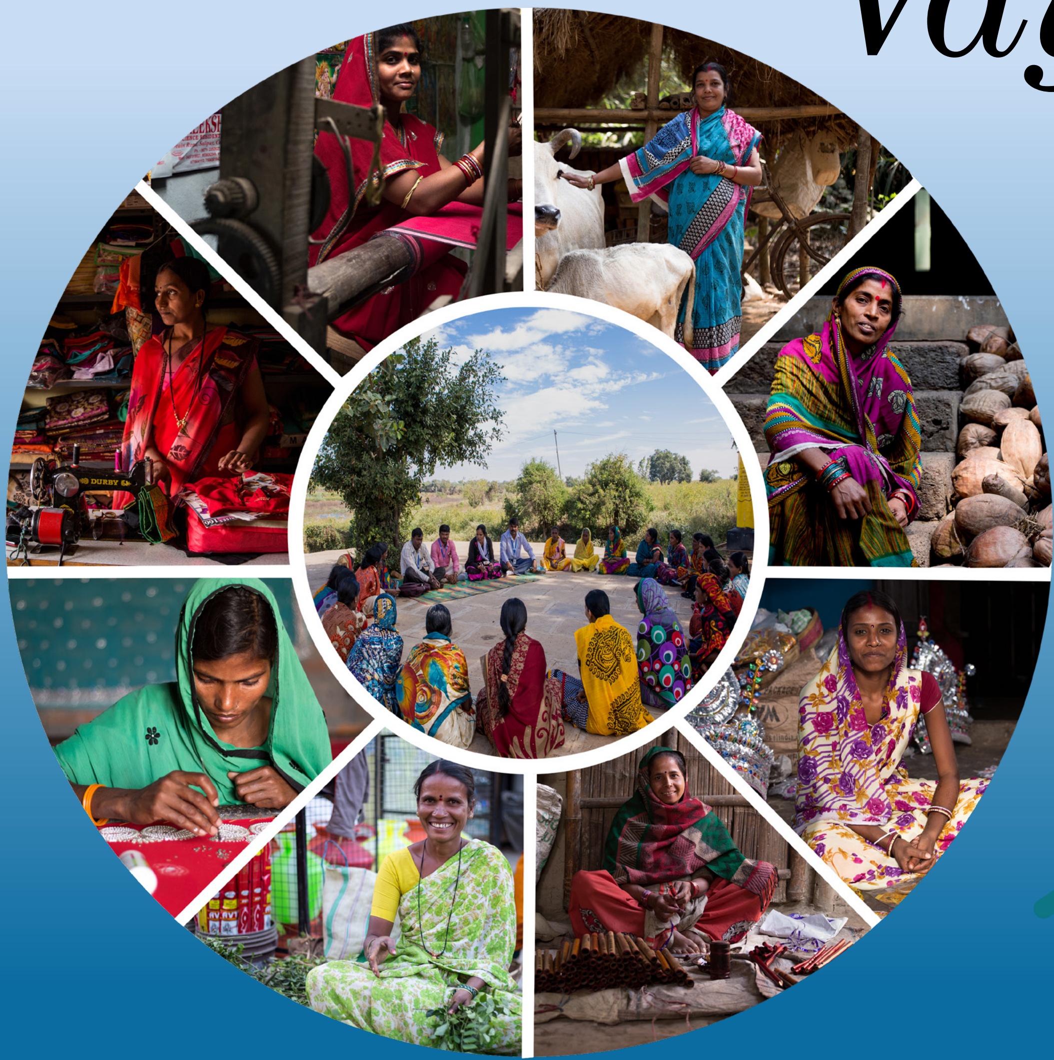
Vaya



POWERING
ASPIRATIONS

ANNUAL REPORT FY2019-20

Vaya

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.


MERRITT

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

Jagadish Babu Ramadugu
Director (Non-executive)
(resigned w.e.f. 31st August 2020)

Alok Misra
Independent Director
(resigned w.e.f. 22nd August 2020)

Gautam Ivatury
Director (Non-executive)
(resigned w.e.f. 11th August 2020)

Chief Financial Officer
Lakshminarayanan S.

Company Secretary
Deepika Singh

Business Correspondent Partners
Yes Bank
RBL Bank

Lenders, Subscribers & Holders of Debt Issuances and Investors under Securitisation & Direct Assignment Transactions

- Avanse Financial Services
- Axis Bank
- BlueOrchard Finance
- Caspian Impact Investments
- Fincare Small Finance Bank
- HDFC Bank
- Hinduja Leyland Finance
- Hiranandani Financial Services
- ICICI Bank
- IDFC FIRST Bank
- IndusInd Bank
- Jana Small Finance Bank
- Kotak Mahindra Bank
- Maanaveeya Development & Finance
- Mahindra and Mahindra Financial Services
- Manappuram Finance
- Microfinance Enhancement Facility
- Northern Arc Capital
- Northern Arc Invetment Managers
- Poonawalla Finance
- RBL Bank
- responsAbility
- Shriram City Union Finance
- Standard Chartered Bank
- Utkarsh Small Finance Bank
- Vaya Trusts
- Yes Bank

Trustee
Catalyst Trusteeship

Registrar & Transfer Agent
Link Intime India
Venture Capital and Corporate Investments

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

Registered Office, Contact Details & CIN

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

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.

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.

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.

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.

Customer

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

Message from the Chairperson

Vikram Akula

Chairperson (Non-executive)

Dear Stakeholders

It is my pleasure to present to you the Annual Report for the financial year 2019-20. During our six-year journey, we have evolved from being only a Business Correspondent ("BC") Company to a full-fledged NBFC-MFI ("Non-Banking Financial Institution – Microfinance Institution"). From the beginning, Vaya's operating model has been designed to maximise value for our customers while reducing costs and sustaining increased levels of speed, agility and efficiency. It combines digital technologies and operational capabilities in an integrated and well-sequenced way to achieve tangible improvements.

The Indian economy underwent a slowdown in FY20 due to weak private consumption, lower gross fixed investments, sluggish manufacturing, and stress in the banking and NBFC sector. The Indian economy recorded its slowest growth in 11 years at 4.2%. The Government of India and the RBI announced several measures during the year to revive the economy. Policy reforms such as the rationalisation in Goods and Services Tax (GST) rates, corporate tax rate cuts in September 2019 and an increase in rural and infrastructure spending were expected to show some tangible results. However, just when green shoots in the economic growth were starting, the COVID-19 outbreak compelled the Government to rightly prioritise public health over everything else and impose a multi-phase nationwide lockdown. Barring essential services, all economic activities came to a grinding halt, sending the economy into a tailspin.

The COVID-19 pandemic is a true Black Swan event – unprecedented, exacting a heavy human toll, having a severe impact on the economy. The COVID-19 pandemic has created significant challenges across the globe and particularly for developing countries. According to a World Bank estimate, 7.1 crore people could be pushed into extreme poverty as a result of COVID-19. It is the economically deprived people in developing countries like India who are the most vulnerable to these impacts. Over the years, MFIs have been critical in providing financial services for these vulnerable people. Historically, our industry has seen various challenges—such as floods, cyclones, droughts, crop failures, and demonetisation—and each time microfinance borrowers have proved resilient. We are confident that the Indian microfinance sector can and will play a major role in ensuring confidence and credit at the grassroots when it is needed the most to rebuild our country.

According to the Microfinance Institutions Network's (MFIN) Micrometer report for the Q4-FY20, the Indian microfinance industry served 5.89 crores unique borrowers through 10.54 crores loan accounts. As on 31st March 2020, the loan portfolio outstanding for the entire microfinance industry was ₹ 2.3 trillion out of which the MFIN member MFIs accounted for 31.8% (i.e., ₹ 73,792 crores).

Your Company has a comprehensive set of learning and development tools, available through a digital platform, to help employees reach their potential. By pursuing operational excellence, the Company is becoming more efficient and transparent. Continuous deployment of technology-led improvements across processes makes it easier for the employees to seamlessly work with each other and to service customers while adhering to the highest levels of integrity and corporate governance.

It would be premature to ascertain the fallout of the pandemic at this point, as the situation remains fluid. However, one thing can be said with a fair degree of certainty, the long-term fundamentals of the Indian economy overall and the microfinance sector in particular, remain intact. We are a resilient country and over time we will emerge victorious from the current challenge as well.

Being a future-ready Company supported by strong governance and ethics, a robust technology backbone, distribution network and a resilient balance sheet, we are geared to withstand the unforeseen challenges.

We strongly value and thank all our lenders and BC partners for their continued support to the Company. I would also like to thank all members of the Board, the leadership team and the employees of the Company for their unwavering commitment.

I solicit your continued support.

Thanking you.

Vikram Akula

Chairperson (Non-executive)

Message from the MD & CEO

A.V. Sateesh Kumar

Managing Director & Chief Executive Officer

Dear Stakeholders

The Indian economy had been experiencing a challenging period, with a mix of structural and cyclical factors in play before COVID-19 struck at the end of the financial year. The Government of India along with the RBI had implemented several measures to reverse the trend. Today, we stand at the brink of a new world order. The implications of the coronavirus outbreak for each one of us is profound and will resonate for a long time. The pandemic has disrupted our lives like never before. India, with a huge population which gets its livelihood primarily from unorganised sectors, must deal with its own set of unique challenges. However, it is during moments like these, that our individual and collective efforts can be truly momentous.

The current pandemic has redefined the idea of 'risk' – in terms of public health, economic uncertainty and business continuity. At Vaya, even as we grapple with its effects, we continue to prioritise the needs of customers while meeting the requirements of our stakeholders, with particular emphasis on employee safety. Since our inception in 2014, we have consistently focused on being a customer-centric organisation and have gone the extra mile to support our borrowers in their hour of need. In these challenging times, we have further increased our efforts to serve our customers, demonstrating our brand ethos of 'Powering Aspirations'.

Our distribution network forms a key component of our competitive strength. Over the years, we have invested in scaling up our branches and deploying technology solutions to equip the frontline staff with the right tools to conduct operations efficiently. To help them in their efforts during this unprecedented situation, we have enhanced some of these capabilities and conducted a number of virtual training sessions. Although the COVID-19 outbreak impacted our operations, we coordinated with agility with all cross-functional teams to operate effectively and address operational challenges during the lockdown.

When it comes to our business performance for FY20, the gross loan portfolio ("GLP") grew steadily at 11%. As on 31st March 2020, the GLP was ₹ 1,234 crores which comprised 44% of Own portfolio, 42% Business Correspondent ("BC") portfolio, and the remaining 14% as securitised and direct assignment portfolios. In FY19, the Company had ventured into Tamil Nadu state with four branches with a strategy to assess the operating environment in the state. Starting June 2019 onwards, the Company rolled-out 50 branches and started building its portfolio in Tamil Nadu. This has helped to further diversify the overall portfolio and reduce the geographic concentration in the eastern states.

In terms of borrowing in fiscal 2020, the Company has further diversified its lender base and source mix. The Company added 10 new lenders and apart from the traditional term loan and non-convertible debentures, did various securitisation, direct assignment and also commercial paper transactions. As at the end of fiscal 2020, the Company had 26 external lenders (excluding promoters) and none of them had more than 10% of the borrowing exposure, which we believe is fairly diversified given the size of our balance sheet.

In the coming years, we will continue to stay focused on building a robust business model – one that stands on the solid pillars of technological prowess, strong distribution network, prudent risk management, passionate employees and above all, the trust of our customers. In everything that we do, our focus would be to create long-term value for our stakeholders.

We have been witnessing acts of dedication and perseverance from all of our frontline personnel. Vaya employees are working relentlessly to support our microfinance borrowers through these uncertain times, providing appropriate funding to those in need and extending support to help them pass-through the pandemic storm. I would like to thank all my colleagues for their hard work and dedication.

In the end, I would like to extend my gratitude to our borrowers, BC partners, lenders and shareholders who continue to support Vaya. I am sure that all of us shall come out shining from the situation caused by the pandemic.

Thanking you.

A.V. Sateesh Kumar

Managing Director & Chief Executive Officer

Key Milestones - Journey till date

2014

March
Incorporated as Out-reach Financial Services

June
Launched Tab Module

August
Disbursed First Loan in Karnataka

December
Expanded into Maharashtra & additional districts in Karnataka

2015

March
Started Operations in Bihar & Jharkhand

July
Started Operations in Odisha & Telangana

August
Reached Total AUM of ₹100 Crores

2016

February
Crossed 1 Lakh Clients

July
Crossed AUM of ₹300 Crores

August
2 Lakh Clients, 100 Branches, 40 Districts

December
Cashless Disbursements Launched

2017

January
Achieved 100% Cashless Disbursement

May
Received NBFC- MFI License

October
CCPS infusion of ₹30 crores by Vaya Trusts

December
Received MFI grading of M2 from ICRA, Crossed 200 Branches

Vaya

2018

February
Received BBB- rating from ICRA

April
CCPS infusion of ₹30 crores by Vaya Trusts

July
CCPS infusion of ₹70 crores by Vaya Trusts, 1st MFI in India to become a Certified B Corporation, Crossed 5 lakh Clients

November
First listed NCD issuance of ₹43 crores from FPIs

2019

January
Credit Rating upgraded to 'BBB' by ICRA,
MFI Grading upgraded to 'M2+' by ICRA

February
First Securitisation transaction

March
'Great Place To Work' certified

May
Crossed 6 Lakh Clients

December
First Direct Assignment transaction

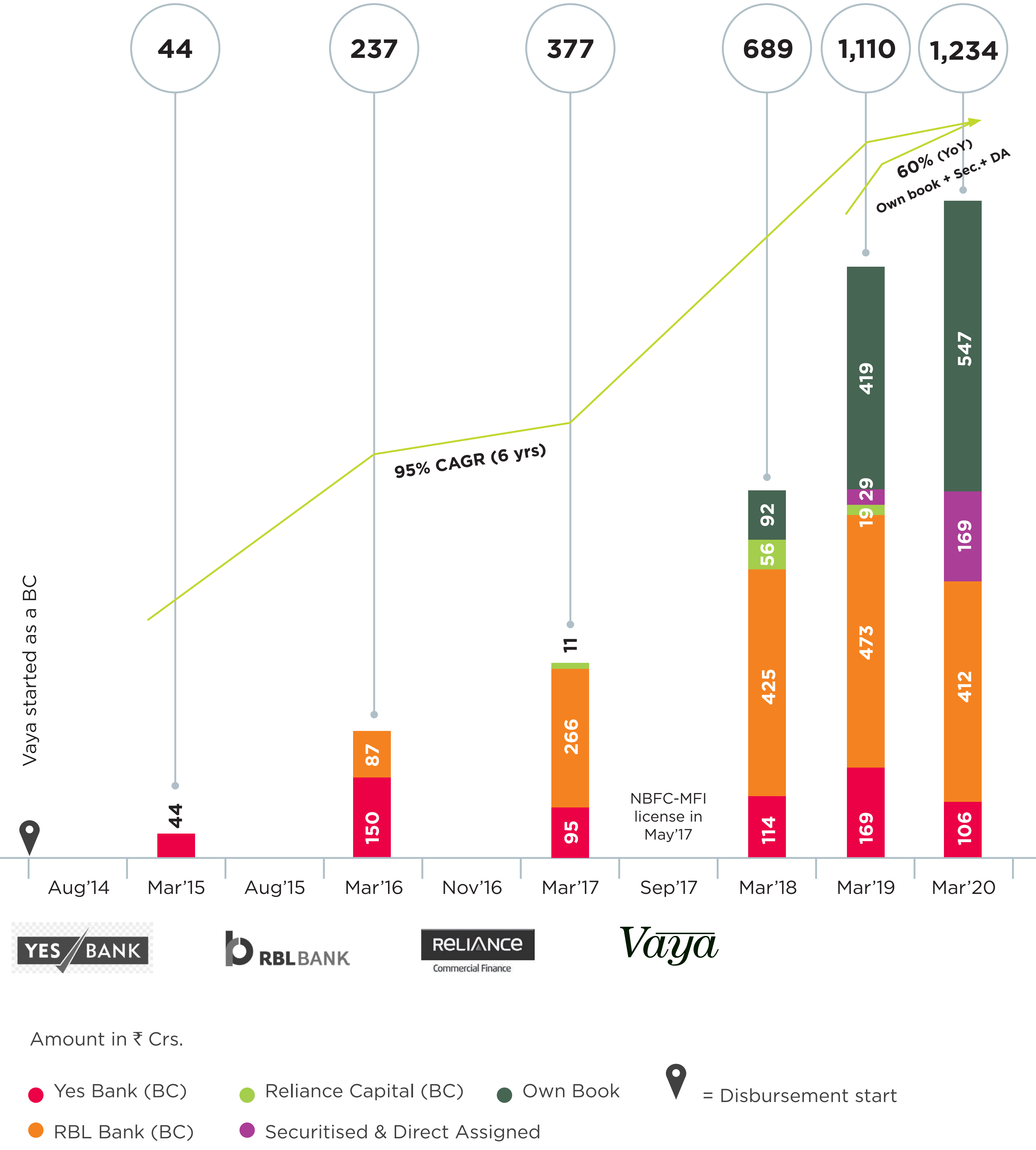
2020

January
First Commercial Paper issuance

February
'Great Place To Work' certified second time

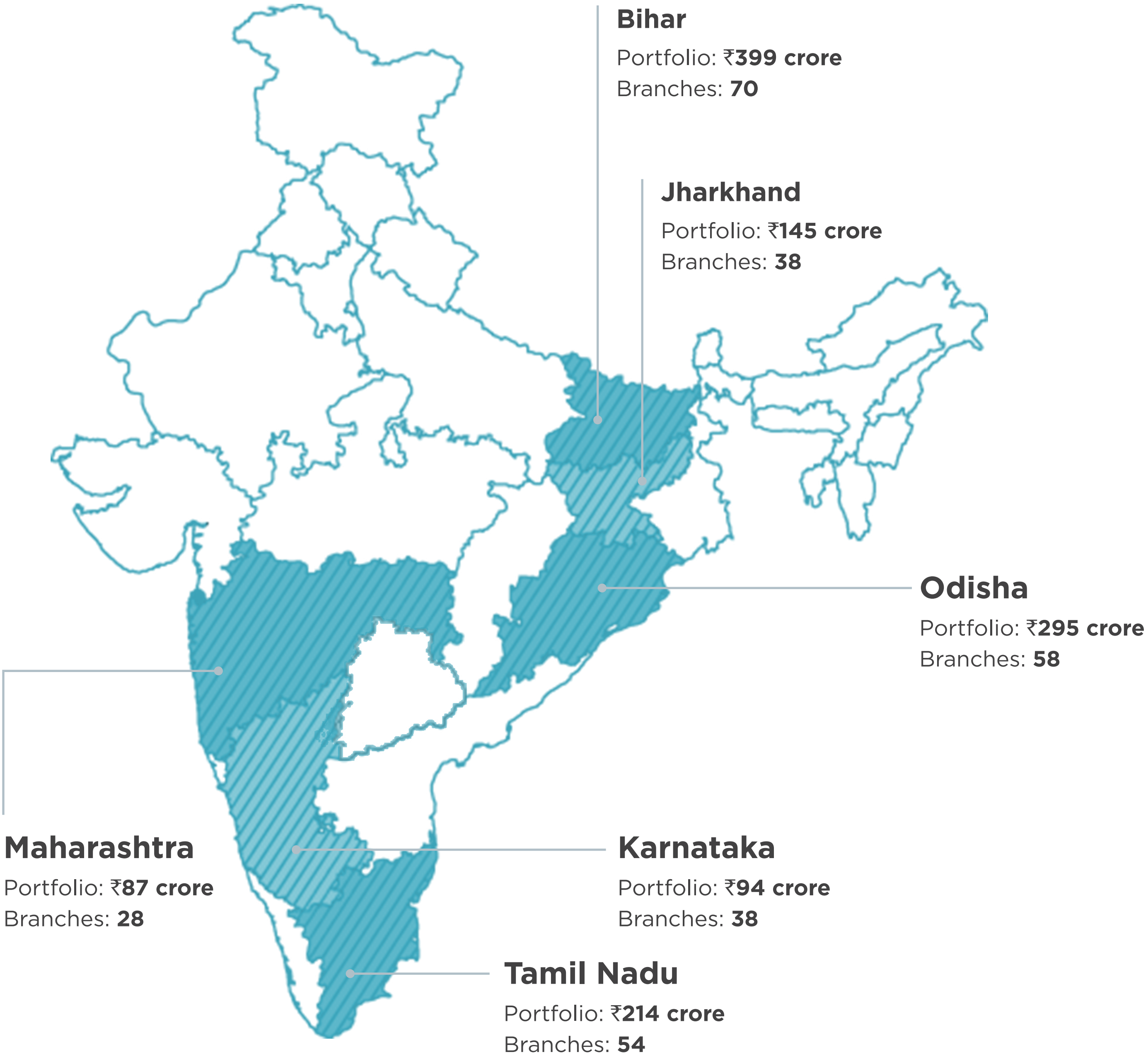
Vaya Finserv – An Overview

Journey so far & Portfolio growth...



Note: Total portfolio amount includes IDBI Bank's BC portfolio of ₹5 crore as of March'17, ₹2 crore as of March'18 and ₹1.6 crore as of March'19

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



Note: Map not to scale.

