Vaya

POWERING ASPIRATIONS

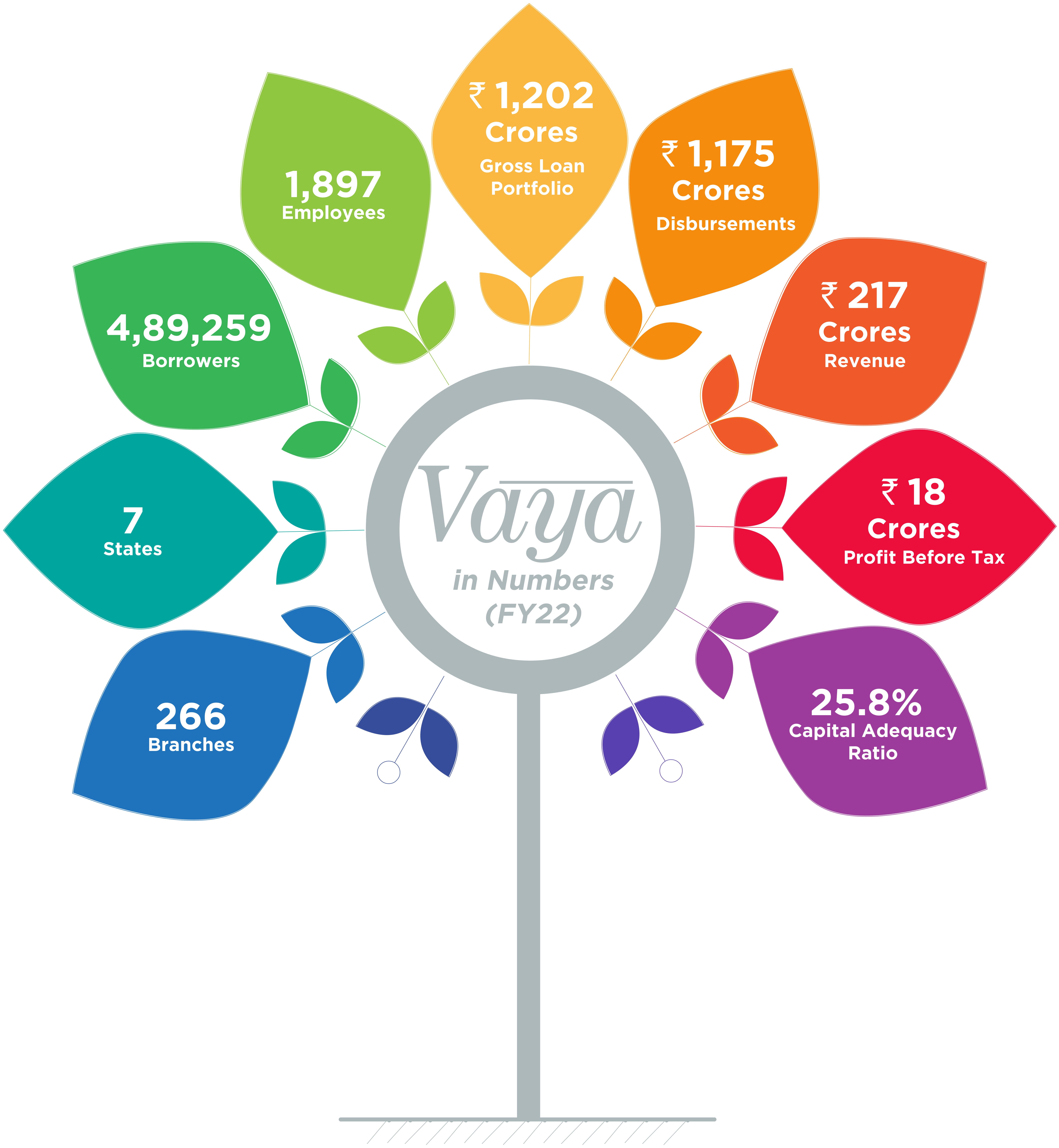
# ANNUAL REPORT FY2021-22

Stronger and More Resilient

"Purity, Patience and Perseverance are the three essentials for Success and above all Love"

- Swami Vivekananda

**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.



# Contents

# Company Information

## Board of Directors

- Vikram Akula
  Chairperson (Non-executive)
- A.V. Sateesh Kumar*
  Managing Director & Chief Executive Officer
- Bikshamaiah Gujja
  Nominee Director
- Farzana Haque
  Independent Director
- Shankar Ramaswami
  Independent Director

## Key Managerial Personnel

- Lakshminarayanan S.
  Chief Financial Officer
- Deepika Singh
  Company Secretary

* also a KMP

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

- Bajaj Finance
- Bank of Baroda
- Bank of India
- BlueOrchard Finance
- Canara Bank
- Caspian Impact Investments
- Federal Bank
- HDFC Bank
- Hinduja Leyland Finance
- HSBC
- ICICI Bank
- IDFC FIRST Bank
- InCred Financial Services
- Indian Bank
- Jana Small Finance Bank
- Kisetsu Saison Finance
- Kotak Mahindra Bank
- Maanaveeya Development & Finance
- MAS Financial Services
- NABARD
- NABKISAN Finance
- Northern Arc Capital
- Northern Arc Investments
- Punjab National Bank
- responsAbility
- SIDBI
- Standard Chartered Bank
- Vaya Trusts
- Vivriti Capital
- Yes Bank

**Debenture Trustee**
Catalyst Trusteeship Limited

**Registrar & Transfer Agent**
Link Intime India Private Limited

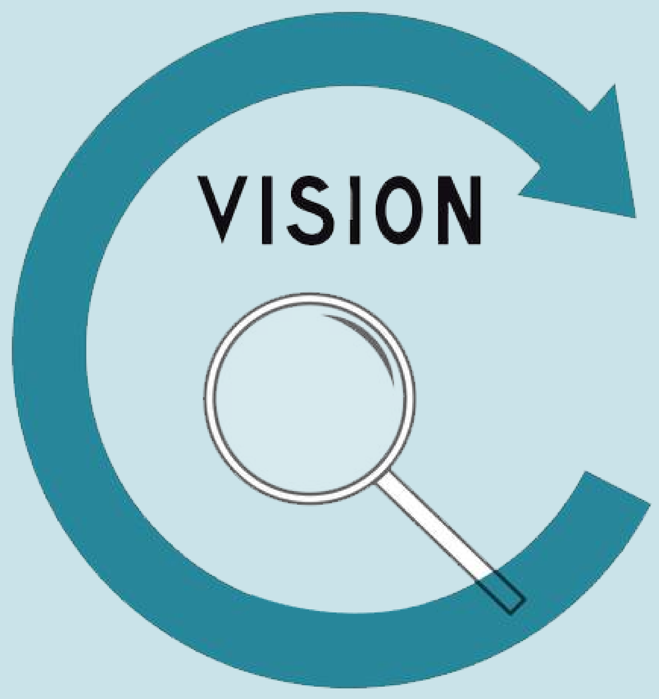
**Statutory Auditor**
Manohar Chowdhry & Associates
Chartered Accountants
Firm's Registration No.: 001997S

**Secretarial Auditor**
R&A Associates
Company Secretaries

**Registered Office, Contact Details, CIN & Others**
SLN Terminus
# 4-51/SLNT/L4-05
Gachibowli, Kondapur Road
Hyderabad – 500 032
Telangana, India

Tel: +91 40 4789 6999
Website: www.vayaindia.com
E-mail ID: contact@vayaindia.com
LinkedIn ID: https://in.linkedin.com/company/vayafinserv

CIN: U67190TG2014PTC093562
LEI: 335800REC4VREFDXHK91
GST: 36AABCO9893R2Z9 (Telangana)




## Vision:

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

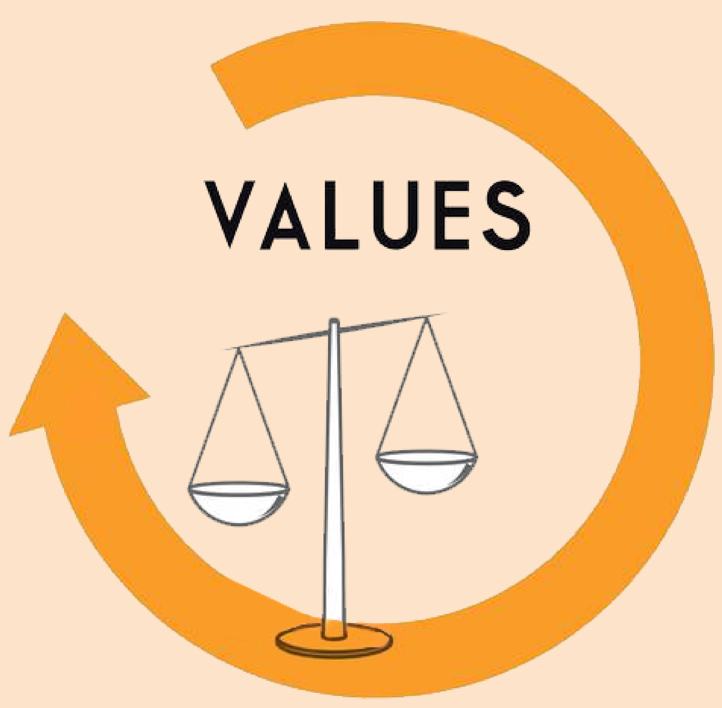

## Mission:

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.

**Customer**

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

**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

# Message from the Leaders

(Chairperson and MD & CEO)

**Vikram Akula**
Chairperson (Non-executive)

**A.V. Sateesh Kumar**
Managing Director & Chief Executive Officer

Dear Stakeholders

It gives us immense pleasure to present to you our Annual Report of FY22, at a time when India, along with the world, is emerging out of the agony of the Covid-19 pandemic.

**Macro-Economic Environment**

The global economy recovered from the pandemic shock during 2021-22 on the back of supportive fiscal and monetary policies and mass vaccination programmes. However, at the end of FY22, the Russia-Ukraine war posed a large shock and disrupted crude oil/energy markets and supply chains and added to the already evolving inflationary pressures and concerns over consumer demand. Consequently, growth forecasts have been slashed. The International Monetary Fund (IMF) now expects the world economy to grow by 3.6% in CY22, which is 0.8% lower than its pre-war projections.

Fiscal 2022 was filled with ups and downs, highs and lows, and challenges and celebrations. While it has been over two years of the world living with the Coronavirus, we are still finding ways to eliminate it completely. The Covid-19 pandemic that broke out in early 2020 continued to inflict health and economic shocks across countries in 2021-22 with its resurgent waves. In the Indian context, the Delta variant of Covid-19 struck at the beginning of FY22, marking the onset of the second wave. Unlike the first wave, the second wave was asynchronous in its onset across states and more intense in its spread, entering the rural hinterland. The second wave temporarily stalled the momentum of economic recovery that India had been witnessing since the second half of FY21, adding to health challenges. However, the economic impact of the second wave was muted compared to that of the first wave. After the peaking of the second wave in mid-May 2021, the economy swiftly rebounded in the second quarter of FY22. A combination of partial and less stringent lockdowns during the second wave of Covid-19, a calibrated opening up of the country from June 2021 and a steady pace of mass vaccination allowed the economic activities to improve from Q2-FY22 onwards. Private consumption and government expenditure were the key drivers of aggregate demand in the second half of fiscal 2022 which was reflected in the revival of key, high-frequency indicators such as GST collections, power consumption, PMI (Manufacturing and Services), rail freight and port activity.

The pandemic left an immeasurable and long-lasting impact on the way we live, work and socialise. As we begin to remove the rubble and rebuild from the damages caused by the pandemic, it is on us to come out stronger and more resilient than ever before.

## Microfinance Industry Overview

Financial inclusion is essential to building a just and stable future. Improving economic security increases access to food, health and education, and remains one of the most important tools to promote gender equality. The microfinance sector has played a vital role in economic development and financial inclusion in India. The expansion of credit in the last decade has allowed the low-income population to access loans to support everything from agriculture to dairy to small businesses. This microfinance model, which has been used across the developing world, has been hailed for helping to provide the financial security and inclusion needed to lift millions from poverty. Though the Covid-19 pandemic has adversely impacted the economic activities of microfinance borrowers, it also revealed their grit and determination to emerge stronger after a crisis.

As per the MFIN's MicroMeter report, the gross loan portfolio (GLP) of the microfinance sector in India rose by 10% to ₹ 2.85 trillion as on 31st March 2022 from ₹ 2.59 trillion a year ago. The same report states that the loan portfolio of non-banking finance companies working as MFIs (NBFC-MFIs) expanded by 19.4% ₹ 96,561 crores at the end of March 2022 from ₹ 80,906 crores as of March 2021. During FY22, the proportion of NBFC-MFI loans in the universe of portfolios increased from around 31.1% as of March 2021 to 35.2% as of March 2022. To understand the impact of Microfinance, we do not need to go too far. Just five years ago, the GLP of the sector was ₹ 1.35 trillion (March 2018), which has now more than doubled and catering to 5.8 crores of unique borrowers serviced through its Joint Liability Group model. Therefore, though the sector brought many more into the folds of financial inclusion, as the beneficiaries were primarily women, it helped India become more gender inclusive and spurred women empowerment and entrepreneurship.

## New Microfinance Regulation – Unfolding New Chapter

The Reserve Bank of India (RBI), in March 2022, released new guidelines for the microfinance sector which will be applicable not only to the MFIs but also to all entities (banks, small finance banks and NBFCs) engaged in this sector. This lender-agnostic comprehensive regulation will bring uniformity in the sector. The new guidelines are positive for NBFC-MFIs, especially because it levels the playing field (hitherto the 10% margin cap was applicable only to NBFC-MFIs) and it allows the board to create a policy that prices the credit risk adequately. Increasing the household income threshold to ₹ 300,000 will also expand the addressable market for MFIs which will help scale the industry further, ensure better risk mitigation and contribute to financial inclusion. The new framework is a strong reflection of the maturity of MFIs in the country and will go a long way in harmonising the regulatory framework for different types of lenders, encouraging healthy competition and enabling customers to make an informed choice regarding their credit needs.

## The Year That Was for Vaya

Though the financial year 2022 was no less challenging than its predecessor for Vaya as the successive waves of the pandemic continued to overwhelm the life and livelihood of our borrowers, it marks a special year as Vaya has successfully transformed from being a Business Correspondent (BC) Company to a full-fledged MFI. The Company discontinued all its BC arrangements during FY22 while eliminating the dependence and various restrictions on its growth. From the end of January 2022, no portfolio and financial obligations are outstanding towards any of its BC partners. Vaya now completely focuses on building its own portfolio by leveraging its well-spread branch network, robust technology platform and processes. With our Own portfolio surpassing ₹ 1,000 crores during the year, we reached a significant milestone. As we begin a new chapter in our growth journey, we are optimistic that it will be an exciting one. The GLP of the Company increased by 5.5% year-on-year from ₹ 1,139 crores (including BC) as of March 2021 to ₹ 1,202 crores as of March 2022. It is important to note here that ₹ 1,202 crores did not have any BC portfolio as explained above. If we exclude the BC portfolio for better comparison purposes, the own portfolio (including securitisation and direct assignment) grew by an impressive 52% year-on-year from ₹ 792 crores as of March 2021 to ₹ 1,202 crores as of March 2022.

The Company prudently continued to maintain higher levels of loan loss provisioning during the last eight quarters to counter the impact of the pandemic and despite that, it continues to be profitable every quarter. The net profit increased by 34% year-on-year to ₹ 12.8 crores for FY22 compared to ₹ 9.5 crores in FY21. Our exemplary performance reflects the resilience of our business model and relentless focus on building a sustainable future.

In terms of borrowing, Vaya raised fresh funding of ₹ 988 crores during FY22 through various avenues. The Company was able to raise timely funds to support its strong portfolio growth which was possible due to the Credit Guarantee Scheme for MFIs announced by the Government of India in July 2021 as a Covid relief measure for the sector. Vaya received overwhelming support from 11 banks as out of the announced total limit of ₹ 7,500 crores, the Company raised ₹ 503 crores under the scheme. We are grateful to the Government and the lending banks who have supported us during the challenging times. At the end of fiscal 2022, the total borrowing outstanding (including securitisation and direct assignment) was ₹ 1,203 crores from 30 lenders and none of them had more than 12% of exposure.

With a well-balanced product mix, a well-diversified distribution mix, customer-centric products, superior customer service and a robust technology backbone, we will continue to deliver value to all our stakeholders.

**A BIG THANK YOU**

We are grateful to all our stakeholders, who have shown unwavering faith in Vaya, and their support was critical in navigating through the challenges we have witnessed in the past couple of years. We would also like to thank our regulators, partners, and customers for placing their trust in us. Finally, we would like to thank all our colleagues and their families, who have been pivotal in driving our journey and have been true warriors during these most challenging times and have diligently supported Vaya with unstinted dedication and passion.

Thanking you.

