any equity or other interest in the SPV and does not control these SPVs. As per the terms of the agreements, the Company is exposed to first loss default guarantee in the form of over collaterals in range of 7.00% to 11.60% and cash collaterals in range of 6% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying loan assets. Hence, these loan assets are not derecognised and proceeds received are presented as other financial liabilities.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	As at 31 March 2021	As at 31 March 2020
Carrying and fair value of securitized assets	2,636	12,971
Carrying and fair value of associated liabilities	1,378	12,092

ii) Direct Assignment

The Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these loan assets were transferred to the buyer, the loan assets have been derecognised from the Company's Balance Sheet.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition, per type of asset.

Loans measured at amortised cost	For the year ended 31 March 2021	For the year ended 31 March 2020
Carrying amount of derecognised financial assets	3,488	3,917
Gain from derecognition	228	297

42 **Operating segments**

The Chief Operating Decision Maker ('CODM') reviews the operations at the Company level. The operations of the Company fall under 'financing activities' which is considered to be the only reportable segment in accordance with the provisions of Ind AS 108, Operating Segments. The Company operates in a single geographical segment, i.e. domestic.

43 Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Type of services		
Income from business correspondent operations	3,484	3,691
Guarantee commission	724	1,788
Geographical markets		
India	4,208	5,479
Outside India	-	-
Timing of revenue recognition		
Services transferred at a point in time	1,562	1,942
Services transferred over a period of time	2,646	3,537

Contract balances

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables	1,973	1,909

Trade receivables are non-interest bearing and it is primarily from very reputed and creditworthy parties, and the contractual terms are such that the expected credit loss is immaterial.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue as per contract	4,270	5,483
Adjustments	(62)	(4)
Revenue from contract with customers	4,208	5,479

Revenue recognition for contract with customers

The Contract with customers through which the Company earns revenue, includes the following services:

i) Sourcing of loans

ii) Servicing of loans

iii) First loss default guarantee on the loans

All the services above are separable from each other and do not involve significant integration. Therefore, these services constitute separate performance obligations

Revenue recognition for all the services:

i) Sourcing of loans: The consideration for this service is allocated based on relative standalone selling price of the different performance obligations in the contract, based on management estimate. Revenue for sourcing of loans shall be recognized as and when the loans are disbursed. The revenue therefore, for this service, shall be recognized based on the disbursements actually made during each year as a Business correspondent.

ii) Servicing of loans: The consideration for this service is arrived based on relative standalone selling price of the different performance obligations in the contract, based on management estimate. The Company receives servicing revenue only on actual collections. Revenue for servicing of loans shall be recognized over a period of time, as the customer benefits from the services as and when it is delivered by the Company.

iii) Guarantee commission on first loss default guarantee: The consideration for this service is arrived based on an agreed percentage/fee on the loan disbursed during the year. Revenue received for giving such guarantee shall be recognized over a period of time, as the company has a continuing obligation to make specified payments to reimburse its customers for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the contract.

44 Retirement benefit plans

44.1 Defined benefit obligation

Contribution to Gratuity fund

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i)	**Actuarial assumptions**		
	Mortality rate	100.00%	100.00%
	Discount rate (per annum)	6.88%	6.75%
	Rate of salary increase	0.00% to 9.00%	2.00% to 7.00%
	Rate of employee turnover	0.10% to 45.70%	0.10% to 45.70%
ii)	**Changes in the present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	154	105
	Interest expense	9	8
	Current service cost	76	52
	Benefit paid directly by the employer	(61)	-
	Actuarial (gains) / losses on obligations - due to change in demographic assumptions	-	-
	Actuarial (gains) / losses on obligations - due to change in financial as-sumptions	54	(155)
	Actuarial (gains) / losses on obligations - due to experience	(15)	144
	Present Value of obligation at the end of the year	**217**	**154**
iii)	**Assets and liabilities recognised in the balance sheet**		
	Present value of the defined benefit obligation at the end of the year	217	154
	Net liability recognised in the balance sheet	**217**	**154**
iv)	**Expenses recognised in the Statement of Profit and Loss**		
	Current Service Cost	76	52
	Net interest expense	9	8
	Net gratuity cost recognised in the current year	**85**	**60**

v) **Expenses recognised in the statement of Other comprehensive income (OCI)**

	Particulars	For the year nded 31 March 2021	For the year ended 31 March 2020
	Actuarial (gain)/ loss on post employment benefit obligation	39	(11)
	Total remeasurement cost / (credit) for the year recognised in OCI	**39**	**(11)**
vi)	**Sensitivity Analysis:**		
	Under Base Scenario	217	154
	- Delta effect of +1% change in rate of discounting	183	132
	- Delta effect of -1% change in rate of discounting	259	180
	- Delta effect of +1% change in rate of salary increase	258	180
	- Delta effect of -1% change in rate of salary increase	183	133
	- Delta effect of +1% change in rate of employee turnover	208	152
	- Delta effect of -1% change in rate of employee turnover	223	155

vii) **Maturity analysis of projected benefit obligation**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Year 1	8	5
Year 2	10	7
Year 3	12	9
Year 4	9	7
Year 5	9	6
Sum of Years 6 to 10	24	16
Sum of Years 11 and above	145	103

44.2 Defined Contribution Plan

The Company contributes towards Provident Fund and Employee State Insurance contribution towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of payroll cost to fund the benefits. The Company recognised ₹ 333 lakhs (31 March 2020 : ₹ 267 lakhs) for provident fund contributions in the Statement of profit and loss.

45 Lease disclosure

Where the Company is the lessee:

The Company has entered into various lease arrangements for its Head office and branches. These agreements are for tenures ranging between 1 to 9 years and most of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than 12 months are accounted as short term leases.

i) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Buildings	Total
As at 31 March 2019	**237**	**237**
Additions	361	361
Depreciation expenses	(88)	(88)
As at 31 March 2020	**510**	**510**
Additions	41	41
Dereognition on preclosure of lease	(288)	(288)
Depreciation expenses	(60)	(60)
As at 31 March 2021	**203**	**203**

ii) Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Particulars	Buildings	Total
As at 31 March 2019	**325**	**325**
Additions	343	343
Accretion of interest	67	67
Payment	(104)	(104)
As at 31 March 2020	**631**	**631**
Additions	41	41
Dereognition on preclosure of lease	(310)	(310)
Waiver of rent	(26)	(26)
Accretion of interest	46	46
Payment	(72)	(72)
As at 31 March 2021	**310**	**310**

The effective interest rate for lease liabilities is 12%, with maturity between 2022-26.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Lease payments		
Not later than one year	87	159
Later than one year and not later than five years	313	640
Later than five years	-	43
Total	**400**	**842**

Amount recognised in Statement of profit and loss account	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on right of use assets	60	88
Interest on lease liabilities	46	67
Expenses relating to short term leases	207	217
Expenses relating to low value assets	-	-

Amount recognised in Statement of Cashflow	For the year ended 31 March 2021	For the year ended 31 March 2020
Total cash outflow for leases	70	102

46 Share based payments

The Company introduced 'ESOP Plan 2020' ('the Plan') for the benefit of the employees of the Company. The plan provides for the creation and issue of 20,00,000 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board of Directors at its sole discretion. The share options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of 6 (Six) years from the date of grant of the Options, failing which the options shall lapse.