- Vaya has built a highly scalable business model with a mix of On & Off-balance sheet portfolios
- Off book can be grown in a healthy manner driven by low capital requirements & higher returns
- On book will lead to creating ownership of customers & creating sizeable business franchisee
- For clear & seamless operations, Vaya operates on district exclusivity basis with its BC partners

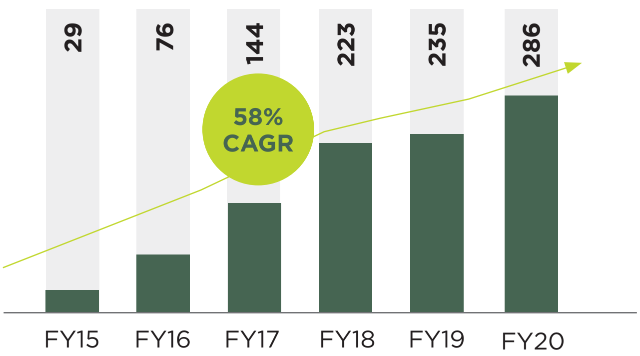
State	Own Branches	BC Branches	Total Branches
Bihar*	69	1	70
Jharkhand	8	30	38
Karnataka	20	18	38
Maharashtra	5	23	28
Odisha	-	58	58
Tamil Nadu	54	-	54
Total	**156**	**130**	**286**

**Bihar includes one branch of Uttar Pradesh under Own portfolio*

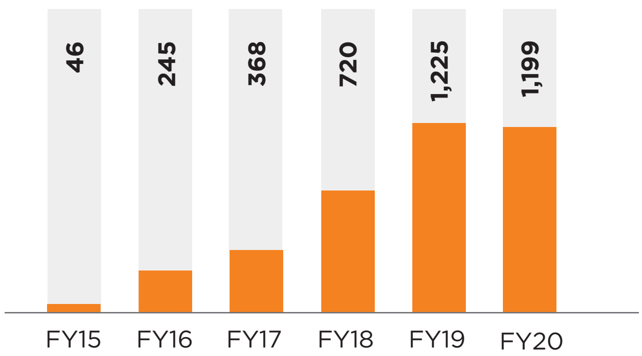
Operational Highlights:

Particulars	Unit	FY15	FY16	FY17	FY18	FY19	FY20
States	No.	2	6	6	6	7	7
Districts	No.	7	37	51	72	78	101
Branches	No.	29	76	144	223	235	286
Borrowers	No.	21,400	127,515	256,336	413,473	598,459	686,012
Employees	No.	257	542	1,030	1,611	1,569	2,048
Sangamitras (Field officers)	No.	202	431	915	1,192	1,133	1,494
Disbursements	**₹ in Crore**	**46**	**245**	**368**	**720**	**1,225**	**1,199**
- Own portfolio	₹ in Crore	-	-	-	95	502	685
- Managed portfolio under BC	₹ in Crore	46	245	368	625	723	514
Gross Loan Portfolio (GLP)	**₹ in Crore**	**44**	**237**	**377**	**689**	**1,110**	**1,234**
- Own portfolio	₹ in Crore	-	-	-	92	419	547
- Securitised portfolio	₹ in Crore	-	-	-	-	29	129
- Direct assignment portfolio	₹ in Crore	-	-	-	-	-	39
- Managed portfolio under BC	₹ in Crore	44	237	377	597	662	519
Operational Efficiency:							
Borrowers per Sangamitra	No.	106	296	280	347	528	459
Borrowers per Branch	No.	738	1,678	1,780	1,854	2,547	2,399
Average loan amount (ticket size)	₹	22,987	22,910	22,946	26,153	27,989	29,434
Average GLP per Borrower	₹	20,545	18,557	14,696	16,667	18,555	17,993

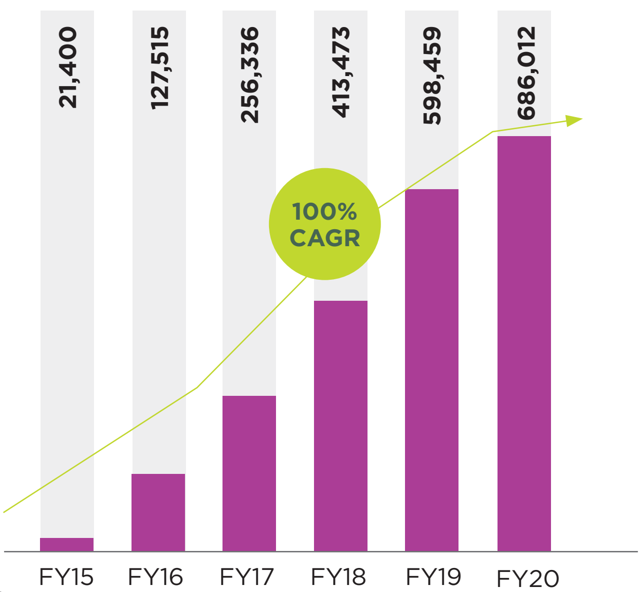
Branches



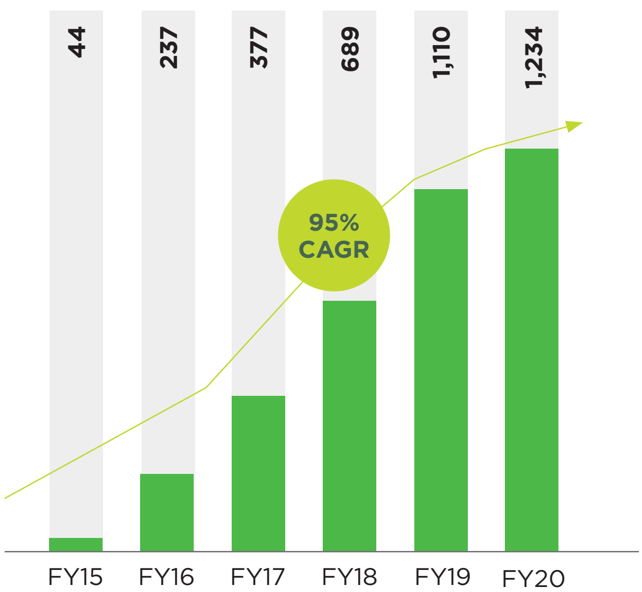
Disbursements (₹ in Crore)



No. of Borrowers



Gross Loan Portfolio (₹ in Crore)



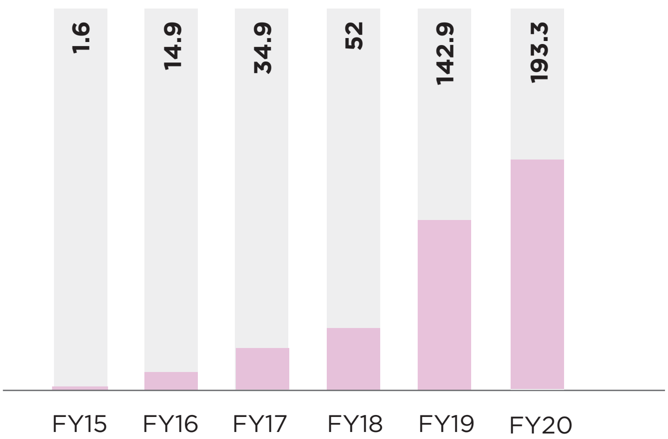
Financial Highlights:

Particulars	Unit	FY15	FY16	FY17	FY18	FY19	FY20
		I-GAAP	I-GAAP	I-GAAP	I-GAAP	I-GAAP	Ind-AS
Total revenue	₹ in Crore	1.6	14.9	34.9	52.0	142.9	193.3
Profit before tax	₹ in Crore	-6.9	-4.7	3.7	4.6	40.0	11.0
Profit after tax	₹ in Crore	-6.9	-4.7	5.6	3.7	28.3	6.8
Earnings per share (Basic)	₹	-6.5	-2.2	2.4	1.2	8.2	2.5
Earnings per share (Diluted)	₹	-6.5	-2.2	2.4	1.2	8.2	1.1
Networth	₹ in Crore	14.0	9.3	17.7	53.6	176.1	185.7
Total assets*	₹ in Crore	15.8	44.1	55.0	221.9	557.2	809.8
Capital adequacy ratio	%	n.a.	n.a.	n.a.	34.2%	36.8%	24.6%

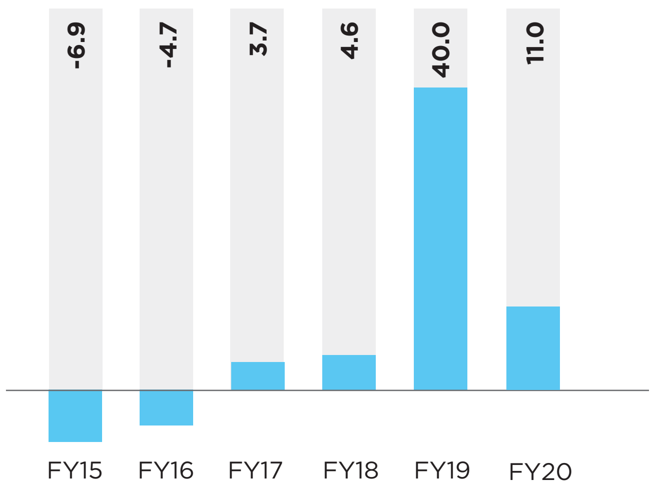
* Securitised portfolio considered under total assets for FY20 as per Ind-AS

n.a. = not applicable

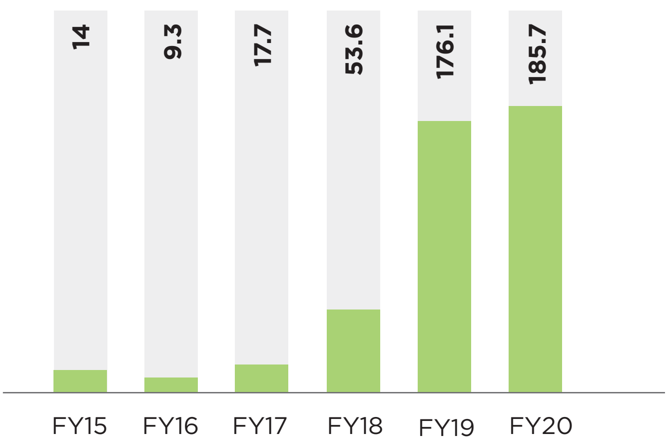
Total revenue (₹ in Crore)



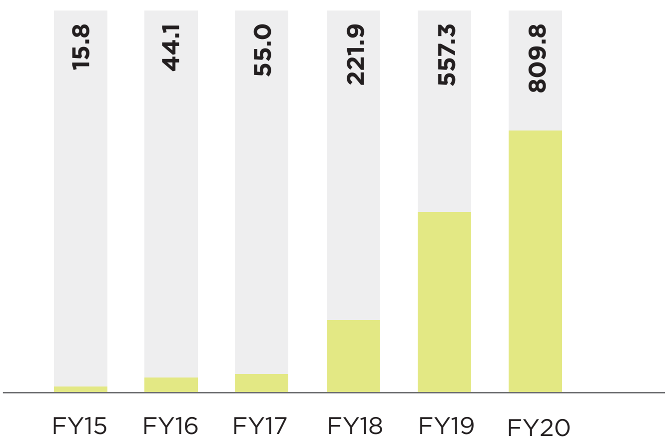
Profit before tax (₹ in Crore)



Networth (₹ in Crore)



Total assets (₹ in Crore)



Board of Directors

Vikram Akula

Chairperson (Non-executive)

Vikram began working in rural development in 1990 as a grassroots social worker. 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, steering BFIL to reach a market capitalization of $2.2 billion and an outreach of 7.3 million low-income borrowers across 120,000 villages. Untill 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 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. He has a B.A. from Tufts, an M.A. from Yale, a Ph.D. from the University of Chicago, was a Fulbright Scholar, and has worked with McKinsey & Company and the Worldwatch Institute.

He is the author of A Fistful of Rice: My Unexpected Quest to End Poverty Through Profitability (2010), published by Harvard Business Press. He is a Senior Fellow at the CEME at the Fletcher School of Tufts University, a Director in AgSri (a sustainable agriculture company) and in Bodhi Society (which provides education for under-privileged children), and on the advisory boards of the Indian School of Business and the Tufts University's Tisch College.

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 nationally 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.

Until recently, 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

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.

Jagadish Babu Ramadugu

Director

Jagadish was a non-executive Director on the Board of Vaya Finserv. He was the MD & CEO of the Company for over five years from January 2015 to April 2020, where he played a key role in making Vaya Finserv a dynamic, customer-centric organisation with strong processes backed by robust IT platforms since its initial years. With his experience in business strategy, people leadership and managing profit centres, he helped in creating a culture of focused execution and team spirit. Under his leadership, Vaya has become a fast-growing company with a team that is passionate about inclusive financial services.

Jagadish has over 20 years of experience through senior roles in Asian Paints, Coca-Cola India and RPG Group spanning diverse sectors including FMCG, Retail and Consumer Goods. He has also had a stint as an entrepreneur with a start-up in the area of e-commerce and retail.

Jagadish has a PGP in Finance, Strategy & Marketing from the Indian Institute of Management, Ahmedabad, and a B. Tech in Electronics and Communications Engineering. He is actively involved with Palliative Care and was a founding trustee of Sparsh Hospice, a non-profit organisation.

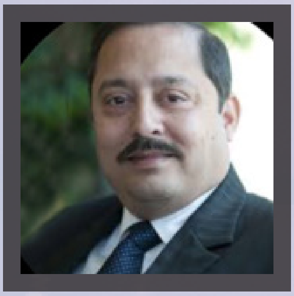
Farzana Haque

Independent Director

Farzana Haque is Head of Europe Telecom Business Unit and the Global Head for Strategic Group Accounts, Tata Consultancy Services (TCS). Prior to her current role, Farzana was Global Head - Large Accounts SBU at TCS. She began her career with the TATA Group in Mumbai as a management trainee and has been with the group ever since. In recognition of her leadership at TCS, Farzana was selected by the World Economic Forum as a 'Young Global Leader'.

Farzana has been profiled and featured by leading Indian and international media on her work both for her organization and for the development work that she does in India. She is also the recipient of the "INDIRA" Super Achiever Award 2008. She is a Charter member of TiE.

Farzana is a frequent speaker at business schools around the globe and India on topics covering leadership, building global brands, and innovation. She is passionate about social development in India and works with NGOs and foundations, in addition to serving on the boards of some foundations. Farzana is co-founder of "Stree Shakti", a platform for women entrepreneurs in India.



Alok Misra

Independent Director

Alok has 24 years of professional experience in international development, rural finance/microfinance/inclusive finance and research at both policy and implementation level. He started his career with India's apex rural development bank (NABARD) in 1992, wherein his work spanned financial sector supervision, institutional development, microfinance, agricultural/rural finance and rural livelihoods/MSME finance. In 2008, he shifted to M-CRIL, a global microfinance rating, policy analysis, and technical advisory agency. Alok has worked across institutions in more than 19 developed and developing countries. In his long career, Alok has provided consulting services to various multilaterals such as ADB, UNCDF, World Bank, IFC, GIZ, and SDC.

Alok has been appointed as the CEO of MFIN, a self-regulatory organisation for microfinance institutions in India. Alok has written numerous articles and reports. He authored "Responsible Finance India Report" commissioned by Access Development Services.

Alok has a Masters' in Development Management (Gold Medallist) from Asian Institute of Management, Manila, and PhD in Development Studies from Victoria University of Wellington.

Gautam Ivatury

Director

Gautam is a leader in the development of global mobile financial services. He was the first CFO of Bharat Financial Inclusion (formerly SKS Microfinance), which provided micro-savings and microcredit to low-income women. In 2005, he authored an influential publication predicting the future of financial inclusion.

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

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

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

Senior Management

Lakshminarayanan S.

Chief Financial Officer

Lakshminarayanan is a Chartered Accountant and Cost Accountant with over 24 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, BFIL, Goldman Sachs, ICICI Bank and KPMG. He is an experienced finance leader who has managed multi-product and multi-location teams.

Lakshmi 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.

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.

Madhu Murthy

Head – Business Operations

Madhu Murthy has 29 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 (formerly SKS Microfinance) where he motivated teams across several states to build a robust portfolio. 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.

Anil Kumar Gujja

Chief Technology Officer

Anil Kumar has done B.Tech from National Institute of Technology (NIT), Jalandhar. He has 17+ years of leadership experience in IT Industry. He has worked in large organizations like TCS, Intel, ADP and JP Morgan Chase.

He has defined, influenced and implemented key business processes in organizations with excellent blend of technology & management and has experience in leading large development teams in different technologies. He has expertise in defining and implementing machine learning, neural network, and deep learning algorithms for credit modelling and predictive analytics.

Satya Prasad Aripirala

Head – Human Resources & Training

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. He 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 Spoorthy 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.

Megha Nainani

Financial Controller

Megha is a Chartered Accountant and Company Secretary having a Post-Graduation degree in Commerce and an Executive MBA in Marketing. In a career spanning over 20 years in the fields of Finance, Taxation, and Human Resources, she has worked for various companies like Reliance Communications, BFIL, 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 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.

Deepika Singh

Company Secretary

Deepika is a member of Institute of Company Secretaries of India and an MBA (Finance) from Sikkim Manipal University along with a bachelor's degree in commerce from Pune University. She has 7 years of experience in handling secretarial and legal affairs.

Prior to Vaya, she worked with organisations like Trident, Spandana Spoorthy Financial and Manjeera Constructions. 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 and has also been instrumental in managing some of the complex litigations during her tenure.

Management Discussion & Analysis

Economy and Industry Overview

Fiscal 2020 witnessed the Indian economy experience a broad-based slowdown due to a host of factors, such as weak consumption, sluggish manufacturing and tepid credit growth, among others. The banking and financial services industry witnessed its own share of challenges, with tight liquidity, mounting asset quality concerns and certain governance issues coming to the fore. The RBI announced a series of rate cuts to boost credit growth. However, the transmission of those rate cuts to credit markets remained sluggish, as banks were reluctant to pass on all the benefits to borrowers. Any prospects of recovery were nipped in the bud with the outbreak of the novel coronavirus (COVID-19). The Indian economy recorded its slowest growth in 11 years at 4.2%. However, the agriculture sector's growth improved as compared to the previous fiscal led by normal monsoons. The Union government, in coordination with states, imposed a nationwide lockdown starting last week of March 2020 to break the chain of transmission, which brought economic activities to a halt.

Several countries across the world have resorted to the fiscal as well as the monetary stimulus in order to mitigate the impact of COVID-19 on global trade and their economies. In such an environment of weak growth, inflation is expected to remain subdued.

The Indian Government and policymakers are providing consistent support to households, firms and financial markets which is critical for a strong recovery. As a major move to boost liquidity in the market, the Reserve Bank of India (RBI) announced several measures to accelerate the economy and facilitate bank credit flow. The Government announced an economic stimulus worth ₹20 lakh crores in May 2020, which is 10% of the GDP, focusing on MSMEs, migrant workers, street vendors, small farmers, and other sectors. The RBI reduced the repo rate and cash reserve ratio to help enable banks to lend more. Also, to ease the lack of liquidity that borrowers might face, the RBI allowed all the banks and financial institutions to offer moratoriums in two phases of three months each for repayments against term loans and credit cards.

According to a PWC-SIDBI report released in November 2019, the global microfinance industry stood at over ₹8.90 trillion with the loan disbursed amount increasing at an average annual rate of 11.5 percent over the last five years. With the largest number of borrowers in 2018 (85.6 million) which is growing at a rate of 13.8 %, Souths Asia remains one of the leading markets in the global microfinance industry. A significant portion of these borrowers are in India. The microfinance sector in India is diverse with different players like banks, MFIs, SFBs, NBFCs and not-for-profit MFIs enabling microlending in India.

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. According to a KPMG report in December 2019 titled "Microfinance - contributions to financial inclusion; opportunity and challenges ahead", Microfinance portfolios in India have grown at a compound annual growth rate of 48% over the last half a decade, driven by favourable policy changes and increased involvement from various financial institutions.

As per the quarterly report, Micrometer published by Microfinance Institutions Network (MFIN), an RBI-recognised self-regulatory organisation of MFIs in India, as on 31st March 2020, the industry's total gross loan portfolio was ₹2.31 trillion, a growth of 29% over the last year. The NBFC-MFI segment accounted for 31.8% of the MFIs, with Banks at 39.8%, SFBs at 17.5%, NBFCs at 9.8% and others at 1.1%. The industry consisted of 170 lending institutions – 84 NBFC-MFIs, 12 Banks, 8 SFBs, 45 NBFCs and 21 others. The same report stated that at the end of March 2020, the microfinance sector served 5.89 crore unique borrowers through 10.54 crores loan accounts.

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 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 with the lifting of the lockdown restrictions.

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 tab-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") account, KYC check through QR code scans, and mobile connectivity to disburse the loan directly into the borrower's bank account.

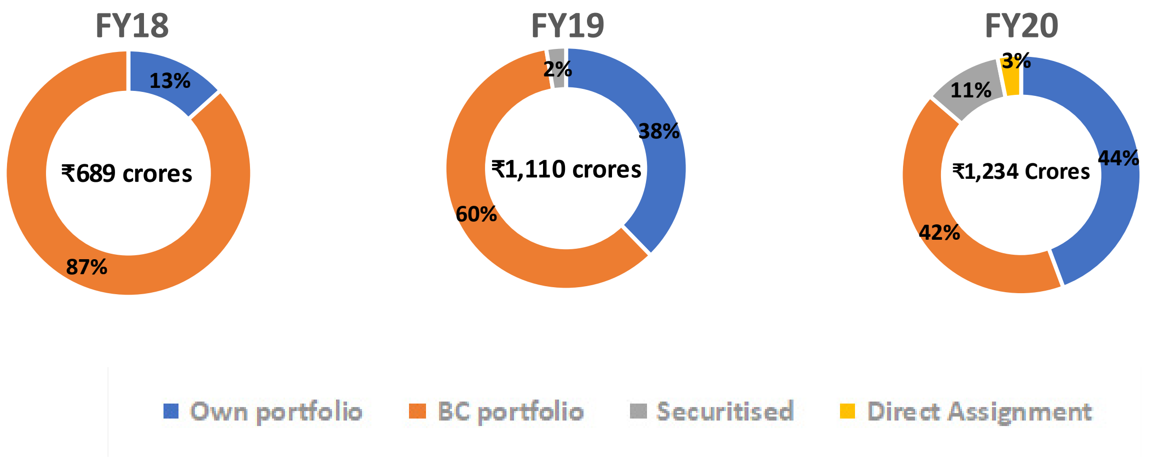
Vaya's hallmark is that it provides financial services to its clients in a responsible manner with the aim of enhancing the customers' quality of life. In order to further its ambition of serving its clientele through innovative products and services as per their needs, Vaya has acquired a license from the Reserve Bank of India in May 2017 to operate as an NBFC-MFI. In the future, Vaya would continue to operate as BC to its Bank partners in selected areas and continue to grow its portfolio and client base under the arrangement. At the same time, the Company would also expand its operations as NBFC-MFI in the selected areas where it does not have BC arrangement with Banks.

Vaya has established itself in six states covering Karnataka and Tamil Nadu in the south, Maharashtra in West, Odisha, Jharkhand and Bihar in the eastern and northern belt of India. Currently, Vaya operates as BC for YES Bank in parts of Maharashtra and Karnataka and for RBL Bank in Odisha and Jharkhand.

Business & Portfolio Update – FY20

The financial year 2020 marks the second full year operation of lending from our own balance sheet. During FY20, Vaya Finserv registered a stable performance in terms of growth in the gross loan portfolio ("GLP") of 11% and managed to maintain asset quality at comfortable levels with portfolio at risk greater than 90 days (PAR90+) of just over 1% on GLP. As on 31st March 2020, the GLP was ₹1234 crores which comprised 44% of Own portfolio, 42% Business Correspondent ("BC") portfolio, 11% securitised, and the remaining 3% as direct assignment portfolios. The Company registered a good growth of 60% year-on-year in terms of the Own originated portfolio (i.e., Own portfolio + securitised portfolio + direct assignment portfolio). This Own originated portfolio grew from ₹448 crores as of 31st March 2019 to ₹716 crores as of 31st March 2020.

In FY19, the Company had ventured into Tamil Nadu state with four branches with a strategy to assess the operating environment in the state. And starting June 2019 onwards, the Company rolled-out 50 branches and started building its portfolio in Tamil Nadu. This has helped to further diversify the overall portfolio and reduce the geographic concentration in the eastern states.



Human Resources ("HR")

Human Resources are reckoned as very important and vital for our business growth. Vaya has always focused on its employees as the Company maintains the high touch point required for our rural entrepreneurial women customers in providing financial services. The focus of the organisational leadership is to enhance employee engagement levels and thus impact the morale and motivation of the workforce to create a high performing and engaged organisation.

Vaya is 'Great Place To Work' Certified second 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 has helped it to be certified as a "Great Place To Work" for the second 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.

Self-paced self-learning platform for training & communication

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

First-time employment opportunity

More than 87% of our front-line employees (Sangamitras/field officers) got their first job at Vaya that created sterling opportunities for freshers as Vaya takes great pride in providing employment opportunities to 'Sons of the Soil' in the rural hinterlands.