**Vikram Akula**
Chairperson (Non-executive)

**A.V. Sateesh Kumar**
Managing Director & Chief Executive Officer

# Key Milestones - Journey till date

## 2014

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

## 2015

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

## 2016

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

## 2017

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

Vaya

## 2018

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

## 2019

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

## 2020

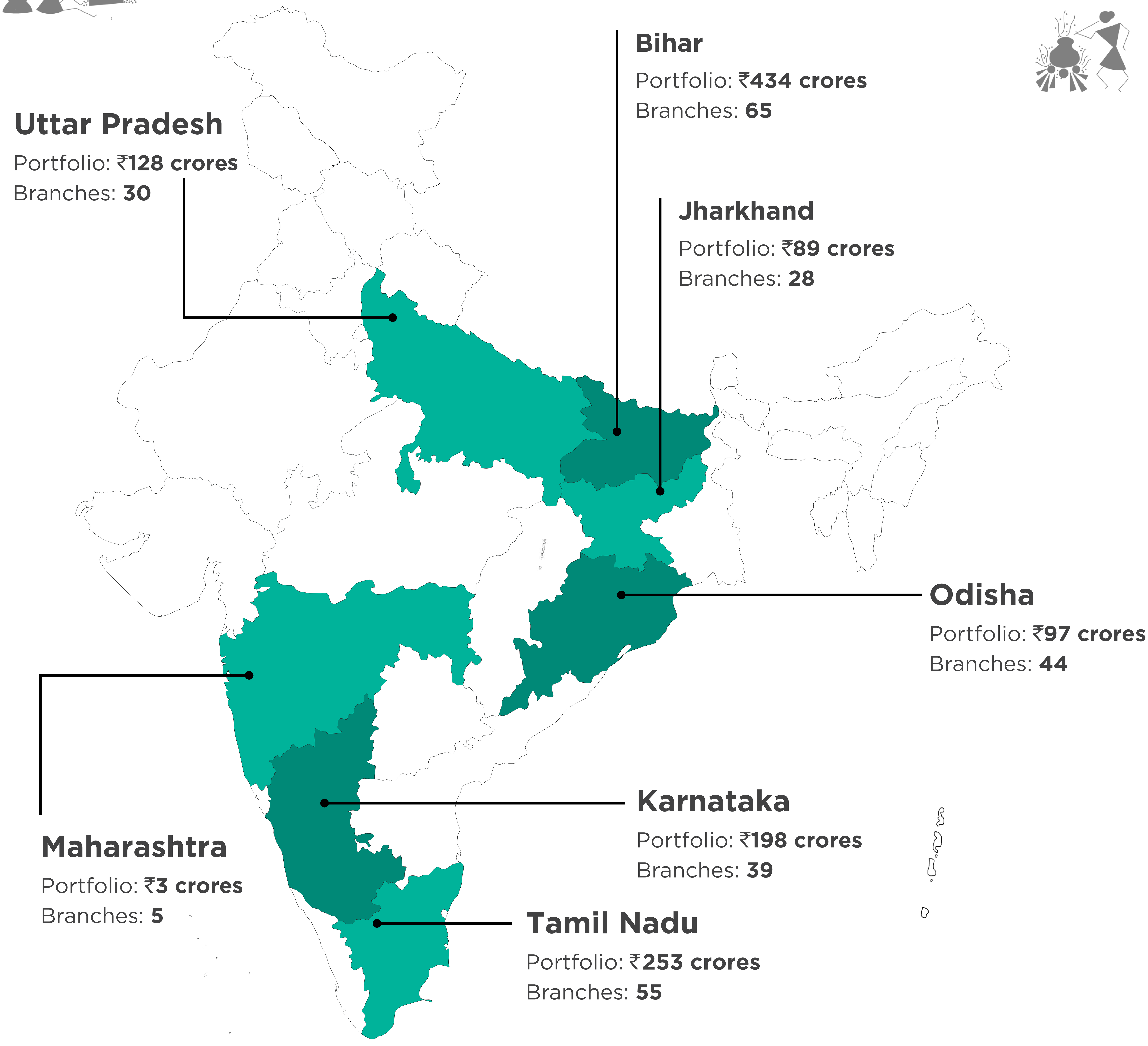
- 'Great Place To Work' certified 2nd time
- 01st Commercial Paper issuance
- Equity infusion of ₹100 crores by Vaya Trusts

## 2021

- 'Great Place To Work' certified 3rd time in a row
- Started operations in Uttar Pradesh
- Highest grading of 'C1' for Code of Conduct Assessment from SMERA
- Crossed ₹1,000 crores of Own portfolio

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

(Figures are as on 31st March 2022)




*Note: Map not to scale.*

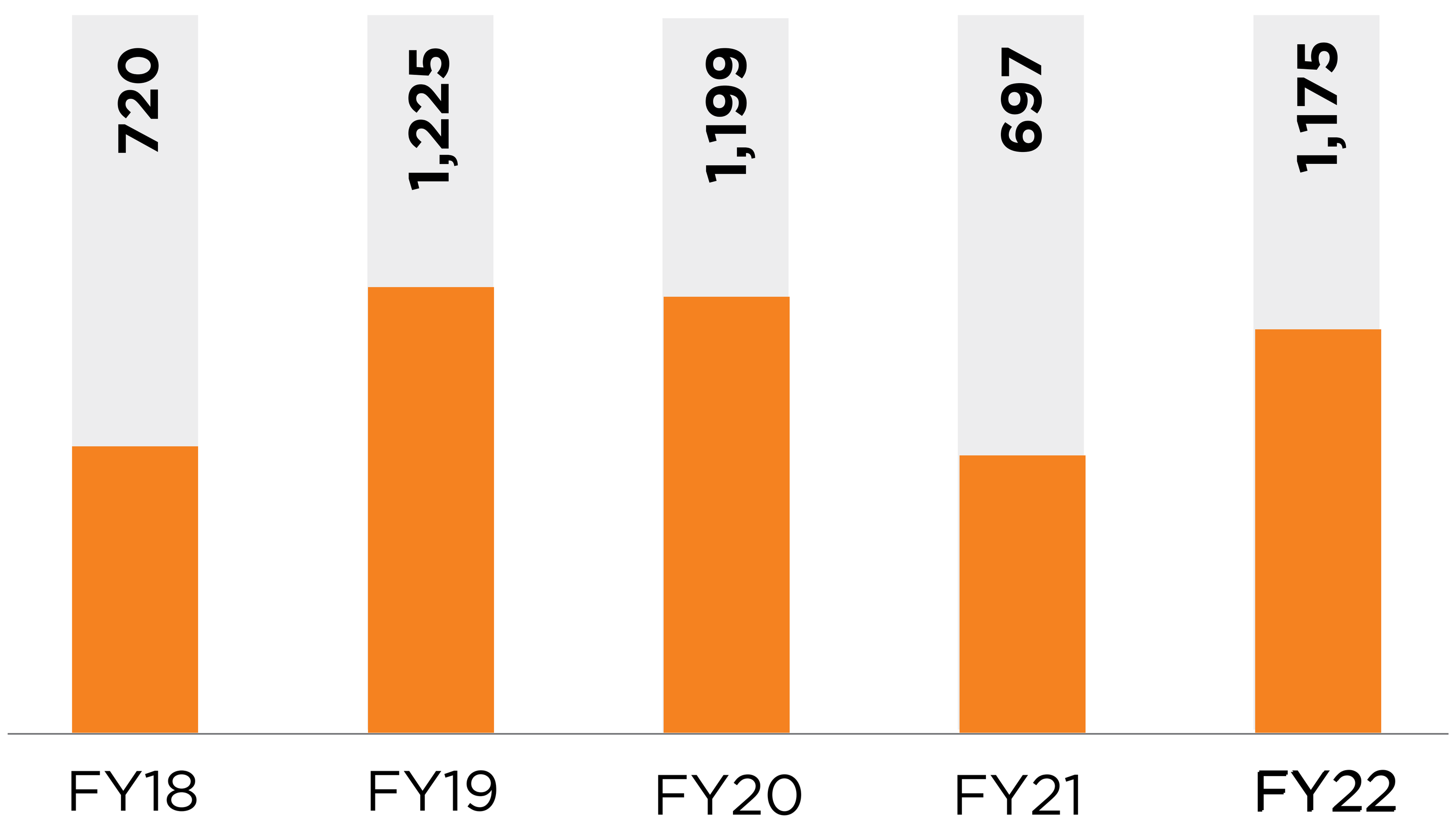
- Vaya has built a highly scalable business model, initially with a mix of both On & Off-balance sheet portfolios
- Now, the focus is to grow its Own portfolio
- Processes are driven by a fine blend of both traditional microfinance practices & customised technology platform

# Operational Highlights

| Particulars | Unit | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|---|
| States | No. | 6 | 7 | 7 | 7 | 7 |
| Districts | No. | 72 | 78 | 101 | 98 | 91 |
| Branches | No. | 223 | 235 | 286 | 279 | 266 |
| Borrowers | No | 4,13,473 | 5,98,459 | 6,86,012 | 5,79,522 | 4,89,259 |
| Employees | No. | 1,611 | 1,569 | 2,048 | 1,903 | 1,897 |
| Sangamitras (Field officers) | No. | 1,192 | 1,133 | 1,494 | 1,355 | 1,358 |
| **Disbursements** | **₹ in Crore** | **720** | **1,225** | **1,199** | **697** | **1,175** |
| - Own portfolio | ₹ in Crore | 95 | 502 | 685 | 520 | 1,136 |
| - Managed portfolio under BC | ₹ in Crore | 625 | 723 | 514 | 176 | 39 |
| **Gross Loan Portfolio (GLP)** | **₹ in Crore** | **689** | **1,110** | **1,234** | **1,139** | **1,202** |
| - Own portfolio | ₹ in Crore | 92 | 419 | 547 | 730 | 1,107 |
| - Securitised portfolio | ₹ in Crore | - | 29 | 129 | 26 | 89 |
| - Direct assignment portfolio | ₹ in Crore | - | - | 39 | 35 | 7 |
| - Managed portfolio under BC | ₹ in Crore | 597 | 662 | 519 | 348 | - |
| **Operational Efficiency:** | | | | | | |
| Borrowers per Sangamitra | No. | 347 | 528 | 459 | 428 | 360 |
| Borrowers per Branch | No. | 1,854 | 2,547 | 2,399 | 2,077 | 1,839 |
| Average loan amount (ticket size) | ₹ | 26,153 | 27,989 | 29,434 | 27,633 | 26,912 |
| Average GLP per Borrower | ₹ | 16,667 | 18,555 | 17,993 | 19,660 | 24,562 |

**Branches**


**Disbursements (₹ in Crore)**




**No. of Borrowers**

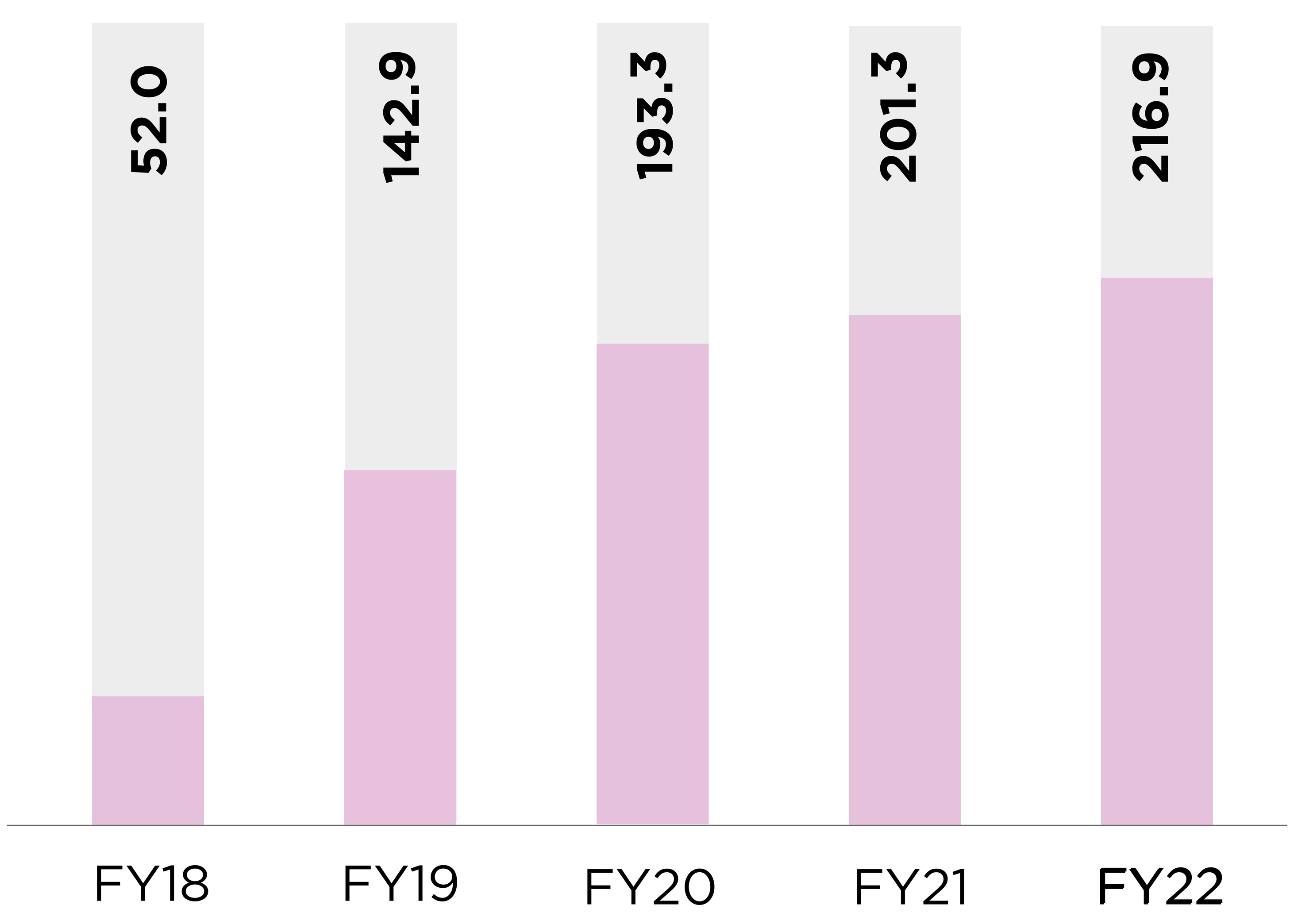

**Gross Loan Portfolio (₹ in Crore)**

# Financial Highlights

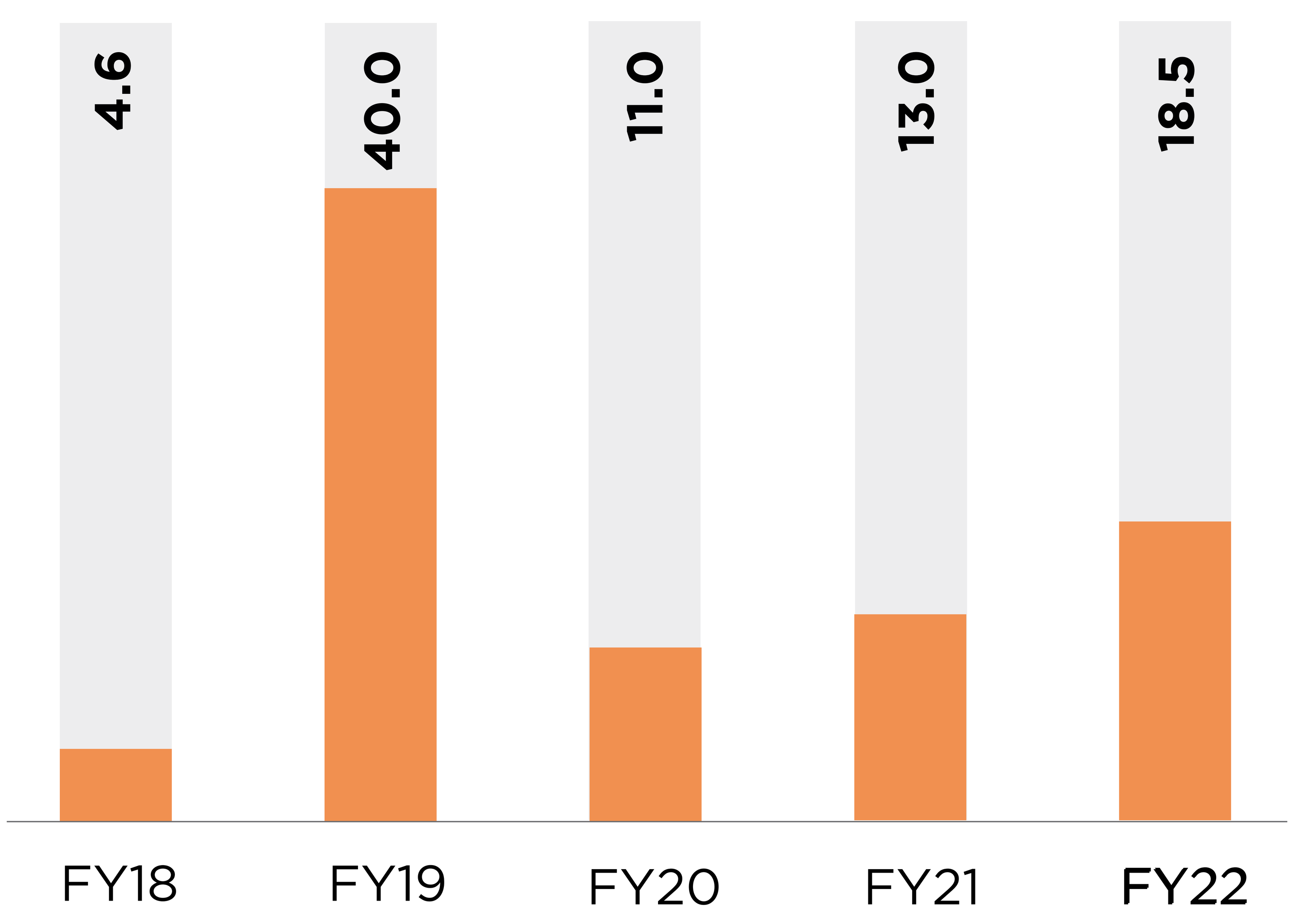
| Particulars | Unit | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|---|
| | | I-GAAP | I-GAAP | Ind-AS | Ind-AS | Ind-AS |
| Total revenue | ₹ in Crore | 52.0 | 142.9 | 193.3 | 201.3 | 216.9 |
| Profit before tax | ₹ in Crore | 4.6 | 40.0 | 11.0 | 13.0 | 18.5 |
| Profit after tax | ₹ in Crore | 3.7 | 28.3 | 6.9 | 9.3 | 12.9 |
| Networth | ₹ in Crore | 53.6 | 176.1 | 185.7 | 296.7 | 310.1 |
| Borrowings* | ₹ in Crore | 145.0 | 333.8 | 572.8 | 661.6 | 1,190.7 |
| Total assets* | ₹ in Crore | 221.9 | 557.3 | 809.8 | 1,020.0 | 1,525.9 |
| Debt : Equity | Times | 2.7x | 1.9x | 3.1x | 2.2x | 3.8x |
| Capital adequacy ratio | % | 34.2% | 36.8% | 24.6% | 34.5% | 25.8% |