Details of ESOP plan:

Name of the plan	ESOP 2020 - Plan I(a)
Date of grant	2 November 2020
Date of approval from board of directors	23 June 2020
Date of shareholders approval	3 September 2020
No. of options granted	1,299,500
Exercise price	₹37
Method of settlement	Equity
Vesting period	33% on 1 November 2021 33% on 1 November 2022 34% on 1 November 2023"
Exercise period	6 years from the date of grant
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.

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	1st Vesting	2nd Vesting	3rd Vesting
Share price on the date of grant (₹)	37.00	37.00	37.00
Exercise price (₹)	37.00	37.00	37.00
Expected Volatility (%)	25%	25%	25%
Life of the options granted (years)	2.50	3.00	3.50
Risk-free interest rate (%)	4.42%	4.66%	4.85%
Expected dividend rate (%)	-	-	-
Fair value of the option	7.64	8.64	9.60

Details of ESOP plan:

Name of the plan	ESOP 2020 - Plan I(b)
Date of grant	24 December 2020
Date of approval from board of directors	23 June 2020
Date of shareholders approval	3 September 2020
No. of options granted	545,000
Exercise price	₹37
Method of settlement	Equity
Vesting period	33% on 23 December 2021 33% on 23 December 2022 34% on 23 December 2023
Exercise period	6 years from the date of grant
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.

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	1st Vesting	2nd Vesting	3rd Vesting
Share price on the date of grant (₹)	37.00	37.00	37.00
Exercise price (₹)	37.00	37.00	37.00
Expected Volatility (%)	25%	25%	25%
Life of the options granted (years)	2.50	3.00	3.50
Risk-free interest rate (%)	4.19%	4.46%	4.71%
Expected dividend rate (%)	-	-	-
Fair value of the option	7.54	8.54	9.51

Summary of options granted under the plan:

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding options at the beginning of the year	-	-	-	-
Granted during the year	1,844,500	37	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	1,844,500	37	-	-
Exercisable at the end of the year	-	-	-	-

i) The Company has recognised share based payment expense of ₹ 34 lakhs (31 March 2020: ₹ Nil) during the year as proportionate cost.

47 **Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.**

Liabilities side :

1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures		
Secured	24,948	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred credits	-	-
(c) Term loans		
Secured	38,959	-
Unsecured	-	
(d) Inter-corporate loans and borrowings	-	-
(e) Commercial paper	1,963	-
(f) Other loans	1,750	-
	67,620	-

Assets side :

2 **Break-up of loans and advances**

	Amount outstanding
(a) Secured	-
(b) Unsecured	75,973
	75,973

3 **Break up of leased assets and stock on hire and other assets counting towards AFC activities**

(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

4 **Break-up of investments :**

Current investments	Amount outstanding
1. Quoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-

Current investments	Amount outstanding
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
Long term investments	
1. Quoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

5 **Borrower group-wise classification of assets financed as in 2(a) and 2(b) above**

Category	Amount (net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	71,097	71,097
	-	**71,097**	**71,097**

6 **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Category	Book Value (Net of Provisions)	Market value or break up value or fair value or NAV
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
	-	-

7 **Other information**

(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	2,103
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1,161
Assets acquired in satisfaction of debt	**-**

8 **Disclosure on Restructured Accounts:**

There are no loans that were restructured in the current year and the previous year.

48 **Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (as amended by time to time) issued by the RBI.**

A **Capital to Risk Asset Ratio ('CRAR'):**

	As at 31 March 2021	As at 31 March 2020
CRAR (percent)	34.51%	24.60%
CRAR – Tier I Capital (percent)	34.55%	26.15%
CRAR – Tier II Capital (percent)	-0.04%	-1.55%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

B **Investments**

Particulars	As at 31 March 2021	As at 31 March 2020
Value of Investments		
(i) Gross value of investments		
(a) In India	-	57
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	-	57
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

C **Derivatives**

The Company has no transaction/ exposure in derivatives including forward rates agreements, interest rate swaps and exchange traded interest rate derivatives. Further, the Company has no unhedged foreign currency exposure as on 31 March 2021 (31 March 2020: Nil)

D Disclosures relating to Securitisation:

	Particulars	As at 31 March 2021	As at 31 March 2020
1	No. of SPVs sponsored by the applicable NBFC for securitisation transactions (nos)	4	8
2	Total amount of securitised assets as per books of the SPVs sponsored	2,395	11,726
3	Total amount of exposures retained by the NBFC to comply with Minimum retention requirement (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		-
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	241	1,244
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposures to own securitisations		
	First loss	-	-
	Others	-	-
	(ii) Exposures to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposures to own securitisations		
	First loss	956	1,491
	Others	-	-
	(ii) Exposures to third party securitisations		
	First loss	-	-
	Others	-	-

E Details of financial assets sold to securitisation/reconstruction companies for asset reconstruction:

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

F Details of assignment transactions undertaken by NBFCs

Particulars	As at 31 March 2021	As at 31 March 2020
Total number of loans (nos)	11,868	25,170
Aggregate value (net of provisions) of accounts sold	2,268	4,956
Aggregate consideration	2,268	4,956
Aggregate gain / loss over net book value	-	-

G Details of non-performing financial assets purchased or sold

The Company has not purchased or sold any non performing financial assets during the current and previous year.

H Asset liability management maturity pattern of certain items of assets and liabilities

Maturity pattern	As at 31 March 2021			As at 31 March 2020		
	Assets		Liabilities	Assets		Liabilities
	Advances	Investments	Borrowings	Advances	Investments	Borrowings
1 day to 30/31 days (one month)	4,297	-	4,171	-	-	2,418
Over 1 month to 2 months	4,268	-	4,585	-	-	2,164
Over 2 months upto 3 months	4,378	-	3,084	-	-	2,350
Over 3 months to 6 months	12,838	-	5,550	6,387	-	10,312
Over 6 months to 1 year	23,330	-	15,596	25,911	-	13,518
Over 1 year to 3 years	26,573	-	30,850	35,332	57	23,571
Over 3 years to 5 years	-	-	2,625	-	-	-
Over 5 years	-	-	-	-	-	2,625
Total	**75,684**	**-**	**66,461**	**67,631**	**57**	**56,958**

Note:

i) These above cash flows are based on the actual net principal outstanding.

ii) The Company do not have any foreign currency assets or liabilities as at 31 March 2021 and 31 March 2020.

I Exposure to real estate sector

The Company does not have any real estate exposure as at 31 March 2021 and 31 March 2020.

J Exposure to capital market

The Company does not have any capital market exposure as at 31 March 2021 and 31 March 2020.

K Details of Single Borrower Limit / Group Borrower Limit exceeded

The Company has not exceeded Single Borrower Limit and nor has exceeded the Group Borrower Limit, during the current year and previous year.

L Unsecured Advances

Refer note 7 for unsecured advances. The Company has not given any advances against the rights, licenses, authorisations, etc., during the current year and previous year.