Human Resource Management System ("HRMS")

To create a better connect with our Branch employees, the HRMS – ZingHR is now available in six regional languages including Hindi, Telugu, Kannada, Marathi, Tamil and Odiya, facilitating ease of use for our employees. A module on reimbursement of expenses such as travel, mobile and fuel are part of ZingHR, helping in faster processing and improving transparency of the entire process.

Employee Communication through V-Connect

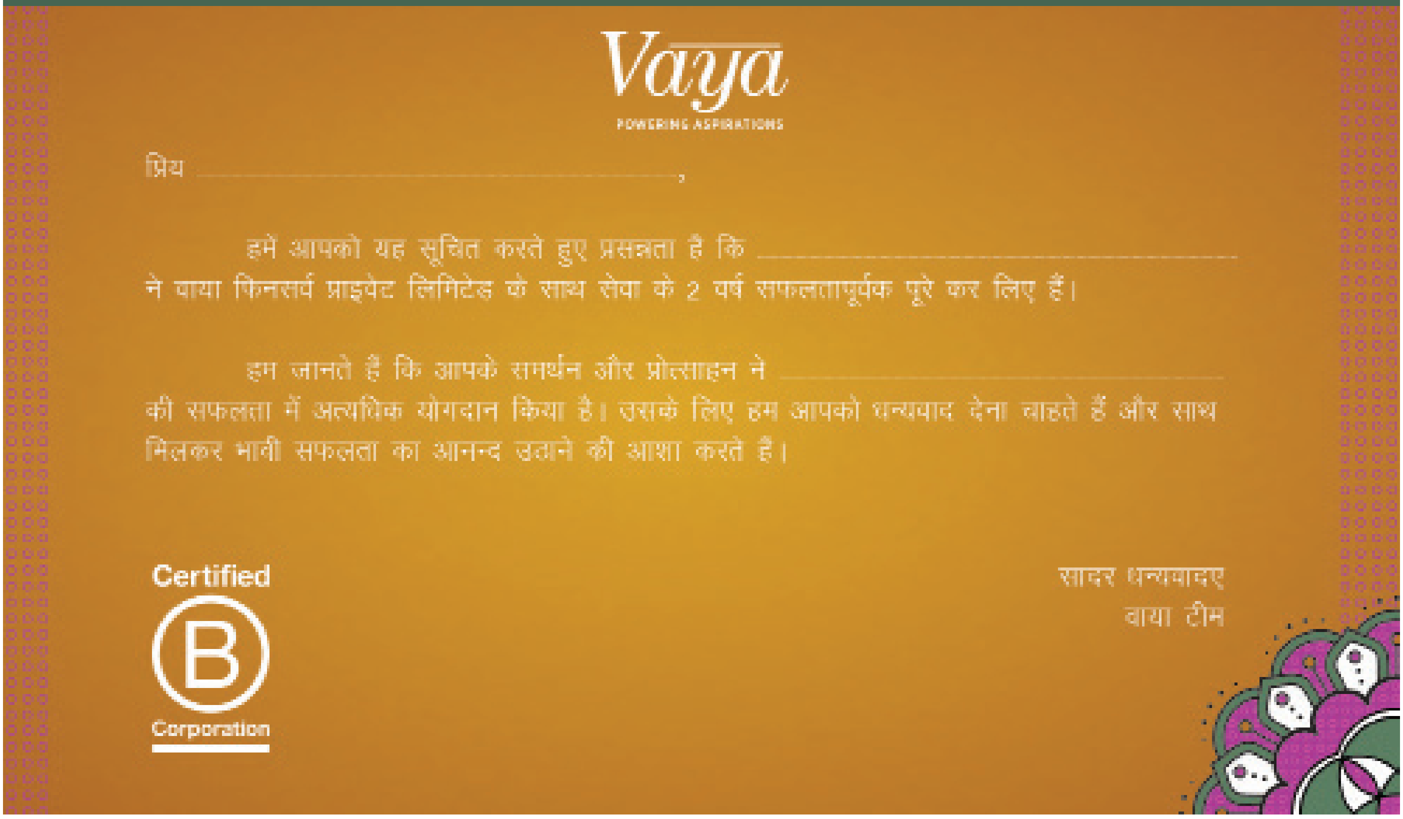
To enhance engagement with employees from head-office to all the Branches, the Company has come up with a prolific initiative of 'V-Connect' wherein we share all imperative business as well as HR-related updates in Video format on a monthly basis.

Recognising long service and the support of their family members

Vaya has designed a unique way of expressing gratitude towards the support provided by the family members of the employees. A special 'Thank You' cards were sent to the family members of the employees who successfully complete three years at Vaya. Employees who complete five years of tenure in the organisation are felicitated for their contribution to the organisation.

‘Thank You’ Notes to Family Members of Employees

The Company expresses its gratitude with a special ‘Thank You’ cards which is sent to the family members of the employees who successfully completes two years at Vaya, for their constant support and motivation which has been a tenacious factor throughout the years.


Vaya
POWERING ASPIRATIONS

प्रिय ________________,

हमें आपको यह सूचित करते हुए प्रसन्नता है कि ________________ ने वाया फिनसर्व प्राइवेट लिमिटेड के साथ सेवा के 2 वर्ष सफलतापूर्वक पूरे कर लिए हैं।

हम जानते हैं कि आपके समर्थन और प्रोत्साहन ने ________________ की सफलता में अत्यधिक योगदान किया है। उसके लिए हम आपको धन्यवाद देना चाहते हैं और साथ मिलकर भावी सफलता का आनन्द उठाने की आशा करते हैं।

सादर धन्यवादए
वाया टीम

Engagement Activities

The Company believes in fostering fun and comradeship at the workplace by engaging employees through lively activities and celebrations.

Conducting awareness programs on COVID-19 to the employees from eminent doctors.

As a part of encouraging healthy lifestyle, Vaya organises health check-up camps on a half yearly basis.

We treat women with utmost respect and clebrate their success on womens day.

Branch-staff in traditional wear on the occasion of Diwali.

Information Technology ("IT")

Since 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 about 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 best quality portfolio in that area.

System-driven customer selection

The loan management system (Digilend) is installed either in the Company provided tablets or own mobile devices of Sangamitras (field officers) 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 maximum limits of credit eligibility.

Client enrolment through field assessment

In addition to the technology, the Sangamitras are also equipped through training to assess the customer's creditworthiness using house survey visits and structured visual questionnaire on tablet/mobile. 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 the 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 cash risks through cashless disbursements

The Sangamitra also collects 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 chance of any third-party intervention including that of ring leaders or even some cases their male family members who would siphon-off the loan amounts.

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 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 planning by providing inputs on which territories to operate and which to avoid. 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 decisions and managing process exceptions.

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

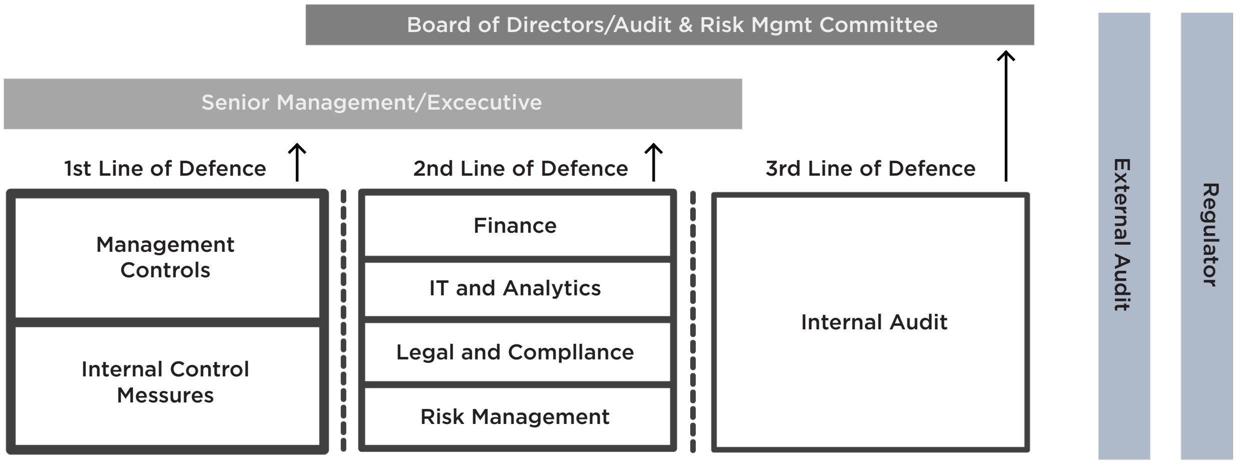
Vaya recognises that risk is an integral element of the business and managing risk is essential for generating shareholder value. The Company has integrated risk management practices into its operations and governance. Appropriate systems and tools are in place for identification, measurement, reporting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

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

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 on-going basis through the first and second lines of defense 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 defense, viz., Internal Audit.
- Imbibing the culture of continuous learning and development with the ever-evolving industry and risk management dynamics.

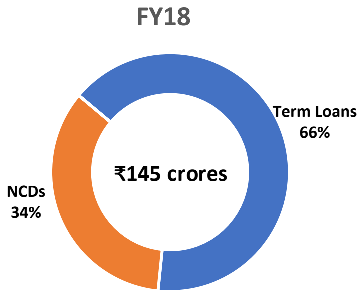
Funding Architecture, Asset Liability Management ("ALM") & Credit Rating

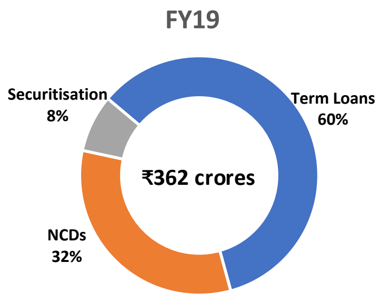
The Company's treasury department is responsible to secure funds from various sources such as banks, financial institutions and capital markets while diversifying debt sources, managing interest rate risks and maintaining strong relationships with lenders, rating agencies and other important players.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

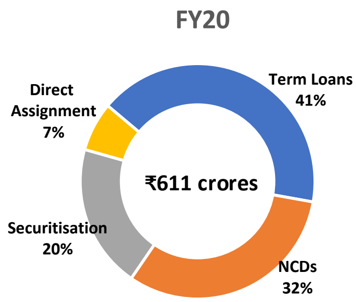
During the financial year 2020, the Company onboarded 10 new lenders and at the end of the financial year, the Company had borrowing outstanding of ₹611 crores from 27 lenders ranging from leading private sector banks, small finance banks, large and mid-sized NBFCs, Foreign Portfolio Investors ("FPIs") and Alternative Investment Fund ("AIF"). This also includes the debt exposure of ₹70 crores from the Company's Promoters, Vaya Trusts. The source-wise break-up of the borrowing outstanding is given in the chart below. During the year, the Company further diversified its sources of funding and added two new sources viz., direct assignment and commercial paper ("CP"). 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

Both the MFI grading and credit ratings of the Company has been re-affirmed by ICRA Limited in March 2020. The MFI grading of the Company was re-affirmed to 'MFI 2+' which is the second-highest grading; and credit ratings (including Bank Loan, NCD and CP ratings) were re-affirmed to [ICRA] BBB with 'Stable' outlook. 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 but also by lending for short-period and borrowing for a long period of time, which is in-line with the MFI industry. This helps to provide 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.

Company's Response to COVID-19 Pandemic

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.

For employees, work from home was enabled, their health status was periodically tracked and awareness and guidance initiatives were undertaken to keep them healthy, motivated and engaged.

Due to the lockdown, although it was not possible to meet our customers, our Sangamitras (field staff) 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 are put in practice for the smooth functioning of operations of the Company.

As responsible corporate citizens, the employees of the Company contributed their one day's salary to the

Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund).

SCOT (Strengths, Challenges, Opportunities & Threats)

Strengths:

- **Strong promoter background and highly experienced management:** Excellent platform pedigree led by strong promoter lineage and a 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 provides 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, people management and E-learning 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.
- **Diversified business model:** Vaya has successfully built a highly scalable and diversified business model with a good mix of On and Off-balance sheet (Business Correspondent) portfolios. The Off book can be grown in a healthier manner driven by low capital requirements resulting in higher returns. And at the same time, the Own portfolio helps in bringing geographic diversification, process efficiencies, better control and faster turn-around-time along with a higher scalable model.
- **Sound capitalisation** to support growth, leverage loan book and absorb credit losses.
- **Diversified funding profile:** With a smaller balance sheet size of less than ₹1,000 crores, the borrowing profile of the Company is fairly diversified with more than 25 lenders with no lender (except the Promoters) having exposure more than 10% of the borrowing outstanding.

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:** Micro-credit segment constitutes less than 3% of the total bank credit and has huge demand, most of them in the 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 these evolving needs of our customer 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 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 ₹1.6 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.

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.
- **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 search and availability of vaccine or drug/medication are under development. It would be premature to ascertain the fallout of the pandemic at this point, as the situation remains fluid.
- **Threat to the ethos of traditional microfinance practices:** In the 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.

Financial Performance of FY20 versus FY19

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

The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards (Ind AS)) Rules 2015, which stipulated the adoption and applicability of Ind AS in a phased manner beginning from the financial year 2016-17. The MCA has since issued three Amendment Rules, one each in the years 2016, 2017, and 2018 to amend the 2015 rules.

The Ind AS are set of standards that have been harmonised with the International Financial Reporting System (IFRS) to make reporting by Indian companies more globally accessible. Since Indian companies have a far wider global reach now as compared to earlier, the need to converge reporting standards with international standards was felt, which has led to the introduction of Ind AS.

Roadmap for NBFCs to adopt Ind AS:
Phase I - Mandatory for accounting periods beginning from 1 April 2018 onwards: Networth more than ₹500 crores, Holding, subsidiary, joint venture or associate companies of Companies with more than ₹500 crores Networth.
Phase II - Mandatory for accounting periods beginning from 1 April 2019 onwards: Listed or in the process of Listing Equity and/or debt securities – Net worth less than ₹500 crores, unlisted companies having a net worth more than ₹250 crores less than ₹500 crores, Holding, subsidiary, joint venture or associate companies of Companies with more than ₹250 crores less than ₹500 crores Networth.

Since certain non-convertible debentures of the Company were listed on the stock exchange (BSE Limited) in November 2018 for the first time, the Company was required to convert to Ind AS from FY20 onwards, as per the abovementioned MCA rules. Adoption of Ind AS will bring consistency in the accounting practices and principles followed by listed companies in India and other companies across the world, leading to enhanced accessibility thereby placing Vaya on to the global platform.

The Company has uniformly applied the new accounting policies for the last financial year 2018-19 for better comparison purposes.

Summary of Profit & Loss Statement	FY20		FY19		Percent Change
	₹ in crores	Percent to Revenue	₹ in crores	Percent to Revenue	
Income					
Revenue from operations	192.3	99.5%	138.1	99.8%	39.2%
Other income	1.0	0.5%	0.3	0.2%	233.3%
Total income	**193.3**	**100.0%**	**138.4**	**100.0%**	**39.7%**
Expenses					
Finance costs	71.1	36.8%	46.2	33.4%	53.9%
Impairment on financial instruments	43.2	22.4%	6.3	4.6%	585.7%
Employee benefits expenses	45.5	23.5%	36.3	26.2%	25.3%
Depreciation and amortisation expense	2.0	1.0%	1.3	0.9%	53.8%
Other expenses	20.5	10.6%	16.1	11.6%	27.3%
Total expenses	**182.3**	**94.3%**	**106.2**	**76.7%**	**71.7%**
Profit before tax	**11.0**	**5.7%**	**32.2**	**23.3%**	**-65.8%**
Tax expense	4.2	2.2%	13.3	9.6%	-68.4%
Profit after tax	**6.8**	**3.5%**	**18.9**	**13.7%**	**-64.0%**

Revenue from operations

The revenue from operations comprises Interest income, Income from BC portfolio, Net gain on derecognition of financial instrument and income from deployment of surplus funds. The revenue from operations of the Company increased by 39.2% from ₹138.1 crores in FY19 to ₹192.3 crores in FY20. This increase in revenue was primarily due to the significant increase in the own portfolio (including securitisation portfolio) from ₹445.9 crores (as of March 2019) to ₹679.9 crores (as of March 2020). The interest income was ₹131.7 crores which was 68.5% of the total revenue from operations. Net gain on derecognition of financial instrument ₹3.0 crores as of March 2020 (Nil as of March 2019).

Other income

Income from servicing of derecognised financial instruments largely comprises the other income.

Finance costs

The Company's finance costs represented 36.8% of the total income in FY20 compared to 33.4% in FY19 and the finance costs increased from ₹46.2 crores in FY19 to ₹71.1 crores in FY20. To support the growth for its own portfolio, the Company borrowed ₹524.6 crores through debt capital (including terms loans, non-convertible debentures, securitisation, direct assignment and commercial papers) and the on-balance sheet borrowing outstanding increased by 59.8% from ₹362.3 crores as of March 2019 to ₹579.1 crores as of March 2020. The average effective cost of borrowing including securitisation was 13.8% for FY20 and 13.2% for FY19.

Impairment on financial instruments

The provisions and write-offs represented 22.4% of the total income in FY20 compared to 4.6% in FY19 and increased from ₹6.3 crores in FY19 to ₹43.2 crores in FY20. This increase was primarily on account of the change in the methodology adopted for ECL Computation. The ECL computation for the year under consideration has taken into account the estimation of future losses published by independent rating and research agencies. For further details please refer note numbers 3(e) and 40 A.4 (ii) & (iii) in the 'Financial Statements' section.

Employee benefits expenses

Employee benefits expenses comprise salaries and other employee benefits expenses which represents 23.5% of the total income for FY20 compared to 26.2% in FY19. Employee benefit expenses increased by 25.3% from ₹36.3 crores in FY19 to ₹45.5 crores in FY20, as the no. of employees increased from 1,569 to 2,048.

Depreciation and amortisation expense

Depreciation and amortisation expenses comprised 1.0% of the total income for the year FY20 compared to 0.9% in FY19, as the Company does not own any major plants and machineries except for furniture, computer and printers, etc.

Other expenses

It comprises of operational expenses such as rent, travel and conveyance, communication, consultancy, technology subscription charges, ect. The other expenses represented 10.6% of the total income in FY20 compared to 11.6% in FY19 increased by 27.3% from ₹16.1 crores in FY19 to ₹20.5 crores in FY20, as the no. of branches increased from 235 to 286.

Directors' Report

To

The Members

Vaya Finserv Private Limited

Your Directors take pleasure in presenting the Seventh Board's Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2020.

1. Financial Results

The financial statements for the financial year ended March 31, 2020, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs, hence the previous year's numbers have been redrawn accordingly. Key highlights of financial performance are summarized below:

Particulars	FY20 (₹ in Cr)	FY19 (₹ in Cr)
Total Income	193.28	138.44
Total Expenses	182.30	106.20
Profit/(Loss) before tax	**10.98**	**32.24**
Less:		
Current Tax	(9.58)	(11.65)
Deferred Tax	5.40	(1.68)
Profit/(Loss) after Tax	**6.80**	**18.91**

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

Your Company has received NBFC – MFI license in FY 2017 – 18 and started operations in the same year. During the year under review, your company focused on NBFC – MFI business, progressing its footprints into new geographies and expanding the business quickly.

Your Company continues to be empaneled as Business Correspondent ("BC") with YES Bank Ltd. ("YBL") and RBL Bank Ltd. ("RBL") for facilitating formation of Joint Liability Groups ("JLGs") for disbursal of loans to these JLGs.

Presently, your Company is operating in seven States viz., Bihar, Jharkhand, Uttar Pradesh, Karnataka, Maharashtra, Orissa and Tamil Nadu, The Company is planning to enter new geographies.

As of March 31, 2020, your Company operates from 286 branches, employs 2,048 employees, and lends to 6,86,012 borrowers. The total loan amount disbursed during the year ended March 31, 2020 is ₹1,199.30 crore and the outstanding Gross loan portfolio as of this date is ₹1,234.37 crore.

3. Change in the nature of business:

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

4. Transfer to reserves

The Company has transferred ₹1.36 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 deposit during the year within the meaning of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

6. Dividends

(a) **Dividend on Equity Share Capital:** With a view to conserve profits for future growth of the Company, your Directors do not recommend any dividend to the Equity Shareholders for the year ended March 31, 2020.

(b) **Dividend on Preference Share Capital:** The dividend on Compulsory Convertible Preference Shares (CCPS) has been paid cumulatively as per the terms of issuance of the respective instruments.

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 outbreak of Covid-19 pandemic in March 2020 across the country and the globe has changed the macroeconomic as well as financial services sector outlook. The pandemic has sharply curtailed any hope for recovery of the economy, including financial services and has in fact, exacerbated the situation where the sector was already facing demand slowdown, worsening asset quality issues and limited credit availability. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian Government announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 and has provided guidelines for restrictions and relaxations in different zones across India during this period.

The extent to which the COVID-19 will impact the Company's operations and financial metrics will depend on future developments, including among other things, any new information concerning the severity of the COVID-19 pandemic. The Company has major proportion of its borrowers and AUM in rural geographies, where the impact of COVID-19 has been relatively lower so far compared to urban geographies. Additionally, the government has announced a series of economic relief measures for rural India, which is expected to support rural borrowers' repayment capacity.

From June 1, 2020 onwards, further relaxations in lockdown have been granted across the country, which has helped the Company to contact the borrowers. Further, pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to the borrowers on the payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board-approved policy.

The Company has assessed the impact of the COVID-19 on its liquidity and ability to fulfil its obligations as and when they are due. Pursuant to the relaxation granted by the Ministry of Home Affairs (MHA), allowing microfinance companies to start operations, a significant number of the branches of the Company are operational. The employees in these branches are permitted to work in accordance with the extant guidelines issued by the MHA and respective state governments. The collections from customers during the lockdown continue to happen and the Company expects the collections to improve in the coming months. Based on the foregoing, current liquidity position and necessary stress tests considering various scenarios, management is confident that the Company will be able to fulfil its obligations as and when these become due in the foreseeable future.

8. Share Capital and Debt Structure:

(a) Share Capital:

The Paid-up Share Capital of the Company as on March 31, 2020 is ₹27.34 crore. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

(b) Debentures:

During the financial year 2019-20, the Company issued Non-convertible Debentures on private placement basis aggregating to ₹76 crore. Details of Non-Convertible Debentures issued by the Company are mentioned below:

Number and class of debentures	Listed/Unlisted	Date of listing
430, 13.10% p.a. Secured, Rated, Transferable, Redeemable & Listed Non-convertible Debentures of ₹10,00,000 each	Listed	12-Nov-18
250, 11.5% p.a. Secured, Unlisted, Redeemable, Non-Convertible debentures of ₹10,00,000 each	Unlisted	N.A.
300, 13% p.a. Secured, Unlisted, Redeemable, Non-Convertible debentures of ₹10,00,000 each	Unlisted	N.A.
250, 13.90% p.a. Secured, Rated, Unlisted, Transferable, Redeemable, Non-convertible debentures of ₹10,00,000 each	Unlisted	N.A.
410, 13.14% p.a. Secured, Rated, Listed, Transferable, Redeemable, Non-Convertible debentures of ₹10,00,000 each	Listed	24-May-19
350, 12.95% p.a. Secured, Rated, Listed, Transferable, Redeemable, Non-convertible debentures of ₹10,00,000 each	Listed	30-Oct-19

(c) Listing of NCDs:

During the year, the Company has issued Non-convertible Debentures and a singnificant number of debentures are listed on BSE Limited. The listing fees to the Stock Exchange for the financial year 2020-21 have duly been paid.