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

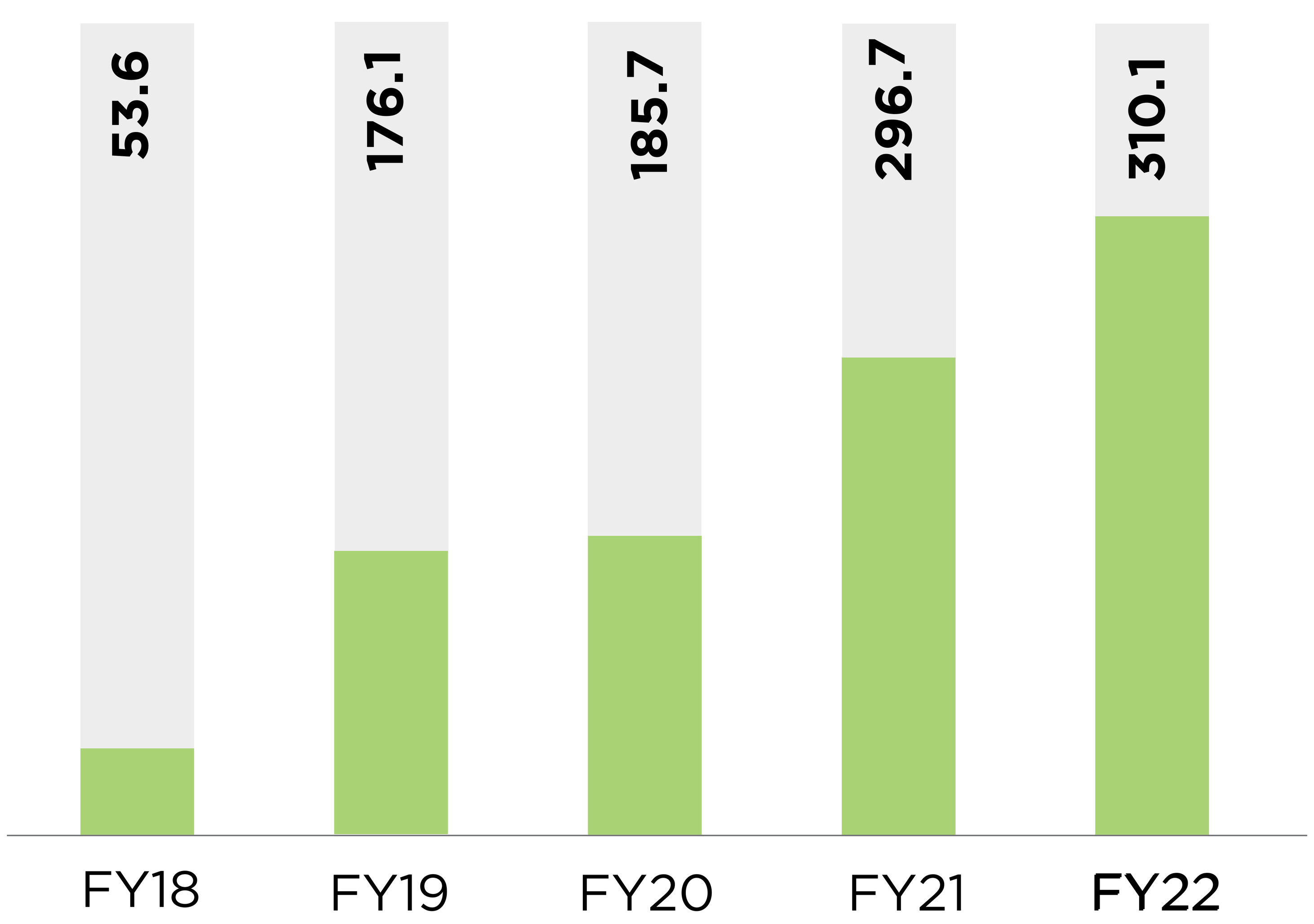
**Total revenue (₹ in Crore)**



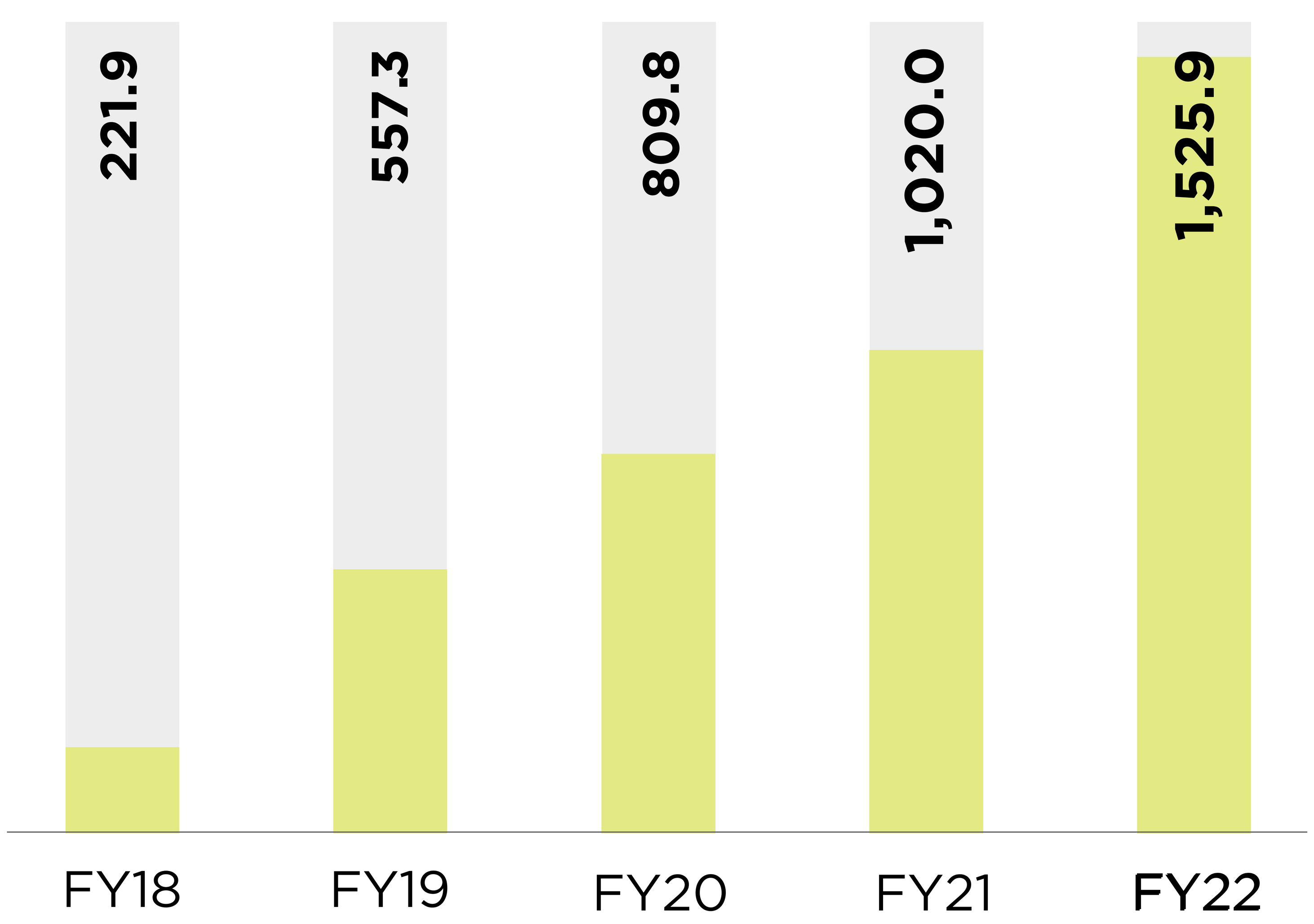

**Profit before tax (₹ in Crore)**




**Networth (₹ in Crore)**




**Total assets (₹ in Crore)**



# Board of Directors

## Dr. 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. Until March 2019 (before the merger with IndusInd Bank), BFIL had disbursed ₹ 1.12 lakh crores ($16 billion) in loans. Vikram left BFIL in 2012 as Chairperson Emeritus. He joined Vaya 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 underprivileged children), and on the advisory boards of the Indian School of Business and the Tufts University's Tisch College.

## Mr. A.V. Sateesh Kumar

Managing Director & Chief Executive Officer

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

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

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

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

## Dr. Bikshamaiah Gujja

Nominee Director

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

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

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

## Ms. 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.

## Prof. (Dr.) Shankar Ramaswami

Independent Director

Shankar Ramaswami is the Executive Director of the Centre for Justice Studies at Jindal Global University in Delhi. His research and teaching focus on anthropologies of globalization, migration, urban workers, and religion. He is currently completing a book about migrant workers in Delhi. Prior to Jindal, he was a Lecturer and Director of Undergraduate Studies in the Department of South Asian Studies at Harvard University, where he taught courses on anthropology, literature, cinema, and religion.  and he works on globalization, migration and urban workers.

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

# Senior Management

## Lakshminarayanan S.

Chief Financial Officer

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

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.

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

Lakshminarayanan is a Chartered Accountant and Cost Accountant.

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## Mr. Madhu Rama Murthy Vishnubhatla

Head (Sr. VP) – Business Operations

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

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

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

## Mr. Srikanth UL

Head (VP) - Information Technology (CTO)

Srikanth has 21 years of experience in the IT domain, most of it in the Microfinance sector. Prior to joining Vaya, he was associated with Bharat Financial Inclusion Limited (formerly SKS Microfinance Limited) for 13 years, where his last position was Vice President – IT. In BFIL, he had undertaken many projects and tasks, some of the important ones were designing and implementing various web-based solutions, android-based application for credit bureau checks to loan disbursements & performing online transactions and integration with Bank systems, customising and developing financial accounting, implementing ERP solutions, implemented various modules in HRMS, etc.

Prior to that, he had extensive experience in various IT companies in the areas of Program Management, IT delivery Management, Product Development, Service Management process transition, Operation Management, Team Management and Client servicing verticals.

Srikanth has a postgraduate diploma in Business Management from Dhruva College of Management (Osmania University, Hyderabad) and a graduate in commerce from SK University.

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## Mr. Satya Prasad Aripirala

Head (VP) – Human Resources & Training

Satya Prasad has 17 years of experience in financial inclusion, accumulated in various organisations in the areas of microfinance, micro insurance, micro pensions and agriculture insurance. He has worked in varied domains including training, strategy, sales and relationship management.

Prior to joining Vaya, he worked with Spandana Sphoorty Financial Limited, Invest India Micro Pension Services, ICICI Lombard, Star Microfin Service Society and ICICI Prudential. He has expertise in developing business centric people solutions, building talent architecture, designing data driven competency training programs and digital training initiatives.

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.

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## Ms. Megha Nainani

Financial Controller (VP)

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

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

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

## Mr. K. Kishan Kumar Reddy

Head (AVP) – Risk & Internal Audit

Kishan has more than 13 years of experience in Audit, Fraud Investigations & Control and risk control functions across organisations. Over these years, Kishan has built acumen to identify risks at early stages and mitigate them through branch audits, fraud investigations and functional audits.

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

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

## Mr. G. V. Subba Reddy

Head (AVP) – Central Operations

Subbu has 17+ years of experience in initiating, expanding and managing microfinance and micro-enterprise businesses across multiple geographies. He has served microfinance organisations of all sizes from start-ups to established entities managing large and diversified teams.

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

Subbu is a graduate in Chemical Technology and postgraduate from the Institute of Rural Management, Anand.

## Mr. Balakrishna Dhulipalla

AVP – Finance & Accounts

Balakrishna is a dynamic professional with over 11 years of experience in the field of Finance, Accounts and Taxation. He has been associated with Vaya since its inception in 2014 as part of the core founding team. He is responsible for business modelling, financial reporting, statutory and regulatory compliances and taxation. He was involved in the preparation of the project report filed for RBI Application for obtaining NBFC-MFI licence.

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

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

## Mr. Shashank Shankpal

Head (AVP) – Funding & Treasury

Shashank has over 13 years of experience in corporate finance, fundraising (both debt and equity), treasury, investor relations and financial planning, reporting and analysis. At Vaya, he is responsible for fundraising and treasury activities. He joined Vaya in April 2018 and has been instrumental in building the diversified borrowing profile from a very nascent stage.

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

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

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## Ms. Deepika Singh

Company Secretary

Deepika has more than nine years of experience and expertise in Corporate Laws, Regulatory Compliance and Legal work.

More particularly described as a highly astute, result-oriented professional, prior to joining Vaya, she worked with organisations like Trident, Spandana Sphoorty 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, corporate restructuring, and has also been instrumental in managing some of the complex litigations during her tenure.

Deepika is a fellow member of the Institute of Company Secretaries of India and has an MBA (Finance) from Sikkim Manipal University along with a bachelor's degree in commerce from Pune University.

# Management Discussion & Analysis (MD&A)

## Macro-Economic Overview

The global economy recovered from the pandemic shock in 2022 on the back of supportive fiscal and monetary policies, and mass vaccination programmes. The rebound from the pandemic-led recession has been encouraging. However, at the end of FY22, the war in Ukraine and the subsequent economic sanctions on Russia posed a large shock. It disrupted energy markets and supply chains and added to the already evolving inflationary pressures and concerns over consumer demand. Consequently, growth forecasts have been slashed. The International Monetary Fund (IMF) now expects the world economy to grow by 3.6% in CY22, which is 0.8 percentage points lower than its pre-war projections.

The domestic economic activity was impacted by the second wave of Covid-19 at the start of fiscal 2022 induced by the Delta variant, which was more intense and severe than the first, overwhelmed the country's healthcare infrastructure and prompted the re-imposition of lockdowns, albeit localised. The government, overcoming initial jitters, focused rightly on accelerating the vaccination drive to leave behind the scars of the pandemic. However, the impact on economic activity was relatively contained during the second wave. A combination of partial and less stringent lockdowns during the second wave of Covid-19, a calibrated opening up of the country from June 2021 and a steady pace of mass vaccination allowed the economic activities to improve in Q1-FY22. The economic activity started to recover from the second quarter onwards but lost some momentum in the second half of fiscal 2022 with the emergence of the Omicron variant, which fortunately turned out to be not so intense. Private consumption, Government's aggressive capital expenditure and Production Linked Incentive (PLI) schemes were the key drivers of aggregate demand in the second half of fiscal 2022. The Reserve Bank of India (RBI) continued to provide adequate monetary support by keeping policy rates unchanged and by keeping liquidity at a large surplus in FY22. Meanwhile, in line with the economic activities, credit growth picked up during the year with retail loans showing the sharpest uptick.

India's real gross domestic product (GDP) rose by 8.7% for the fiscal year 2022 as compared to a contraction of 6.6% in fiscal 2021 (source: Ministry of Statistics and Programme Implementation – Provisional Estimate of Annual National Income released on 31st May 2022). According to the Economic Survey 2021-22, the economy is expected to grow between 8% and 8.5% in FY23. Similarly, the International Monetary Fund expects India to be on track to be the fastest-growing major global economy during FY23 backed by a recovery in rural demand and agriculture driven by higher food prices and good Rabi season, significant capital spending by the government and increasing capex commitment from the private sector backed by the PLI scheme. This provides us with a lot of confidence as we enter the new financial year.

## Microfinance Industry Overview

Financial services form the backbone of India's economic growth and development. India's financial sector is growing rapidly, in terms of volume and products, and expanding to include many individuals and entities that were hitherto outside its reach. And more particularly, the role of Microfinance has been critical in driving financial inclusion in India. Microfinance in India is more than just an economic tool, often representing the empowerment of historically marginalised and financially dependent communities. In India, Microfinance Institutions (MFIs) have made significant contributions in achieving the much talked about objective of financial inclusion. They work as supplementary institutions to banks for outreach to the financially excluded sections of society.

The report, 'Present and Potential Contribution of Microfinance to India's Economy', prepared jointly by Microfinance Institutions Network (MFIN), an RBI-recognised self-regulatory organisation, and the National Council of Applied Economic Research (NCAER), released in March 2022, stated that the microfinance sector contributed about 2% of India's gross value added (GVA), the productivity metric for the economy, while the overall contribution of the entire financial sector was about 5.5% in 2018-19. It also projected contribution of the microfinance sector to overall GVA, including the backward and forward linkages by 2025-26 would be a significant 2.7% in the base case scenario and nearly 3.5% in the best-case scenario.

**Sector Snapshot (March 2022):**

| | Total Sector | NBFC-MFIs |
|---|---|---|
| Portfolio (₹ trillion) | 2.85 | 1.00 |
| Portfolio growth YoY | 10.0% | 24.7% |
| No. of Entities | 202 | 84 |
| Active Loan Accounts (crore) | 11.3 | 4.2 |
| Unique Borrowers (crore) | 5.8 | 2.7 |

As per the quarterly report, 'MicroMeter' published by MFIN, the overall microfinance industry's gross loan portfolio (GLP) surged by 10% to ₹ 2.85 trillion as on 31st March 2022 from ₹ 2.59 trillion a year ago. The total number of active loan accounts was 11.3 crores with 5.8 crores of unique borrowers as on 31st March 2022. And 12 banks help the largest share of the portfolio in microcredit with a total loan outstanding of ₹ 1.14 trillion, which is 40% of the total microfinance universe. NBFC-MFIs are the second largest provider of microcredit with a portfolio outstanding of ₹ 1.0 trillion, accounting for 35% of the total industry portfolio. Small Finance Banks (SFBs) have a portfolio outstanding of ₹ 48,314 crores with a total share of 17%. NBFCs account for another 7% and other MFIs account for 1.0% of the universe. The growth trends in the microcredit sector indicate an overall growth of NBFC-MFI portfolio by 25%, banks by 0.7%, SFBs by 17%, and other MFIs by 9.5% while NBFC's portfolio decreased by 9.1%.

Fiscal 2022 ended with the announcement of the much-awaited harmonised regulations. Released in March 2022, subsequent to the Consultative Document by the RBI in June 2021, the Regulations are comprehensive and will usher in a new era for the microfinance sector where a common regulatory framework will be applicable to all regulated entities. RBI has now set a common household income limit of ₹ 300,000 for loans to qualify as microfinance, unlike the earlier definition that distinguished rural and urban areas. Also, NFBC-MFIs will no longer be subject to a 10% margin cap. The guidelines are positive for NBFC-MFIs, especially because it levels the playing field for them, and allows the board to create a policy that prices the credit risk adequately. Increasing the household income threshold to ₹ 300,000 will also expand the addressable market for MFI players.

## Company Overview

Vaya Finserv Private Limited (Vaya or the Company) was established in the year 2014 by a team of seasoned Microfinance 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.

Since its inception, Vaya has consciously chosen to serve the rural and deep rural parts of India where affordable loans are still scarce and Microfinance is very much needed. The Company pioneered tablet/tab-banking, and with the adoption of the government's UIDAI public infrastructure scheme coupled with, extensive mobile connectivity, Vaya was able to disburse the loans directly into the borrower's bank accounts which helped us to make our services more efficient and secure.

Vaya's hallmark is that it provides financial services to its clients in a responsible manner with the aim of enhancing the customers' quality of life. In order to further its ambition of serving its clientele through innovative products and services as per their needs as well as due to the strong backing of its promoter and experienced senior and mid-level management in the microfinance sector, Vaya had applied for and received a license from the Reserve Bank of India in May 2017 to operate as an NBFC-MFI (Non-Banking Finance Company – Microfinance Institution). The Company started building its own portfolio from September 2017 onwards.

Vaya has established itself in seven states covering Karnataka and Tamil Nadu in the south, Maharashtra in the west, Odisha, Jharkhand, Bihar and Uttar Pradesh in the eastern and northern belts of India. Effective December 2021, Vaya has discontinued all its BC relationships and focusing to grow on its own in the future, leveraging the strengths of its highly scalable business model with a combination of both traditional and technology-driven processes.