M Registration obtained from other financial sector regulators

The Company is registered with the following other financial sector regulators:

(a) Ministry of Corporate Affairs (MCA)

(b) Ministry of Finance (Financial Intelligence Unit)

(c) Securities and Exchange Board of India (SEBI)

N Disclosure of penalties imposed by RBI and other regulators

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

O Ratings assigned by credit rating agencies and migration of ratings during the year

Instrument	Date of rating	Rating assigned	Valid upto
Non Convertible Debentures	25 March 2021	[ICRA]BBB (Stable)	22 October 2025
Term loans	25 March 2021	[ICRA]BBB (Stable)	22 March 2022
Commercial Paper	25 March 2021	[ICRA]A3+	22 June 2022
MFI Grading	27 March 2021	SMERA M2	26 March 2022

P Remuneration of directors

Particulars	Remuneration	Provident funds and others	Sitting fees	Total
Vikram Akula	-	-	5	5
Sateesh Kumar AV	110	6	1	117
Jagadish Babu Ramadugu	92	5	1	98
Bikshamaiah Gujja	-	-	6	6
Farzana Haque	-	-	4	4
Shankar Ramaswami	-	-	2	2
Alok Misra	-	-	2	2

Q Provisions and contingencies (shown under the head expenditure in statement of profit and loss)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision for income tax	1,109	958
Impairment of financial instruments	3,259	2,273
Provision for misappropiration of Assets	36	104
Provision for compensated absences	47	60
Provision for gratuity	85	60

R Draw down from reserves

There has been no draw down from reserves during the year ended 31 March 2021 and 31 March 2020.

S Concentration of advances, exposures and NPAs

	Particulars	As at 31 March 2021	As at 31 March 2020
i)	**Concentration of advances**		
	Total advances to twenty largest borrowers	12	12
	Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.02%	0.02%
ii)	**Concentration of exposures**		
	Total exposures to twenty largest borrowers/customers	12	12
	Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/ customers	0.02%	0.02%
iii)	**Concentration of exposures**		
	Total exposures to top four NPA accounts	2	1

iv) Sector-wise NPAs

Sector	Percentage of gross NPAs to total advances in that sector	
	As at 31 March 2021	As at 31 March 2020
Agriculture & allied activities	2.69%	0.88%
MSME	-	-
Corporate borrowers	-	-
Services	5.13%	1.47%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-
Others	3.01%	0.97%

	Sector	Percentage of gross NPAs to total advances in that sector	
		As at 31 March 2021	As at 31 March 2020
v)	**Movement of NPAs**		
	a) Net NPAs to Net Advances (%)	1.64%	0.32%
	b) Movement of NPAs (Gross)		
	Opening balance	613	24
	Additions during the year	2,096	615
	Reductions during the year	17	26
	Write-off during the year	589	-
	Closing balance	2,103	613
	c) Movement of Net NPAs		
	Opening balance	209	8
	Additions during the year	969	227
	Reductions during the year	17	26
	Closing balance	1,161	209
	d) Movement of provisions for NPAs (excluding provision on standard assets)		
	Opening balance	404	16
	Provisions made during the year	1,127	388
	Write-off during the year	589	-
	Write-back of excess provisions	-	-
	Closing balance	942	404

vi) Overseas assets

The Company does not have any overseas assets as at 31 March 2021 and 31 March 2020.

vii) Off-balance sheet SPVs sponsored

The Company does not have any off-balance sheet SPVs sponsored as at 31 March 2021 and 31 March 2020.

T	Customer complaints	For the year ended 31 March 2021	For the year ended 31 March 2020
i)	No. of complaints pending at the beginning of the year	-	-
ii)	No. of complaints received during the year	23	22
iii)	No. of complaints redressed during the year	23	22
iv)	No. of complaints pending at the end of the year	-	-

U Information on instances of fraud reported during the year

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Number of cases	13	20
Amount of fraud	12	26
Recovery	3	8
Amount written-off	-	-

*Unrecovered amount has been fully provided for.

V Information on net interest margin

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Average interest (a)	22.04%	22.66%
Average effective cost of borrowing (b)	13.40%	13.84%
Net interest margin (a-b)	8.64%	8.82%

W Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 SMA/overdue categories, where the moratorium/deferment was extended ('RBI circular')

Details of moratorium granted to overdue accounts as at February 29, 2020

Asset classification as per Ind AS 109	Exposure (March 31, 2021)	Asset classification benefit
Stage 1	7	7
Stage 2	4	4
Stage 3	150	-
Total	161	11

X **Note on Loan assets**

As at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	72,126	3,561	68,565	721	2,840
	Stage 2	1,744	373	1,371	15	358
Subtotal		**73,870**	**3,934**	**69,936**	**736**	**3,198**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,103	942	1,161	450	492
						-
Doubtful - up to 1 year	Stage 3	-	-	-		-
1 to 3 years	Stage 3	-	-	-		-
More than 3 years	Stage 3	-	-	-		-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,103	942	1,161	450	492
Other items including financial guarantees and loan commitments which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	109	-	-	109
	Stage 2	-	161	-	-	161
	Stage 3	-	1,459	-	1,645	(186)
Subtotal		**-**	**1,729**	**-**	**1,645**	**84**
Total	Stage 1	72,126	3,670	68,565	721	2,949
	Stage 2	1,744	534	1,371	15	519
	Stage 3	2,103	2,401	1,161	2,095	306
	Total	**75,973**	**6,605**	**71,097**	**2,831**	**3,774**

X **Note on Loan assets (cont'd)**

As at 31 March 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	**(2)**	**(3)**	**(4)**	**(5)=(3)-(4)**	**(6)**	**(7) = (4)-(6)**
Performing Assets						
Standard	Stage 1	67,249	1,385	65,864	267	1,118
	Stage 2	129	46	83	1	45
Subtotal		**67,378**	**1,431**	**65,947**	**268**	**1,163**
Non-Performing Assets (NPA)						
Substandard	Stage 3	613	404	209	374	30
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**613**	**404**	**209**	**374**	**30**
Other items including financial guarantees and loan commitments which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	443	-	-	443
	Stage 2	-	229	-	-	229
	Stage 3	-	430	-	641	(211)
Subtotal		-	1,102	-	641	461
Total	**Stage 1**	**67,249**	**1,828**	**65,864**	**267**	**1,561**
	Stage 2	**129**	**275**	**83**	**1**	**274**
	Stage 3	**613**	**834**	**209**	**1,015**	**(181)**
	Total	**67,991**	**2,937**	**66,156**	**1,283**	**1,654**

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

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2021

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

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 26 June 2021

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 26 June 2021

S. Lakshminarayanan
Chief Financial Officer

Place: Hyderabad
Date: 26 June 2021

Deepika Singh
Company Secretary
Membership No.: A28358

Place: Hyderabad
Date: 26 June 2021

NOTES

ANNUAL REPORT

Registered Office:

SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli,
Kondapur Road, Hyderabad - 500 032, Telangana, India.