(d) Debenture Redemption Reserve

As per rule 7(b)(ii) of the Companies (Share Capital and Debentures) 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

Your Company has used Securitisation and Direct Assigment structures to improve its asset and liability mix in line with extant guidelines of RBI. Gross securitisation during the year to the tune of ₹ 172.05 crore has been done by issuing Pass Through Certificates (PTCs) through 6 transactions. Gross value of two Direct Assignment transactions done during the year was ₹ 55.06 crore.

(f) Credit rating

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)
MFI Grading	M2+	ICRA Limited	Not Applicable
Bank Loan Rating	BBB (Stable)	ICRA Limited	500.00
Non-Convertible Debentures	BBB (Stable)	ICRA Limited	144.00
Pooled Loan Issuance (Guarantee-backed Term Loans)	A(SO)/Stable	India Ratings	15.00
	BBB+ (CE)	ICRA Limited	15.00
Commercial Paper	A3+	ICRA Limited	50.00
Securitisation pools	A+ (SO)	ICRA Limited	204.70
	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	

9. Board of Directors and Key Managerial Personnel

(a) Board of Directors:

Affairs of your Company are being managed by a professional Board comprising of eminent personalities having experience and exposure to guide the Company in the right direction. The constitution of the Board of Directors during the year under review, comprised of Dr. Vikram Akula, Non-Executive Chairman, Mr. Jagadish Babu Ramadugu, Managing Director & CEO, Mr. A.V. Sateesh Kumar, Non-Executive Director, Dr. Bikshamaiah Gujja, Non-Executive Director, Mr. Gautam Ivatury, Non-Executive Director, Ms. Farzana Haque, Independent Director, and Dr. Alok Misra, Independent Director.

The term of Mr. Jagadish Babu Ramadugu as the Managing Director and Chief Executive Officer (CEO) had expired on January 26, 2020. The tenure was further extended for a period of one year with effect from January 27, 2020 vide Board resolution dated December 13, 2020.

Further, the appointment of Mr. A.V. Sateesh Kumar and Dr. Alok Misra was regularized in the Annual General Meeting held on 30th September, 2019 and necessary resolutions were passed for change in designation from additional director to Non-Executive Director and Independent Director respectively.

(b) Key Managerial Personnel:

During the year under review, Mr. S. Lakshminarayanan has stepped down from the position of Chief Financial Officer on February 27, 2020. The Board places on record the contribution given by Mr. S Lakshminarayanan during his tenure as Chief Financial Officer of the Company.

In accordance with the Articles of Association of the Company, the Directors need not retire by rotation in the General Meeting. None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164 of The Companies Act, 2013.

(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.

(d) Declaration by Independent Directors:

Ms. Farzana Haque and Dr. Alok Misra 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, and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (LODR) Regulations, 2015, the Board had carried out annual evaluation of its own performance and that of its committees as well as performance of the Directors individually. Based on the recommendations of the Nomination and Remuneration Committee, the Board has adopted a Nomination and Remuneration Policy which lays down evaluation criteria for performance of executive, non-executive and Independent directors.

(f) Board meetings:

During the year under review, the Board met six times i.e. on April 25 2019, May 29 2019, September 26 2019, December 13 2019, December 20 2019, and January 25 2020. The details related to the Board meetings of the Company are mentioned in the Corporate Governance enclosed in **Annexure – 1.**

(g) Committees of the Board:

The Company has seven Committees which govern and oversee different areas of operations, ensuring regular guidance and monitoring. The details related to the Committee meetings are mentioned in the Corporate Governance section of the report.

10. Human Resources

The role of human capital in any organization is of utmost importance. More so in an organization like ours, where a majority of employees are customer-facing to facilitate a smooth delivery of our financial services. There is a fine balance between customer service and achievement of performance targets. The Company aims to provide a suitable work environment that encourages a positive attitude and superior performance.

Policies relating to Human Resources are employee-friendly and support an environment of accomplishment and satisfaction. The Company aims to provide the best of training inputs and seamless growth opportunities ensuring that the culture of the organization is translated into business performance.

The Company also offers performance-linked incentives that help the motivational levels of the workforce thereby sustaining growth and achievement of targets.

The particulars 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

In pursuant to the Section 134(5)(e) of the Companies Act, 2013, The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting. The Company is following an effective Internal Control System. These controls and processes are driven through various policies and procedures. In addition to this, the work process is designed in such a way that process of internal check is ensured at all levels.

The system also ensures the adoption of all policies and procedures for orderly and efficient conduct of its business, including adherence to the Company's Policy, the safeguarding of its assets, prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has its own internal audit team. Each branch is audited at least once in three months. During the financial year 2019 – 20, the company has reviewed its setup of comprehensive Audit Control Procedures catering to the increasing operational coverage of the organization.

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 Fixed Deposits placed with Banks towards First Loss Default Guarantee ("FLDG") in respect of the loans disbursed to SHGs/JLGs by Banks as these SHGs/JLGs are formed and serviced by your Company.

The Company has also given lien on its mutual funds units towards FLDG in respect of the loans disbursed to JLGs by Reliance Commercial Finance Limited.

15. **Particulars of Contracts or Arrangements with Related Parties**

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. The details related to the same are annexed as **Annexure - 3** in Form AOC -2.

16. **Corporate Social Responsibility**

As per the provisions of Section 135 of the Companies Act, 2013, the companies having net worth of ₹ 500 crore or more, turnover of ₹ 1,000 crore or more, or a net profit of ₹ 5 crore or more during the immediately preceding financial year are required to constitute a Corporate Social Responsibility Committee (CSR) comprising three or more directors, at least one of whom should be an independent director and such company shall spend at least 2% of the average net profit of the three immediately preceding financial years towards CSR activities.

The Company has constituted Corporate Social Responsibility Committee (CSR) of the Board of Directors and formulated policy of CSR. The composition of the CSR Committee, 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 in **Annexure-4** to this Report, as mandated under the said Rules.

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, continuously invested in energy-efficient office equipments 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.
(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 2019-2020	FY 2018-2019
Inflow	Nil	Nil
Outflows	0.018	0.017

18. Risk Management:

The Board of Directors of the Company has constituted a Committee named as “Audit & Risk Management Committee” to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan, ensuring its effectiveness, and verifying adherence to various risk parameters. The Company’s Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Audit & Risk Management Committee 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

Your company is committed to ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy in compliance with the provisions of Section 177(10) of the Companies Act, 2013 to enable the Directors and Employees to report their genuine concerns or grievances.

The Whistle Blower Policy is available on the Company’s website - www.vayaindia.com.

20. 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 shares (including Sweat Equity Shares), to employees of the Company under any Scheme including ESOS.

(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.

21. 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 your Company. It forms part of the Annual Report.

22. Auditors

(a) Statutory Auditor:

M/s. Walker Chandiok & Co. LLP, having ICAI Firm Registration No.FRN-001076N/N500013, are the Statutory Auditors of the Company for the financial year ended March 31, 2020 and their appointment will continue until the conclusion of the 10th Annual General Meeting to be held in the year 2023.

The Notes on Accounts referred to in the Auditors Report are self-explanatory and therefore does not require any further comments. The Audit Report do not contain any qualifications, reservations, or adverse remarks.

(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, at its meeting held on June 23, 2020, has appointed M/s R & A Associates as Secretarial Auditors to undertake the Secretarial Audit of the Company for the Financial Year 2019-20.

The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed as **Annexure-5** to this report. The report does not contain any qualifications, reservations or adverse remarks.

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

Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has a framed policy and framework for employees to report sexual harassment cases at the workplace. Our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programs against sexual harassment are conducted across the organization.

The Company has complied with provisions relating to the Internal Complaints Committee (ICC) pursuant to the Act to redress complaints received regarding sexual harassment. The constitution of Internal Complaints Committee (ICC) consists of Ms. Megha Nainani, Ms. Latha Jyothsana and Mr. S Pavan Nandan.

During FY20, the Company did not receive any complaint of sexual harassment.

24. Net Owned Funds (‘NOF’) and Capital to Risk Assets Ratio (CRAR)

As on March 31, 2020, 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.

25. Other Disclosures

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

The Company is in compliance with the applicable Secretarial Standards as issued by the Institute of Company Secretaries of India including but not limited to SS-1 and SS-2.

(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 2019-20 shall be made available on the website of the Company, www.vayaindia.com after the completion of the Annual General Meeting.

(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

26. Acknowledgements

The Board of Directors of the Company takes this opportunity to express its sincere gratitude for the support and co–operation 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 its 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 0906907

Place: Seattle
Date: September 02, 2020

Annexure-1
Report on Corporate Governance

A report for the Financial Year ended March 31, 2020 on the compliance by the Company with Corporate Governance requirements, is furnished below.

1. Company's Philosophy on Corporate Governance:

Corporate Governance is more than just adherence to the statutory and regulatory requirements. It is equally about focusing on voluntary practices that underline the highest levels of transparency and propriety. The Company's philosophy on corporate governance oversees business strategies and ensures transparent fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Your Company has laid a strong foundation for making Corporate Governance a way of life by having a mix of persons of eminence and integrity at Board and leadership levels, including competent professionals across the organization and putting in place best systems, processes and technology. Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated. Stakeholders' interests are taken into account, before making any business decision. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving good governance.

The Company, being an NBFC – MFI, has adopted best practices and follows guidelines issued by RBI from time to time. As a part of corporate governance, various committees were framed to look after the progress made, putting in place, policy and strategy to be followed in conformity with corporate governance standards.

2. Board of Directors

(a) Composition of the Board:

In consonance with the requirements of the Companies Act, 2013, RBI Regulations and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company's Board is constituted with appropriate executive and non-executive Directors to maintain its independence and to exercise effective governance and control over its executive functioning. The Company's Board of Directors comprises of total seven Directors. Two Directors are Independent out of which one is a woman Director. Four directors are Non - Executive Directors and one executive director designated as Managing Director & CEO. The Managing Director & CEO is responsible for the conduct of the Business and the day-to-day affairs of the Company. The Directors possess wide range of experience in diverse fields and bring in technical and financial expertise.

The maximum tenure of Independent Director is in the compliance with the Act. All the Independent directors have confirmed that they meet the criteria of independence under Section 149 (6) of the Act.

None of the Directors are disqualified as per the provisions of Section 164 of the Companies Act 2013.

None of the Independent Directors held any equity shares or convertible instruments of the Company or any pecuniary relationship or transactions with the Company other than sitting fees.

(b) 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.

(c) 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. Meetings of the Board

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.

The Board meet at least once a quarter to review the quarterly results and other items on the agenda and on the Annual 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 Financial Year 2019-20, the Board met 6 (Six) times i.e. on April 25, 2019, May 29, 2019, September 26, 2019, December 13, 2019, December 20, 2019, and January 25, 2020. The quorum requirements were adequately met, and all circular resolutions were recorded in the minutes of succeeding meetings. The Composition of the Board is mentioned herein:

Name of Director	Designation
Dr. Vikram Akula	Chairperson (Non – Executive)
Mr. Jagadish Babu Ramadugu[1]	Managing Director & CEO
Mr. A.V.Sateesh Kumar[2]	Director (Non- Executive)
Mr. Alok Misra[3]	Independent Director
Mr. Bikshamaiah Gujja	Director (Non-Executive)
Mr. Gautam Ivatury[4]	Director (Non-Executive)
Ms. Farzana Haque	Independent Director

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

2 Mr. Jagadish Babu Ramadugu has ceased to be MD & CEO of the Company w.e.f April 20, 2020 and he resigned from the position of the director w.e.f August 31, 2020.

3 Mr. Alok Misra has resigned from the position of Independent Director w.e.f August 22, 2020.

4 Mr. Gautam Ivatury has resigned from the position of Director w.e.f August 11, 2020.

4. Board Committees:

The Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. The Company as on March 31, 2020, had seven Committees, i.e. Audit & Risk Management Committee, Nomination & Remuneration Committee, Borrowings Committee, Investment Committee, Assets and Liability Management Committee, Corporate Social Responsibility Committee and IT Strategy Committee.

Each Committee of the Board is guided by its terms of reference, which defines the scope, powers and composition. All decisions and recommendations of the Committees are placed before the Board for information or approval. During the financial year under review, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expediently. The Board oversees the functioning of the Committees. The Company Secretary acts as a Secretary to all the Committees of the Board and the minutes of the Committees are circulated to the members and placed before the Board for noting.

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 is made with the primary objective to monitor and provide an effective supervision of the management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting as a measure of good Corporate Governance and also to meet the statutory provisions of the RBI Regulations and the Companies Act, 2013. Majority of the members of the Committee are Independent Directors and all the members of the Audit Committee have required qualification and expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, the Audit Committee met two times, i.e. on May 29, 2019 and December 13, 2019. The Composition of the Committee during the financial year ended March 31, 2020 is as follows—

Name of Member	Designation
Ms. Farzana Haque	Independent Director
Mr. Alok Misra	Independent Director
Mr. Jagadish Ramadugu	Managing Director & CEO

- **Terms of Reference:**

  (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 statements and the auditors' report thereon;

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

- **Terms of Reference: (cont'd)**

  (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 statements 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

Pursuant to the regulations framed by the Reserve Bank of India, the Company being a Non Deposit taking Systematically Important Non-Banking Finance Company, has a Nomination & Remuneration Committee for giving its recommendations regarding appointment, remuneration and evaluation of performances of the Directors and Key Managerial Personnel of the Company.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, the Nomination & Remuneration Committee met one time, i.e. on December 13, 2019. The Composition of the Committee during the Financial Year ended March 31, 2020 is as follows—

Name of Member	Designation
Ms. Farzana Haque	Independent Director
Mr. Alok Misra	Independent Director
Dr. Bikshamaiah Gujja	Non-Executive Director

- **Terms of reference of the Committee are:**

  (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 and shall carry out evaluation of every director's 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 and key managerial personnel of the Company.

(c) Borrowings 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.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, the Borrowing Committee met thirteen times, i.e. on April 25, 2019, May 29, 2019, June 12, 2019, June 26, 2019, August 31, 2019, September 24, 2019, September 26, 2019, September 30, 2019, November 11, 2019, November 15, 2019, November 30, 2019 December 28, 2019 and February 27, 2020. The Composition of the Committee during the Financial Year ended March 31, 2020 is as follows—

(c) Borrowings Committee (cont'd)

Name of Member	Designation
Dr. Vikram Akula	Non-Executive Director
Mr. Jagadish Babu Ramadugu	Managing Director & CEO
Dr. Bikshamaiah Gujja	Non-Executive Director
*Mr. A.V.Sateesh Kumar	Non-Executive Director

*Mr. A.V. Sateesh Kumar was inducted as member of the Committee from December 28, 2019.

- **Terms of reference of the Committee are:**
  - (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 the funding pipelines on periodic basis.
  - (iv) To approach Banks, Financial Institutions, NBFC's, other entities / lenders for obtaining loans, debentures, convertible instruments, Bonds, other instruments or such other agreed form of loans.
  - (v) To finalise the terms and conditions of the loans, debentures, bonds, convertible/non-convertible instruments, other instruments.
  - (vi) To review and approve the loan facilities (both on and/or off-balance sheet) within the specified limits.
  - (vii) Nominate and designate representative(s) to carry out the required documentation for the facilities approved by this committee.
  - (viii) To enter and sign the agreements, deeds, documents, papers etc. for obtaining loans.
  - (ix) 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) Investment Committee:

The Investment committee was constituted for the purpose of evaluating the investment prospects and other related matters.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, the Investment Committee met seven times, i.e. on April 11, 2019, April 25, 2019, December 12, 2019, December 16, 2019, December 17, 2019, December 18, 2019 and December 19, 2019. The Composition of the Committee during the Financial Year ended March 31, 2020 is as follows—

Name of Member	Designation
Dr. Vikram Akula	Non -Executive Director
Mr. A.V. Sateesh Kumar	Non -Executive Director
Ms. Farzana Haque	Independent Director

- **Terms of reference of the Committee are:**
  - (i) To oversee the entire process of stake sale by the shareholders of the Company including but not limited to initial discussions with investors.
  - (ii) To oversee the information flow, valuation and due diligence exercise, negotiation and finalization of binding term sheet and definitive agreements.

(e) Asset and 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.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, the Asset and Liability Management Committee met three times, i.e. on September 30, 2019, December 27, 2019 and January 29, 2020. The Composition of the committee is as follows -

Name of Member	Designation
Mr. Jagadish Babu Ramadugu	Managing Director & CEO
Mr. S Lakshminarayanan	Chief Financial Officer
Mr. Prashant Kumar	Head - Risk & Internal Audit
Mr. Shashank Shankpal	Chief Manager, F&A

- **Terms of reference of the Committee are:**
  - (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 utilization of the funds available to the company at frequent intervals
  - (vi) To review the fund position in each prescribed 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.

(f) 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.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, the Corporate Social Responsibility Committee met once on December 12, 2019. The Composition of the Committee during the Financial Year ended March 31, 2020 is as follows—

Name of Member	Designation
Ms. Farzana Haque	Independent Director
Dr. Bikshamaiah Gujja	Non- Executive Director
Mr. Jagadish Babu Ramadugu	Managing Director & CEO

- **Terms of reference of the Committee are:**
  - (i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to Companies Act, 2013
  - (ii) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and
  - (iii) Monitor the Corporate Social Responsibility Policy of the Company from time to time. The CSR policy is duly adhered to and in compliance with the Act in force.

(g) 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.

- **Composition of the Committee and particulars of Committee meetings:**

  During the Financial Year 2019-20, one meeting of the Information Technology Strategy Committee was convened and held on December 12, 2019. The Composition of the Committee during the Financial Year ended March 31, 2020 is as follows—

Name of Member	Designation
Ms. Farzana Haque	Independent Director
Mr. Jagadish Babu Ramadugu	Managing Director & CEO
Mr. Anil Kumar	Head - IT
Mr. Prashant Kumar	Head - Risk & Audit
Mr. Vijay Kumar	Head - Strategy & Planning

- **Terms of reference of the Committee are:**
  - (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 to 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.

5. 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
2018-19	30.09.2019	3.00 PM	Registered office
2017-18	30.09.2018	5.00 PM	Registered office
2016-17	18.08.2017	4.00 PM	Registered office

(b) Extraordinary General Meeting (EGM):

During the year under review, one Extraordinary General Meeting was convened on October 25, 2019 at a shorter notice at the registered office of the Company. The meeting was duly convened, and the resolution passed were duly recorded in the minutes of the said meeting.

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, with effect from November 12, 2018 and hence, the Company is considered as a listed entity. 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")

Windsor, 6th Floor, Office No. 604, CST Road, Kalina, Santacruz (East), Mumbai-400098

(ii) Registrar and Transfer Agents

(a) For Non – Convertible Debentures (Listed)

Link Intime India Private Limited

C 101, 247 Park, L B S Marg Vikhroli (West) Mumbai- 400083

(b) For Equity Shares (Unlisted)

Venture Capital and Corporate Investments Private Limited,

12-10-167, Bharat Nagar, Hyderabad – 500018

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 0906907

Place: Seattle
Date: September 02, 2020

Annexure 2
Details of the Managerial Remuneration as per Companies Act, 2013 for FY 2019-20

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: 46.70 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: 18% Chief Financial Officer: 18% Company Secretary: 9.5%
3.	The percentage increase in the median remuneration of employees in the financial year	15.13%
4.	The number of permanent employees on the rolls of company as on March 2020	2048
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 21.83% and the average increase in the managerial remuneration (CEO, CFO & CS) was 15.17%
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 2019 – 20 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.	Jagadish Babu Ramadugu	MD & CEO	2.04	Contractual	28/01/2015	47 years	RPG Group	16.50%	No
2.	S. Lakshmi-narayanan	CFO	0.93	Contractual	12/01/2015	47 years	AppLabs Limited	5.41%	No

Mr. S Lakshminaryanan has resigned from the company w.e.f February 27, 2020 and had rejoined on June 30, 2020.

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 0906907

Place: Seattle
Date: September 02, 2020

Annexure 3
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

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

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

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

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

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 0906907

Place: Seattle
Date: September 02, 2020

Annexure 4
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 prefer 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. Average net profit of the company for the last three financial year: ₹ 16.10 crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 0.32 crore

5. Details of CSR spent during the Financial Year

   (a) Total amount to be spent for the financial year: ₹ 0.32 crore

   (b) Actual amount spent: ₹ 0.32 crore

   (c) Amount unspent, if any: NIL

   (d) Manner in which the amount spent during the Financial year is detailed below:

Sr. No.	Name of Organisation	CSR Project/activity identified	Specify the state where the project were undertaken	Amount of budget spent on the project (₹)	Amount spent direct or through implementing agency
1.	AL-Khairul Wara Educational Trust	Providing support to children who have limited financial means	Cuttack, Odisa	5,00,000	Direct
2.	Catalyst for women entrepreneurship	Providing support to women entrepreneurs to start up and scale up their businesses	Kodihalli, Bangalore	6,00,000	Direct
3.	Ixoraa knowledge	Providing support to youth and encourage for creative thinking	Indranagar Bangalore	18,00,000	Direct
4.	Educate girls	Program for educating girl child	Mumbai	3,50,000	Direct
Total				**32,50,000**	

6. The Chairman of the CSR Committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Dr. Vikram Akula
Non-Executive Chairman
DIN 0906907

Place: Seattle
Date: September 02, 2020

Annexure 5
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

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

To
The Members,
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 the adherence to good Corporate Practices by **VAYA FINSERV PRIVATE LIMITED** bearing **CIN: U67190TG2014PTC093562** (hereinafter called as "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 March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

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

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

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

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

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period)**

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on October 28, 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 (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period)**

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

(vi) 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.

Annexure 5 (cont'd)

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchanges.

(iii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 are delays in filing e-forms with the concerned Registrar of Companies.

We further report that:

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

Adequate notice of at least seven days is given to all Directors to schedule the Board Meetings, the agenda and detailed notes on agenda were sent 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.

All decisions at Board Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors/ Committees as the case may be.

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

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

For R&A Associates
Company Secretaries

R. Ramakrishna Gupta
Senior Partner
FCS No.: 5523
CP No.: 6696
UDIN: F005523B000641785

Date: September 01, 2020
Place: Hyderabad

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 Secretarial Audit Report)

To
The Members,
VAYA FINSERV PRIVATE LIMITED
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.
7. We have relied upon the information provided by the Management with respect to related party transactions for its compliance.