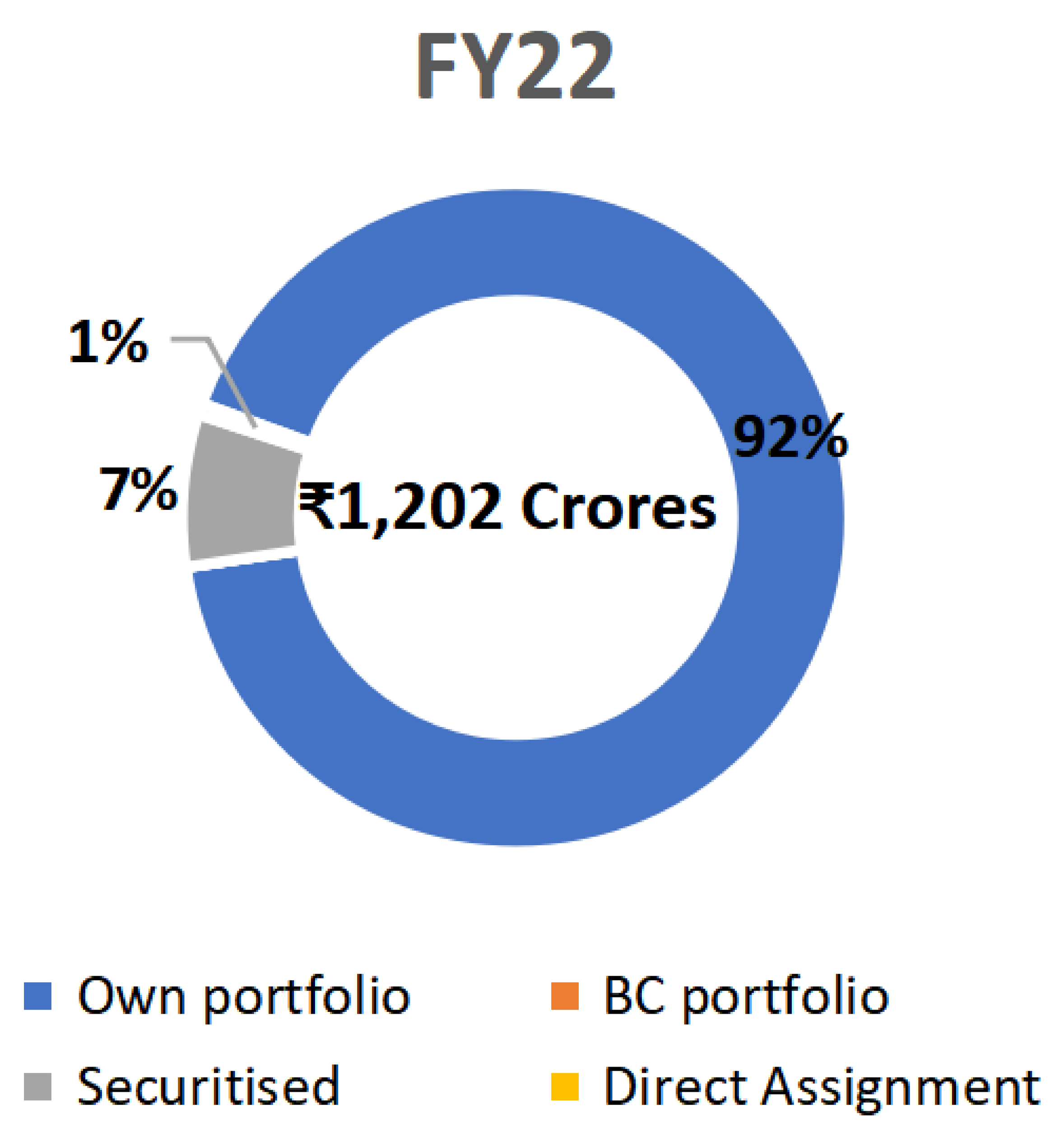
Vaya Finserv is the first MFI and the fifth Company in India to become a Certified B Corporation. Certified B Corporations are leading a global movement of people using business as a force for good that meets rigorous standards of social and environmental performance, accountability, and transparency and aspires to use the power of business to solve social and environmental problems. The Company is also Certified as 'Great Place to Work', four years in a row i.e., March 2019 to March 2022.

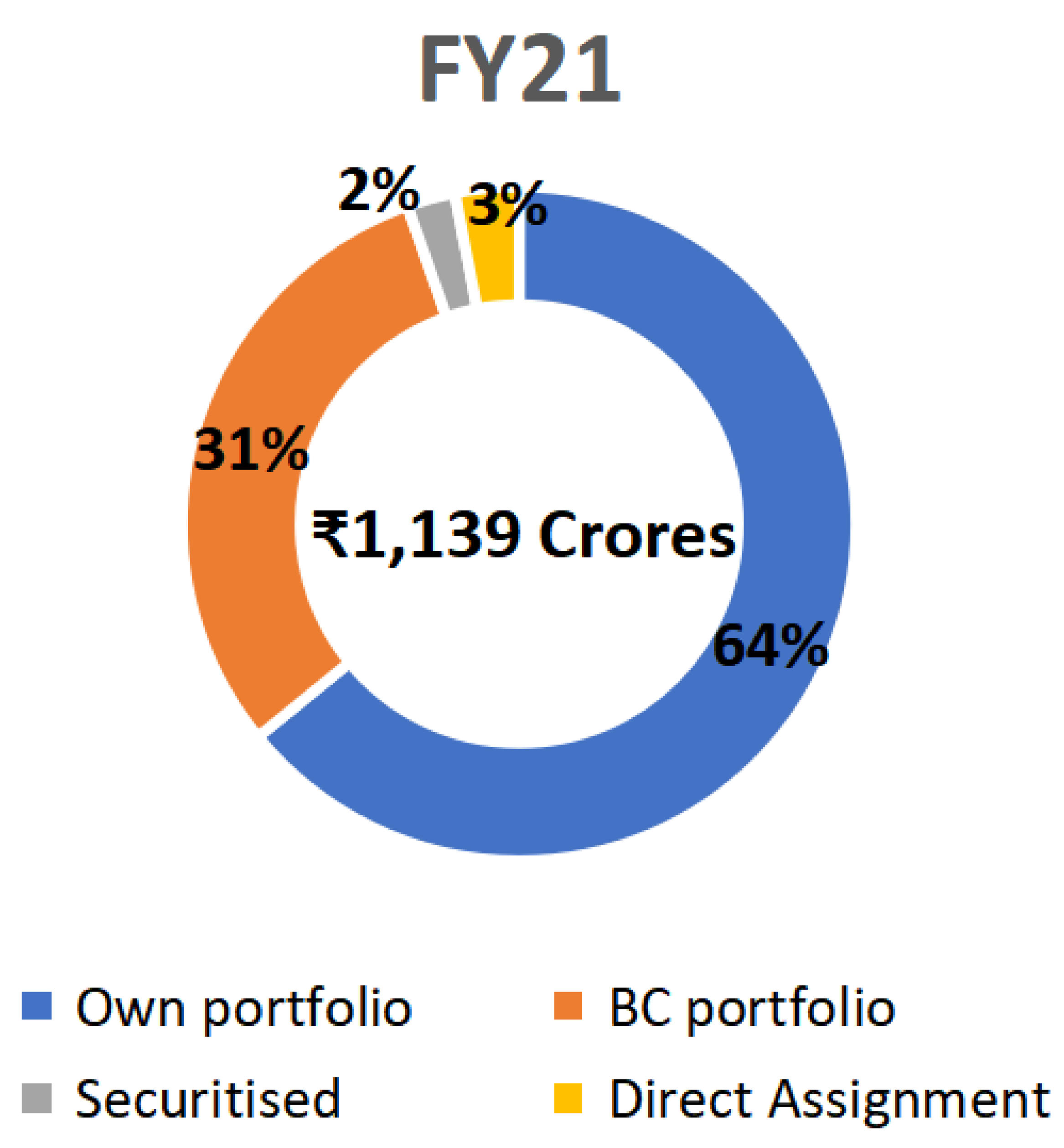
## Business and Operations Update

FY22 had started on a sombre note, with the second wave of the pandemic overwhelming India's healthcare infrastructure and leading to the reimposition of lockdowns. The lockdowns impacted the operations and resulted in loss of business in the first quarter of FY22. While the challenges were innumerable, the team displayed solid grit and determination, to put the business back on track, and remained steadfast in their commitment to growth. The Company navigated the highly challenging times of the Covid-19 period with prudence and a sense of initiative.

The financial year 2022 marks a special year as Vaya has successfully transformed from being a Business Correspondent (BC) Company to a full-fledged MFI. The Company discontinued all its BC arrangements during FY22 while eliminating the dependence and various restrictions on its growth. From the end of January 2022, no portfolio and financial obligations are outstanding towards any of its BC partners. Vaya now completely focuses on building its own portfolio by leveraging its well-spread branch network, robust technology platform and processes. We crossed an important milestone in our exciting journey, with our Own portfolio surpassing ₹ 1,000 crores during the year. The Gross Loan Portfolio (GLP) of the Company increased by 5.5% year-on-year from ₹ 1,139 crores (including BC) as of March 2021 to ₹ 1,202 crores as of March 2022. It is important to note here that ₹ 1,202 crores did not have any BC portfolio as explained above. If we exclude the BC portfolio for better comparison purposes, the own portfolio (including securitisation and direct assignment) grew by an impressive 52% year-on-year from ₹ 792 crores as of March 2021 to ₹ 1,202 crores as of March 2022.

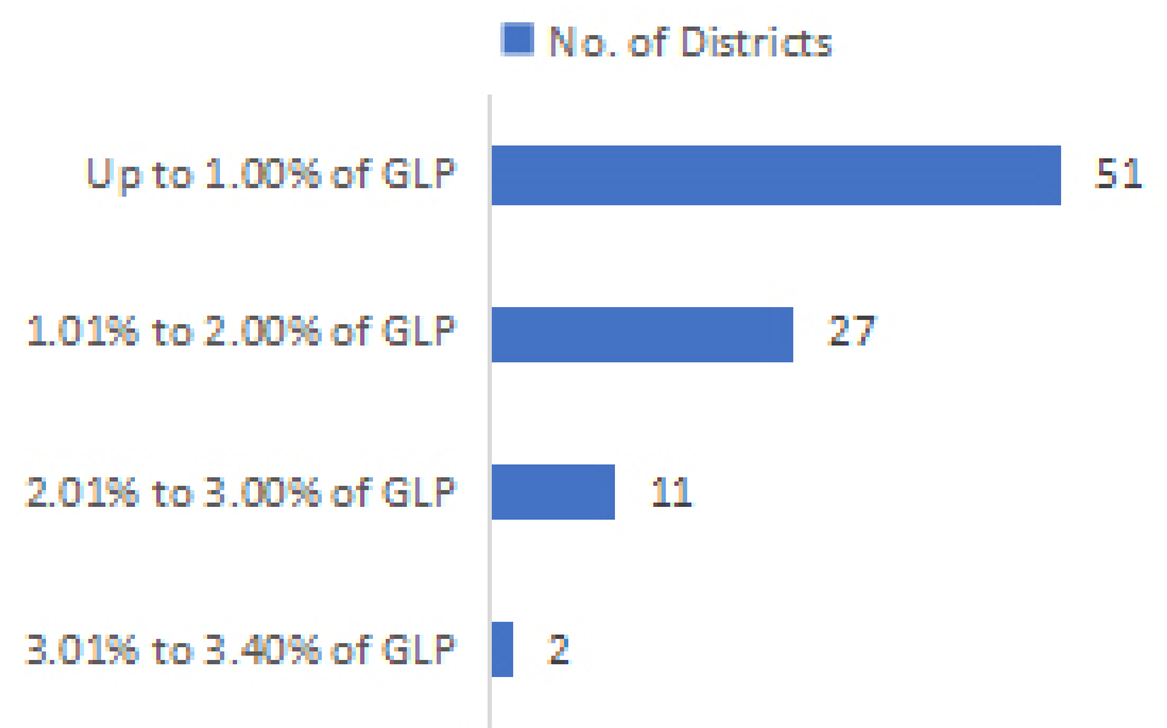
**Gross Loan Portfolio**




Over the last four years, Vaya has built a rural-centric, granular and well-spread portfolio which is noticeable through the average GLP per district ratio. Out of the 91 districts where Vaya has a presence, 78 districts (i.e., 86%) have less than 2% of the GLP. This is further broken down here in this chart. In terms of state-wise portfolio exposures, both Bihar and Tamil Nadu has a higher concentration of 57% as of March 2022. In FY23, the Company plans to grow its portfolio in the states of Odisha, Jharkhand and Uttar Pradesh which will help to further improve its state-wise geographic diversification.

**Average GLP per District**

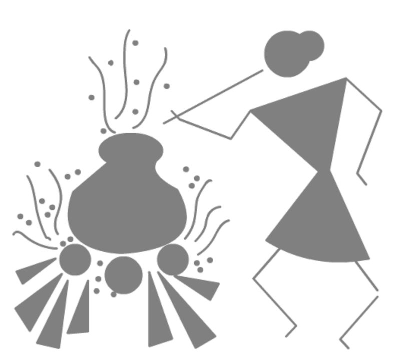


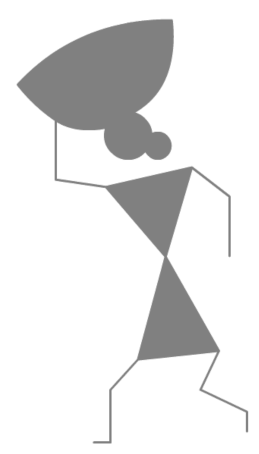

## Human Resources (HR)

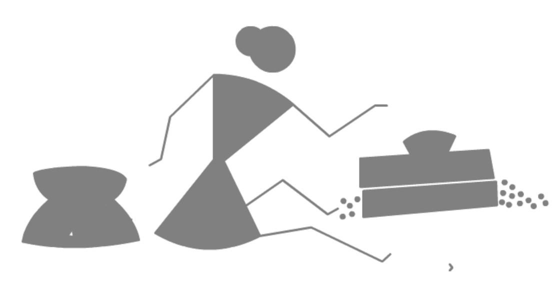
Microfinance being a people-intensive business, Vaya believes that Human Resources are very important and vital for the business. Vaya has always maintained that the employees, more particularly the Sangamitra (field officer) are the flag bearers of the organisation. These employees are the face of the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

**Vaya is a 'Great Place to Work' – Fourth Time in a Row**

Vaya's efforts in fostering an employee-friendly culture and providing continuous development initiatives to its employees, with a focus on creating a diverse and multi-talented workforce have helped it to be certified as the "Great Place to Work" fourth 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.













**Commitment to Being a Great Place to Work**

After, three consecutive recognitions as a Great Place to Work, Vaya has also been honoured by the evaluation team as a committed organisation to being a Great Place to Work®.

**Employment Generation for the "Sons of the Soil"**

As Vaya continues to recruit the "Sons of the Soil" from the rural areas, in fiscal 2022, Vaya has become the first employer/company to 64% of the total new joiners in the frontline. This is over 13% growth in freshers being added into the system as compared to fiscal 2021. There is also an increase in the minimum qualification held by these employees with over 46% being graduates or more as compared to 20% in the earlier financial year. This trend is a clear indication that Vaya's focus to have freshers as employees have increased the employment and career opportunities for the youth in rural hinterlands.

**Human Resource Management System (HRMS)**

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

**Mitra 1.0: Completely In-house Developed Field Recruitment Tool**

Recruitment for the position of Sangamitras (field officers) and Branch Managers from geographically dispersed locations on a large scale has always been a challenge. To overcome this, Vaya has internally developed a cloud-based tool for recruitment. This tool called 'Mitra' (meaning friend) will help the regional HR and operations team to plan and schedule various types of recruitment camps, generate standardised pamphlets and posters for publicity and conduct the recruitment camps. This multi-login application helps in recording the employee details at the time of walk-ins, conducting written tests, recording the evaluation scores for the written tests, public speaking ability and interview. As an equal opportunity employer, the tool has been developed to ensure the recruitment is impartial and at least two recruiters for two different departments are involved in the selection process. The next module for new joining and document verification is currently under development.

**Engagement Activities**

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

## Information Technology (IT)

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

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

**Data analytics led area selection to mitigate geopolitical risks**

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

**System-driven customer selection**

The loan management system is installed in the smartphones of Sangamitras (field officers) in a securely bound mode which helps them right from sourcing to management of customers. The customer's credit appraisal is done on a real-time basis by accessing credit bureau information using the customer's Voter ID details. The system logic evaluates the credit off-take capacity of the customers, level of exposure to credit and default history before arriving at the limits of credit eligibility. The systems and credit assessment methodologies have been updated in Q1-FY23 to comply with the new microfinance regulations.

**Client enrolment through field assessment**

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

**Robust quality control processes**

All loans go through multiple control processes before approval. There is an in-house rule engine to check these processes ensuring the right quality of client sourcing.

**Enhancing customer convenience and controlling risks through cashless disbursements & collections**

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

**Digitised real-time collections**

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

**Business Intelligence & Analytics**

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

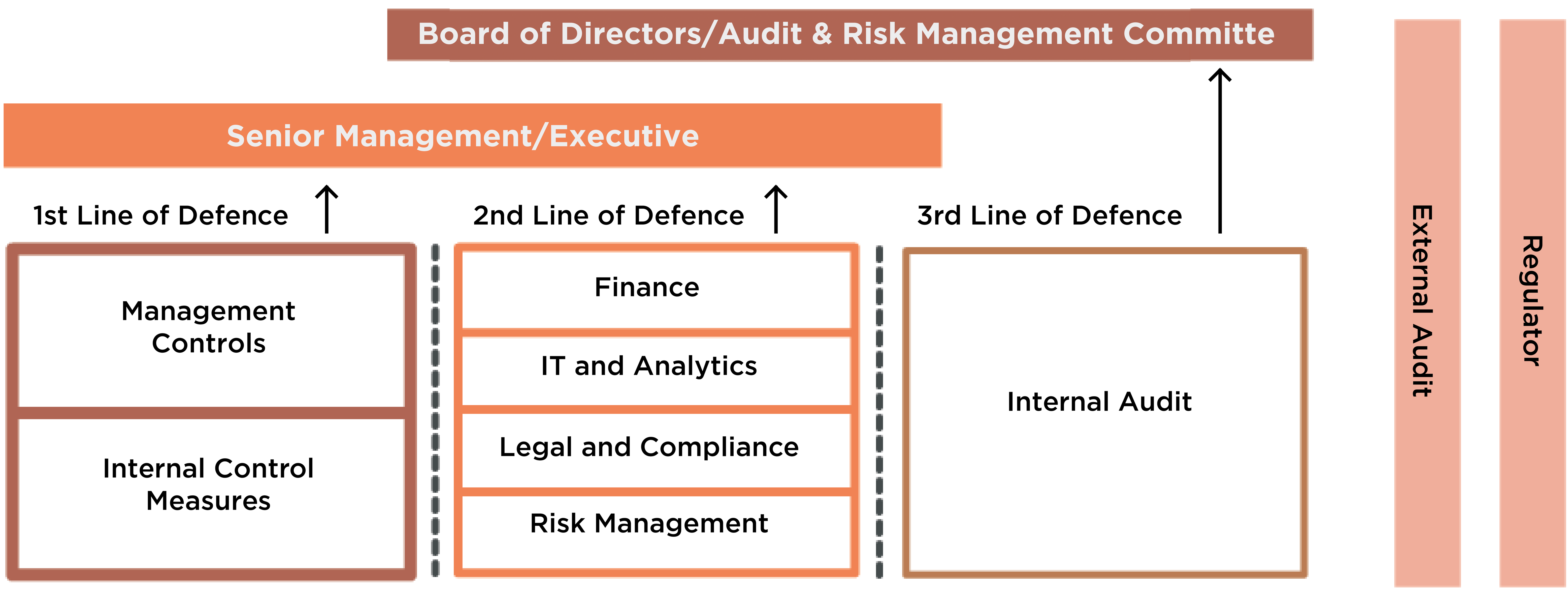
Technology-powered solutions have enabled us to be nimble and quickly adapt to the changing business dynamics with virtually no disruption in our processes.