Tel: 040 – 47896999 | www.vayaindia.com | contact@vayaindia.com

CIN: U67190TG2014PTC093562

Vaya
POWERING ASPIRATIONS

Notice of Annual General Meeting

Notice is hereby given that the 8th Annual General Meeting of the members of the Company will be held at a shorter notice, on Monday, September 27, 2021 at 11.00 A.M at the Registered Office of the Company situated at SLN Terminus, # 4-51/SLNT/L4-05 Gachibowli, Kondapur Road, Hyderabad - 500032 to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Financial Statements**

   To receive, consider and adopt the audited Financial Statements of the company for the financial year ended March 31, 2021 together with the reports of the Board of Directors and Auditors thereon.

2. **Appointment of Statutory Auditors:**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications or re-enactment thereof, for the time being in force), RBI Regulations including Circular Ref. No. DoS. CO.ARG/ SEC.01/08.91. 001/2021-22 dated April 27, 2021 - Guidelines for Appointment of Statutory Auditors (SAs), after considering and endorsing the recommendation of Audit committee and Board, approval of shareholders be and is hereby accorded for the appointment of M/s. Manohar Chowdhry & Associates, Chartered Accountants (FRN 001997S), as Statutory Auditors of the Company to hold office from the conclusion of Eighth (8th) Annual General Meeting till the conclusion of the Eleventh (11th) Annual General Meeting, at a remuneration as may be decided by the Board of Directors in consultation with the Auditors plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

SPECIAL BUSINESS:

3. **Approval for issuance of Bonds/Debt Securities/ Non-convertible Debentures etc. upto Rs. 600 crores:**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to Section 42, 71, 179, 180 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and amended and in force, the Memorandum and Articles of Association of the Company, consent of the members, be and is hereby accorded, to make offer (s) or invitations (s) to subscribe to the secured/unsecured, listed/unlisted, redeemable, non-convertible, taxable/tax-free, senior/subordinate bonds/debentures/debt securities ('Debentures') through private placement offer letter (s) in conformity and in compliance with all the applicable rules, regulations, directions made in this regard, as amended from time to time."

AVS Kumar

VAYA FINSERV PVT. LTD. Hyderabad

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to issue Non-convertible Debentures/Bonds (NCDs) up to a maximum limit of Rs. 600.00 Crore (Rupees Six Hundred crore only) in one or more tranches up to a date that is not later than one year from the date of approval of shareholders. Notwithstanding that the aggregate amount of all such bonds taken together with domestic/off-shore, Secured /unsecured, loans/borrowings, commercial papers and guarantees shall not exceed the borrowing powers approved by the Directors under section 180 of the Companies Act, 2013, by way of private placement (the "debenture Issue") to raise funds for onward lending, in compliance with Companies Act, 2013 & the Rules thereof as amended from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby severally authorized to do, from time to time, all such acts, deeds, matters and things as may be deemed necessary in respect of Bonds / Debentures including but not limited to number of issues / tranches, face value, issue price, issue size, timing, amount, security, coupon/interest rate (s), yield, allotment and other terms and conditions of issue bonds as they may in their absolute discretion, deemed necessary."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 179 of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to delegate the power to Borrowings committee ("Committee") issue bonds and other debt securities of value aggregating up to Rs. 600.00 Crore (Rupees Six Hundred crore only) in one or more tranches and appoint authorised officer to do all such acts, deeds and things to give effect to the above-mentioned resolution.

BY THE ORDER OF THE BOARD
FOR VAYA FINSERV PRIVATE LIMITED

VAYA FINSERV PVT. LTD. Hyderabad

AVSKumar

A.V.SATEESH KUMAR
MANAGING DIRECTOR & CEO
DIN: 01769871

PLACE: HYDERABAD
DATE: September 25, 2021

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules 2014, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

4. The proxy form MGT–11, has been attached to this notice.

5. The instrument appointing the proxy, in order to be valid and effective must be deposited at the Registered Office of the Company duly filled, stamped and signed, not less than 48 (Forty- Eight) hours before the scheduled time of commencement of the AGM.

6. Corporate Members intending to send their authorized representative(s) pursuant tosection 113 of the Companies Act, 2013 to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting. A person authorised by resolution under Section 113(1) of the Companies Act, 2013, shall be entitled to exercise the same rights and powers, including the right to vote by proxy, on behalf of the body corporate which he/she represents.

7. Where there are members registered jointly in respect of any share, any one of such persons may vote at the AGM either personally or by proxy in respect of such share as if he was solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that one of the said members so present whose name stands first in the Register of Members in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of Articles of Association of the Company, be deemed to be members registered jointly in respect thereof.

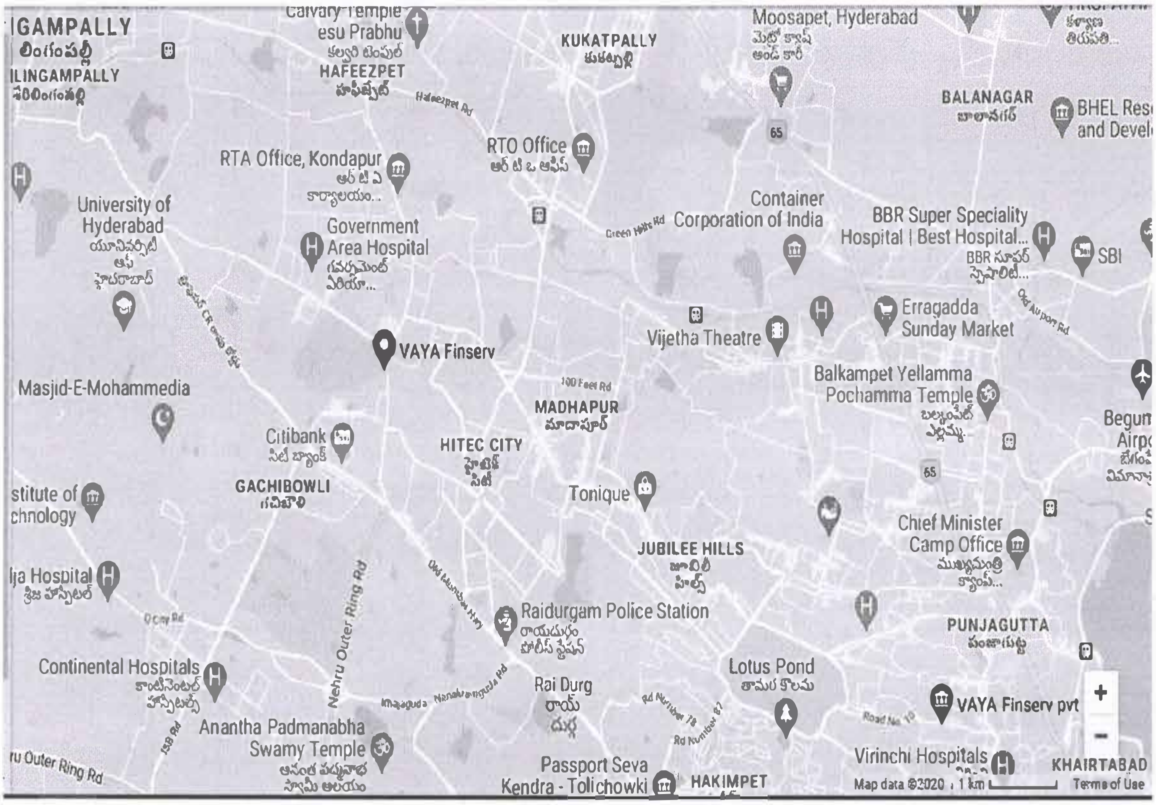
8. Members/Proxies are advised to bring the enclosed Attendance Slip duly filled in for attending the meeting.