For R&A Associates
Company Secretaries

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

Date: September 01, 2020
Place: Hyderabad


Vaya

Vaya

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

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

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
First time adoption of Ind AS framework Refer note 1(i) for significant accounting policies and note 50 to the accompanying financial statments for disclosures made in accordance with Ind AS 101, 'First-time Adoption of Indian Accounting Standards'. As disclosed in note 1(i) to the financial statements, the Company has adopted the Indian Accounting Standards notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS')	Our procedures in respect of the first time adoption of Ind AS financial reporting framework included, but not limited to, the following: • Obtained an understanding of management's processes and controls around adoption of Ind AS framework. We sought explanations from the management for areas involving complex judgements or interpretations to assess its appropriateness; • Reviewed the diagnostics performed by the management to assess the impact of Ind AS

Key audit matter	How our audit addressed the key audit matter
with effect from 1 April 2019 (1 April 2018 being the transition date), and prepared the first set of financial statements under Ind AS framework in the current year. For periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each component of the financial statements that involved significant efforts and required the involvement of accounting experts by the management. This process also required the management to apply significant judgements to identify and elect appropriate accounting policies suitable for various transactions and balances relating to the operations of the company including electing of available options for transition of balances as at the transition date from the previous GAAP to the new GAAP. Further, the first time preparation of the Ind AS financial statements involved preparation and presentation of additional notes and disclosures as required by the Ind AS framework as compared to the previous GAAP in addition to note 50 to the financial statements setting forth the reconciliation of balances from previous GAAP to the new GAAP as at the transition date, and the impact of restatement on the results of the comparative period due to such transition. The areas where there was significant impact on account of first time adoption involved the following standard: a) Ind AS 109, Financial Instruments b) Ind AS 115, Revenue recognition c) Ind AS 12, Income taxes Considering the significance of the event in the current year to the financial statements, the complexities and efforts involved, this matter has been identified as a key audit matter for the current year audit.	transition to the individual financial statement line items; • Reviewed the implementation of exemptions availed and options chosen by the Company in accordance with the requirements of Ind AS 101, First Time Adoption of Indian Accounting Standards; • Evaluated the accounting policies adopted by the Company on transition to Ind AS and assessed its appropriateness basis our understanding of the entity and its operations and the requirements of relevant accounting standards under the Ind AS framework; • Evaluated whether the presentation and disclosures in the financial statements are in accordance with the requirements of the applicable standards and regulatory requirements; • Tested the items presented in the reconciliation prepared on account of first-time adoption of Ind AS, by evaluating the terms of the related underlying agreements and documents to ensure appropriate accounting treatment in accordance with the requirements of Ind AS has been determined with respect to recognition, measurement and disclosure of such items; • Evaluated the appropriateness and adequacy of disclosures with respect to the reconciliations prepared and presented by the management in the financial statements in accordance with Ind AS 101.

Key audit matter	How our audit addressed the key audit matter
Impairment losses on loan portfolio Refer note 3(e) for significant accounting policies and note 40 for credit risk disclosures. The Company has gross loan assets of ₹ 67,991 lakhs outstanding as at 31 March 2020, against which an impairment of ₹ 1,835 lakhs has been recorded while an impairment loss of ₹ 1,938 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 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 44, 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. Considering the significance of the above matter to the financial statements, 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	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 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 such directions. • 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;

Key audit matter	How our audit addressed the key audit matter
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 2020.	• 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; • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 40 “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 requests for access to systems were appropriately reviewed and authorized; tested controls around Company’s periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested related 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matter

16. The comparative financial information for the transition date opening balance sheet as at 1 April 2018 prepared in accordance with Ind AS included in these financial statements, is based on the previously issued statutory financial statements for the year ended 31 March 2018 prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose report dated 30 June 2018 expressed an unmodified opinion on those financial statements and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Further, the Company had prepared a separate set of statutory financial statements for the year ended 31 March 2019 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's report to the members of the Company dated 29 May 2019. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. 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.
18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
19. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

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

c the financial statements dealt with by this report are in agreement with the books of account;

d in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

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

f on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

g we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 June 2020 as per Annexure II expressed unmodified opinion;

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

   i. the Company does not have any pending litigations which would impact its financial position as at 31 March 2020;

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

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

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

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

Manish Gujral
Partner
Membership No: 105117
UDIN: 20105117AAAACO5781

Place: Mumbai
Date: 23 June 2020

Vaya

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

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

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

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

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause3(i)(c) of the Order are not applicable..

(ii) The Company is a Non-Banking Financial Company, primarily engaged in the business of lending in small business segments and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, 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 financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to the government.

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

Annexure I (cont'd)

(x) According to the information and explanation given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year other than certain instances of cash embezzlement by certain employees aggregating to ₹ 5,150,197. As explained to us, the Company terminated the service of some employees and a recovery of ₹ 1,001,632 is made against the same. The Company has initiated legal action for these cases and is fully provided / written-off.

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

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

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

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

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

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

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

Manish Gujral
Partner
Membership No: 105117
UDIN: 20105117AAAACO5781

Place: Mumbai
Date: 23 June 2020

Annexure II to the Independent Auditor's Report of even date to the members of Vaya Finserv Private Limited, on the financial statements for the year ended 31 March 2020

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

1. In conjunction with our audit of the financial statements of Vaya Finserv Private Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

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

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

Auditor's Responsibility for the Audit of the Internal Financial Controls

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

Meaning of Internal Financial Controls over Financial Reporting

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

Annexure II (cont'd)

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Manish Gujral
Partner
Membership No: 105117
UDIN: 20105117AAAACO5781

Place: Mumbai
Date: 23 June 2020

Financial Statements

Balance Sheet as at 31 March 2020

(All amounts in ₹ lakhs except otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Assets				
Financial assets				
Cash and cash equivalents	4	5,980	7,201	5,461
Bank balances other than cash and cash equivalents	5	4,557	4,032	3,477
Trade receivables	6	1,909	3,041	2,473
Loans	7	66,156	44,429	9,116
Investments	8	57	232	2,203
Other financial assets	9	350	97	72
		79,009	**59,032**	**22,802**
Non-financial assets				
Current tax assets (net)	10	564	274	292
Deferred tax assets (net)	11	499	-	132
Property, plant and equipment	12	777	503	583
Other intangible assets	13	8	7	3
Other non-financial assets	14	127	82	65
		1,975	**866**	**1,075**
Total		**80,984**	**59,898**	**23,877**
Liabilities and Equity				
Liabilities				
Financial liabilities				
Debt securities	15	31,422	14,555	5,000
Borrowings (other than debt securities)	16	26,493	21,680	9,788
Subordinated liabilities	17	-	12,584	2,760
Other financial liabilities	18			
(i) Total outstanding dues of micro enterprises and small enterprises		3	5	7
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,047	4,126	3,063
		61,965	**52,950**	**20,618**
Non Financial liabilities				
Current tax liabilities (net)	10	-	240	-
Deferred tax liabilities (net)	11	-	38	-
Provisions	19	217	146	66
Other non financial liabilities	20	235	209	146
		452	**633**	**212**
Equity				
Equity share capital	21	2,734	2,734	2,659
Other equity	22	15,833	3,581	388
		18,567	**6,315**	**3,047**
Total		**80,984**	**59,898**	**23,877**

Summary of significant accounting policies 3

The accompanying notes 1 - 50 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: 23 June 2020

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 23 June 2020

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 23 June 2020

B. Balaji Gupta
Company Secretary
Membership No.: A17980

Place: Hyderabad
Date: 23 June 2020

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

(All amounts in ₹ lakhs except otherwise stated)

		Notes	Year ended 31 March 2020	Year ended 31 March 2019
1	**Revenue from operations**			
	Interest income	23	13,171	7,305
	Fee and commission income	24	1,788	2,608
	Net gain on fair value changes	25	285	361
	Revenue from contract with customers	26	3,691	3,540
	Net gain on derecognision of financial instrument	27	297	-
	Total revenue from operations		**19,232**	**13,814**
2	**Other income**	28	96	30
3	**Total income (1+2)**		**19,328**	**13,844**
4	**Expenses**			
	Finance costs	29	7,111	4,623
	Impairment on financial instruments	30	4,323	630
	Employee benefits expenses	31	4,555	3,629
	Depreciation and amortisation expense	32	195	133
	Other expenses	33	2,046	1,605
	Total expenses		**18,230**	**10,620**
5	**Profit before tax (3-4)**		**1,098**	**3,224**
6	**Tax expense**	34		
	Current tax		(958)	(1,165)
	Deferred tax		540	(168)
			(418)	**(1,333)**
7	**Profit for the year (5-6)**		**680**	**1,891**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit and loss			
	Remeasurement gains on defined benefit plans		11	6
	Income tax relating to the above		(3)	(2)
	Other comprehensive income for the year		**8**	**4**
9	**Total comprehensive income for the year (7+8)**		688	1,895
10	**Earning per equity share (face value of ₹ 10 each)**	35		
	Basic (₹)		2.49	7.10
	Diluted (₹)		1.09	3.38

Summary of significant accounting policies 3

The accompanying notes 1 - 50 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

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 23 June 2020

For and on behalf of the Board of Directors of
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Place: Hyderabad
Date: 23 June 2020

B. Balaji Gupta
Company Secretary
Membership No.: A17980

Place: Hyderabad
Date: 23 June 2020

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

(All amounts in ₹ lakhs except otherwise stated)

A **Equity share capital**

Particulars	Balance as at 1 April 2018	Change in equity share capital during the year	Balance as at 31 March 2019	Change in equity share capital during the year	Balance as at 31 March 2020
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	2,659	75	2,734	-	2,734

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 01 April 2018	**388**	**73**	**18**	**-**	**4**	**(95)**	**388**
Profit for the year	-	-	-	-	-	1,891	**1,891**
Other comprehensive income (net of tax)	-	-	-	-	-	4	**4**
Extinguishment of financial liability with equity instruments	1,298	-	-	-	-	-	**1,298**
Transfer to statutory reserves	-	566	-	-	-	(566)	**-**
Share based payment to employees	-	-	4	-	(4)	-	**-**
Balance as at 31 March 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 liability 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**

The accompanying notes 1-50 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
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Place: Mumbai
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Place: Hyderabad
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B. Balaji Gupta
Company Secretary
Membership No.: A17980

Place: Hyderabad
Date: 23 June 2020

Statement of Cash Flows for the year ended 31 March 2020

(All amounts in ₹ lakhs except otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities		
Profit before tax	**1,098**	**3,224**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	195	133
Impairment on financial instruments	4,323	630
Net gain/(loss) on fair value changes	(285)	(361)
Interest income on term deposits	(82)	(34)
Finance costs on leases and sub-ordinated liabilities	450	1,341
Effective interest rate adjustment for financial instruments	98	61
Revenue recognised as business correspondent	139	188
Gain on sale of loan portfolio through assignment	(150)	-
Interest on income tax	-	22
Net (gain)/loss on derecognition of property, plant and equipment	4	-
Operating profit before working capital changes	**5,790**	**5,204**
Working capital changes		
(Increase)/decrease in loans	(23,555)	(35,634)
(Increase)/decrease in trade receivables	992	(756)
(Increase)/decrease in other financial assets	(102)	106
(Increase)/decrease in other non financial assets	(44)	(17)
Increase/(decrease) in other financial liabilities	(2,728)	513
Increase/(decrease) in provisions	82	(40)
Increase/(decrease) in other non financial liabilities	26	64
Cash used in operating activities	**(25,329)**	**(35,764)**
Income taxes paid (net)	(1,488)	(936)
Net cash (used in) / generated from operating activities (A)	**(21,027)**	**(31,496)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(118)	(56)
Proceeds from sale of fixed assets	4	-
Interest received on fixed deposits with bank	121	(5)
Investments in fixed deposit	(4,273)	(2,687)
Redemption of fixed deposit	3,708	2,172
Investments in mutual funds	(63,344)	(43,993)
Proceeds from sale of mutual funds	63,804	46,324
Net cash (used in) / generated from investing activities (B)	**(98)**	**1,755**
Cash flows from financing activities		
Proceeds from term loans	39,911	22,779
Repayment of term loans	(26,721)	(7,957)
Repayment of lease liability	(102)	(36)
Proceeds from issuance of non-convertible debentures	7,600	6,800
Proceeds from issue of equity shares including share premium	-	75
Proceeds from issue preference shares other than those that qualify as equity	-	10,000
Dividend paid	(784)	(180)
Net cash (used in) / generated from financing activities (C)	**19,904**	**31,481**
Net increase in cash and cash equivalents (A+B+C)	**(1,221)**	**1,740**
Cash and cash equivalents as at the beginning of the year (refer note 4)	7,201	5,461
Cash and cash equivalents as at the end of the year (refer note 4)	**5,980**	**7,201**

Note:

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

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration 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: 23 June 2020

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 23 June 2020

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 23 June 2020

B. Balaji Gupta
Company Secretary
Membership No.: A17980

Place: Hyderabad
Date: 23 June 2020

1 Background or Corporate Information

Vaya Finserv Private Limited 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 all the periods presented in this financial statements.

The financial statements for the year ended 31 March 2020 are the first financial statements which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI').

The financial statements upto and for the year ended 31 March 2019 were prepared in accordance with the accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other applicable guidelines issued by the RBI, which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS.

As these are the Company's first financial statements prepared in accordance with Ind AS, the Company has applied, first-time adoption standard (Ind AS 101). An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note 50.

The financial statements for the year ended 31 March 2020 were authorised and approved for issue by the Board of Directors on 23 June 2020.

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 The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and in India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreak was declared as a global pandemic by the World Health Organization. Numerous governments have introduced a variety of measures to contain the spread of the virus. On 24 March 2020, the Indian Government announced a nation-wide lockdown till 14 April 2020, which was extended till 31 May 2020 and has provided guidelines for restrictions and relaxations in different zones across India during such period. The extent to which the COVID-19 will impact the Company's operations and financial metrics will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic. The Company has major proportion of its borrowers and the loan assets under management in rural geographies, where the impact of COVID-19 has been relatively lower so far compared to urban geographies. Additionally, the Government has announced a series of economic relief measures for rural India, which is expected to support the rural borrowers' repayment capacity. From 1 June 2020 onwards, further relaxations has been granted in lock down across the country, which has helped the Company to connect with its borrowers.

Further, pursuant to the Reserve Bank of India (the RBI) circulars dated 27 March 2020 and 23 May 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 August 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. For such accounts, where the moratorium is granted, the asset /stage-wise classification shall remain standstill during the moratorium period. (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification). In management's view, providing moratorium to borrowers at a large scale based on the RBI directives, by itself, is not considered to result a significant increase in credit risk ('SICR') for such borrowers. However, considering the unique and widespread impact of COVID-19, the Company has estimated expected credit loss allowance as on 31 March 2020 towards its loan assets and managed portfolio ('business correspondent operations') based on the information available at this point of time including economic forecasts.

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 results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration and the Company will continue to monitor any material changes to future economic conditions.

The Company has assessed the impact of COVID-19 pandemic on its liquidity and ability to fulfil its obligations as and when they are due and has evaluated the asset-liability maturity ('ALM') pattern in various buckets as prescribed under the guidelines issued by the RBI. Pursuant, to the relaxation granted by the Ministry of Home Affairs ('MHA'), allowing micro-finance companies to start operations, a significant number of the branches of the Company are operational. The employees in these branches are permitted to work in accordance with the extant guidelines issued by the MHA and respective state governments. The collections from customers during the lockdown continue to happen and the Company expects the collections to improve in the coming months. The Company expects the business correspondent partners to start disbursements to customers selectively from July 2020 onwards. The Company has sufficient funds and outstanding sanctioned credit facilities together with moratorium received on payments of instalments from certain lenders which are adequate for the foreseeable future. Accordingly, the Company does not expect a stress in the liquidity situation in the immediate future.

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 all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

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.

Transition to Ind AS

The Company has elected to measure all its property plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. 1 April 2018.

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 written down value 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.

Transition to Ind AS

The Company has elected to measure all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. 1 April 2018.

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 44).

Dividend income

Dividend income is recognised at the time when the right to receive is established by 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.

d) Financial instruments (cont'd)

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.

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.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

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 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 in 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. The Company's lease liabilities are included in borrowings.

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. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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) Segment reporting

The Company identifies segment on the basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

o) 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 2020	As at 31 March 2019	As at 01 April 2018
4	**Cash and cash equivalents**			
	Cash on hand	36	14	34
	Balances with banks			
	-Balances with banks in current account	3,787	3,687	4,722
	-Bank deposit with maturity of less than 3 months	2,157	3,500	705
		5,980	**7,201**	**5,461**

(i) 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.

(ii) The Company has not taken bank overdraft, therefore the cash and cash equivalents for cash flow statement is same as cash and for cash equivalents.

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	4,557	4,032	3,477
		4,557	**4,032**	**3,477**

The amount under lien as security against term loan availed, assets securitised, first loss default guarantee are as follows (included above in note 5):

Term loans	884	841	378
Securitisation arrangements	1,522	197	-
Security against first loss default guarantee	2,151	2,994	3,099
	4,557	**4,032**	**3,477**

		As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
6	**Trade receivables**			
	Considered good (unsecured)	1,909	3,041	2,473
		1,909	**3,041**	**2,473**

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 2020	As at 31 March 2019	As at 01 April 2018
7	**Loans**			
	At amortised cost			
	A) Term loans			
	Joint liability loans (unsecured)	67,991	44,588	9,163
	Total Gross	**67,991**	**44,588**	**9,163**
	Less: Impairment loss allowance	(1,835)	(159)	(47)
	Total Net	**66,156**	**44,429**	**9,116**
	B) Loans in India			
	Public sector	-	-	-
	Others (unsecured)	67,991	44,588	9,163
	Total Gross	**67,991**	**44,588**	**9,163**
	Less: Impairment loss allowance	(1,835)	(159)	(47)
	Total Net	**66,156**	**44,429**	**9,116**
8	**Investments**			
	Measured at fair value through profit and loss			
	Quoted: Mutual fund			
	Reliance Credit Risk Fund-Direct Growth Plan Growth option	0	35	33
	Reliance Strategic Debt Fund - Direct Growth Plan	57	197	268
	Aditya Birla Sub Life Floating Rate Short Term Fund	-	-	163
	Axis Liquid Fund - Direct Growth (CFDGG)	-	-	104
	ICICI Prudential Liquid Fund - Direct Plan - Growth	-	-	215
	Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	-	-	510
	Sundaram Money Fund - Direct Plan - Growth	-	-	910
		57	**232**	**2,203**
	Investment in India	57	232	2,203
	Investment outside India	-	-	-
		57	**232**	**2,203**
	No of units outstanding			
	Quoted: Mutual fund			
	Reliance Credit Risk Fund-Direct Growth Plan Growth option	49	129,537	129,488
	Reliance Strategic Debt Fund - Direct Growth Plan	508,330	1,285,020	1,849,476
	Aditya Birla Sub Life Floating Rate Short Term Fund	-	-	58,219
	Axis Liquid Fund - Direct Growth (CFDGG)	-	-	5,418
	ICICI Prudential Liquid Fund - Direct Plan - Growth	-	-	89,533
	Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	-	-	12,034
	Sundaram Money Fund - Direct Plan - Growth		-	2,483,715
		508,379	**1,414,557**	**4,627,883**

Mutual Funds held as collateral against Term Loan: ₹ Nil (31 March 2019: ₹ 54 Lakhs)

Mutual Funds held as collateral against Managed Portfolio: ₹ 57 Lakhs (31 March 2019: ₹ 178 Lakhs)

		As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
9	**Other financial assets**			
	Security deposits	78	38	38
	Interest strip receivable on direct assignment	216	-	-
	Other recoverables	56	59	34
		350	**97**	**72**
	Less: Impairment loss allowance	-	-	-
		350	**97**	**72**
10	**Current tax assets/(liabilities) (net)**			
	Balance of previous financial years	274	274	141
	Current financial year:			
	Advance income tax and tax deducted at source	1,248	957	258
	Less: Provision for income tax	(958)	(1,197)	(107)
		290	**(240)**	**151**
	Total Current tax assets/(liabilities) (net)	**564**	**34**	**292**
11	**Deferred tax assets/(liabilities) (net)**			
	Tax effect of items constituting deferred tax assets			
	Employee benefit expenses	55	68	27
	Amortisation of transaction cost/income on assets on finance as per EIR	53	33	14
	Impairment allowance for loans	618	91	158
	Income on securitization of loan assets	(83)	(3)	-
	Gain on direct assignment of loans	(38)	-	-
	Impact of difference between tax depreciation/amortisation	6	(3)	(7)
	Others	(112)	(224)	(60)
	Total Deferred tax assets/(liabilities) (net)	**499**	**(38)**	**132**

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**

Movement in above mentioned deferred tax assets / (liabilities) as on 31 March 2019

Particulars	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2019
Employee benefit expenses	27	42	(2)	68
Amortisation of transaction cost/income on assets as per EIR	14	19	-	33
Impairment allowance for loans	158	(66)	-	91
Income on securitization of loan assets	-	(3)	-	(3)
Gain on direct assignment of loans	-	-	-	-
Impact of difference between tax depreciation/amortisation	(7)	4	-	(3)
Others	(60)	(164)	-	(224)
Total	**132**	**(168)**	**(2)**	**(38)**

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 1 April 2018	229	97	89	15	273	703
Additions	18	22	11	-	-	51
Reversal on disposal of assets	-	-	-	-	-	-
Balance 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**
Accumulated depreciation						
As at 1 April 2018	73	14	28	5	-	120
Charge for the year	64	11	18	2	36	131
Reversal on disposal of assets	-	-	-	-	-	-
Balance 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**
Net block						
Balance as at 1 April 2018	**156**	**83**	**61**	**10**	**273**	**583**
Balance as at 31 March 2019	**110**	**94**	**54**	**8**	**237**	**503**
Balance as at 31 March 2020	**88**	**120**	**53**	**6**	**510**	**777**

13 Intangible assets

	Software	Total
Gross Block		
Gross Carrying Value		
As at 1 April 2018	**5**	**5**
Additions	5	5
Reversal on disposal of assets	-	-
Balance as at 31 March 2019	**10**	**10**
Additions	3	3
Reversal on disposal of assets	-	-
Balance as at 31 March 2020	**13**	**13**
Accumulated depreciation		
As at 1 April 2018	**2**	**2**
Charge for the year	1	1
Reversal on disposal of assets	-	-
Balance 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**
Net block		
Balance as at 1 April 2018	**3**	**3**
Balance as at 31 March 2019	**7**	**7**
Balance as at 31 March 2020	**8**	**8**

		As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
14	**Other non-financial assets**			
	Unsecured, considered good			
	Balance with government authorities	97	65	49
	Prepaid expenses	30	17	16
		127	**82**	**65**

		As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
15	**Debt securities**			
	Secured (at amortised cost)			
	Redeemable non-convertible debentures	19,330	11,752	5,000
	Borrowings under securitisation arrangement	12,092	2,803	-
		31,422	**14,555**	**5,000**
	Borrowings in India	31,422	14,555	5,000
	Borrowings outside India	-	-	-
		31,422	**14,555**	**5,000**

		As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
A	**Redeemable non-convertible debentures**			
	250, 11.5% p.a. Secured, Unlisted, Redeemable Non-convertible debentures of ₹ 10,00,000 each. (refer note 1.a)	2,000	2,000	2,000
	300, 13% p.a. Secured, Unlisted, Redeemable Non-convertible debentures of ₹ 10,00,000 each. (refer note 2.a)	3,000	3,000	3,000
	250, 13.90% p.a. Secured, Rated, Unlisted, Transferable, Redeemable Non-convertible debentures of ₹ 10,00,000 each. (refer note 2.b)	2,484	2,480	-
	430, 13.10% p.a. (Net of applicable withholding taxes) Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹ 10,00,000 each. (refer note 2.c)	4,279	4,272	-
	410, 13.14% p.a. (Net of applicable withholding taxes) Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹ 10,00,000 each. (refer note 2.d)	4,078	-	-
	350, 12.95% p.a. (Net of applicable withholding taxes) Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹ 10,00,000 each. (refer note 2.e)	3,489	-	-
		19,330	**11,752**	**5,000**

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

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

c) 13.10% (Net of applicable withholding taxes) NCD, principal shall be redeemable in single instalment on 21 October 2022. The interest is payable semi-annually.