## Risk Management & Internal Audit

**Risk Management**

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

### Risk Management Framework



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

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

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

**Primary Responsibilities of Risk & Audit Function:**

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

**Internal Audit**

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

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

**The following initiatives were implemented during FY22 which yielded good results:**

- New audit scorecard
- Implemented off-site branch audit to monitor the branches during lockdowns
- Surprise audits
- Risk Control Matrix (RCM) framework designed at the organisation level to manage risk environment

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

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

Vaya raised fresh debt funds of ₹ 988 crores during FY22 through various avenues. The Company was able to raise timely funds to support its strong portfolio growth which was possible due to the Credit Guarantee Scheme for MFIs announced by the Government of India in July 2021 as a Covid relief measure for the microfinance sector. Vaya received overwhelming support from 11 banks as out of the announced total limit of ₹ 7,500 crores, the Company raised ₹ 503 crores under the scheme.

During the financial year 2022, the Company onboarded eight new lenders including five public sector banks. As on 31st March 2022, the total borrowing outstanding of the Company was ₹ 1,203 crores (including securitisation and direct assignment) from 30 lenders ranging from banks (14), NBFCs (10), Foreign Portfolio Investors (FPIs) (2), domestic DFIs (2) and an Alternative Investment Fund (AIF). This also includes the debt exposure of ₹ 30 crores from the Company's Promoters, Vaya Trusts. The source-wise break-up of the borrowing outstanding is given in the chart below. Vaya constantly strives to diversify its sources of capital in terms of both lender-base and debt instruments in order to leverage the strengths of each source.

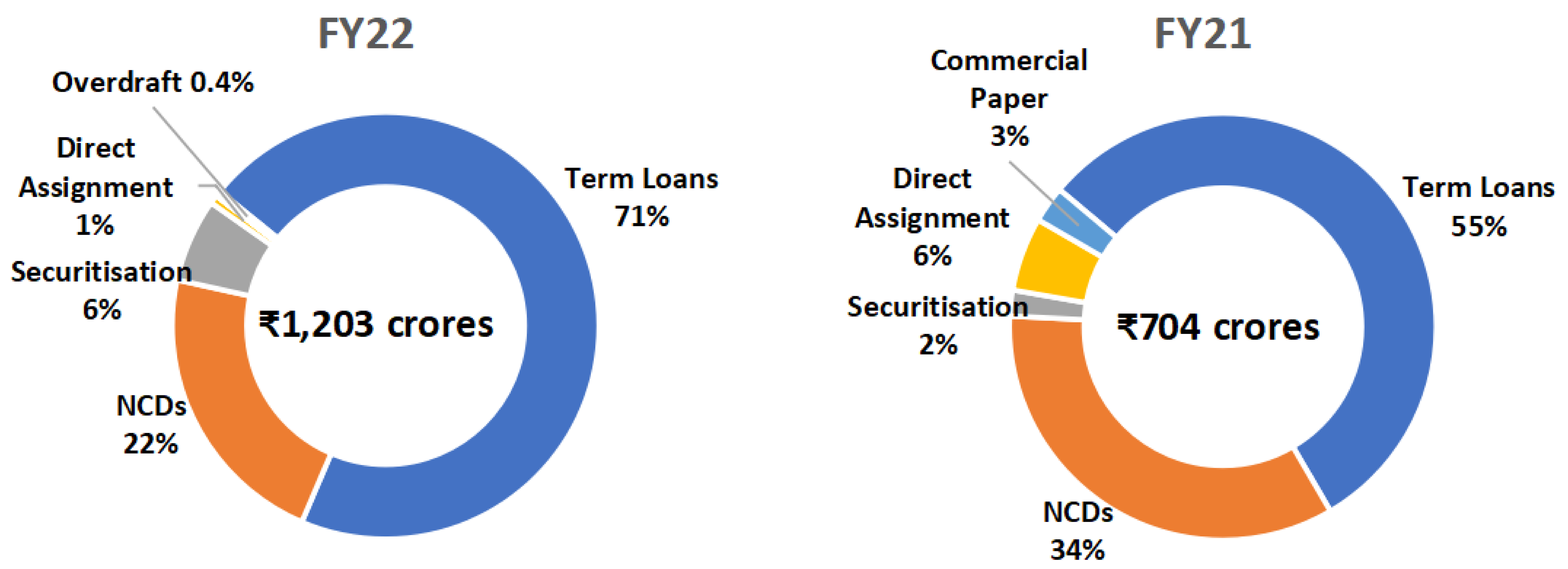
**Source Mix – Debt Instrument-wise Borrowing Outstanding**

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

Vaya raised fresh debt funds of ₹ 988 crores during FY22 through various avenues. The Company was able to raise timely funds to support its strong portfolio growth which was possible due to the Credit Guarantee Scheme for MFIs announced by the Government of India in July 2021 as a Covid relief measure for the microfinance sector. Vaya received overwhelming support from 11 banks as out of the announced total limit of ₹ 7,500 crores, the Company raised ₹ 503 crores under the scheme.

During the financial year 2022, the Company onboarded eight new lenders including five public sector banks. As on 31st March 2022, the total borrowing outstanding of the Company was ₹ 1,203 crores (including securitisation and direct assignment) from 30 lenders ranging from banks (14), NBFCs (10), Foreign Portfolio Investors (FPIs) (2), domestic DFIs (2) and an Alternative Investment Fund (AIF). This also includes the debt exposure of ₹ 30 crores from the Company's Promoters, Vaya Trusts. The source-wise break-up of the borrowing outstanding is given in the chart below. Vaya constantly strives to diversify its sources of capital in terms of both lender-base and debt instruments in order to leverage the strengths of each source.

**Source Mix – Debt Instrument-wise Borrowing Outstanding**




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

The strong ALM strategy is one of the key pillars of the strength of the Company on a structural basis. Vaya manages its Asset-Liability mismatch prudently by not only diversifying its sources of debt capital which have longer tenures such as NCDs, but also by lending for not more than 24 months tenure. About 90% of the Company's own portfolio (including securitised and DA) consists of loans having tenures of 24 months and on the liabilities side, 87% of the debt outstanding has tenures of 24 months or more. This helps to maintain adequate liquidity at all times and remain ALM positive. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

## SCOT (Strengths, Challenges, Opportunities & Threats)

**Strengths:**

- **Strong promoter background and highly experienced management:** Excellent platform pedigree led by strong promoter lineage and highly experienced management especially in the microfinance sector.
- **Highly scalable hybrid model** with a combination of both traditional and technology-driven processes.
- **Wide rural penetration:** More than 95% of borrowers are from rural areas. Since its beginning, Vaya's focus has always been on the under-banked and under-penetrated rural areas which provide greater potential for microfinance products along with geographic diversification.
- **Technology-driven less-paper processes and robust technology platform:** Use of digital technology for client acquisition, credit evaluation, business intelligence and people management in a data-rich environment. Seamlessly integrated technology setup to reduce human intervention in various functions (client-onboarding, disbursement, monitoring etc.).
- **Strong risk framework** is driven by best practices of traditional microfinance combined with data and analytics.
- **Sound capitalisation** to support growth, leverage loan book and absorb credit losses.
- **Diversified funding profile:** For a mid-sized microfinance company, the borrowing profile is fairly diversified with 30 lenders with no lender having exposure of more than 12% of the borrowing outstanding (as of March 2022).

**Opportunities / Outlook:**

- **New Microfinance Regulations paves way for new opportunities:**
    - The Reserve Bank of India (RBI), in March 2022, released new guidelines for the microfinance sector which will be applicable not only to the MFIs but also to all entities (banks, small finance banks and NBFCs) engaged in this sector. This lender-agnostic comprehensive regulation will bring uniformity in the sector.
    - The new guidelines are positive for NBFC-MFIs, especially because it levels the playing field (hitherto the 10% margin cap was applicable only to NBFC-MFIs) and it allows the board to create a policy that prices the credit risk adequately.
    - Increasing the household income threshold to ₹ 300,000 will also expand the addressable market for MFIs which will help scale the industry further, ensure better risk mitigation and contribute to financial inclusion.
- **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 rural areas.
- **Prepared for the next phase of growth:** With our high-touch customer engagement model, robust technology-driven processes and strong distribution network, Vaya is well-positioned to serve the evolving needs of our customer households.
- **Cross sale opportunities:** Vaya has built a sizeable client base of about five lakh and is well-positioned to offer other products and cater to their evolving needs for their income generation activities as well as households. Further, the new microfinance regulations allow expanding the basket of products apart from the traditional income-generating loans.
- **Favourable ecosystem:** Digital ecosystem development pushed by the government as well as regulators and other market participants offers opportunities for us to innovate new delivery methods, provide a better customer experience and become more efficient.
- **Leverage on mobile connectivity:** With the increased usage of smartphones in rural areas and data connectivity, the Company foresees bigger opportunities to offer better and personalised services.

**Challenges & Threats:**

- **Stiff competition from various players:** Given its huge opportunities, over the years, apart from the traditional MFIs, various types of players have entered the microfinance sector.
- **Socio-political risks and natural calamities:** The microfinance industry is prone to socio-political, climatic and operational risks, which could impact the operations and may result in high volatility in the asset quality indicators. Although the sector has faced multiple challenges over the past many years but has always come back stronger and proven to be resilient to such events.
- **Threat to the ethos of traditional microfinance practices:** In recent years, the microfinance industry has seen interest from many new-age digital technology players or fintech as well as from very large balance sheet NBFCs which largely focus on top-line and may lead to disrupting the core group credit discipline model built by various MFIs over the years.

## Financial Performance of FY22 versus FY21

| Summary of Profit & Loss Statement | FY22 ₹ in crores | FY22 Percent to Revenue | FY21 ₹ in crores | FY21 Percent to Revenue | Percent Change |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Revenue from operations | 215.8 | 99.5% | 198.5 | 98.6% | 8.7% |
| Other income | 1.0 | 0.5% | 2.7 | 1.4% | -62.6% |
| **Total income** | **216.9** | **100.0%** | **201.3** | **100.0%** | **7.7%** |
| **Expenses** | | | | | |
| Finance costs | 94.4 | 43.5% | 76.3 | 37.9% | 23.6% |
| Impairment on financial instruments | 34.8 | 16.1% | 44.7 | 22.2% | -22.2% |
| Employee benefits expenses | 50.0 | 23.1% | 48.4 | 24.1% | 3.2% |
| Depreciation and amortisation expenses | 1.1 | 0.5% | 1.5 | 0.8% | -29.6% |
| Other expenses | 18.1 | 8.3% | 17.3 | 8.6% | 4.7% |
| **Total expenses** | **198.4** | **91.5%** | **188.3** | **93.6%** | **5.3%** |
| **Profit before tax** | 18.5 | 8.5% | 13.0 | 6.4% | 42.6% |
| Tax expense & other comprehensive income | 5.6 | 2.6% | 3.7 | 1.9% | 50.5% |
| **Profit after tax** | **12.9** | **5.9%** | **9.3** | **4.6%** | **39.4%** |

**Revenue from operations**

The revenue from operations comprises interest income, income from BC portfolio, net gain on derecognition of financial instruments and income from liquid schemes of mutual funds earned on the surplus funds. The revenue from operations of the Company increased by 7.7% from ₹ 198.5 crores in FY21 to ₹ 215.8 crores in FY22 primarily due to an increase in the on-balance sheet portfolio.

**Other income**

The Company's servicer fee on the direct assignment portfolio and income from subletting largely comprise the other income. It decreased in FY22 as there were no new direct assignment transactions during the year.

**Finance costs**

The Company's finance costs represented 43.5% of the total income in FY22 compared to 37.9% in FY21 and the finance costs increased from ₹ 76.3 crores in FY21 to ₹ 94.4 crores in FY22 due to an increase in the borrowings. The average effective cost of borrowing including securitisation was 11.94% for FY22 versus 13.40% for FY21.

**Impairment on financial instruments**

The provisions and write-offs decreased from ₹ 44.7 crores in FY21 to ₹ 34.8 crores in FY22 as the Company had prudently maintained a higher level of loan loss provisions in FY21 to counter the Covid-19 situation. The Expected Credit Loss (ECL) computation for the year under consideration has taken into account the estimation of future losses published by independent rating and research agencies. The impairment on financial instruments includes:

a)provision of ₹ 5.16 crores on own portfolio (including securitisation portfolio)

b)write-offs amounting to ₹ 22.0 crores of own loan portfolio

c)invocation of First Loan Default Guarantee (FLDG) by BC partners under the arrangement for an amount of ₹ 7.6 crores.

**Employee benefits expenses**

Employee benefits expenses comprise salaries and other employee benefits expenses which represent 23.1% of the total income for FY22. Employee benefit expenses increased marginally by 3.2% from ₹ 48.4 crores in FY21 to ₹ 50.0 crores in FY22.

**Depreciation and amortisation expense**

Depreciation and amortisation expenses comprised only 0.5% of the total income for the year FY22, as the Company does not own any major property, plant and equipment 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, etc. The other expenses marginally increased by 4.7% from ₹ 17.3 crores in FY21 to ₹ 18.1 crores in FY22, due to an increase in business activities on the back of the improved Covid situation during second half of the year.

# DIRECTOR'S REPORT

To
The Members,
Vaya Finserv Private Limited.

Your directors take great pleasure in presenting 9th Annual Report on business and financial operations of your Company together with the audited accounts for the financial year ended March 31, 2022.

The pandemic appears to be receding due to the impact of several vaccination programs were rolled out by the Union Government and the virus mutants being less and less dangerous. As the shadow over the health of individuals is lifting the health of the economy has been improving too. However, the economy now faces headwinds from rising inflationary pressures brought by supply chain disruptions and geopolitical tensions, particularly the Ukraine crisis.

In spite of the challenges, your Company continued its growth path by conducting its business responsibly and reinforcing its commitment to the rural poor of India.

## 1. Financial and Operation Performance

### a. Summary of Financial Performance

The Financial Statements of the Company for the year ended March 31, 2022 have been prepared in accordance with Ind AS and Schedule III to the Companies Act, 2013 (the "Act"). The financial performance of the Company is summarized below:

| Particulars | FY 22 (₹ in Cr) | FY 21 (₹ in Cr) |
|---|---|---|
| Total Income | 216.87 | 201.29 |
| Total Expenses | 198.38 | 188.32 |
| Profit /(Loss) before tax | 18.49 | 12.97 |
| Less: | | |
| Current Tax | (4.37) | (11.09) |
| Deferred Tax | (1.30) | 7.66 |
| **Profit/(Loss) after Tax** | **12.82** | **9.54** |

During the Financial Year, Company achieved 34% increase in profitability with a net profit of ₹ 12.82 crore for the year ended March 31, 2022. The total income increased to ₹ 216.87 crore showing 7% growth.

### b. Operational Performance:

| Particulars | FY 22 | FY 21 |
|---|---|---|
| No. of Borrowers | 489,259 | 579,522 |
| No. of Districts | 91 | 98 |
| No. of Branches | 266 | 279 |
| Asset size (in ₹ crores) | 1,526 | 1,020 |
| Outstanding Loan Portfolio (in ₹ crores) | 1,202 | 1,139 |
| Total Employees | 1,897 | 1,903 |

The Company has discontinued Business Correspondence ('BC') business due to its non-viability and all its BC branches are converted into own branches. Your management aims to increase its own portfolio in the coming years. Despite of the challenges posed by the Covid-19 the Company was able to increase its assets size by 50% from ₹ 1,020 to ₹ 1,526 crore.

The above was possible with continuous efforts of all the employees of the Company who worked consistently throughout the year. The Company is currently operating in seven states viz. Bihar, Jharkhand, Uttar Pradesh, Karnataka, Maharashtra, Odisha and Tamil Nadu. The Company is also planning to enter new geographies.

The Company has borrowing arrangement with large number of lenders and had started association with few public sector banks to diversify. During the period under review, the Company borrowed a sum of ₹ 988 crore to increase its loan portfolio. Company's strong liquidity position provides headroom for growth.

## 2. Change in the nature of the Business:

During the period under review, the Company has discontinued its BC operations. Apart from the above, no other change was made in the nature of business of the Company.

## 3. Transfer to Reserves:

The Company has transferred ₹ 2.56 crore to Statutory Reserves out of net profit of FY 22, i.e., 20% of the Profit after Tax, in accordance with the provisions of Section 45 – IC of Reserve Bank of India Act, 1934.

**4. Public Deposits:**

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

**5. Dividends:**

In order to augment capital as required for supporting the growth of the Company through retention of internal accruals, the Board of Directors has not recommended any dividend on Equity shares for the Financial Year 2021-22.

**6. 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 the Covid-19 pandemic had led to a nationwide lockdown in April-May 2020. This was followed by localized lockdowns in areas with a significant number of covid cases. In FY 21-22, India witnessed two more waves of the Covid – 19 pandemic and the reimposition of localized/regional lockdown measures in certain parts of the country. Currently, while the number of new Covid-19 cases have reduced significantly and Government has withdrawn most of the Covid -19 related restrictions, however, the extent to which the Covid-19 pandemic will continue to impact Company's results will depend on ongoing as well as future developments, which are uncertain.

RBI has revised Framework on Micro Finance Loans vide its notification RBI/DOR/2021-22/89 DoR.FIN. REC.95/03.10.038/2021-22 dated March 14, 2022. Under the said regulations, RBI has provided the framework for providing collateral free loan, irrespective of end use and mode of application processing, given to low-income households having income up to ₹ 3,00,000. Your directors believe that the revised framework will help deepen penetration of micro-credit in the country and will generate higher return in coming years.

**7. Share Capital and Debt Structure**

**a. Authorised Share Capital:**

The Authorised Share Capital of the Company as on March 31, 2022 was ₹ 204 crore i.e. ₹ 104 crore Equity Share Capital divided into 10,40,00,000 Equity shares of ₹ 10 each and ₹ 100 crore Preference Share Capital divided into 10,00,00,000 Preference Shares of ₹ 10 each.