9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which the Directors are interested and are maintained under Section 189 of the Companies Act, 2013 will be made available for inspection by the members at the AGM venue during the continuance of the meeting.

10. The Route Map of the venue of this Annual General Meeting is placed below this Notice.

Arskumar

VAYA FINSERV PVT. LTD.
Hyderabad



Arskumar

VAYA FINSERV PVT. LTD.
Hyderabad

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No: 2 Appointment of M/s Manohar Chowdhry as Statutory Auditors of the Company

It is to inform that RBI has issued Guidelines for appointment of Statutory Central Auditors(SCA)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its circular No. RBI/2021-22/25 Ref. No DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021.

In the circular, RBI has laid down certain additional criteria for appointment of Statutory Auditors in NBFCs in addition to the norms laid down by Companies Act, 2013.

The Board, in recommendation with the Audit & Risk Management Committee, has proposed appointment of M/s. Manohar Chowdhry & Associates (FRN 001997S), Chartered Accountants, as Statutory Auditor of the Company for the period of three years.

Brief Profile of M/s. Manohar Chowdhry & Associates:

M/s. Manohar Chowdhry & Associates (FRN 001997S) was founded by Mr. T N Manoharan in the year 1994 and the firm is having 20 years of Audit experience in various sectors like Banking & Finance, Healthcare, Infrastructure, Media, Capital Markets, Engineering & Others.

The firm provides various services like Audit and Assurance, Taxation, Appeals and legal consultancy, Information systems Audit, International taxation, Due diligence, Valuation of entities, Management consultancy etc. Firm is having branches in all the southern states of India and ranked as one of the premier firms in South India. The firm having total 26 partners Specializing in various fields of professional practice spread across the branches.

Mr. K.Sesha Bala Subramanyam qualified as a Chartered Accountant and is a Fellow Member of Institute of Chartered Accountants of India since 1999. He is associated with Manohar Chowdhry & Associates, Chartered Accountants since 2002, Joined as a Partner of the firm in 2004 presently he is the Chief Financial Partner of the firm. Partner-in-charge of review of Audit, Tax and consultancy practice with over 50-member team at Hyderabad and Nellore. He is the review partner for the central statutory audits conducted by the firm. He was the engagement partner for a central statutory audit of large Insurance company for one year. He is acting as virtual CFO on behalf of the firm for many of the MNCs in India. He has presented technical papers on NRI taxation and recent amendments to client communities of Dubai organized by our Dubai office.

The firm is in compliance of eligibility norms prescribed by RBI and Companies Act, 2013 and also given their consent to act as Statutory Auditors of the Company.

The consent of the Members of the Company is being sought pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company or their relatives in any way concerned or interested, financially or otherwise.

The Board recommends passing of the aforesaid Resolution set out in item 2 of the AGM Notice as an ordinary resolution.

ArsKumar

VAYA FINSERV PVT. LTD.
Hyderabad

Item No.3: Approval for issuance of Bonds/Debt Securities/ Bonds/ Non-convertible Debentures etc. upto Rs. 600 crore.

The Company, in its 7th Annual General Meeting held on September 30, 2020 had approved an overall limit of Rs. 500 crore for raising debt by way of Non-convertible Debentures, Commercial papers, Bonds or any other form as may seems suitable within a time span of one year. Since, the time limit of the approval shall expire at the ensuing Annual General Meeting, it is proposed to raise the limit to Rs. 600 crore. It is further added that the additional limit shall not exceed the overall borrowing limit of Rs. 1800 crore as approved by the Board, in their meeting held on June 26, 2021

The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out herein below:

Particulars of the offer including date of passing of board resolution	This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any committee duly authorized by the Board of Directors thereof), from time to time;
Kinds of securities offered and price at which security is being offered	This special resolution is restricted to the private placement issuance of non-convertible debentures by the Company which may be secured/unsecured/subordinated, rated/unrated, listed/unlisted with the terms of each issuance being determined by the Board of Directors (including any committee duly authorized by the Board of Directors thereof), from time to time, for each issuance.
Basis or justification for the price (including premium, if any) at which offer or invitation is being made	Not applicable
Name and address of valuer who performed valuation	Not applicable
Amount which the company intends to raise by way of such securities	As may be determined by the Board of Directors from time to time but subject to the limits approved under Section 42 of the Companies Act, 2013 of up to Rs. 600,00,00,000/- (Rupees Six Hundred Crore only);
Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities	This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any committee duly authorized by the Board of Directors thereof), from time to time

The consent of the Members of the Company is being sought pursuant to the provisions of Section 42, 71 and other applicable provisions of the Companies Act, 2013.

AVS Kumar

VAYA FINSERV PVT. LTD. Hyderabad

None of the Directors or Key Managerial Personnel of the Company or their relatives in any way concerned or interested, financially or otherwise.

The Board recommends passing of the aforesaid Resolution set out in item 3 of the AGM Notice as a special resolution.

BY THE ORDER OF THE BOARD
FOR VAYA FINSERV PRIVATE LIMITED

Avskumar

A.V.SATEESH KUMAR
MANAGING DIRECTOR & CEO

VAYA FINSERV PVT. LTD.
Hyderabad

PLACE: HYDERABAD
DATE: September 25, 2021

ATTENDANCE SLIP

Registered Office: SLN Terminus, #4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad – 50032 India. CIN: U67190TG2014PTC093562

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING VENUE (Folio No. /No name and address of the member/joint holder(s) in BLOCK LETTERS to be furnished below)

FOLIO NUMBER :_______________ **NO. OF SHARES:**______________

DP ID :

Client ID :

NAME OF MEMBER / PROXY :

ADDRESS :

I hereby record my presence at the Annual General Meeting of the Company held on **Monday, September 27, 2021, at 11.00 A.M.** at the Registered Office of the Company at SLN Terminus, #4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad – 50032 India, Telangana, India.

Signature of the Member / Proxy

Note:

i) Member(s) / Proxy (ies) are requested to bring the Attendance Slip duly signed and filled in at the Meeting and hand it over at the gate.

ii) Members attending the Meeting are requested to carry their copy of the Notice.

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	**U67190TG2014PTC093562**
Name of the Company:	**VAYA FINSERV PRIVATE LIMITED**
Registered Office:	**SLN Terminus, # 4-51/SLNT/L4-05 Gachibowli, Kondapur Road, Hyderabad -500032**

Name of the member (s):

Registered address:

E-mail ID:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of .... shares of the above named company, hereby appoint

1. Name: ……………………

Address:

E-mail Id:

Signature: ...., or failing him

2. Name: ……………………

Address:

E-mail Id:

Signature: ...., or failing him

3. Name: ....

Address:

E-mail Id:

Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 08th Annual general meeting of the company, to be held on the Monday, September 27, 2021 at 11.00. a.m. at the registered office of the Company SLN Terminus, # 4-51/SLNT/L4-05 Gachibowli, Kondapur Road, Hyderabad -500032 IN and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Ordinary Business:

1. Consideration of Financial Statements for the financial year 2020-21 and approval of Statutory Auditors thereof.
2. Approval for appointment of Statutory Auditors.