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

e) 12.95% (Net of applicable withholding taxes) 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 is payable semi-annually.

B Borrowings under securitisation arrangement

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 2020	As at 31 March 2019	As at 1 April 2018
16	**Borrowings (other than debt securities)**			
	Borrowings carried at amortised cost			
	Term loans - Secured			
	- From banks	14,572	8,048	7,465
	- From others	11,290	13,307	2,000
	Lease liability	631	325	323
		26,493	**21,680**	**9,788**
	Borrowings in India	26,493	21,680	9,788
	Borrowings outside India	-	-	-
		26,493	**21,680**	**9,788**

Note:

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

b) Fixed deposits amounting to ₹ 884 Lakhs (31 March 2019: ₹ 841 lakhs) (1 April 2018: ₹ 378 lakhs) have been pledged towards availing term loans from banks and financial institutions.

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

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 2020												
Monthly												
1-3 years	9.00% - 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	12.00% - 13.00%	2	1,250	-	-	-	-	-	-	-	-	**1,250**
	13.01% - 14.00%	4	667	4	667	2	333	-	-	-	-	**1,667**
Bullet												
3-5 years	11.00% - 12.00%	3	3,250	-	-	-	-	-	-	-	-	**3,250**
	12.01% - 13.00%	1	2,000	-	-	1	3,000	-	-	-	-	**5,000**
	13.01% - 14.00%	-	-	1	1,025	4	7,825	-	-	-	-	**8,850**
	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**

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 2019												
Monthly												
1-3 years	9.00% - 10.00%	12	1,231	1	85	-	-	-	-	-	-	**1,316**
	10.01% - 11.00%	36	3,935	2	123	-	-	-	-	-	-	**4,058**
	11.01% - 12.00%	21	1,536	11	229	-	-	-	-	-	-	**1,765**
	12.01% - 13.00%	24	1,248	16	829	-	-	-	-	-	-	**2,077**
	13.01% - 14.00%	140	8,327	102	4,780	-	-	-	-	-	-	**13,107**
Bullet												
3-5 years	11.00% - 12.00%	-	-	1	2,000	-	-	-	-	-	-	**2,000**
	12.01% - 13.00%	-	-	-	-	1	2,000	1	3,000	-	-	**5,000**
	13.01% - 14.00%	-	-	-	-	-	-	3	6,800	-	-	**6,800**
Total		**233**	**16,277**	**133**	**8,046**	**1**	**2,000**	**4**	**9,800**	**-**	**-**	**36,123**
Deferral of net expense on origination of borrowings												(213)
Lease liability												325
Grand Total												**36,235**
Terms of repayment of borrowings (term loan and non convertible debentures) as on 1 April 2018												
Monthly												
1-3 years	10.00% - 11.00%	18	1,929	24	2,571	-	-	-	-	-	-	**4,500**
	11.01% - 12.00%	12	1,714	9	1,286	-	-	-	-	-	-	**3,000**
Bullet												
3-5 years	11.00% - 12.00%	-	-	-	-	1	2,000	-	-	-	-	**2,000**
	12.01% - 13.00%	-	-	-	-	1	2,000	1	3,000	-	-	**5,000**
Total		**30**	**3,643**	**33**	**3,857**	**2**	**4,000**	**1**	**3,000**	**-**	**-**	**14,500**
Deferral of net expense on origination of borrowings												(35)
Lease liability												323
Grand Total												**14,788**

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
17 Subordinated liabilities			
At fair value through profit or loss			
Compulsorily Convertible Preference Shares other than those that qualify as equity	-	12,584	2,760
	-	**12,584**	**2,760**
Subordinated liabilities in India	-	12,584	2,760
Subordinated liabilities outside India	-	-	-
	-	**12,584**	**2,760**

Note: Rights and preference of Compulsorily Convertible Preference Shareholders:

A Terms of conversion - refer note 21(b)(ii)

18 Other financial liabilities			
Payable to employees	214	214	191
Interest accrued on debt securities	914	481	229
Interest accrued on borrowings other than debt securities	137	128	46
Financial guarantee liability	1,938	2,012	1,664
Payable towards direct assignment	233	-	-
Unearned service income	65	-	-
Other payables	549	1,296	940
	4,050	**4,131**	**3,070**

Note:

Details of dues to micro and enterprises as defined under Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED')

i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	3	5	7
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.	-	-	-

19 Provisions			
Provisions for gratuity (refer note 45)	154	105	66
Provision for compensation absences	63	41	-
	217	**146**	**66**
20 Other non financial liabilities			
Statutory dues payable	235	209	146
	235	**209**	**146**

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
21 Equity share capital			
Authorised			
Equity shares of ₹ 10 each	3,000	3,000	3,000
	3,000	**3,000**	**3,000**
Issued, subscribed and fully paid-up			
27,343,709 (31 March 2019: 27,343,709) equity shares of ₹ 10 each	2,734	2,734	2,659
	2,734	**2,734**	**2,659**

a) Reconciliation of shares

Equity shares	31 March 2020		31 March 2019		1 April 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	27,343,709	2,734	26,589,085	2,659	23,759,000	2,376
Add:						
- Fresh issue during the year	-	-	-	-	2,000,000	200
- ESOP excised during the year	-	-	754,624	75	830,085	83
At the end of the year	**27,343,709**	**2,734**	**27,343,709**	**2,734**	**26,589,085**	**2,659**

b) Rights, preferences, restrictions of share capital

i) The Company's equity shares have a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.
ii) The Company's preference shares shall carry no voting rights. The preference shares will convert into Equity Shares on 12 July 2020 or on the date on which the Company completes the transfer of at least 51% of its equity share capital, which-ever is earlier, based on the fair value and in accordance with the provisions of Companies Act, 2013 and the rules made thereunder. In case the Company raises funds by way of additional issue of equity shares to investors (other than shares issued under Employee Stock Option Plan, VAYA EWT, existing shareholders), which results in a dilution of over 15% of the paid-up capital (equity and preference share capital) as on the issue date, CCPS holders will have option to convert its CCPS either in part or full, into the same class & rights of share being issued to the new investor."

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

Think OFS LLC - USA	21.21%	21.21%	21.81%
R Jagadish Babu	16.50%	16.50%	15.83%
Vaya Trust 5	10.27%	10.27%	10.56%
Vaya Trust 1	10.26%	10.26%	10.55%
Vaya Trust 2	10.26%	10.26%	10.55%
Vaya Trust 3	10.26%	10.26%	10.55%
Vaya Trust 4	10.26%	10.26%	10.55%
S Lakshminarayanan	5.41%	5.41%	3.86%

d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer note 47.

22 Other equity			
Equity component of compound financial instruments	13,250	1,686	388
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	775	639	73
Securities premium	22	22	18
Share option outstanding account	-	-	4
Retained earnings	1,786	1,234	(95)
Total	**15,833**	**3,581**	**388**

22 Other equity (cont'd)

22.1 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.

22.2 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.

22.3 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.

22.4 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 2020	For the year ended 31 March 2019
23	**Interest income**		
	On financial assets measured at amortised cost		
	Interest on portfolio loans	12,763	7,034
	Interest income on deposits from banks	82	34
	Other interest income	326	237
		13,171	**7,305**
24	**Fee and commission income**		
	Commission income	1,788	2,608
		1,788	**2,608**
25	**Net gain on fair value changes**		
	Net gain on financial instruments measured at fair value through profit and loss	285	361
		285	**361**
	Fair value changes		
	Realised	319	-
	Unrealised	(34)	361
		285	**361**
26	**Revenue from contract with customers**		
	Income from business correspondent operations	3,691	3,540
		3,691	**3,540**
27	**Net gain on derecognition of financial instruments**		
	Gain on direct assignment of loans	297	-
		297	**-**
28	**Other income**		
	Interest on income tax refund	-	2
	Web branding income	2	25
	Income from subletting	4	-
	Servicing income	80	-
	Miscellaneous income	10	3
		96	**30**
29	**Finance costs**		
	On financial liabilities measured at amortised cost:		
	Interest on borrowings other than debt securities	3,606	2,172
	Interest on debt securities	2,887	1,082
	Interest on Commercial Paper	29	-
	Interest on subordinated liabilities	383	1,302
	Other borrowing costs	206	67
		7,111	**4,623**

		For the year ended 31 March 2020	For the year ended 31 March 2019
30	**Impairment on financial instruments**		
	Loans		
	Impairment loss on financial guarantee contracts (net of recoveries)	2,647	548
	Impairment loss allowance on portfolio loans (net of recoveries)	1,676	82
		4,323	**630**
31	**Employee benefits expenses**		
	Salaries, wages and bonus	4,106	3,303
	Contributions to Provident and other funds	267	183
	Staff welfare and training expenses	99	76
	Staff insurance	23	23
	Gratuity (refer note 45)	60	44
	Share based payment to employee	-	0
		4,555	**3,629**
32	**Depreciation and amortization**		
	Depreciation on property, plant and equipment (refer note 12)	105	95
	Depreciation on right to use asset (refer note 12)	88	37
	Amortisation on intangible assets (refer note 13)	2	1
		195	**133**
33	**Other expenses**		
	Travelling expenses	775	629
	Rent	217	186
	Office maintenance	203	142
	Communication expenses	123	86
	Consultancy charges	174	95
	Technology subscription charges	96	83
	Printing & Stationery	80	77
	Rates, taxes, and filings	87	132
	Auditors' remuneration	23	16
	Membership fee	35	23
	Director sitting fee	21	19
	Insurance	12	11
	Commission and brokerage charges	1	11
	Repairs and maintenance	19	3
	Loss on Cash embezzlement	104	40
	CSR Expenses	33	3
	Miscellaneous expenses	43	49
		2,046	**1,605**
33A	**Auditors' remuneration:**		
	- Statutory audit	13	12
	- Limited review	5	-
	- Tax audit	2	2
	- Certification charges	2	2
	- Reimbursement of expenses	1	-
		23	**16**

		For the year ended 31 March 2020	For the year ended 31 March 2019
33B	**Corporate social responsibility expenses**		
(a)	Total amount to be spent for the financial year (including amount unspent in previous year)	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	33	3
(d)	Amount unspent, if any	-	-

34 Tax expense

Current tax	958	1,165
Deferred tax (credit)/charge	(537)	170
	421	**1,335**

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, 2019 29.12%) and the reported tax expense in statement of profit and loss are as follows.

Accounting profit before Income Tax	1,098	3,224
Income tax rate	25.17%	29.12%
Expected tax expense	**276**	**939**
Interest on subordinated liabilities	96	379
Expense disallowed under the provisions of Income tax Act, 1961	10	1
Adjustment to deferred tax on account of change in tax base on filing of return	20	7
Reversal of deferred tax on account of change in tax rates	5	2
Tax expense relating to previous years	9	-
Others	5	7
Tax expense	**421**	**1,335**

35 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 2020	For the year ended 31 March 2019
Net profit attributable to equity holders	680	1,891
Weighted average number of equity shares for Basic earnings per share (Nominal value ₹ 10)	27,343,709	26,626,299
Weighted average number of equity shares for Diluted earnings per share (Nominal value ₹ 10)	62,478,844	55,993,200
Earnings per share		
Basic earning per share (₹)	2.49	7.10
Diluted earning per share (₹)	1.09	3.38
Nominal value per share (₹)	10.00	10.00

36 Contingent liability and Commitments

First loss default guarantee on business correspondent portfolio in excess of provisions held	655	1,299

37 Related party disclosures

37.1 List of related parties

Name of the key managerial personnel	Designation
Mr. R Jagadish Babu	Managing Director and CEO
Mr. S Lakshminarayanan	Chief Financial Officer (upto 27 February 2020)
Mr. B Balaji Gupta	Company Secretary
Dr. Vikram Akula	Non Executive Chairman
Dr. Bhikshamaiah Gujja	Non Executive Director

37.2 Transactions during the quarter/ year with related parties :

Transactions with	Nature of transactions	For the year ended 31 March 2020	For the year ended 31 March 2019
Mr. R Jagadish Babu	Remuneration	204	173
Mr. S Lakshminarayanan (upto 27 February 2020)	Remuneration	93	108
Mr. B Balaji Gupta	Remuneration	15	14
Dr. Vikram Akula	Sitting fees	2	3
Dr. Bhikshamaiah Gujja	Sitting fees	3	6

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.

37.3 Amount due to / (from) related parties:

Balances with	Nature	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Mr. R Jagadish Babu	Payable against remuneration	68	58	50
Mr. S Lakshminarayanan	Payable against remuneration	-	22	19
Mr. B Balaji Gupta	Payable against remuneration	2	2	1

38 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.

Particular	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Debt	58,965	49,428	17,823
Less: Compulsorily Convertible Preference Shares other than those that qualify as equity	-	12,584	2,760
Less: Cash and other bank balances	8,386	8,239	5,839
Net Debt	50,579	28,605	9,225
Net equity	18,567	6,315	3,047
Net debt to equity ratio	2.72	4.53	3.03

39 Fair value measurement

Financial instruments by category

Particulars	Category	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Financial assets:				
Cash and cash equivalents	Amortized cost	5,980	7,201	5,461
Bank balances other than cash and cash equivalents	Amortized cost	4,557	4,032	3,477
Trade receivables	Amortized cost	1,909	3,041	2,473
Loans	Amortized cost	66,156	44,429	9,116
Investments	FVTPL	57	232	2,203
Security deposits	Amortized cost	78	38	38
Other financial assets	Amortized cost	272	59	34
Total financial assets		**79,009**	**59,032**	**22,802**
Financial liabilities:				
Debt securities (including interest accrued)	Amortized cost	31,422	14,555	5,000
Borrowings (other than debt securities)	Amortized cost	26,493	21,680	9,788
Subordinated liabilities (including interest accrued)	Amortized cost	-	12,584	2,760
Other financial liabilities	Amortized cost	4,050	4,131	3,070
Total financial liabilities		**61,965**	**52,950**	**20,618**

39.1 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount 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. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in note 38.3. To provide an indication about the reliability of the inputs used in determining fair value. The Company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. An explanation of each level follows underneath the table.

Level 1: Quoted prices (unadjusted) for identical instruments in an active market.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs.

Level 3: Inputs which are not based on observable market data (unobservable inputs).

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

Particulars	Level 1		
	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Financial assets measured at FVTPL			
Investment in mutual funds	57	232	2,203

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

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Cash and cash equivalents	5,980	5,980	7,201	7,201	5,461	5,461
Bank balances other than cash and cash equivalents	4,557	4,557	4,032	4,032	3,477	3,477
Trade receivables	1,909	1,909	3,041	3,041	2,473	2,473
Loans	66,156	66,156	44,429	44,429	9,116	9,116
Investments	57	57	232	232	2,203	2,203
Other financial assets	350	350	97	97	72	72
Total	**79,009**	**79,009**	**59,032**	**59,032**	**22,802**	**22,802**

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities						
Debt securities	31,422	31,422	14,555	14,555	5,000	5,000
Borrowings (other than debt securities)	26,493	26,493	21,680	21,680	9,788	9,788
Subordinated liabilities	-	-	12,584	12,584	2,760	2,760
Other financial liabilities	4,050	4,050	4,131	4,131	3,070	3,070
Total	**61,965**	**61,965**	**52,950**	**52,950**	**20,618**	**20,618**

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.

39.4 Valuation techniques

The carrying value of cash and cash equivalents, trade receivables, interest strip receivable, other bank balances, other financial assets trade payables other payables and other financial liabilities are considered to be approximately equal to the fair value due to their short term maturities.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Portfolio loans - The fair value is determined by discounting the aggregate future cash flows (both principal and interest cash flows) with risk- adjusted discounting rate for the remaining tenure.

Borrowings - The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings are deemed to be equivalent to the carrying value.

During the periods mentioned above there have been no transfers amongst the levels of hierarchy.

40 Financial risk management

The Company's activities expose it to market risk liquidity risk and 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 2020	As at 31 March 2019	As at 1 April 2018
(i) Low credit risk			
Cash and cash equivalents	5,980	7,201	5,461
Bank balances other than cash and cash equivalents	4,557	4,032	3,477
Trade receivables	1,909	3,041	2,473
Loans	65,864	44,398	9,115
Investments	57	232	2,203
Other financial assets	350	97	72
(ii) Moderate credit risk			
Loans	83	23	1
(iii) High credit risk			
Loans	209	8	0

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 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	350	-	350
As at 31 March 2019	**Estimated gross carrying amount at default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Cash and cash equivalents	7,201	-	7,201
Bank balances other than cash and cash equivalents	4,032	-	4,032
Trade receivables	3,041	-	3,041
Other financial assets	97	-	97
As at 1 April 2018	**Estimated gross carrying amount at default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Cash and cash equivalents	5,461	-	5,461
Bank balances other than cash and cash equivalents	3,477	-	3,477
Trade receivables	2,473	-	2,473
Other financial assets	72	-	72

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 2018	9,162	1	0	9,163
New assets originated during the year, netted off for repayments and derecognised portfolio	35,388	26	11	35,425
Net transfer between stages				
Transfer from stage 1	(18)	5	13	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Gross carrying amount as at 31 March 2019	**44,532**	**32**	**24**	**44,588**

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 March 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	0	-	(0)	-
Gross carrying amount as at 31 March 2020	**67,249**	**129**	**613**	**67,991**

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

Reconciliation of loss allowance	Stage 1	Stage 2	Stage 2	Total
Loss Allowance as at 1 April 2018	**47**	**0**	**0**	**47**
Increase of provision due to assets originated during the year, netted off for repayments and derecognised portfolio	87	9	15	112
Net transfer between stages				
Transfer from stage 1	(0)	0	0	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Loss Allowance as at 31 March 2019	**134**	**9**	**16**	**159**
Increase of provision due to assets originated during the year, netted off for repayments and derecognised portfolio	1,253	45	378	1676
Net transfer between stages				
Transfer from stage 1	(2)	1	1	-
Transfer from stage 2	0	(9)	9	-
Transfer from stage 3	0	-	(0)	-
Loss Allowance as at 31 March 2020	**1,385**	**46**	**404**	**1,835**

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.

A.5 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note e) 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 2019.

For the year ended 31 March 2020, the Company did not use GDP as the basis because of the uncertainties involved. Instead the Company created multiple scenarios based on broader market data from reputed credit rating agencies, and its own historical data to determine the forward looking overlays.

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 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
Subordinated liabilities	-	-	-	-	-
Other financial liabilities	4,050	-	-	-	4,050
Total	**35,609**	**11,133**	**12,778**	**2,968**	**62,488**

As at 31 March 2019	Within 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Debt Securities	2,595	208	2,000	9,800	14,602
Borrowings (other than debt securities)	13,736	7,909	72	286	22,002
Subordinated liabilities	2,952	9,632	-	-	12,584
Other financial liabilities	4,131	-	-	-	4,131
Total	**23,414**	**17,748**	**2,072**	**10,086**	**53,319**

As at 1 April 2018	Within 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Debt Securities	-	-	2000	3,000	5,000
Borrowings (other than debt securities)	3,679	3,911	2,071	357	10,019
Subordinated liabilities	181	2,579	-	-	2,760
Other financial liabilities	3,070	-	-	-	3,070
Total	**6,930**	**6,490**	**4071**	**3,357**	**20,849**

C Market risk - Interest rate risk

(i) Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

Interest rate exposure

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

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Variable rate liabilities			
Debt securities	12,092	2,803	-
Borrowings (other than debt securities)	18,819	12,971	7,788
Subordinated liabilities	-	-	-
Fixed rate liabilities			
Debt securities	19,330	11,752	5,000
Borrowings (other than debt securities)	7,674	8,709	2,000
Subordinated liabilities	-	12,584	2,760
Total	**57,915**	**48,819**	**17,548**

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 2020	For the year ended 31 March 2019
Interest sensitivity*		
Interest rates – increase by 0.50%	149	78
Interest rates – decrease by 0.50%	(149)	(78)

* Holding all other variables constant

(ii) Price risk

The Company is exposed to price risk from its investment in mutual funds measured at fair value through profit & loss.

Sensitivity	Impact on profit before tax	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Increase by 50 basis points	0	1
Decrease by 50 basis points	(0)	(1)

(iii) 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.

41 Maturity analysis of assets and liabilities

	As at 31 March 2020		
	Within 12 months	After 12 months	Total
Assets			
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			
Financial liabilities	13,622	17,800	31,422
Debt securities	17,694	8,799	26,493
Borrowings (other than debt securities)	-	-	-
Subordinated liabilities	4,050	-	4,050
Other financial liabilities			
Non financial liabilities			
Current tax liabilities (net)	-	-	-
Deferred tax liabilities (net)	-	-	-
Provisions	-	217	217
Other non financial liabilities	235	-	235
Total liabilities	**35,601**	**26,816**	**62,417**
Net Equity	**6,991**	**11,576**	**18,567**

41 **Maturity analysis of assets and liabilities (cont'd)**

	As at 31 March 2019		
	Within 12 months	**After 12 months**	**Total**
Assets			
Financial assets			
Cash and cash equivalents	7,201	-	7,201
Bank balances other than cash and cash equivalents	262	3,770	4,032
Trade receivables	3,041	-	3,041
Loans	29,630	14,799	44,429
Investments	-	232	232
Other financial assets	59	38	97
Non financial assets			
Current tax assets (net)	274	-	274
Deferred tax assets (net)	-	-	-
Property, plant and equipment	-	503	503
Other intangible assets	-	7	7
Other non-financial assets	17	65	82
Total assets	**40,485**	**19,413**	**59,898**
Liabilities			
Financial liabilities			
Debt securities	2,584	11,971	14,555
Borrowings (other than debt securities)	13,534	8,146	21,680
Subordinated liabilities	2,952	9,632	12,584
Other financial liabilities	4,131	-	4,131
Non financial liabilities			
Current tax liabilities (net)	240	-	240
Deferred tax liabilities (net)	-	38	38
Provisions	-	146	146
Other non financial liabilities	209	-	209
Total liabilities	**23,650**	**29,933**	**53,583**
Net Equity	**16,835**	**-10,520**	**6,315**

41 Maturity analysis of assets and liabilities (cont'd)

	As at 1 April 2018		
	Within 12 months	After 12 months	Total
Assets			
Financial assets			
Cash and cash equivalents	5,461	-	5,461
Bank balances other than cash and cash equivalents	474	3,003	3,477
Trade receivables	2,473	-	2,473
Loans	4,251	4,865	9,116
Investments	1,903	301	2,203
Other financial assets	34	38	72
Non financial assets			
Current tax assets (net)	292	-	292
Deferred tax assets (net)	-	132	132
Property, plant and equipment	-	583	583
Other intangible assets	-	3	3
Other non-financial assets	16	49	65
Total assets	**14,903**	**8,974**	**23,877**
Liabilities			
Financial liabilities			
Debt securities	-	5,000	5,000
Borrowings (other than debt securities)	3,650	6,138	9,788
Subordinated liabilities	181	2,579	2,760
Other financial liabilities	3,070	-	3,070
Non financial liabilities			
Current tax liabilities (net)	-	-	-
Deferred tax liabilities (net)	-	-	-
Provisions	-	66	66
Other non financial liabilities	146	-	146
Total liabilities	**7,047**	**13,783**	**20,830**
Net Equity	**7,856**	**-4,809**	**3,047**

42 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 2020	As at 31 March 2019	As at 1 April 2018
Carrying and fair value of securitized assets	12,971	2,915	-
Carrying and fair value of associated liabilities	12,092	2,803	-

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 and advances measured at amortised cost	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 1 April 2018
Carrying amount of derecognised financial assets	3,917	-	-
Gain from derecognition	297	-	-

43 Operating segments

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

44 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 2020	For the year ended 31 March 2019
Type of services		
Income from business correspondent operations	3,691	3,540
Guarantee commission	1,788	2,608
Geographical markets		
India	5,479	6,148
Outside India	-	-
Timing of revenue recognition		
Services transferred at a point in time	1,942	1,618
Services transferred over a period of time	3,537	4,530

Contract balances

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Trade receivables	1,909	3,041	2,473

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 2020	For the year ended 31 March 2019
Revenue as per contract	5,479	6,148
Adjustments	-	-
Revenue from contract with customers	5,479	6,148

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.