**b. Paid up Share Capital:**

The Paid-up Share Capital of the Company as on March 31, 2022 is ₹ 90.89 crore ie.,8,95,05,871 fully paid-up Equity Shares of ₹ 10 each and 1,38,71,820 Equity Shares of ₹ 10 each partly paid-up of ₹ 1 each. The Company has not issued shares with differential voting rights.

During the year under review, there is no change in the capital structure of the Company.

**c. Debentures:**

During the Financial Year 2021-22, the Company issued Non-Convertible Debentures on private placement basis aggregating to ₹ 58.70 crore. Details of Non-Convertible Debentures issued by the Company are mentioned below:

| Number and class of debentures | Listed/Unlisted | Date of listing |
|---|---|---|
| 367, 11.6778% Secured Rated Listed Non-Convertible Debentures of ₹ 10,00,000 each | Listed | 04-Aug-21 |
| 220, 11.7229% Secured Rated Listed Non-Convertible Debentures of ₹ 10,00,000 each | Listed | 24-Aug-21 |

**d. Listing of NCDs:**

During the year, the Company has issued Non-Convertible Debentures that are listed on BSE Limited. The listing fees to the Stock Exchange for the Financial Year 2022-23 has duly been paid.

**e. Debenture Redemption Reserve**

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

**f. Securitisation & Direct Assignment**

The Company has used Securitisation and Direct Assignment structures to improve its asset and liability mix in line with extant guidelines of RBI. As on March 31, 2022, the outstanding value of Securitisation and Direct Assignment details are:

| Sl. No | Outstanding value as on Mar 31, 2022 | (₹ in crore) |
|---|---|---|
| 1 | Securitisation | 75.88 |
| 2 | Direct Assignment | 7.73 |
| Transactions during the year (Pool amount/Gross Value) | | |
| 1 | Direct Assignment | - |
| 2 | Securitization | 134.96 |

**g. Credit rating**

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

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

| Particulars | Code of Conduct Assessment (COCA) | MFI Grading | Bank Loan Rating | Non-Convertible Debentures | Pooled Loan Issuance (Guarantee backed Term Loans) | | Commercial Papers | Securitisation pools | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Current Rating | C1 | M2 | BBB (Stable) | BBB (Stable) | BBB+ (CE) | BWR A (CE) (Stable) | A3+ | A (SO) | A- (SO) | BBB+ (SO) |
| Rating Agency | SMERA | SMERA | ICRA | ICRA | ICRA | Brickwork Ratings | ICRA | ICRA | ICRA | ICRA |
| Amount Rated (₹ crore) | NA | NA | 800 | 270 | 15 | 20 | 50 | | 135^ | |

^ Note : Aggregate amount of multiple transactions.

**8. Board of Directors and Key Managerial Personnel**

**a. Board of Directors:**

As on March 31, 2022, the Board of Directors of your Company consists of five Directors. Their details are as follows:

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

**b. Key Managerial Personnel:**

The following have been designated as the Key Managerial Personnel of the Company as on the date of this report pursuant to Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

a) Mr. A.V. Sateesh Kumar – Managing Director & CEO
b) Mr. S. Lakshminarayanan – Chief Financial Officer
c) Mrs. Deepika Singh – Company Secretary

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 as specified in Section 164 of The Companies Act, 2013.

**Changes in Directors & KMPs:**

During FY 2021-22, there have been no changes in the Directors and Key Managerial Personnel of the Company.

**c. Policy on Directors' appointment and remuneration and other Details:**

On recommendation of Nomination and Remuneration Committee, the Company has formulated, amongst other, a policy on Director's appointment as well as Remuneration Policy for Directors, Key Managerial Personnel and other employees. The details of Nomination and Remuneration Policy are mentioned in the report of Corporate Governance and the same is also placed on the Company's website www.vayaindia.com/about-us.

**d. Declaration by Independent Directors:**

All the Independent Directors of your Company have submitted the declaration confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder, SEBI Regulations & RBI Master Directions.

There has been no change in the circumstances affecting their status as Independent Directors of the Company. Further the Independent Directors of the Company have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014 and with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Board of Directors is of the opinion that Independent Directors possess necessary expertise, integrity, and experience.

**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 Company has laid down, criteria for performance evaluation of the Directors, including Chairman, Managing Director & CEO, Board level Committees and Board as well as evaluation process of same in line with the provisions of Section 134(p) of the Companies Act, 2013 read with Rules issued thereunder. The Board had carried out performance of its directors for the Financial Year 2021-22, in an appropriate manner. The Board has also carried out performance evaluation of Board as whole and its committees. The entire performance evaluation process was completed to the satisfaction of the Board.

**f. No. of Meetings of the Board, attendance, meetings, and constitution of various Committees:**

Four (4) meetings of the Board were held during the year under review. The details of Board meetings held during the year, attendance of Directors and constitution of various Committees of the Board are included separately in the Corporate Governance Report enclosed as **Annexure – 1**.

## 9. Human Resources

Your Company believes in and acknowledges the critical role of its employees in achieving its present and future organizational goals. Vaya recognizes the employees focused efforts to steer the Company's performance to greater heights even during turbulent period of Covid pandemic. The human capital of your Company has demonstrated high motivation and spirit to face the new age challenge on the technology front. The HR policies focus on making your Company an employee oriented, profitable, and growing business organization over a more extended period. The Company has been continuously emphasizing a healthy work environment, mutual respect and empathy at workplace to foster a healthy and happy workforce.

During the year under review, the Company has conducted several team engagement activities. The events were attended by all the employees. These events included business updates from leadership, team building activities, group discussions and fun activities.

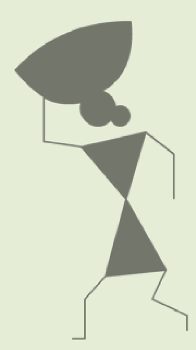
Your Directors are delighted to inform that the Company has been recognized as "Great Place to Work" for the fourth time by Great Place to Work®.

## 10. Internal Control System

The Company has adequate Internal controls, driven by various policies and procedures which are reviewed periodically. The Internal Audit function is responsible for independently evaluating the adequacy and effectiveness of all internal controls, Information Security Controls, Risk Management, governance systems and processes and is manned by appropriately skilled, experienced, and qualified personnel.

In compliance to the Section 138 and 134(5)(e) of the Companies Act, 2013, your Company has its own Internal Audit team led by Head Internal Audit. Each branch is audited at least once in three months. The Information System is in place and operates as a part of Internal audit team, to identify and address technology and IT related security issues commensurate with the nature and complexities of its operations. The Internal Audit Department operates under the Audit and Risk Management Committee. The reports on Internal Audit are placed periodically before the Committee as well as the Board. The Committee ensures all the procedures are properly authorized, documented, described, and monitored.

The Internal Audit department and compliance function ensure adherence to internal processes and procedures as well as regulatory and legal requirements and provide timely feedback to management for corrective action to minimize the underlying risks, if any.



### 11. 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.

### 12. Particulars of Loans, Guarantee or Investments

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

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

| Particulars | (₹ in crore) | |
|---|---|---|
| | FY22 | FY21 |
| Term loans | 27.15 | 27.67 |
| Securitisation arrangements | 9.57 | 12.06 |
| Bank Overdraft | 0.67 | -- |
| Security against First Loss Default Guarantee on BC arrangements | -- | 23.10 |
| Total | 37.38 | 62.83 |

### 13. Particulars of Contracts or Arrangements with Related Parties

The Company has adopted a Board approved policy for Related Party Transactions. The policy provides for identification, necessary approvals by Audit & Risk Management Committee/Board and disclosure requirements in compliance with the requirements of Companies Act, 2013. The same is displayed on the website of the Company at www.vayaindia.com.

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

However, as per Indian Accounting Standard-24 issued by the Institute of Chartered Accountants of India, the "Notes to Accounts" of Balance sheet consists of following transactions:
- The remuneration paid to Executive Director and Key Managerial Personnel,
- Sitting fees paid to Non-Executive Directors for the Board meeting(s) and.

### 14. Corporate Governance

The Company is committed to follow best Corporate Governance practices and adheres to the Corporate Governance requirements set by the Regulators under the applicable laws/regulations. In line with the foregoing, the Company has Internal guidelines on Corporate Governance which act as a guide to the Company on the best practices of Corporate Governance.

A separate section on Corporate Governance standards followed by the Company and the relevant disclosures, as stipulated in Companies Act, SEBI regulations, RBI regulations and rules made thereunder is set out in **Annexure-1** of this report.

### 15. Corporate Social Responsibility

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-2** of this report in format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company at www.vayaindia.com.

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

**a. Conservation of energy and Technology absorption, Adaptation and Innovation:**

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

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

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

| | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Inflow | Nil | Nil |
| Outflows | 0.0328 | 0.019 |

## 17. Risk Management:

Risk Management at Vaya includes risk identification, risk assessment, risk measurement and risk mitigation with main object to minimize the negative impact on profitability and capital. The Company is exposed to various risks that are an inherent part of financial sector.

The Risk Management Policy frames an independent Risk Governance structure, in line with the industry best practices and is focused on the context of separation of duties and ensure the independence of risk measurement, monitoring and control functions of the Company. The various risk factors of your Company are monitored and reviewed through "Audit & Risk Management Committee" which meets at regular intervals and provide detailed reports and recommendations to Board from time to time.

## 18. Disclosure on establishment of Vigil Mechanism

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

## 19. Employees Stock Option Plan

Your Company has instituted Stock Option Plans to enable its employees to participate in your Company's future growth and financial success. Your Company provides its employees a platform for participating in important decision making and instilling long term commitment towards future growth of Company by way of rewarding them through Stock Options.

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

The Company issued 18,44,500 stock options have been granted or shares have been issued under ESOP Plan 2020 out of which 4,27,500 options were lapsed by the end of financial year 21-22 due to resignations.

| Date of grant of Options | No. of options granted | Vesting date | Vested Options | No. of exercised options | Exercise Price(₹) | Variation in terms of options | Money realized by exercise of Options |
|---|---|---|---|---|---|---|---|
| 02.11.2020 | 12,99,500 | 01.11.2021 | 33% | NA | 37/- | Nil | Nil |
| | | 01.11.2022 | 33% | NA | 37/- | Nil | Nil |
| | | 01.11.2023 | 34% | NA | 37/- | Nil | Nil |
| 24.12.2020 | 5,45,000 | 23.12.2021 | 33% | NA | 37/- | Nil | Nil |
| | | 23.12.2022 | 33% | NA | 37/- | Nil | Nil |
| | | 23.12.2023 | 34% | NA | 37/- | Nil | Nil |

| Employee wise details of Options: | Name of the Employee | Designation | No. of options granted |
|---|---|---|---|
| Options received more than 5% of grant | Mr. Madhu Rama Murthy Vishnubhatla | Head (Sr. VP) – Business Operations | 1,50,000 |
| | Mr. Aripirala Satyaprasad | Head (VP) – HR & Training | 1,00,000 |
| | Mrs. Megha Ashish Nainani | VP Finance and Accounts | 1,00,000 |
| Key Managerial Employees | Mrs. Deepika Singh | Company Secretary | 25,000 |

**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 Sweat Equity Shares to the employees.
c. Significant and material orders passed by the regulators or courts or tribunal.
d. Significant orders passed by the authorities which impact the going concern status and Company's operationsin future.
e. Any application or proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.
f. Difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions

**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 the Company. It forms part of the Annual Report.

**22. Auditors**

**a. Statutory Auditors:**

During the year under review, RBI has introduced Guidelines for appointment of Statutory Auditors vide its circular No. RBI/ 2021 – 22/ 25 Ref. No. DoS. CO. ARG/ SEC. 01/ 08. 91.001/ 2021 - 22 dated April 27, 2021. Under the said guidelines, RBI has introduced eligibility criteria for appointment of auditors and also restricted their tenure in NBFCs to three (3) years. Accordingly, M/s Walker Chandiok & Co. LLP, Chartered Accountants, who were appointed for a period of five (5) years (out of which three (3) years completed) became ineligible to continue as a Statutory Auditors in the Company.

The Board placed on record its sincere appreciation for the services rendered by M/s Walker Chandiok & Co. LLP, during their tenure as statutory auditors of the Company.

M/s Manohar Chowdhry & Associates, FRN 001997S, Chartered Accountants, Hyderabad was appointed as the Statutory Auditors in the 8th Annual General Meeting held in the year 2021 for a term of three years, who shall hold office until the conclusion of the 11th Annual General Meeting held in the year 2024.

The Auditors' Report does not contain any reservation, qualification or adverse remarks and their report together with notes to Financial Statements are self-explanatory and hence do not call for any further comments under Section 134 of the Act.

**b. Secretarial Auditors:**

Pursuant to Section 204 of the Companies Act, 2013, M/s R & A Associates, Practicing Company Secretaries, Hyderabad was appointed as Secretarial Auditors of the Company to conduct the Secretarial Audit for the FY 2021-22. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The Report of Secretarial Auditors for the FY 2021-22 is annexed to this report as **Annexure - 3.** There are no observations, reservations or adverse remarks in the Secretarial Audit Report for FY 2021-22.

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

The Company has zero tolerance towards any act on the part of any executive which may fall under the ambit of 'Sexual Harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman executive working in the Company. The Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace provides for protection against sexual harassment of women at workplace and for prevention and redressal of complaints. Also, in its endeavour to spread awareness on the policy and ensure compliance by all the executives, the Company has implemented a plan of action to disseminate the information and train the executives on effective implementation of the policy.

The Company has complied with the provisions relating to constitution of Internal Committees under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

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

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

As on March 31, 2022, the Company complies with 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 Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

**b. Maintenance of cost accounts and records as specified by the Central Government:**

Being a Non-Banking Financial Company (NBFC-MFI), the Company is not required to maintain cost records as per Section 148(1) of the Companies Act, 2013.

**c. Annual Return:**

In accordance with the provisions of Companies Act, 2013, the Annual Return of the Company in the prescribed Form MGT 7 will be made available on the website of the Company www.vayaindia.com after the completion of the Annual General Meeting.

**d. Reporting of frauds by the Auditors:**

During the Financial Year 2021-22, pursuant to Section 143(12) of the Companies Act, 2013, neither the Statutory Auditors nor the Secretarial Auditors of the Company have reported any instances of frauds committed in the Company.

**26. 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 had been followed along with proper explanations relating to material departures, if any.

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of 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 the Companies Act, 2013 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.

**27. Acknowledgements**

Your Directors take this opportunity to express their deep and sincere gratitude to the customers of the Company for their confidence and patronage, as well as to the Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs and other Regulatory Authorities for their cooperation, support and guidance.

Your Directors would like to express a deep sense of appreciation for the commitment shown by the employees in supporting the Company. We would also like to thank all our valued partners, Lenders, Banks, Financial Institutions, and stakeholders who have played a significant role for their continuous support to the Company.

**For and on behalf of the Board of Directors**

**Dr. Vikram Akula**
Non-Executive Chairman
DIN: 00906907

Place: Los Angeles
Date: August 10, 2022

# Annexure-1
## Report on Corporate Governance

A report for the Financial Year ended March 31, 2022 on the compliance by the Company with Corporate Governance requirements, is furnished below:

**1. Company's Philosophy on Corporate Governance:**

A clearly structured and fully implemented corporate governance system is the Company's highest priority. Good corporate governance is the basis for decision making and control processes.

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

**2. Board of Directors**

**a. Composition of the Board and its meetings:**

The Board provides leadership and strategic guidance in shaping procedures and process for value creation. The key focus areas included adherence to regulatory compliance, creating a strong technological backbone to mitigate IT and operational risk, talent management and CSR commitments.

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 blend of Independent and Non – Independent Directors to maintain the independence of the Board and to separate the Board functions of governance from management of the Company.

The Board comprises of total five directors having considerable professional expertise and experience. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. None of the directors of the Company are related to each other. The Managing Director & CEO is responsible for the conduct of the Business and the day-to- day affairs of the Company. The Independent Directors do not have any pecuniary relationship or transactions with the Company (other than sitting fees), Promoters and Management, which may affect independence or judgement of the Directors in any manner.

None of the Directors are disqualified as per the provisions of Section 164 of the Companies Act, 2013. There has been no change in the Directors and KMPs during the year under review.

The Board met 4 (four) times i.e., once in every quarter. Due to Covid – 19, almost all the meetings of the Board and the Committees excluding Annual General Meeting were held only through video conferencing. The quorum requirements were adequately met, and all circular resolutions were recorded in the minutes of succeeding meetings. The gap between any two meetings did not exceed 120 days. Further, the Company has adopted and adhered to Secretarial Standards as prescribed by The Institute of Company Secretaries of India and approved by Government of India.

Agenda papers containing all necessary information/documents are made available to the Board/Committees in advance. Presentations are made by the concerned managers to the Board, subject to compliance with legal requirements. Considerable amount of time is spent by the Directors on discussions and deliberations at the Board/Committee meetings.

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.

**The composition of the Board and their attendance details are as follows:**

| Name | DIN | 26-Jun-2021 | 25-Sep-2021 | 13-Nov-2021 | 12-Feb-2022 | Attendance at the last AGM |
|---|---|---|---|---|---|---|
| Dr. Vikram Akula (Non- Executive Director) | 00906907 | ✓ | ✓ | ✓ | ✓ | ✗ |
| Mr. A.V. Sateesh Kumar (Executive Director) | 01769871 | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Bikshamaiah Gujja (Non-Executive Director) | 03102944 | ✓ | ✓ | ✓ | ✓ | ✗ |
| Ms. Farzana Haque (Independent Director) | 03276127 | ✓ | ✓ | ✓ | ✓ | ✗ |
| Dr. Shankar Ramaswami (Independent Director) | 08863823 | ✓ | ✓ | ✓ | ✓ | ✗ |

**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 its own performance as well as performance of all the Committees and the performance of the Independent Directors. The assessment was based on parameters as mentioned in the Nomination and Remuneration Policy. The entire performance evaluation process was completed to the satisfaction of the Board.

**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.
- Attendance and contributions at Board/Committee meetings.

**d. Remuneration Policy**

The remuneration policy of the Company is performance driven and is structured to motivate employees, recognize their merits & achievements and promote excellence in their performance. The Board of Directors of the Company has on recommendation of NRC, approved the policy for remuneration of Directors and Key Managerial Personnel (KMPs) of the Company.

The Board of Directors is authorized to decide the remuneration of Executive Director of the company. The Non-executive Directors are paid remuneration by way of sitting fees of ₹ 1,00,000 per meeting for attending Board meetings. No sitting fees is paid for attending Committee meetings.

**3. Board Committees:**

The members of the Committees are co-opted by the Board. The company ensures a high level of independence in the composition of the Board Committees. The Board at present, has six Committees:

i. Audit & Risk Management Committee,
ii. Nomination & Remuneration Committee,
iii. Borrowings Committee,
iv. Assets Liability Management Committee,
v. Corporate Social Responsibility Committee and
vi. IT Strategy Committee.