Special Business

3. Approval for issuance of Bonds/Debt Securities/ Bonds/ Non-convertible Debentures etc. upto Rs.600 crore

Signed this...... day of......... 2021

Affix Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

FORM NO. MGT-7

[Pursuant to sub-Section(1) of section 92 of the Companies Act, 2013 and sub-rule (1) of rule 11of the Companies (Management and Administration) Rules, 2014]

सत्यमेव जयते

Annual Return

(other than OPCs and Small Companies)

Form language (●) English ( ) Hindi

Refer the instruction kit for filing the form.

I. REGISTRATION AND OTHER DETAILS

(i) * Corporate Identification Number (CIN) of the company: U67190TG2014PTC093562 [Pre-fill]

Global Location Number (GLN) of the company:

* Permanent Account Number (PAN) of the company: AABCO9893R

(ii) (a) Name of the company: VAYA FINSERV PRIVATE LIMITE

(b) Registered office address

SLN Terminus, # 4-51/SLNT/L4-05
Gachibowli, Kondapur Road,
HYDERABAD
Hyderabad
Telangana

(c) *e-mail ID of the company: cs@vayaindia.com

(d) *Telephone number with STD code: 04047896999

(e) Website:

(iii) Date of Incorporation: 18/03/2014

(iv)

Type of the Company	Category of the Company	Sub-category of the Company
Private Company	Company limited by shares	Indian Non-Government company

(v) Whether company is having share capital (●) Yes ( ) No

(vi) *Whether shares listed on recognized Stock Exchange(s) ( ) Yes (●) No

(vii) *Financial year From date 01/04/2020 (DD/MM/YYYY) To date 31/03/2021 (DD/MM/YYYY)

(viii) *Whether Annual general meeting (AGM) held ◉ Yes ○ No

(a) If yes, date of AGM 27/09/2021

(b) Due date of AGM 30/09/2021

(c) Whether any extension for AGM granted ○ Yes ◉ No

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

*Number of business activities 1

S.No	Main Activity group code	Description of Main Activity group	Business Activity Code	Description of Business Activity	% of turnover of the company
1	K	Financial and insurance Service	K8	Other financial activities	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

*No. of Companies for which information is to be given 0 Pre-fill All

S.No	Name of the company	CIN / FCRN	Holding/ Subsidiary/Associate/ Joint Venture	% of shares held
1				

IV. SHARE CAPITAL, DEBENTURES AND OTHER SECURITIES OF THE COMPANY

(i) *SHARE CAPITAL

(a) Equity share capital

Particulars	Authorised capital	Issued capital	Subscribed capital	Paid up capital
Total number of equity shares	104,000,000	103,377,691	103,377,691	103,377,691
Total amount of equity shares (in Rupees)	1,040,000,000	1,033,776,910	1,033,776,910	908,930,530

Number of classes 1

Class of Shares Equity	Authorised capital	Issued capital	Subscribed capital	Paid up capital
Number of equity shares	104,000,000	103,377,691	103,377,691	103,377,691

Nominal value per share (in rupees)	10	10	10	10
Total amount of equity shares (in rupees)	1,040,000,000	1,033,776,910	1,033,776,910	908,930,530

(b) Preference share capital

Particulars	Authorised capital	Issued capital	Subscribed capital	Paid-up capital
Total number of preference shares	100,000,000	0	0	0
Total amount of preference shares (in rupees)	1,000,000,000	0	0	0

Number of classes 1

Class of shares Preference Shares	Authorised capital	Issued capital	Subscribed capital	Paid up capital
Number of preference shares	100,000,000	0	0	0
Nominal value per share (in rupees)	10	10	10	10
Total amount of preference shares (in rupees)	1,000,000,000	0	0	0

(c) Unclassified share capital

Particulars	Authorised Capital
Total amount of unclassified shares	0

(d) Break-up of paid-up share capital

Class of shares	Number of shares			Total nominal amount	Total Paid-up amount	Total premium
Equity shares	Physical	DEMAT	Total			
At the beginning of the year	27,343,709	0	27343709	273,437,09(	273,437,09	
Increase during the year	0	100,675,982	100675982	760,339,82(	635,493,44	8,245,945,9
i. Pubic Issues	0	0	0	0	0	0
ii. Rights issue	0	0	0	0	0	0
iii. Bonus issue	0	0	0	0	0	0
iv. Private Placement/ Preferential allotment	0	40,898,847	40898847	408,988,47(	284,142,0	7,297,297,2
v. ESOPs	0	0	0	0	0	
vi. Sweat equity shares allotted	0	0	0	0	0	0
vii. Conversion of Preference share	0	35,135,135	35135135	351,351,35(	351,351,35	948,648,645

viii. Conversion of Debentures	0	0	0	0	0	0
ix. GDRs/ADRs	0	0	0	0	0	0
x. Others, specify Conversion of Physical Shares into DEMAT	0	24,642,000	24642000	0	0	
Decrease during the year	24,642,000	0	24642000	0	0	0
i. Buy-back of shares	0	0	0	0	0	0
ii. Shares forfeited	0	0	0	0	0	0
iii. Reduction of share capital	0	0	0	0	0	0
iv. Others, specify Conversion of Physical Shares into DEMAT	24,642,000	0	24642000	0	0	
At the end of the year	2,701,709	100,675,982	103377691	1,033,776,9	908,930,53	
Preference shares						
At the beginning of the year	130,000,000	0	130000000	1,300,000,0	1,300,000,	
Increase during the year	0	0	0	0	0	0
i. Issues of shares	0	0	0	0	0	0
ii. Re-issue of forfeited shares	0	0	0	0	0	0
iii. Others, specify						
Decrease during the year	130,000,000	0	130000000	1,300,000,0	1,300,000,	0
i. Redemption of shares	0	0	0	0	0	0
ii. Shares forfeited	0	0	0	0	0	0
iii. Reduction of share capital	0	0	0	0	0	0
iv. Others, specify Conversion of CCPS into Equity	130,000,000		130000000	1,300,000,0	1,300,000,	
At the end of the year	0	0	0	0	0	

ISIN of the equity shares of the company

(ii) Details of stock split/consolidation during the year (for each class of shares) 0

Class of shares		(i)	(ii)	(iii)
Before split / Consolidation	Number of shares			
	Face value per share			
After split / Consolidation	Number of shares			
	Face value per share			

(iii) Details of shares/Debentures Transfers since closure date of last financial year (or in the case of the first return at any time since the incorporation of the company) *

☐ Nil

[Details being provided in a CD/Digital Media] ○ Yes ◉ No ○ Not Applicable

Separate sheet attached for details of transfers ◉ Yes ○ No

Note: In case list of transfer exceeds 10, option for submission as a separate sheet attachment or submission in a CD/Digital Media may be shown.