45 Retirement benefit plans

(A) 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 2020	For the year ended 31 March 2019
45.1	**Actuarial assumptions**		
	Mortality rate	100.00%	100.00%
	Discount rate (per annum)	6.75%	7.60%
	Rate of salary increase	2.00% to 7.00%	10.0% to 12.00%
	Rate of employee turnover	0.10% to 45.70%	0.10% to 45.70%
45.2	**Changes in the present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	105	67
	Interest expense	8	5
	Current service cost	52	39
	Actuarial (gains) / losses on obligations - due to change in demographic assumptions	-	5
	Actuarial (gains) / losses on obligations - due to change in financial assumptions	(155)	7
	Actuarial (gains) / losses on obligations - due to experience	144	(18)
	Present Value of obligation at the end of the year	**154**	**105**
45.3	**Assets and liabilities recognised in the balance sheet**		
	Present value of the defined benefit obligation at the end of the year	154	105
	Net (liability) / asset recognised in the balance sheet	**154**	**105**
45.4	**Expenses recognised in the Statement of Profit and Loss**		
	Current Service Cost	52	39
	Net interest (income)/ expense	8	5
	Net gratuity cost recognised in the current year	**60**	**44**
45.5	**Expenses recognised in the statement of Other comprehensive income (OCI)**		
	Actuarial gain/ loss on post employment benefit obligation	(11)	(6)
	Total remeasurement cost / (credit) for the year recognised in OCI	**(11)**	**(6)**
45.6	**Reconciliation of net asset / (liability) recognised:**		
	Opening Net Liability	105	67
	Expenses recognised at the end of period	60	44
	Amount recognised in other comprehensive income	(11)	(6)
	Net Liability/(Asset) Recognized in the Balance Sheet	**154**	**105**

45.7 Sensitivity Analysis:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Under Base Scenario	154	126
- Delta effect of +1% change in rate of discounting	132	19
- Delta effect of -1% change in rate of discounting	180	(23)
- Delta effect of +1% change in rate of salary increase	180	(21)
- Delta effect of -1% change in rate of salary increase	133	17
- Delta effect of +1% change in rate of employee turnover	152	(0)
- Delta effect of -1% change in rate of employee turnover	155	(1)

45.8 Maturity analysis of projected benefit obligation

Year 1	5	1
Year 2	7	2
Year 3	9	3
Year 4	7	3
Year 5	6	2
Sum of Years 6 to 10	16	8
Sum of Years 11 and above	103	87

(B) Defined Contribution Plan

The Company contributes towards Provident Fund 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 ₹ 188 (31 March 2019 : ₹ 107) for provident fund contributions in the Statement of profit and loss.

46 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 01 April 2018	**273**	**273**
Additions	-	-
Depreciation expenses	36	36
As at 31 March 2019	**237**	**237**
Additions	361	361
Depreciation expenses	88	88
As at 31 March 2020	**510**	**510**

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 01 April 2018	**323**	**323**
Additions	-	-
Accretion of interest	39	39
Payment	(37)	(37)
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**

The effective interest rate for lease liabilities is 12%, with maturity between 2021-27.

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Lease payments			
Not later than one year	159	54	37
Later than one year and not later than five years	640	303	275
Later than five years	43	125	207
Total	**842**	**482**	**519**

Amount recognised in Statement of profit and loss account	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on right of use assets	88	36
Interest on lease liabilities	67	39
Expenses relating to short term leases	217	186
Expenses relating to low value assets	-	-

Amount recognised in Statement of Cashflow	For the year ended 31 March 2020	For the year ended 31 March 2019
Total cash outflow for leases	102	36

47 Share based payments

The Company introduced 'ESOP Plan 2014' ('the Plan') for the benefit of the employees of the Company. The plan provides for the creation and issue of 15,84,709 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 Nomination and Remuneration Committee 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 six years from the date of vesting, failing which the options shall lapse.

Details of ESOP plan:

Name of the plan	ESOP Plan 2014
Date of grant	28 July 2015
Date of approval from board of directors	18 July 2015
Date of shareholders approval	28 July 2015
No. of options granted	1,584,709
Exercise price	₹ 10
Method of settlement	Equity
Vesting period	33.33% on 27 July 2016 33.33% on 27 July 2017 33.33% on 27 July 2018
Exercise period	6 years from the date of vesting
Vesting conditions	The Options shall become exercisable in part or in full after vesting but any time before resignation, termination etc. as permitted under the Plan, Grant Letter and Agreement.

Details of exercise of such options are as follows:

		ESOP Plan 2014	
Exercise Price	10.00	10.00	10.00
Financial year	FY 2016-17	FY 2017-18	FY 2018-19
No. of employees who have exercised the option	-	2	2
No. of options exercised	-	830,085	754,624

Summary of options granted under the plan:

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding options at the beginning of the year	-	-	754,624	10
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	754,624	10
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	Tranche vesting	
	Prior to 01 April 2018	For the year ended 31 March 2019
Share price on the date of grant (₹)	6.67	6.67
Exercise price (₹)	10.00	10.00
Expected Volatility (%)	20%	20%
Life of the options granted (years)	2.50 - 3.00	3.50
Risk-free interest rate (%)	8.00	8.00
Expected dividend rate (%)	-	-
Fair value of the option	0.36 - 0.51	0.67

i) The Company has not granted any options during the reporting year

ii) The Company has recognised share based payment expense of ₹ Nil (March 31, 2019: ₹ 0.29 Lakhs) during the year as proportionate cost.

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, (as amended by time to time) issued by the RBI.

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	19,330	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred credits	-	-
(c) Term loans		
Secured	25,243	-
Unsecured	-	-
(d) Inter-corporate loans and borrowings	-	-
(e) Commercial paper	-	-
(f) Other loans	13,342	-
	57,915	-

Assets side :

2 Break-up of loans and advances

(a) Secured	-
(b) Unsecure	66,156
	66,156

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	57
(iv) Government securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-

Long term 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)	-
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(v) Others (please specify)	-

5	Borrower group-wise classification of assets financed as in 2(a) and 2(b) above	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	-	66,156	66,156
		-	**66,156**	**66,156**

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	613
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	209
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.

49 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 2020	As at 31 March 2019
	CRAR (percent)	24.60%	36.82%
	CRAR – Tier I Capital (percent)	26.15%	36.45%
	CRAR – Tier II Capital (percent)	-1.55%	0.37%
	Amount of subordinated debt raised as Tier-II capital	-	-
	Amount raised by issue of perpetual debt instruments	-	-

CRAR as at 31 March 2019 is as reported under the previous GAAP and has not been restated under Ind AS.

B Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Value of Investments		
(i) Gross value of investments		
(a) In India	57	232
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	57	232
(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 2019 (31 March 2018: Nil)

D Disclosures relating to Securitisation:

	Particulars	As at 31 March 2020	As at 31 March 2019
1	No. of SPVs sponsored by the applicable NBFC for securitisation transactions (nos)	8	2
2	Total amount of securitised assets as per books of the SPVs sponsored	11,726	2,669
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	1,244	249
	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	1491	196
	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 2020	As at 31 March 2019
Total number of loans (nos)	25,170	-
Aggregate value (net of provisions) of accounts sold	4,956	-
Aggregate consideration	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 2020			As at 31 March 2019		
	Assets		Liabilities	Assets		Liabilities
	Advances	Investments	Borrowings	Advances	Investments	Borrowings
1 day to 30/31 days (one month)	-	-	2,418	2,188	-	1,277
Over 1 month to 2 months	-	-	2,164	2,479	-	1,389
Over 2 months upto 3 months	-	-	2,350	2,175	-	1,393
Over 3 months to 6 months	6,387	-	10,312	7,403	-	4,232
Over 6 months to 1 year	25,911	-	13,518	15,528	-	7,999
Over 1 year to 3 years	35,332	57	23,571	14,957	232	10,033
Over 3 years to 5 years	-	-	-	-	-	9,800
Over 5 years	-	-	2,625	-	-	-
Total	**67,631**	**57**	**56,958**	**44,730**	**232**	**36,123**

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 2020 and 31 March 2019.

I Exposure to real estate sector

The Company does not have any real estate exposure as at 31 March 2020 and 31 March 2019.

J Exposure to capital market

The Company does not have any capital market exposure as at 31 March 2020 and 31 March 2019.

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	23 March 2020	[ICRA]BBB (Stable)	09 February 2021
Term loans	23 March 2020	[ICRA]BBB (Stable)	09 February 2021
MFI Grading	23 March 2020	M2+	22 March 2021

P Remuneration of directors

Particulars	Remuneration	Provident funds and others	Sitting fees	Total
Vikram Akula	-	-	2	2
Sateesh Kumar AV	-	-	6	6
Jagadish Babu Ramadugu	196	8	-	204
Bikshamaiah Gujja	-	-	3	3
Farzana Haque	-	-	5	5
Alok Misra	-	-	5	5

Q Provisions and contingencies (shown under the head expenditure in statement of profit and loss)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision for income tax	958	1,165
Impairment of financial instruments	2,273	(423)
Provision for compensated absences	60	67
Provision for gratuity	60	44

R Draw down from reserves

There has been no draw down from reserves during the year ended 31 March 2020 and 31 March 2019.

S Concentration of advances, exposures and NPAs

	Particulars	As at 31 March 2020	As at 31 March 2019
i)	**Concentration of advances**		
	Total advances to twenty largest borrowers	12	6
	Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.02%	0.01%
ii)	**Concentration of exposures**		
	Total exposures to twenty largest borrowers/customers	12	6
	Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/ customers	0.02%	0.02%
	Concentration of exposures		
iii)	**Total exposures to top four NPA accounts**	1	1
iv)	**Sector-wise NPAs**		
	Sector	**Percentage of gross NPAs to total advances in that sector**	
	Agriculture & allied activities	0.88%	0.03%
	MSME	-	-
	Corporate borrowers	-	-
	Services	1.47%	0.34%
	Unsecured personal loans	-	-
	Auto loans		
	Other personal loans		
	Others	0.97%	0.06%
v)	Movement of NPAs		
	a) Net NPAs to Net Advances (%)	0.32%	0.02%
	b) Movement of NPAs (Gross)		
	Opening balance	24	-
	Additions during the year	615	28
	Reductions during the year	26	4
	Write-off during the year	-	-
	Closing balance	613	24

	Particulars	As at 31 March 2020	As at 31 March 2019
v)	**Movement of NPAs**		
	c) Movement of Net NPAs		
	Opening balance	8	-
	Additions during the year	227	12
	Reductions during the year	26	4
	Closing balance	209	8
	d) Movement of provisions for NPAs (excluding provision on standard assets)		
	Opening balance	16	-
	Provisions made during the year	388	16
	Write-off during the year	-	-
	Write-back of excess provisions	-	-
	Closing balance	404	16

vi) Overseas assets

The Company does not have any overseas assets as at 31 March 2020 and 31 March 2019.

vii) Off-balance sheet SPVs sponsored

The Company does not have any off-balance sheet SPVs sponsored as at 31 March 2020 and 31 March 2019.

T	Customer complaints	For the year ended 31 March 2020	For the year ended 31 March 2019
i)	No. of complaints pending at the beginning of the year	-	-
ii)	No. of complaints received during the year	22	30
iii)	No. of complaints redressed during the year	22	30
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 2020	For the year ended 31 March 2019
Number of cases	20	3
Amount of fraud	26	8
Recovery	8	-
Amount written-off	-	3

*Unrecovered amount has been fully provided for.

V Information on net interest margin

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Average interest (a)	22.66%	22.89%
Average effective cost of borrowing (b)	13.84%	13.16%
Net interest margin (a-b)	8.82%	9.73%

Net interest margin as at 31 March 2019 is as reported under the previous GAAP and has not been restated under Ind AS.

W **Note on Loan assets**

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		**613**	**404**	**209**	**374**	**30**
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**

As at 31 March 2019

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	44,532	134	44,398	418	(284)
	Stage 2	32	9	23	0	9
Subtotal		**44,564**	**143**	**44,421**	**418**	**(275)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	24	16	8	1	15
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**24**	**16**	**8**	**1**	**15**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**24**	**16**	**8**	**1**	**15**

As at 31 March 2019

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)
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	-	3	-	-	3
	Stage 2	-	95	-	-	95
	Stage 3	-	296	-	477	(181)
Subtotal		**-**	**394**	**-**	**477**	**(83)**
Total	Stage 1	44,532	137	44,398	418	(281)
	Stage 2	32	104	23	0	104
	Stage 3	24	312	8	478	(166)
	Total	**44,588**	**553**	**44,429**	**896**	**(343)**

50 First time adoption of Ind AS

A First Ind AS Financial statements

The Company has prepared the opening Balance Sheet in accordance with Ind AS applicable as at 1 April 2018 (transition period).

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 March 2020 and year ended 31 March 2019 and in the preparation of an opening Ind AS balance sheet at 1 April 2018 (the date of transition). An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance is as follows:

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemption and mandatory exemption applied in the transition from Indian GAAP to Ind AS. The Company has applied the following exemptions/ exceptions.

i) Optional exemptions availed

a) Share based payments

Ind AS 102 share based payments requires an entity to recognise the equity settled share based payment plans based on fair value of the stock options granted to employees instead of intrinsic value. Ind AS 101 permits a first time adopter to ignore such requirement for the options already vested as on transition date that is April 1, 2018. The Company has elected to apply this exemptions for such vested options.

ii) Mandatory exceptions applied

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.
Ind AS estimates as on 1 April 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP, other than estimates for Expected Credit Loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The company has complied with the same.

Impairment of financial assets

Ind AS 101 provides relaxation from applying the impairment related requirements of Ind AS 109 retrospectively. At the date of transition, it requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS or recognize a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is de-recognised, if at the date of transition to Ind AS, determination of credit risk involves undue cost or effort. The Company has elected to apply Ind AS 109 prospectively from the date of transition to Ind AS.

B First time adoption reconciliations

Equity reconciliation:

Particulars	Note	As at 31 March 2019	As at 1 April 2018
Equity as per previous GAAP		**17,610**	**5,357**
Ind AS Adjustments			
Measurement of financial assets and financial liabilities at amortised cost	B.1 & B.6	(114)	(52)
Expected credit loss	B.2	343	(479)
Fair valuation of investments	B.3	18	37
Impact on account of compound financial instrument	B.4	(12,035)	(2,684)
Impact on account of leases	B.5	(99)	(62)
Securitisation of loan assets	B.7	12	-
Impact on revenue recognised through Business Correspondent services	B.8	884	1,072
Direct assignment of loan assets	B.10	-	-
Deferred tax on above adjustments	B.11	(304)	(142)
Total adjustments		**(11,295)**	**(2,310)**
Equity as per Ind AS		**6,315**	**3,047**

Reconciliation of total comprehensive income

Particulars	Note	Year ended 31 March 2019
Total net profit after tax as per previous GAAP		**2,831**
Ind AS Adjustments		
Measurement of financial assets and financial liabilities at amortised cost	B.1 & B.6	(62)
Expected credit loss	B.2	822
Fair valuation of investments	B.3	(19)
Impact on account of compound financial instrument	B.4	(1,302)
Impact on account of leases	B.5	(37)
Securitisation of loan assets	B.7	12
Impact on revenue recognised through Business Correspondent services	B.8	(188)
Remeasurement of gains/(losses) on defined benefit plans	B.9	(6)
Direct assignment of loan assets	B.10	-
Deferred tax on above adjustments	B.11	(160)
Total adjustments		**(940)**
Profit after tax as per Ind AS		**1,891**
Other Comprehensive income		
Remeasurement of gains/ (losses) on defined benefit plans		6
Deferred tax on above adjustment		(2)
Total		**4**
Total comprehensive income under Ind AS		**1,895**

C Effect of Ind AS Adoption on the balance sheet

a) Reconciliation of Balance sheet as on 31 March 2019

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Assets				
Cash and cash equivalents		7,201	-	7,201
Bank balances other than cash and cash equivalents		4,032	-	4,032
Trade receivables	B.2 & B.8	539	2,501	3,041
Loans	B.1 & B.2	42,365	2,064	44,429
Investments	B.3	215	18	232
Other financial assets	B.6	422	(325)	97
		54,774	**4,258**	**59,032**
Non-financial assets				
Current tax assets (net)		34	240	274
Deferred tax assets (net)	B.11	265	(265)	-
Property, plant and equipment	B.5	266	237	503
Other intangible assets		7	-	7
Other non-financial assets	B.5 & B.6	377	(295)	82
		949	(83)	866
Total		**55,723**	**4,175**	**59,898**
Liabilities and Equity				
Liabilities				
Financial liabilities				
Debt securities	B.1	11,800	2,755	14,555
Borrowings (other than debt securities)	B.1	21,576	104	21,680
Subordinated liabilities	B.4	-	12,584	12,584
Other financial liabilities	B.8			
(i) Total outstanding dues of micro enterprises and small enterprises		5	-	5
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	B.4	3,028	1,098	4,126
		36,409	**16,541**	**52,950**
Non Financial liabilities				
Current tax liabilities (net)		240	-	240
Deferred tax liabilities (net)		-	38	38
Provisions	B.2	1,075	(929)	146
Other non financial liabilities	B.4	389	(181)	209
		1,704	**(1,071)**	**633**
Equity				
Equity share capital	B.4	15,734	(13,000)	2,734
Other equity		1,876	1,706	3,581
		17,610	**(11,294)**	**6,315**
Total		**55,723**	**4,175**	**59,898**

a) **Reconciliation of Balance sheet as on 1 April, 2018**

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Assets				
Cash and cash equivalents		5,461	-	5,461
Bank balances other than cash and cash equivalents		3,477	-	3,477
Trade receivables	B.2 & B.8	637	1,836	2,473
Loans	B.1 & B.2	9,250	(134)	9,116
Investments	B.3	2,166	37	2,203
Other financial assets	B.6	86	(14)	72
		21,076	**1,726**	**22,802**
Non-financial assets				
Current tax assets (net)		467	(175)	292
Deferred tax assets (net)	B.11	100	32	132
Property, plant and equipment	B.5	310	273	583
Other intangible assets		3	(0)	3
Other non-financial assets	B.5 & B.6	63	2	65
		943	**131**	**1,075**
Total		**22,020**	**1,857**	**23,877**
Liabilities and Equity				
Liabilities				
Financial liabilities				
Debt securities	B.1	5,000	-	5,000
Borrowings (other than debt securities)	B.1	9,500	288	9,788
Subordinated liabilities	B.4	-	2,760	2,760
Other financial liabilities	B.8			
(i) Total outstanding dues of micro enterprises and small enterprises		7	-	7
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	B.4	1,463	1,600	3,063
		15,970	**4,648**	**20,618**
Non Financial liabilities				
Current tax liabilities (net)		-	-	-
Deferred tax liabilities (net)		-	-	-
Provisions	B.2	534	(468)	66
Other non financial liabilities	B.4	159	(13)	146
		693	**(481)**	**212**
Equity				
Equity share capital	B.4	5,659	(3,000)	2,659
Other equity	B.4	(302)	689	388
		5,357	**(2,311)**	**3,047**
Total		**22,020**	**1,857**	**23,877**

a) **Reconciliation of Statement of Profit and loss for the year ended 31 March 2019**

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Revenue from operations				
Interest income	B.1	7,508	(203)	7,305
Fee and commission income	B.8	-	2,608	2,608
Net gain on fair value changes	B.3	380	(19)	361
Revenue from contract with customers	B.8	6,337	(2,796)	3,540
Total revenue from operations		**14,225**	**(410)**	**13,814**
Other income	B.2 and B.6	60	(31)	30
Total income		**14,285**	**(441)**	**13,844**
Expenses				
Finance costs	B.1 and B.4	3,410	1,214	4,623
Net loss on fair value changes	B.3	-	-	-
Impairment on financial instruments	B.2	1,482	(852)	630
Employee benefits expenses	B.9	3,622	6	3,629
Depreciation and amortisation expense	B.5	96	37	133
Other expenses	B.1 and B.5	1,670	(65)	1,605
Total expenses		**10,280**	**339**	**10,620**
Profit before tax		**4,005**	**(780)**	**3,224**
Tax expense				
Current tax		(1,165)	(1)	(1,165)
Deferred tax	B.11	(9)	(158)	(168)
Profit/(loss) for the year (A)		**2,831**	**(939)**	**1,891**
Other Comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement of the net defined benefit (liability)/asset	B.9	-	6	6
Income tax relating to the above	B.11	-	(2)	(2)
Other comprehensive income/(loss) for the year, net of tax (B)		**-**	**4**	**4**
Total comprehensive income/(loss) for the year (A+B)		**2,831**	**(935)**	**1,895**

Explanations to reconciliations

B.1 Interest income and expense measured using effective interest method

Borrowings (including debt securities and sub-ordinated liabilities)

Under previous GAAP, transaction costs incurred towards origination of borrowings were charged to statement of profit and loss. Under Ind AS, such transaction costs are netted off from the carrying amount of borrowings on initial recognition. These transactions costs are then recognised in the statement of profit and loss over the tenure of the such borrowings as part of the interest expense by applying the effective interest rate method.

Loans assets

Under previous GAAP, transaction costs received towards origination of loan assets were recognised to statement of profit and loss. Under Ind AS, such transaction costs are adjusted from the carrying amount of loans on initial recognition. These transactions costs are recognised in the statement of profit and loss over the tenure of the such loans as part of the interest income by applying the effective interest rate method.

B.2 Impairment allowance for expected credit loss

Under previous GAAP, the Company created impairment allowance on loan assets basis the provisioning norms prescribed by Reserve Bank of India ('RBI'). Under Ind AS, impairment allowance has been determined based on expected credit loss ('ECL') model.