The Board delegate power to these Committees from time to time. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition. All the decisions/recommendations are placed before the Board for information/approval as the case may be. Company Secretary officiates as the Secretary to these Committees. During the financial year, 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. The Board oversees the functioning of the Committees. The minutes of all Committee meetings are placed before the Board for confirmation. Due to Covid – 19, most of the Committee meetings were held through video conferencing.

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

**i. Audit & Risk Management Committee**

The Audit & Risk Management Committee ensures prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. Majority of the members of the Committee are Independent Directors and all the members of the Audit Committee have required qualification and expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management. The Chairman of the Committee is a Non-Executive and Independent director. The Committee act as a link between the management, external & internal auditors and Board of Directors of the Company.

**Composition of the Committee and particulars of Committee meetings:** During the year under review, the Committee met 4 (four) times. The composition and attendance details of the Committee is mentioned in the table below:

| Audit & Risk Management Committee Meetings | Name of the Members | | |
|---|---|---|---|
| | Ms. Farzana Haque (Independent Director) | Dr. Shankar Ramaswami (Independent Director) | Mr. A.V. Sateesh Kumar (Managing Director & CEO) |
| 26-Jun-2021 | ✓ | ✓ | ✓ |
| 25-Sep-2021 | ✓ | ✓ | ✓ |
| 13-Nov-2021 | ✓ | ✓ | ✓ |
| 12-Feb-2022 | ✓ | ✓ | ✓ |

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

i. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
iii. Examination of the financial statement and the auditors' report thereon;
iv. Approval or any subsequent modification of transactions of the Company with related parties;
v. Scrutiny of inter-corporate loans and investments;
vi. Valuation of undertakings or assets of the Company, wherever it is necessary;
vii. Evaluation of internal financial controls and risk management systems;
viii. Monitoring the end use of funds raised through public offers and related matters;
ix. Evaluating the risk mitigation / management system;
x. Monitoring and reviewing of the risk management plan;
xi. To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board;
xii. To discuss any related issues with the internal and statutory auditors and the management of the company;
xiii. To investigate into any matter in relation to the items or referred to it by the Board;
xiv. To obtain professional advice from external sources;
xv. To have full access to information contained in the records of the company.

**ii. Nomination & Remuneration Committee**

The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Section 178 of the Companies Act, 2013 and RBI Regulations. The Committee has been vested with the authority to recommend nominations for Board membership, develop and recommend policies, establish selection and evaluation criteria's and reviews and recommend remuneration packages of the Directors and KMPs. The Nomination and Remuneration policy of the company has been uploaded on the website of the company.

**Composition of the Committee and particulars of Committee meetings:** During the year under review, the Committee met 2 (two) times. The composition and attendance details of the Committee is mentioned in the table below:

| Audit & Risk Management Committee Meetings | Name of the Members | | |
|---|---|---|---|
| | Ms. Farzana Haque (Independent Director) | Dr. Shankar Ramaswami (Independent Director) | Dr. Bikshamaiah Gujja (Non-Executive Director) |
| 26-Jun-2021 | ✓ | ✓ | ✓ |
| 25-Sep-2021 | ✓ | ✓ | ✓ |

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

i. Formulation of a policy governing, appointment and removal of Board of Directors.
ii. Laying down criterion for evaluation of Directors' performance.
iii. Formulation of a policy to determine compensation of executive members such as CEO etc. and key managerial personnel
iv. Implementation and review of compensation guidelines devised.
v. Review and establish succession plans in senior management of the Company.
vi. Review incentives to be given in addition to the existing payment plans.
vii. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;
viii. Recommend to the Board their appointment and removal shall carry out evaluation of every Directors performance
ix. Formulate the criteria for determining qualifications, positive attributes and independence of a Director; and
x. Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

### iii. Borrowing Committee

The Borrowing Committee was constituted with a view to ascertain and meet fund requirements of the Company through diversified resources as per the applicable provisions of the Companies Act, 2013 and rules made thereunder. It authorizes opening/closing/operating of bank accounts, availing of credit facilities, securitization and direct assignment transactions etc.

**Composition of the Committee and particulars of Committee meetings:** During the year under review, the Committee met 10 (ten) times. The composition and attendance details of the Committee is mentioned in the table below:

| Borrowing Committee Meetings | Name of the Members | | |
|---|---|---|---|
| | Dr. Vikram Akula (Non- Executive Director) | Mr. A.V.Sateesh Kumar (Executive Director | Dr. Bikshamaiah Gujja (Non-Executive Director) |
| 29-Apr-2021 | ✓ | ✓ | ✓ |
| 02-Aug-2021 | ✓ | ✓ | ✓ |
| 16-Sep-2021 | ✗ | ✓ | ✓ |
| 25-Sep-2021 | ✓ | ✓ | ✓ |
| 08-Oct-2021 | ✗ | ✓ | ✓ |
| 25-Nov-2021 | ✓ | ✓ | ✓ |
| 12-Feb-2022 | ✓ | ✓ | ✗ |
| 04-Mar-2022 | ✗ | ✓ | ✓ |
| 23-Mar-2022 | ✓ | ✓ | ✓ |
| 29-Mar-2022 | ✓ | ✓ | ✗ |

**The terms of reference of Borrowing Committee are as under:**

i. To review and recommend funding strategy of the Company;
ii. To review the funding mix from time to time to ensure mitigation of risk concentration in terms of specific lender or lender class;
iii. To review cash flows and liquidity levels;
iv. To review the funding pipelines on a periodic basis;
v. To approach Banks, Financial Institutions, All India Financial Institutions, NBFCs, other entities/ lenders for obtaining loans, debentures, convertible instruments, Bonds, other instruments or such other agreed form of loans;
vi. To review and finalize the terms and conditions and approve the loan/borrowing facilities (including but not limited to term loans, revolving term loans, cash credit, overdraft, commercial papers, convertible/ non-convertible debentures/bonds, External Commercial Borrowings (ECBs), securitisation and direct assignment transactions, etc.) from both domestic and foreign Banks (including all types of Banks), Financial Institutions (including All India Financial Institutions), Non-Banking Finance Companies (NBFCs), Developmental Financial Institutions (DFIs), or other entities, persons, firms, bodies corporate in Indian or foreign currency) within the specified limits;
vii. Nominate and designate representative(s) to carry out the required documentation for the abovementioned facilities approved by this Committee
viii. To enter and sign the agreements, deeds, documents, papers etc. for obtaining the abovementioned facilities.
ix. Power/authority to open bank accounts in the name of the Company.
x. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable law from time to time.

### iv. Assets Liability Management Committee

As per the RBI Master Directions, the Assets Liability Management Committee was formed to oversee the implementation of Asset Liability management system and review its functioning periodically. The Managing Director & CEO is the Chairman of the Committee. During the year under review, the Committee was reconstituted on September 25, 2021.

**Composition of the Committee and particulars of Committee meetings:** During the year under review, the Committee met 4 (four) times. The composition and attendance details of the Committee is mentioned in the table below:

| Asset Liability Management Committee Meetings | Name of the Members | | | |
|---|---|---|---|---|
| | Mr. A.V. Sateesh Kumar (Managing Director & CEO) | Mr. S. Lakshminaryanan (Chief Financial Officer) | Mr. Shashank Shankpal (AVP- Finance and Accounts) | Mr. Kishan Kumar Reddy# (Head-Internal Audit & Risk) |
| 26-Jun-2021 | ✓ | ✓ | ✓ | -- |
| 25-Sep-2021 | ✓ | ✓ | ✓ | ✓ |
| 13-Nov-2021 | ✓ | ✓ | ✓ | ✓ |
| 12-Feb-2022 | ✓ | ✓ | ✓ | ✓ |

#Admitted as member on September 25, 2021

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

i. Addressing concerns regarding asset liability mismatches;
ii. Achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity;
iii. Addressing concerns regarding interest rate risk exposure;
iv. To continuously review the fund requirement of Company on monthly and quarterly basis in accordance with the ongoing business plan;
v. To review the cash management and optimum utilisation of the funds available to the company at frequent intervals;
vi. To review the fund position in each prescribed Asset Liability Management (ALM) buckets;
vii. To review, examine and approval of statements viz; liquidity statements, funds statements interest sensitivity statements, other statements etc; and
viii. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

**v. 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. The Committee monitors the overall CSR activities of the Company.

**Composition of the Committee and particulars of Committee meetings:** During the year under review, the Committee met 2 (two) times. The composition and attendance details of the Committee is mentioned in the table below:

| Corporate Social Responsibility Committee Meetings | Name of the Members | | |
|---|---|---|---|
| | Ms. Farzana Haque (Independent Director) | Mr. A.V.Sateesh Kumar (Managing Director & CEO) | Dr. Bikshamaiah Gujja (Non-Executive Director) |
| 26-Jun-2021 | ✓ | ✓ | ✓ |
| 25-Sep-2021 | ✓ | ✓ | ✓ |

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

i. Draft the CSR policy and recommend the same to the Board for approval.
ii. Review and recommend any new CSR initiatives to be taken up by the company including the selection/ appointment of implementation agencies.
iii. Review the progress of CSR projects already undertaken by the company and the utilization of budgets for each such projects.
iv. Review and recommend the CSR report to be included in the Board's Report.
v. Review and recommend any amendments to be made in the CSR policy of the Company.
vi. To carry such other functions as may be delegated to it by the Board relating to CSR.

**vi. 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. The functions of IT Strategy Committee includes approval of IT policies and to ascertain the requirement of IT resources for achieving strategic goals of the Company.

**Composition of the Committee and particulars of Committee meetings:** During the year under review, the Committee met 2 (two) times. The composition and attendance details of the Committee is mentioned in the table below:

| IT Strategy Committee Meetings | Name of the Members | | |
|---|---|---|---|
| | Ms. Farzana Haque (Independent Director) | Mr. A.V.Sateesh Kumar (Managing Director & CEO) | Mr. Sridhar Sivalenka* (CTO & CIO) |
| 26-Jun-2021 | ✓ | ✓ | ✓ |
| 13-Nov-2021 | ✓ | ✓ | ✗ |

*Mr. Sridhar Sivalenka Ceased to be member w.e.f July 31, 2022

# Mr. Srikanth U.L admitted as member w.e.f August 10, 2022

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

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

ii. Ascertaining that management has implemented processes and practices 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.

**4. General Body Meetings:**

**a. Annual General Meeting (AGM):**

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

| Financial Year | Date | Time (IST) | Venue | Special resolutions |
|---|---|---|---|---|
| 2020-21 | 27-Sep-2021 | 11.00AM | Registered Office | • Approval for issuance of Bonds/Debt Securities /Non-Convertible Debentures etc. upto ₹ 600 Crore. |
| 2019-20 | 30-Sep-2020 | 11.00 AM | Registered Office | • Approval for issuance of Bonds/Debt Securities /Non-Convertible Debentures etc. upto ₹ 500 Crore. |
| 2018-19 | 30-Sep-2019 | 3.00 PM | Registered Office | • Ratification of dividend paid to the Compulsory Convertible Preference Shareholders<br>• Consideration and approval of issuance of Non-Convertible Debentures (NCDs /Debt Securities / Bonds upto ₹ 300 Crore. |

**b. Extraordinary General Meeting (EGM):**

During the year under review, No Extraordinary General Meetings was convened.

**5. Shareholders' Communication**

All important information relating to the Company, its financial performance, shareholding pattern, business information, policies are posted as per RBI regulations and LODR regularly on Company's website. The quarterly, half yearly and annual financial results of the Company are normally published in "Business Standard" and other newspapers. These results are also available on BSE website and company's website. The company also send various communications including documents like notice and Annual reports to the shareholders at their email address.

**6. General Information for Members and Debenture holders**

The Secured, Redeemable, Non-Cumulative, Non-Convertible Debentures issued by the Company on a private placement basis were listed on the BSE. The Company has complied with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended till date and SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (earlier SEBI (Issue and Listing of Debt Securities) Regulations, 2008).

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

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

**i. Debenture Trustees**

Catalyst Trusteeship Limited ("Trustee")
Add: Windsor, 6th Floor, Office No. 604, CST Road, Kalina,
Santacruz (East), Mumbai-400098
Ph No: 022-49220555
E-Mail: ComplianceCTL-Mumbai@ctltrustee.com

**ii. Registrar and Transfer Agents**

Link Intime India Private Limited
Add: C 101, 247 Park, L B S Marg Vikhroli (West)
Mumbai- 400083
Ph No: 022 - 4918 6000
E-mail: equityca@linkintime.co.in; debtca@linkintime.co.in

**7. Applicability of Corporate Governance report:**

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

**For and on behalf of the Board of Directors**

**Dr. Vikram Akula**
Non-Executive Chairman
DIN: 00906907

Place: Los Angeles
Date: August 10, 2022

# Annexure-2

## Annual Report on Corporate Social Responsibility (CSR) Activity

[Pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **Brief outline on CSR Policy of the Company:**

Vaya aims to contribute towards nation building and make a meaningful and measurable impact in people's lives.

Vaya undertakes CSR initiatives to promote principles of social responsibility and inclusive growth through awareness and support, strengthen the trust of its stakeholders, including society at large and establish the company as a responsible corporate entity.

Through its Corporate Social Responsibility ethos, Vaya has created stakeholder value by participating projects based on unique models with scalable and sustainable impact. Guided by its Corporate Social Responsibility Policy (CSR), the company has delivered internal and external positive socio-environmental impact by following a unique approach.

Being a Non-Banking Financial Company engaged in the business of providing financial services to the women entrepreneur in rural areas, the Company prefers to spend in the activities for empowering women and children by participating in educational and entrepreneurship programs.

2. **The composition of the CSR Committee:**

| Sl. No | Name of Director | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Ms. Farzana Haque | Member, Independent, Non-Executive Director | 2 | 2 |
| 2 | Mr. A.V. Sateesh Kumar | Member, Non-Independent, Executive Director | 2 | 2 |
| 3 | Dr. Bikshamaiah Gujja | Member, Non-Independent, Non-Executive Director | 2 | 2 |

3. **Web-link for details on Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board:**

Details of Composition of the CSR Committee & CSR Policy is available on the website of the Company i.e., http://www.vayaindia.com/about-us

4. **Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:**

During the year under review, Impact assessment was not applicable to the Company

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

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

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

6. **Average net profit of the company as per section 135(5):** ₹ 21.33 crore

7. **CSR Obligation:**

| Sl. No | Particulars | Amount (₹) |
|---|---|---|
| a. | Two percent of average net profit of the company as per section 135(5) | 42,67,000 |
| b. | Surplus arising out of the CSR projects or programs or activities of the previous financial years | Nil |
| c. | Amount required to be set off for the financial year, if any | Nil |
| **d.** | **Total CSR obligation for the financial year (7a+7b-7c)** | **42,67,000** |

8. **Details of CSR Spent during the Financial Year:**

During the year 2021-22, the Company spent a total of ₹ 43,00,000/- on CSR projects through Implementing agencies out of which ₹ 34,50,000/- has been spent for CSR activities. A breakdown of the manner in which this expenditure was made has been depicted in the table given below:

a. **CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of transfer. |
| 34,50,000 | Not Applicable | | Refer note below# | | |

#The Company is in process to recall the unspent amount of ₹ 8,50,000/- and will transfer it to Schedule VII Funds within the prescribed time limit.

b. **Details of CSR amount spent against ongoing projects for the financial year:**

| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount allocated and spent for the project (in ₹) | Mode of implementation - Direct (Yes/ No). | Mode of implementation - Through implementing agency. | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State. | District. | | | Name. | CSR registration number. |
| Not Applicable | | | | | | | | | |

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

| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project. | | Amount approved by the Company | Amount spent for the project (in ₹) | Mode of implementation - Direct (Yes/ No) | Mode of implementation - Through implementing agency. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | | Name | CSR registration number |
| 1 | Providing leadership skills to youth | Livelihood enhancement projects; | Yes | All states | -- | 6,00,000 | 6,00,000 | No | 1 Million For 1 Billion (1M1B) | CSR00006598 |
| 2 | Providing Education to poor and orphan children | Education | No | Odisha | Kendrapara | 9,00,000 | 9,00,000 | No | Al Farooque Educational Trust | CSR00005464 |
| 3 | Providing support to children who have limited financial means | Livelihood enhancement projects; | No | Odisha | Cuttack | 1,00,000 | 1,00,000 | No | Al-Kairulwara Educational Trust | CSR00005374 |
| 4 | Child welfare program including education, medical care, etc | Education, Poverty, hunger, malnutrition | No | Odisha | Cuttack | *8,00,000 | 3,00,000 | No | Yusuf Memorial Trust | CSR00005635 |
| 5 | Program for educating girl child | Education | No | Rajasthan, Madhya Pradesh and Uttar Pradesh | All districts | 1,50,000 | 1,50,000 | No | Foundation to Educate Girls Globally | CSR00001166 |
| 6 | Providing support to women entrepreneurs to start up and scale up their businesses | Women empowerment | Yes | All states | -- | *2,00,000 | -- | No | Catalyst for Women Entrepreneurship (CWE) | CSR00015567 |
| 7 | Providing support to youth and encourage for creative thinking | Livelihood enhancement projects; | Yes | Karnataka | All districts | 14,00,000 | 14,00,000 | No | INK Foundation (Ixoraa Knowledge Foundation) | CSR00020392 |
| 8 | Providing support for uplifting the lives of local poor people | Education, Poverty, hunger, malnutrition | No | Odisha | Khorda | *1,50,000 | -- | No | Hashim Abdullah Trust (Jazba) | CSR00023809 |
| | Total | | | | | 43,00,000 | 34,50,000 | | | |

*The difference amount between the amount approved by the Company and amount spent by the CSR Implementation agencies will be recalled and the Company will transfer it to the Schedule VII Funds within the prescribed time limit.

d. **Amount spent in Administrative Overheads:** Nil

e. **Amount spent on Impact Assessment, if applicable:** Not Applicable

f. **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 43,00,000

g. **Excess amount for set off, if any:** ₹ 33,000

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

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| Not Applicable | | | | | | | |

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

| Sl. No | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project - Completed /Ongoing. |
|---|---|---|---|---|---|---|---|---|
| Not Applicable | | | | | | | | |

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

a. Date of creation or acquisition of the capital asset(s): None
b. Amount of CSR spent for creation or acquisition of capital asset: Nil
c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.: Not Applicable
d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable.