Date of the previous annual general meeting	30/09/2020

Date of registration of transfer (Date Month Year)			
Type of transfer		1 - Equity, 2- Preference Shares,3 - Debentures, 4 - Stock	
Number of Shares/ Debentures/ Units Transferred		Amount per Share/ Debenture/Unit (in Rs.)	
Ledger Folio of Transferor			
Transferor's Name			
	Surname	middle name	first name
Ledger Folio of Transferee			

Transferee's Name			
	Surname	middle name	first name

Date of registration of transfer (Date Month Year)				
Type of transfer		1 - Equity, 2- Preference Shares,3 - Debentures, 4 - Stock		
Number of Shares/ Debentures/ Units Transferred			Amount per Share/ Debenture/Unit (in Rs.)	
Ledger Folio of Transferor				

Transferor's Name			
	Surname	middle name	first name
Ledger Folio of Transferee			
Transferee's Name			
	Surname	middle name	first name

(iv) *Debentures (Outstanding as at the end of financial year)

Particulars	Number of units	Nominal value per unit	Total value
Non-convertible debentures	2,410	1000000	2,410,000,000
Partly convertible debentures	0	0	0
Fully convertible debentures	0	0	0
Total			2,410,000,000

Details of debentures

Class of debentures	Outstanding as at the beginning of the year	Increase during the year	Decrease during the year	Outstanding as at the end of the year
Non-convertible debentures	1,940,000,000	670,000,000	200,000,000	2,410,000,000
Partly convertible debentures	0	0	0	0
Fully convertible debentures	0	0	0	0

(v) Securities (other than shares and debentures) 1

Type of Securities	Number of Securities	Nominal Value of each Unit	Total Nominal Value	Paid up Value of each Unit	Total Paid up Value
Commercial Papers	400	500000	200,000,000	500000	200,000,000
Total	400		200,000,000		200,000,000

V. *Turnover and net worth of the company (as defined in the Companies Act, 2013)

(i) Turnover 1,976,693,497

(ii) Net worth of the Company 2,966,533,649

VI. (a) *SHARE HOLDING PATTERN - Promoters

S. No.	Category	Equity		Preference	
		Number of shares	Percentage	Number of shares	Percentage
1.	Individual/Hindu Undivided Family				
	(i) Indian	0	0	0	
	(ii) Non-resident Indian (NRI)	0	0	0	
	(iii) Foreign national (other than NRI)	0	0	0	
2.	Government				
	(i) Central Government	0	0	0	
	(ii) State Government	0	0	0	
	(iii) Government companies	0	0	0	
3.	Insurance companies	0	0	0	
4.	Banks	0	0	0	
5.	Financial institutions	0	0	0	

6.	Foreign institutional investors	0	0	0	
7.	Mutual funds	0	0	0	
8.	Venture capital	0	0	0	
9.	Body corporate (not mentioned above)	0	0	0	
10.	Others Trusts	86,804,162	83.97	0	
	Total	86,804,162	83.97	0	0

Total number of shareholders (promoters) 5

(b) *SHARE HOLDING PATTERN - Public/Other than promoters

S. No.	Category	Equity		Preference	
		Number of shares	**Percentage**	**Number of shares**	**Percentage**
1.	Individual/Hindu Undivided Family				
	(i) Indian	16,056,529	15.53	0	
	(ii) Non-resident Indian (NRI)	0	0	0	
	(iii) Foreign national (other than NRI)	0	0	0	
2.	Government				
	(i) Central Government	0	0	0	
	(ii) State Government	0	0	0	
	(iii) Government companies	0	0	0	
3.	Insurance companies	0	0	0	
4.	Banks	0	0	0	
5.	Financial institutions	0	0	0	
6.	Foreign institutional investors	0	0	0	
7.	Mutual funds	0	0	0	
8.	Venture capital	0	0	0	
9.	Body corporate (not mentioned above)	0	0	0	
10.	Others Trust	517,000	0.5	0	

	Total	16,573,529	16.03	0	0

Total number of shareholders (other than promoters) 4

Total number of shareholders (Promoters+Public/ Other than promoters) 9

VII. *NUMBER OF PROMOTERS, MEMBERS, DEBENTURE HOLDERS

(Details, Promoters, Members (other than promoters), Debenture holders)

Details	At the beginning of the year	At the end of the year
Promoters	6	5
Members (other than promoters)	8	4
Debenture holders	10	12

VIII. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) *Composition of Board of Directors

Category	Number of directors at the beginning of the year		Number of directors at the end of the year		Percentage of shares held by directors as at the end of year	
	Executive	Non-executive	Executive	Non-executive	Executive	Non-executive
A. **Promoter**	0	1	0	1	0	0
B. Non-Promoter	1	5	1	3	9.07	0
(i) Non-Independent	1	3	1	1	9.07	0
(ii) Independent	0	2	0	2	0	0
C. Nominee Directors representing	0	0	0	0	0	0
(i) Banks & FIs	0	0	0	0	0	0
(ii) Investing institutions	0	0	0	0	0	0
(iii) Government	0	0	0	0	0	0
(iv) Small share holders	0	0	0	0	0	0
(v) Others	0	0	0	0	0	0
Total	1	6	1	4	9.07	0

Number of Directors and Key managerial personnel (who is not director) as on the financial year end date 7

(B) (i) *Details of directors and Key managerial personnel as on the closure of financial year

Name	DIN/PAN	Designation	Number of equity share(s) held	Date of cessation (after closure of financial year : If any)
Vikram Akula	00906907	Director	0	
Venkata Sateesh Kuma	01769871	Managing Director	9,371,820	
Bikshamaiah Gujja	03102944	Nominee director	0	
Farzana Haque	03276127	Director	0	
Shankar Ramaswami	08863823	Director	0	
Subramanian Lakshmin	ABEPL0093M	CFO	5,979,161	
Deepika Singh	CCDPS4308A	Company Secretar	0	

(ii) Particulars of change in director(s) and Key managerial personnel during the year

9

Name	DIN/PAN	Designation at the beginning / during the financial year	Date of appointment/ change in designation/ cessation	Nature of change (Appointment/ Change in designation/ Cessation)
Jagadish Babu Ramadu	01855121	Director	20/04/2020	Change in Designation
Venkata Sateesh Kuma	01769871	Managing Director	20/04/2020	Change in Designation
Gautam Ivatury	03361826	Director	11/08/2020	Cessation
Jagadish Babu Ramadu	01855121	Director	31/08/2020	Cessation
Alok Misra	06433514	Director	22/08/2020	Cessation
Shankar Ramaswami	08863823	Director	03/09/2020	Appointment
B Balaji Gupta	AIVPB1811H	Company Secretar	23/06/2020	Cessation
Deepika Singh	CCDPS4308A	Company Secretar	24/06/2020	Appointment
Subramanian Lakshmin	ABEPL0093M	CFO	30/06/2020	Appointment