B.3 Financial instruments carried at fair value through profit and loss

Under previous GAAP, investments in mutual funds were carried at cost or market value whichever is lower. Under Ind AS, such investments are carried at fair value through profit and loss (FVTPL).

B.4 Preference share capital

Under previous GAAP, preference share capital was a part of share capital. Under Ind AS, the instrument is evaluated to determine whether it is a liability or contains both liability and equity component. If there a contractual obligation to deliver cash then, such instrument is recognised as a financial liability under Ind AS. Where the instrument contains both the features (equity and liability), it is classified as compound financial instruments and accordingly, the transaction value of the instrument is allocated to equity and liability components. Further, the liability component is subsequently measured at amortised cost.

B.5 Lease accounting

Under previous GAAP, lease rentals related to operating lease were accounted as expense in statement of profit and loss. Under Ind AS, lease liability and right of use is recorded at present value of future contractual rent payment on initial date of lease. Subsequently, finance cost is accrued on lease liability and lease payments are recorded by way of reduction in lease liability. Right of use assets is depreciated over lease term.

B.6 Impact on account of financial asset measured at amortised cost

Under previous GAAP, interest free rent deposits given to lessor were recognised at the gross transaction price. Under Ind AS, interest free deposits are financial assets and are initially recognised at fair value. In case of rent deposits: The difference between the fair value and transaction price is recognised as prepaid rent and amortised over the agreed term. Deposit is subsequently measured at amortised cost resulting into recognition of finance income in the Statement of profit and loss.

B.7 Securitization

Under previous GAAP, the Company used to de-recognise the securitised loan assets and excess interest spread income was recognised on receipt basis. Under Ind AS 109, securitised loan assets does not meet de-recognition criteria and accordingly, the Company continue to recognise such loan assets and in addition recognises a liability for the amount received. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

B.8 Revenue recognition

Under previous GAAP, the Company used to recognize income from managed services (business correspondent operations) on as invoiced basis . Under Ind AS 115, income from managed services is recognized as when the performance obligations (services) are rendered as per agreed terms and conditions of the contract.

B.9 Remeasurement of employee benefits

Under previous GAAP, actuarial gains / losses on defined benefit obligations were recognised in statement of profit and loss. Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of the statement of profit and loss.

B.10 Direct assigment

Under previous GAAP, excess interest spread receivable on derecognition of asset in direct assignment was recognized over the period on receipt basis. In Ind AS, gain, and corresponding receivable, is recognised for such interest spread receivable on assets which are sold, and servicing obligation is recognised for the obligation to continue servicing the assets.

B.11 Deferred tax

The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

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: 23 June 2020

Vikram Akula
Non-Executive Chairman
DIN: 00906907

Place: Seattle
Date: 23 June 2020

Sateesh Kumar AV
Managing Director & CEO
DIN: 01769871

Place: Hyderabad
Date: 23 June 2020

B. Balaji Gupta
Company Secretary
Membership No.: A17980

Place: Hyderabad
Date: 23 June 2020

NOTES

Vaya

POWERING ASPIRATIONS

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

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

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: 04047896949

(e) Website: www.vayaindia.com

(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 01/04/2019 (DD/MM/YYYY) To date 31/03/2020 (DD/MM/YYYY)

(viii) *Whether Annual general meeting (AGM) held ◉ Yes ○ No

(a) If yes, date of AGM 30/09/2020

(b) Due date of AGM 30/09/2020

(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	30,000,000	27,343,709	27,343,709	27,343,709
Total amount of equity shares (in Rupees)	300,000,000	273,437,090	273,437,090	273,437,090

Number of classes 1

Class of Shares	Authorised capital	Issued capital	Subscribed capital	Paid up capital
Number of equity shares	30,000,000	27,343,709	27,343,709	27,343,709

Nominal value per share (in rupees)	10	10	10	10
Total amount of equity shares (in rupees)	300,000,000	273,437,090	273,437,090	273,437,090

(b) Preference share capital

Particulars	Authorised capital	Issued capital	Subscribed capital	Paid-up capital
Total number of preference shares	130,000,000	130,000,000	130,000,000	130,000,000
Total amount of preference shares (in rupees)	1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000

Number of classes: 1

Class of shares	Authorised capital	Issued capital	Subscribed capital	Paid up capital
Number of preference shares	130,000,000	130,000,000	130,000,000	130,000,000
Nominal value per share (in rupees)	10	10	10	10
Total amount of preference shares (in rupees)	1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000

(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				
At the beginning of the year	27,343,709	273,437,090	273,437,090	
Increase during the year	0	0	0	0
i. Pubic Issues	0	0	0	
ii. Rights issue	0	0	0	0
iii. Bonus issue	0	0	0	0
iv. Private Placement/ Preferential allotment	0	0	0	0
v. ESOPs	0	0	0	0
vi. Sweat equity shares allotted	0	0	0	0
vii. Conversion of Preference share	0	0	0	

viii. Conversion of Debentures	0	0	0	
ix. GDRs/ADRs	0	0	0	0
x. Others, specify				
Decrease during the year	0	0	0	0
i. Buy-back of shares	0	0	0	0
ii. Shares forfeited	0	0	0	0
iii. Reduction of share capital	0	0	0	0
iv. Others, specify				
At the end of the year	27,343,709	273,437,090	273,437,090	
Preference shares				
At the beginning of the year	130,000,000	1,300,000,000	1,300,000,000	
Increase during the year	0	0	0	0
i. Issues of shares	0	0	0	0
ii. Re-issue of forfeited shares	0	0	0	0
iii. Others, specify				
Decrease during the year	0	0	0	0
i. Redemption of shares	0	0	0	0
ii. Shares forfeited	0	0	0	0
iii. Reduction of share capital	0	0	0	0
iv. Others, specify				
At the end of the year	130,000,000	1,300,000,000	1,300,000,000	

(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	

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) *Indebtedness including debentures (Outstanding as at the end of financial year)

Particulars	Number of units	Nominal value per unit	Total value
Non-convertible debentures	19,330	1000000	19,330,000,000
Partly convertible debentures	0	0	0
Fully convertible debentures	0	0	0
Secured Loans (including interest outstanding/accrued but not due for payment) excluding deposits			2,649,300,000
Unsecured Loans (including interest outstanding/accrued but not due for payment) excluding deposits			0
Deposit			0
Total			21,979,300,000

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	11,752,000,000	7,578,000,000	0	19,330,000,000
Partly convertible debentures	0	0	0	0
Fully convertible debentures	0	0	0	0

(v) Securities (other than shares and debentures)

0

Type of Securities	Number of Securities	Nominal Value of each Unit	Total Nominal Value	Paid up Value of each Unit	Total Paid up Value
Total					

V. *Turnover and net worth of the company (as defined in the Companies Act, 2013)

(i) Turnover 1,923,200,000

(ii) Net worth of the Company 1,856,700,000

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	0
	(ii) Non-resident Indian (NRI)	0	0	0	0
	(iii) Foreign national (other than NRI)	0	0	0	0
2.	Government				
	(i) Central Government	0	0	0	0
	(ii) State Government	0	0	0	0
	(iii) Government companies	0	0	0	0
3.	Insurance companies	0	0	0	0
4.	Banks	0	0	0	0
5.	Financial institutions	0	0	0	0
6.	Foreign institutional investors	0	0	0	0
7.	Mutual funds	0	0	0	0
8.	Venture capital	0	0	0	0
9.	Body corporate (not mentioned above)	5,800,000	21.21	0	0
10.	Others TRUSTS	14,025,000	51.29	130,000,000	100
	Total	19,825,000	72.5	130,000,000	100

Total number of shareholders (promoters) 6

(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	6,499,709	23.77	0	0
	(ii) Non-resident Indian (NRI)	0	0	0	0
	(iii) Foreign national (other than NRI)	100,000	0.37	0	0

2.	Government				
	(i) Central Government	0	0	0	0
	(ii) State Government	0	0	0	0
	(iii) Government companies	0	0	0	0
3.	Insurance companies	0	0	0	0
4.	Banks	0	0	0	0
5.	Financial institutions	0	0	0	0
6.	Foreign institutional investors	0	0	0	0
7.	Mutual funds	0	0	0	0
8.	Venture capital	0	0	0	0
9.	Body corporate (not mentioned above)	0	0	0	0
10.	Others TRUST	919,000	3.36	0	0
	Total	7,518,709	27.5	0	0

Total number of shareholders (other than promoters) 8

Total number of shareholders (Promoters+Public/ Other than promoters) 14

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	6
Members (other than promoters)	8	8
Debenture holders	8	10

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	5	16.5	0.37
(i) Non-Independent	1	3	1	3	16.5	0.37
(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	6	16.5	0.37

Number of Directors and Key managerial personnel (who is not director) as on the financial year end date 8

(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)
Jagadish Babu Ramadu	01855121	Managing Director	4,510,548	31/08/2020
Vikram Akula	00906907	Director	0	
Gautam Ivatury	03361826	Director	100,000	11/08/2020
Farzana Haque	03276127	Director	0	
Bikshamaiah Gujja	03102944	Nominee director	0	
Venkata Satish kumar A	01769871	Nominee director	0	
Alok Misra	06433514	Director	0	22/08/2020
B Balaji Gupta	AIVPB1811H	Company Secretar	0	23/06/2020

(ii) Particulars of change in director(s) and Key managerial personnel during the year 3

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)
A.V.Sateesh Kumar	01769871	Nominee director	30/09/2019	Change in Designation
Alok Misra	06433514	Director	30/09/2019	Change in Designation
S. Lakshminarayanan	ABEPL0093M	CFO	27/02/2020	Date of Cessation

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: 2

Type of meeting	Date of meeting	Total Number of Members entitled to attend meeting	Attendance	
			Number of members attended	% of total shareholding
EXTRAORDINARY GENER	25/10/2019	14	10	98
ANNUAL GENERAL MEETI	30/09/2019	14	10	98

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	25/04/2019	7	5	71.43
2	29/05/2019	7	5	71.43
3	26/09/2019	7	4	57.14
4	13/12/2019	7	6	85.71
5	20/12/2019	7	6	85.71
6	25/01/2019	7	4	57.14

C. COMMITTEE MEETINGS

Number of meetings held: 28

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 C	29/05/2019	3	3	100
2	Audit & Risk C	13/12/2019	3	3	100
3	Borrowing Cor	25/04/2019	3	2	66.67
4	Borrowing Cor	29/05/2019	3	2	66.67
5	Borrowing Cor	12/06/2019	3	2	66.67
6	Borrowing Cor	26/06/2019	3	2	66.67
7	Borrowing Cor	31/08/2019	3	2	66.67
8	Borrowing Cor	24/09/2019	3	2	66.67
9	Borrowing Cor	26/09/2019	3	2	66.67
10	Borrowing Cor	30/09/2019	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	30/09/2020 (Y/N/NA)
1	Jagadish Babu	6	6	100	20	20	100	No
2	Vikram Akula	6	2	33.33	20	6	30	No
3	Gautam Ivatur	6	0	0	0	0	0	No
4	Farzana Haqu	6	5	83.33	12	8	66.67	No
5	Bikshamaiah (	6	3	50	15	13	86.67	Yes
6	Venkata Satisl	6	6	100	7	7	100	Yes
7	Alok Misra	6	5	83.33	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	Jagadish Babu Ram	MD & CEO	12,755,803	0	0	7,599,200	20,355,003
	Total		12,755,803	0	0	7,599,200	20,355,003

Number of CEO, CFO and Company secretary whose remuneration details to be entered 2

S. No.	Name	Designation	Gross Salary	Commission	Stock Option/ Sweat equity	Others	Total Amount
1	Lakshminarayanan	CFO	8,769,613			559,763	9,329,376
2	B Balaji Gupta	Company Secre	1,226,316			288,793	1,515,109
	Total		9,995,929	0	0	848,556	10,844,485

Number of other directors whose remuneration details to be entered 6

S. No.	Name	Designation	Gross Salary	Commission	Stock Option/ Sweat equity	Others	Total Amount
1	Vikram Akula	Chairman	0	0	0	200,000	200,000
2	Gautam Ivatury	Director	0	0	0	0	0
3	Alok Misra	Independent Dir	0	0	0	500,000	500,000
4	Bikshmaiah Gujja	Nominee Directo	0	0	0	300,000	300,000
5	Farzana Haque	Independent Dir	0	0	0	500,000	500,000
6	AV Sateesh Kumar	Nominee Directo	0	0	0	600,000	600,000
	Total		0	0	0	2,100,000	2,100,000

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. .. 21 dated 23/06/2020 (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 Digitally signed by VENKATA SATEESH KUMAR ANAPPINDI Date: 2020.11.30 15:53:13 +05'30'

DIN of the director: 01769871

To be digitally signed by DEEPIKA SINGH Digitally signed by DEEPIKA SINGH Date: 2020.11.30 15:55:06 +05'30'

(●) Company Secretary

( ) Company secretary in practice

Membership number 28358

Certificate of practice number

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

List of attachments

MGT-8 Vaya 2019-20.pdf
List of Shareholders and debenture holders
List of Committees meetings.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

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U67190TG2014PTC093562
2	Registration Date	18-03-2014
3	Name of the Company	Vaya Finserv Private Limited
4	Category/Sub-category of the Company	Private Company Limited by Shares
5	Address of the Registered office & contact details	SLN Terminus, # 4-51/SLNT/L4-05 Gachibowli, Kondapur Road, Hyderabad - 500032
6	Whether listed company	Yes, the Non Convertible Debentures are listed. However, equity shares are not listed as on March 31, 2020
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	(i) For Debentures: Link Intime India Private Limited C 101, 247 Park, L B S Marg Vikhroli (West) Mumbai- 400083 (ii) For Equity Shares: Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad – 500 018

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service		% to total turnover of the company
1	Other financial service activities, except insurance and pension funding activities	64990		70.49%
2	Activities auxiliary to financial service activities i.e. Business correspondence to Banks	66190		29.51%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate		% of shares held	Applicable Section
			NIL			

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]					% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total		% of Total Shares	
A. Promoters										
(1) **Indian**										
a) Individual/ HUF			-	0.00%			-		0.00%	0.00%
b) Central Govt			-	0.00%			-		0.00%	0.00%
c) State Govt(s)			-	0.00%			-		0.00%	0.00%
d) Bodies Corp.			-	0.00%			-		0.00%	0.00%
e) Banks / FI			-	0.00%			-		0.00%	0.00%
f) Any other (Trusts)		1,40,25,000	1,40,25,000	51.29%		1,40,25,000	1,40,25,000		51.29%	0.00%
Sub Total (A) (1)	-	1,40,25,000	1,40,25,000	51.29%	-	1,40,25,000	1,40,25,000		51.29%	0.00%
(2) **Foreign**										
a) NRI Individuals			-	0.00%			-		0.00%	0.00%
b) Other Individuals			-	0.00%			-		0.00%	0.00%
c) Bodies Corp.		58,00,000	58,00,000	21.21%		58,00,000	58,00,000		21.21%	0.00%
d) Any other			-	0.00%			-		0.00%	0.00%
Sub Total (A) (2)	-	58,00,000	58,00,000	21.21%	-	58,00,000	58,00,000		21.21%	0.00%
TOTAL (A)	-	1,98,25,000	1,98,25,000	72.50%	-	1,98,25,000	1,98,25,000		72.50%	0.00%
B. Public										
1. Institutions										
a) Mutual Funds			-	0.00%			-		0.00%	0.00%
b) Banks / FI			-	0.00%			-		0.00%	0.00%
c) Central Govt			-	0.00%			-		0.00%	0.00%
d) State Govt(s)			-	0.00%			-		0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-		0.00%	0.00%
f) Insurance Companies			-	0.00%			-		0.00%	0.00%
g) FIIs			-	0.00%			-		0.00%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-		0.00%	0.00%
i) Others (specify)			-	0.00%			-		0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-		0.00%	0.00%
2. Non-Institutions										
a) Bodies Corp.										
i) Indian			-	0.00%			-		0.00%	0.00%
ii) Overseas			-	0.00%			-		0.00%	0.00%
b) Individuals										
i) Individual		10	10	0.00%			-		0.00%	-100.00%

shareholders holding nominal share capital upto Rs. 1 lakh										
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh		64,99,699	64,99,699	23.77%		64,99,699	64,99,699		23.77%	0.00%
c) Others (specify) Trusts		9,19,000	9,19,000	3.36%		919000	9,19,000		3.36%	0.00%
Non Resident Indians		1,00,000	1,00,000	0.37%		100000	1,00,000		0.37%	0.00%
Overseas Corporate Bodies			-	0.00%			-		0.00%	0.00%
Foreign Nationals			-	0.00%			-		0.00%	0.00%
Clearing Members			-	0.00%			-		0.00%	0.00%
Trusts			-	0.00%			-		0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-		0.00%	0.00%
Sub-total (B)(2):-	-	75,18,709	75,18,709	27.50%	-	75,18,699	75,18,699		27.50%	0.00%
Total Public (B)	-	75,18,709	75,18,709	27.50%	-	75,18,699	75,18,699		27.50%	0.00%
C. Shares held by Custodian for GDRs & ADRs			**-**	0.00%					0.00%	0.00%
Grand Total (A+B+C)	-	2,73,43,709	2,73,43,709	100.00%	-	2,73,43,699	2,73,43,699		100.00%	0.00%

(ii) Shareholding of Promoter (Equity)

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year				% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company		% of Shares Pledged / encumbered to total shares	
1	VAYA Trust 1 duly represented by VAYA Advisory Services Private Limited	28,04,500	10.26%		28,04,500	10.26%			0.00%
2	VAYA Trust 2 duly represented by VAYA Advisory Services Private Limited	28,04,500	10.26%		28,04,500	10.26%			0.00%
3	VAYA Trust 3 duly represented by VAYA Advisory Services Private Limited	28,04,500	10.26%		28,04,500	10.26%			0.00%
4	VAYA Trust 4 duly represented by VAYA Advisory Services Private Limited	28,04,500	10.26%		28,04,500	10.26%			0.00%
5	VAYA Trust 5 duly represented by VAYA Advisory Services Private Limited	28,07,000	10.27%		28,07,000	10.27%			0.00%
6	THINK OFS LLC	58,00,000	21.21%		58,00,000	21.21%			0.00%
	Total	**1,98,25,000**	**72.50%**		**1,98,25,000**	**72.50%**			**0.00%**

(ii) Shareholding of Promoter (Preference)

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year				% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company		% of Shares Pledged / encumbered to total shares	
1	VAYA Trust 1 duly represented by VAYA Advisory Services Private Limited	2,60,00,000	20.00%		2,60,00,000	20.00%			0.00%
2	VAYA Trust 2 duly represented by VAYA Advisory Services Private Limited	2,60,00,000	20.00%		2,60,00,000	20.00%			0.00%
3	VAYA Trust 3 duly represented by VAYA Advisory Services Private Limited	2,60,00,000	20.00%		2,60,00,000	20.00%			0.00%
4	VAYA Trust 4 duly represented by VAYA Advisory Services Private Limited	2,60,00,000	20.00%		2,60,00,000	20.00%			0.00%
5	VAYA Trust 5 duly represented by VAYA Advisory Services Private Limited	2,60,00,000	20.00%		2,60,00,000	20.00%			0.00%
6	THINK OFS LLC	-	0.00%		-	0.00%			0.00%
	Total	**13,00,00,000**	**100.00%**		**13,00,00,000**	**100.00%**			

(iii) Change in Promoters' Shareholding (please specify, if there is no change) No Change in Equity as well as Preference

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year				0.00%		0.00%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year				0.00%		0.00%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares

1	Name Vaya Employees Welfare Trust						
	At the beginning of the year			9,19,000	3.36%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			9,19,000	3.36%	9,19,000	3.36%
2	Name G. V. Surya Kumar						
	At the beginning of the year			2,09,990	0.77%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			2,09,990	0.77%	2,09,990	0.77%
3	Name Sandeep Parekh						
	At the beginning of the year			2,00,000	0.73%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			2,00,000	0.73%	2,00,000	0.73%
4	Name Sarath Sura						
	At the beginning of the year			1,00,000	0.37%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			1,00,000	0.37%	1,00,000	0.37%
5	Name Sivani Shankar						
	At the beginning of the year			10	0.00%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			10	0.00%	10	0.00%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name Jagadish Babu Ramadugu						
	At the beginning of the year			45,10,548	16.50%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			45,10,548	16.50%	45,10,548	16.50%
2	Name Gautam Ivatury						
	At the beginning of the year			1,00,000	0.37%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			1,00,000	0.37%	1,00,000	0.37%
3	Name S. Lakshminarayanan						
	At the beginning of the year			14,79,161	5.41%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year			14,79,161	5.41%	14,79,161	5.41%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits		Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount	48,819.12				48,819.12
ii) Interest due but not paid					-
iii) Interest accrued but not due	609.00				609.00
Total (i+ii+iii)	49,428.12	-	-		49,428.12
Change in Indebtedness during the financial year					
* Addition	48,300.96				48,300.96
* Reduction	39,205.46				39,205.46
Net Change	9,095.50	-	-		9,095.50
Indebtedness at the end of the financial year					
i) Principal Amount	57,915.00				57,915.00
ii) Interest due but not paid					-
iii) Interest accrued but not due	1,051.00				1,051.00
Total (i+ii+iii)	58,966.00	-	-		58,966.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount

	Name	Jagadish Babu Ramadugu		(Rs/Lac)
	Designation	Managing Director & CEO		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,27,55,803.00		1,27,55,803.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	PLI	67,85,000.00		67,85,000.00
	PF	8,14,200.00		8,14,200.00
	Total (A)	2,03,55,003.00	-	2,03,55,003.00
	Ceiling as per the Act			

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
1	Independent Directors	Alok Misra	Farzana Haque		
	Fee for attending board committee	5,00,000.00	5,00,000.00		10,00,000.00
	Commission				-
	Others, please specify				-
	Total (1)	5,00,000.00	5,00,000.00		10,00,000.00
2	Other Non-Executive Directors	Vikram Akula	Biksham Gujja	A.V. Sateesh Kumar	-
	Fee for attending board committee	2,00,000.00	3,00,000.00	6,00,000.00	11,00,000.00
	Commission				-
	Others, please specify				-
	Total (2)	2,00,000.00	3,00,000.00		11,00,000.00
	Total (B)=(1+2)	7,00,000.00	8,00,000.00		21,00,000.00
	Total Managerial Remuneration				2,24,55,003.00
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name				(Rs/Lac)
	Designation	CEO#	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		87,69,613.00	12,26,316.00	99,95,929.00
	(b) Value of perquisites u/s 17(2) Income-				-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	PLI			1,77,902.00	1,77,902.00
	PF		5,59,763.00	78,276.00	6,38,039.00
	Leave Encashment			32,615.00	32,615.00
	Total	-	93,29,376.00	15,15,109.00	1,08,44,485.00

Mr. Jagadish Babu Ramadugu is the Managing Director & CEO of the Company and his remuneration details are given in the Table VI A above.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]		Appeal made, if any (give Details)
A. COMPANY						
Penalty						
Punishment						
Compounding						
B. DIRECTORS						
Penalty						
Punishment						
Compounding						
C. OTHER OFFICERS IN DEFAULT						
Penalty						
Punishment						
Compounding						