IX. MEETINGS OF MEMBERS/CLASS OF MEMBERS/BOARD/COMMITTEES OF THE BOARD OF DIRECTORS

A. MEMBERS/CLASS /REQUISITIONED/NCLT/COURT CONVENED MEETINGS

Number of meetings held 5

Type of meeting	Date of meeting	Total Number of Members entitled to attend meeting	Attendance	
			Number of members attended	% of total shareholding
Annual General Meeting	30/09/2020	14	10	71
Extra Ordinary General Mee	29/07/2020	14	9	98.54
Extra Ordinary General Mee	03/09/2020	14	6	96
Extra Ordinary General Mee	13/11/2020	9	8	97.64
Extra Ordinary General Mee	08/12/2020	9	8	97.64

B. BOARD MEETINGS

*Number of meetings held 6

S. No.	Date of meeting	Total Number of directors associated as on the date of meeting	Attendance	
			Number of directors attended	% of attendance
1	20/04/2020	7	5	71.43
2	23/06/2020	7	6	85.71
3	02/09/2020	4	4	100
4	12/11/2020	5	5	100
5	07/12/2020	5	2	40
6	27/03/2021	5	5	100

C. COMMITTEE MEETINGS

Number of meetings held 30

S. No.	Type of meeting	Date of meeting	Total Number of Members as on the date of the meeting	Attendance	
				Number of members attended	% of attendance
1	Audit & Risk M	22/06/2020	3	3	100
2	Audit & Risk M	02/09/2020	2	2	100
3	Audit & Risk M	12/11/2020	3	3	100
4	Audit & Risk M	27/03/2021	3	3	100
5	Nomination an	22/06/2020	3	3	100

S. No.	Type of meeting	Date of meeting	Total Number of Members as on the date of the meeting	Attendance	
				Number of members attended	% of attendance
6	Nomination an	02/09/2020	2	2	100
7	Nomination an	12/11/2020	3	3	100
8	Borrowing Cor	29/04/2020	4	2	50
9	Borrowing Cor	24/05/2020	4	2	50
10	Borrowing Cor	08/07/2020	3	2	66.67

D. *ATTENDANCE OF DIRECTORS

S. No.	Name of the director	Board Meetings			Committee Meetings			Whether attended AGM held on
		Number of Meetings which director was entitled to attend	Number of Meetings attended	% of attendance	Number of Meetings which director was entitled to attend	Number of Meetings attended	% of attendance	27/09/2021 (Y/N/NA)
1	Vikram Akula	6	5	83.33	11	4	36.36	No
2	Venkata Satee	6	6	100	26	26	100	Yes
3	Bikshamaiah (	6	6	100	18	14	77.78	No
4	Farzana Haqu	6	4	66.67	15	15	100	No
5	Shankar Ram	3	2	66.67	3	3	100	No

X. *REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

☐ Nil

Number of Managing Director, Whole-time Directors and/or Manager whose remuneration details to be entered: 1

S. No.	Name	Designation	Gross Salary	Commission	Stock Option/ Sweat equity	Others	Total Amount
1	Venkata Sateesh Ku	Managing Direct	11,000,878	0	0	0	11,000,878
	Total		11,000,878	0	0	0	11,000,878

Number of CEO, CFO and Company secretary whose remuneration details to be entered: 3

S. No.	Name	Designation	Gross Salary	Commission	Stock Option/ Sweat equity	Others	Total Amount
1	Subramanian Laksh	CFO	9,250,465	0	0	0	9,250,465

S. No.	Name	Designation	Gross Salary	Commission	Stock Option/ Sweat equity	Others	Total Amount
2	Deepika Singh	Company Secre	757,008	0	0	0	757,008
3	B Balaji Gupta	Company Secre	439,534	0	0	0	439,534
	Total		10,447,007	0	0	0	10,447,007

Number of other directors whose remuneration details to be entered: 0

S. No.	Name	Designation	Gross Salary	Commission	Stock Option/ Sweat equity	Others	Total Amount
1							0
	Total						

XI. MATTERS RELATED TO CERTIFICATION OF COMPLIANCES AND DISCLOSURES

* A. Whether the company has made compliances and disclosures in respect of applicable provisions of the Companies Act, 2013 during the year ◉ Yes ○ No

B. If No, give reasons/observations

XII. PENALTY AND PUNISHMENT - DETAILS THEREOF

(A) DETAILS OF PENALTIES / PUNISHMENT IMPOSED ON COMPANY/DIRECTORS /OFFICERS ☒ Nil

Name of the company/ directors/ officers	Name of the court/ concerned Authority	Date of Order	Name of the Act and section under which penalised / punished	Details of penalty/ punishment	Details of appeal (if any) including present status

(B) DETAILS OF COMPOUNDING OF OFFENCES ☒ Nil

Name of the company/ directors/ officers	Name of the court/ concerned Authority	Date of Order	Name of the Act and section under which offence committed	Particulars of offence	Amount of compounding (in Rupees)

XIII. Whether complete list of shareholders, debenture holders has been enclosed as an attachment

◉ Yes ○ No

XIV. COMPLIANCE OF SUB-SECTION (2) OF SECTION 92, IN CASE OF LISTED COMPANIES

In case of a listed company or a company having paid up share capital of Ten Crore rupees or more or turnover of Fifty Crore rupees or more, details of company secretary in whole time practice certifying the annual return in Form MGT-8.

Name: R. Ramakrishna Gupta

Whether associate or fellow: ◯ Associate ◉ Fellow

Certificate of practice number: 6696

I/We certify that:

(a) The return states the facts, as they stood on the date of the closure of the financial year aforesaid correctly and adequately.

(b) Unless otherwise expressly stated to the contrary elsewhere in this Return, the Company has complied with all the provisions of the Act during the financial year.

(c) The company has not, since the date of the closure of the last financial year with reference to which the last return was submitted or in the case of a first return since the date of the incorporation of the company, issued any invitation to the public to subscribe for any securities of the company.

(d) Where the annual return discloses the fact that the number of members, (except in case of a one person company), of the company exceeds two hundred, the excess consists wholly of persons who under second proviso to clause (ii) of sub-section (68) of section 2 of the Act are not to be included in reckoning the number of two hundred.

Declaration

I am Authorised by the Board of Directors of the company vide resolution no. .. 14 dated 26/06/2021 (DD/MM/YYYY) to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been compiled with. I further declare that:

1. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the company.
2. All the required attachments have been completely and legibly attached to this form.

Note: Attention is also drawn to the provisions of Section 447, section 448 and 449 of the Companies Act, 2013 which provide for punishment for fraud, punishment for false statement and punishment for false evidence respectively.

To be digitally signed by

Director: VENKATA SATEESH KUMAR ANAPPINDI

DIN of the director: 01769871

To be digitally signed by DEEPIKA SINGH

◉ Company Secretary

◯ Company secretary in practice

Membership number: 28358

Certificate of practice number:

Attachments

List of attachments

1. List of share holders, debenture holders
2. Approval letter for extension of AGM;
3. Copy of MGT-8;
4. Optional Attachement(s), if any

Attach

Attach

Attach

Attach

List of Shareholders and Debenture Holder
MGT-8_Vaya Finserv.pdf
List of Committee Meetings.pdf
Details of Share Transfers.pdf
Clarification Letter.pdf

Remove attachment

Modify | Check Form | Prescrutiny | Submit

This eForm has been taken on file maintained by the Registrar of Companies through electronic mode and on the basis of statement of correctness given by the company