**For and on behalf of the Board of Directors**

**Dr. Vikram Akula**
Non-Executive Chairman
DIN: 00906907

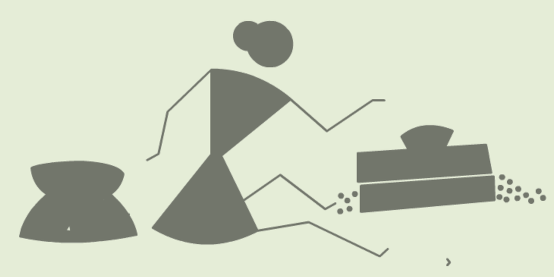
**Place:** Los Angeles
**Date:** August 10, 2022

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

**Place:** Hyderabad
**Date:** August 10, 2022

**Ms. Farzana Haque**
Chairman, CSR Committee
DIN: 03276127

**Place:** Mumbai
**Date:** August 10, 2022



# Annexure-3
## FORM NO. MR-3
## SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**To**
**The Members,**
**Vaya Finserv Private Limited,**
**(CIN: U67190TG2014PTC093562),**
SLN Terminus, #4-51/SLNT/L4-05, Gachibowli,
Kondapur Road, Hyderabad-500032, Telangana, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VAYA FINSERV PRIVATE LIMITED** (hereinafter referred to 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 31st March, 2022 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2022 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (**Not applicable to the Company during the Audit Period**)
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not applicable to the Company during the Audit Period**)
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (**Not applicable to the Company during the Audit Period**)
    c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not applicable to the Company during the Audit Period**)
    d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**Not applicable to the Company during the Audit Period**)
    e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    f. The Securities and Exchange Board of India (Issue and Listing of NonConvertible Securities) Regulations, 2021;
    g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable to the Company during the Audit Period**)
    i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (**Not applicable to the Company during the Audit Period**)
    j. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

k. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. The Company has identified the following laws as specifically applicable to the Company.
   a. Master Direction- Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
   b. Master Direction- Information Technology Framework for the NBFC Sector.
   c. Master Direction- Know Your Customer (KYC) Direction, 2016.
   d. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.
   e. Master Direction- Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.
   f. Master Circular- 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFis) - Directions.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India;
2. The Listing Agreements entered into by the Company with BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in few instances there was delay in Intimations to the Stock Exchange under Regulation 60 of SEBI (LODR) Regulations, 2015.

**We further report that:**

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

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

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

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

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

**For R&A Associates,**
**Company Secretaries**

**Ramakrishna Gupta**
**Senior Partner**
**FCS No: #5523**
**COP No.: #6696**
**UDIN: F005523D000623107**

**Place: Hyderabad**
**Date: 14th July, 2022**

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

# Annexure -A

**To**
**The Members,**
**Vaya Finserv Private Limited,**
**(CIN: U67190TG2014PTC093562),**
SLN Terminus, #4-51/SLNT/L4-05, Gachibowli,
Kondapur Road, Hyderabad-500032, Telangana, India.

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

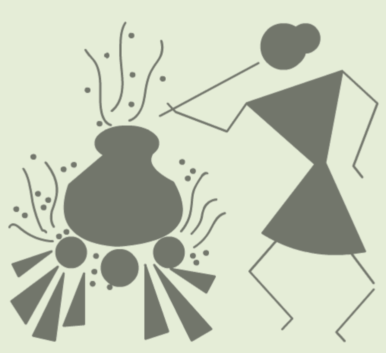
Maintenance of Secretarial Records is the responsibility of the management of **VAYA FINSERV PRIVATE LIMITED** ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.

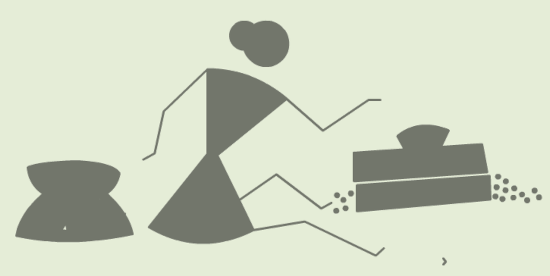
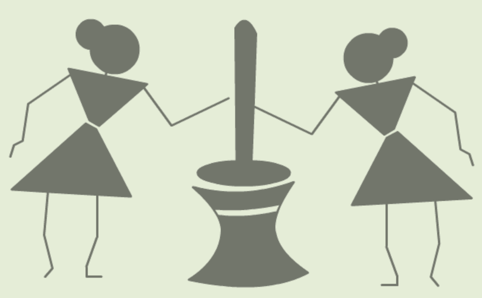
1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
3. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. 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.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For R&A Associates,**
**Company Secretaries**

**Ramakrishna Gupta**
**Senior Partner**
**FCS No: #5523**
**COP No.: #6696**
**UDIN: F005523D000623107**

**Place: Hyderabad**
**Date: 14th July, 2022**




# Independent Auditor's Report

# INDEPENDENT AUDITOR'S REPORT

To the Members of **VAYA FINSERV PRIVATE LIMITED**

**Report on the Audit of the Ind AS Financial Statements**

## Opinion

We have audited the accompanying Ind AS Financial Statements of M/s Vaya Finserv Private Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS 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 audit opinion on the Ind AS Financial Statements.

## Emphasis of Matter

We also draw attention to note 2 of the notes to accounts of the accompanying Ind AS financial statements which describes the impact due to COVID-19 pandemic on the company's operations and recoverability of its assets.

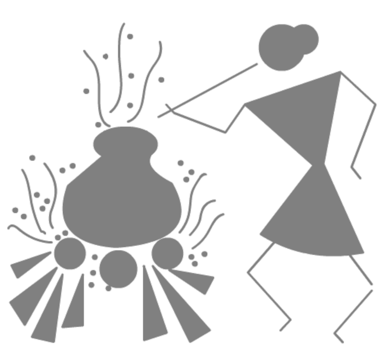
Our Opinion is not modified in respect of this matter.

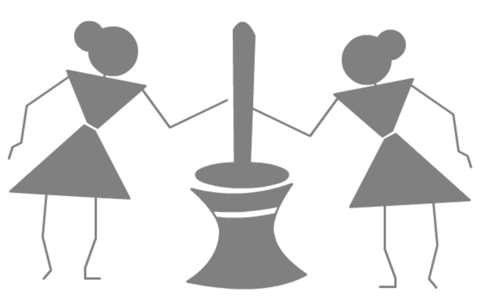
## Key Audit Matters

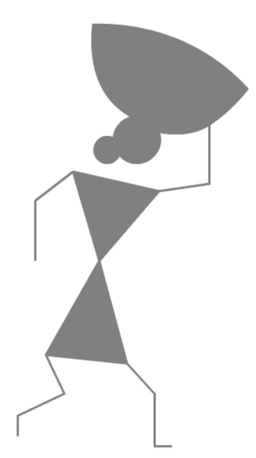
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements for the financial year ended 31st March, 2022. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS Financial Statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **(a) Impairment of financial instruments (loans and trade receivables) (Refer "e" of the significant accounting policies and 38 A.4 and A.5 to accounts of the Ind AS Financial Statements)** | |
| Ind AS 109 Financial instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the Standard. In the process of applying such principles and other requirements of the Standard, a significant degree of judgement has been applied by the management in respect of following matters:<br>a. Grouping of Loan assets and trade receivables under homogenous pools in order to determine probability of default (PD) on a collective basis.<br>b. Determining the staging of loans and trade receivables.<br>c. Determining effect of past defaults on future probability of default.<br>d. Estimation of management overlay for macroeconomic factors which could impact the ECL provisions.<br>e. Estimation of loss given default (LGD) based on past recovery rates.<br>Further, in light of the business disruption caused due to the COVID-19 situation, the management has done an assessment of the impact on the ECL on the abovementioned financial assets by duly considering various field reports. The management has used certain statistical assumptions/models to stress test the PDs and the LGDs derived from its model to arrive at a probable impact on COVID-19 on the ECL provision. These assumptions and judgements used have an inherent uncertainty of the actual impact of COVID-19 and the impact may be ifferent from these estimates.<br>Given the complexity, significant judgement and the uncertainty of impact of COVID-19 involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter | • Our audit procedures included considering the Company's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109.<br>• We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.<br>• We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Company in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors.<br>• We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgement made by the management. The actual impact may vary from the estimates made by the management.<br>• We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.<br>• We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spread sheets.<br>We assessed the disclosures included in the Ind AS Financial Statements with respect to such allowance/ estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures |





| (b) 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.<br><br>Improper configuration of the IT systems or system generated reports could lead to material misstatement of revenues, accordingly we identified the above as a significant risk in our audit. | We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing,<br><br>• 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;<br><br>• Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above;<br><br>• Tested the completeness and accuracy of the data extracted from the aforesaid systems and performed recalculations to verify the appropriateness of revenue recognized (including cut off procedures) on a test basis; Tested relevant manual and IT dependent controls relating to revenue process including the controls relating to data migration between the operational system and financial accounting system;<br><br>• Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that request for access to systems were appropriatelyreviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization.<br><br>• 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;<br><br>• Performed analytical procedures over disaggregated data of revenue transactions during the audit period to identify any unusual trends / patterns warranting additional audit procedures; |

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report including Annexures thereto but does not include the, Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Ind AS Financial Statements**

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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended. 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

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

**Auditor's Responsibility for the Audit of Ind AS Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS Financial Statements for the financial year ended 31st March, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

d. In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS Financial Statements and the operating effectiveness of such controls, refer to separate Report in "**Annexure B**" to this report;

g. The provisions of section 197 read with Schedule V of 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 for the year ended 31st March, 2022.

h. With respect to the other matters to be included in the Auditors' 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 on 31st March, 2022;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as on 31st March, 2022;

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 31st March, 2022;

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

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

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations as provided under (a) and (b) above, contain any material mis-statement.

v. There were no dividends declared or paid during the year by the company.

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**For Manohar Chowdhry & Associates**
Chartered Accountants
Firm Regn. No.: 001997S

**KSB Subramanyam**
Partner
M.No:208981
UDIN: 22208981AJITUZ6598

Place: Hyderabad
Date: 21.05.2022

**Annexure A to the Independent Auditor's Report**

**The Annexure referred to in Independent Auditor's Report to the members of the Company on the Ind AS Financial Statements for the year ended 31st March, 2022, we report that:**

i. a. (A) "In our opinion, the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment as follows:
Situation, Quantity, Original Cost, Date of purchase, Date of put to use, useful life, residual value, rate of depreciation and particulars regarding sale/disposal/destruction, etc"

(B) The Company has maintained proper records showing full particulars of intangible assets.

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

c. The company does not own any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) and hence reporting under clause 3(i)(c) of the Order is not applicable to the company.

d. The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year and hence reporting under clause 3(i)(d) of the Order is not applicable to the company.

e. As per the information and explanation given and as per our audit procedures, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and hence reporting under clause 3(i)(e) of the Order is not applicable to the company.

ii. a. The Company does not have any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the company.

b. The company do not have any sanctioned limits in aggregate in excess of rupees Five crores from any bank or Financial Institution and hence reporting under clause 3(ii)(b) of the Order is not applicable to the company.

iii. a. The company is a registered NBFC-Micro finance Institution, holding valid licence from the Reserve Bank of India and hence the principal nature of business is lending unsecured, incomegenerating loans to various women in rural areas of India who are enrolled as members and organised as Joint Liability Groups (Microfinance Loans). Since, principal business of the company is to give loans, reporting under clause iii(a) of the Order is not applicable to the company.

b. As the company's principal business is extending microfinance loans , all the loans disbursed during the year are as per the product terms and conditions and in compliance with RBI regulations. Terms and conditions are uniform across to all borrowers and hence, in our opinion, terms and conditions under which loans are given to borrowers are not prejudicial to the company's interest.

c. In respect of such above loans, schedule of repayment of principal and interest have been stipulated in the loan agreement and repayments are regular as per the loan terms subject to over dues as reported in clause 3(iii)(d) below

d. The company classifies all the loans outstanding as at the end of the reporting period/s, in compliance with RBI prudential norms and accordingly, overdue amounts outstanding including interest, beyond 90 days are as below.

| Number of Loan accounts | Amount Overdue including interest (Rs in Cr) | Extent of delay | Remarks |
|---|---|---|---|
| 27,273 | 22.72 | Beyond 90 days | Categorised as per the RBI prudential norms on Income recognition and Asset classification |

The company has an effective mechanism for monitoring and reporting of all overdue accounts on a regular basis and for recovery of the same

e. Since, principal business of the company is to give loans, reporting under clause iii(e) of the Order is not applicable to the company.

f. The company has not granted any loans or advances in the nature of loans to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013, and hence reporting under clause iii(f) of the Order is not applicable to the company.

iv. In our opinion, the company has not entered into any transactions covered under Sec 185 and Sec 186 of the Act and accordingly reporting under Clause 3(iv) of the Order is not applicable to the company.

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, reporting under clause 3(v) of the Order is not applicable to the company.

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, reporting under the clause 3(vi) of the Order is not applicable to the company.

vii. a. Undisputed statutory dues including provident fund, employees' state insurance, income tax, Tax deducted at Source, Goods and Services tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in 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, Goods and Service tax, Value added Tax, Tax deducted at Source, sales-tax, service tax, duty of customs and duty of excise that have not been deposited with the appropriate authorities on account of any dispute.

viii. In our opinion and as per the information and explanations given to us, no such instances of disclosure of incomes to tax authorities in the tax assessments, which were not recorded in the books of accounts maintained by the company, as per the provisions of Sec. 43 of the Income tax Act, 1961, were noticed and hence reporting under clause 3(viii) of the Order is not applicable to the company.

ix. a. According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not defaulted in repayment of loans or other borrowings including interest thereon to any lender during the year.

b. According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority during the year.

c. In our opinion and according to the information and explanations given to us, and on the basis of our audit procedures, the company has utilized the moneys obtained by way of term loans during the year for the purposes for which they were obtained though temporary idle funds, which are not required for immediate utilisation, were kept in liquid funds and repayable on demand.

d. In our opinion and according to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

e. In our opinion and according to the information and explanations given to us, the Company does not have any Subsidiary or Associate and it has not entered into joint venture with any organization and hence reporting under clause 3(ix)(e) of the Order is not applicable to the company.

f. In our opinion and according to the information and explanations given to us, the Company does not have any Subsidiary or Associate and it has not entered into joint venture with any organization and hence reporting under clause 3 (ix) (f) of the Order is not applicable to the company

x. a. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order, is not applicable to the company.

b. The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable to the company.

xi. a. In our opinion and according to the information and explanations provided to us, no material fraud by the Company or on the Company has been noticed or reported during the period covered by our audit. However, few cases of cash embezzlement were reported during the year.

b. During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c. As represented to us by the management, and as per the audit procedures adopted by us, there are no whistle blower complaints received by the company during the year.

xii. In our opinion, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii)(a), (b) and (c) of the Order is not applicable to the company.

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. a. In our opinion and based on our examination, the company has in house internal audit system and has defined scope and monitoring procedures in place and hence is commensurate with the size and nature of its business.

b. We have considered the internal audit reports of the company issued till date for the period under audit.

xv. According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

xvi. a. 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 under the category "NBFC-NDMFI" (Non-Banking Finance Company-Non-deposit taking- Micro Finance Institution) and such registration is valid as on the reporting date.

b. Since the company is conducting its principal business activity with a valid Certificate of Registration (CoR), reporting under clause 3 xvi(b) of the order is not applicable to the company.

c. The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, and hence reporting under clause 3 xvi(c) of the order is not applicable to the company.

d. Since the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, and hence reporting under clause 3 xvi(d) of the order is not applicable to the company.

xvii. The company has not incurred cash losses in the current financial year and also in the immediately preceding financial year.

xviii. There has been a resignation of Statutory auditors during the year, having completed three years as the Statutory auditors of the company and in compliance with RBI circular change in the regulation, vide Ref. No. DoS.CO.ARG / SEC.01/08.91.001 / 2021-22 dated 27 April 2021 (the "Notification"), for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). No separate issues or objections or concerns were raised by the outgoing auditors in the resignation letter submitted by them.

xix. According to the information and explanations given to us and on the basis of the historical data, financial ratios including Asset Liability Management ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, discussions and minutes of the Asset Liability Management Committee, our knowledge of the Board of Directors and management plans of cash flow management, as minuted in the statutory records of the company, credit rating reports issued by the rating agencies and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due."

xx. a. The company has spent the amounts as required by the provisions of Sec. 135 of the Companies Act, as per the recommendations of the CSR Committee through various trusts in accordance with Schedule VII of the Act on or before the end of the year. The company do not have any unspent portion under Corporate Social Responsibility as on the Balance sheet and hence reporting under clause no. 3 xx(a) of the Order is not applicable to the company.

b. The company has spent the amounts as required by the provisions of Sec. 135 of the Companies Act, as per the recommendations of the CSR Committee through various trusts in accordance with Schedule VII of the Act on or before the end of the year. The company do not have any unspent portion under Corporate Social Responsibility as on the Balance sheet and hence reporting under clause no. 3 xx (b) of the Order is not applicable to the company.

xxi. The company do not require to prepare consolidated financial statements and hence reporting under clause 3 (xxi) of the Order is not applicable to the company.

**For Manohar Chowdhry & Associates**
Chartered Accountants
Firm Regn. No.: 001997S

**KSB Subramanyam**
Partner
M.No:208981
UDIN: 22208981AJITUZ6598

Place: Hyderabad
Date: 21.05.2022

**Annexure B to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Vaya Finserv Private Limited**

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

We have audited the internal financial controls over financial reporting of Vaya Finserv Private Limited ("the Company") as of 31st March, 2022 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with respect to the Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with respect to the Ind AS Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with respect to the Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with respect to the Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with respect to these Ind AS Financial Statements.

**Meaning of Internal Financial Controls Over Financial Reporting with respect to the Ind AS Financial Statements**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting with respect to the Ind AS Financial Statements**

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

## Opinion

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

**For Manohar Chowdhry & Associates**
Chartered Accountants
Firm Regn. No.: 001997S

**KSB Subramanyam**
Partner
M.No:208981
UDIN: 22208981AJITUZ6598

Place: Hyderabad
Date: 21.05.2022

# Vaya Finserv Private Limited

## Balance Sheet as at 31 March 2022

(All amounts in ₹ lakhs except otherwise stated)

| | Notes | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 4 | 32,149 | 20,046 |
| Bank balances other than cash and cash equivalents | 5 | 3,738 | 6,282 |
| Trade receivables | 6 | 93 | 1,973 |
| Loans | 7 | 1,14,244 | 71,097 |
| Other financial assets | 8 | 367 | 542 |
| | | **1,50,591** | **99,940** |
| **Non-financial assets** | | | |
| Current tax assets (net) | 9 | 486 | 287 |
| Deferred tax assets (net) | 10 | 1,142 | 1,276 |
| Property, plant and equipment | 11 | 279 | 396 |
| Other intangible assets | 12 | 3 | 5 |
| Other non-financial assets | 13 | 86 | 95 |
| | | **1,996** | **2,059** |
| **Total Assets** | | **1,52,587** | **1,01,999** |
| **Liabilities and Equity** | | | |
| **Liabilities** | | | |
| **Financial liabilities** | | | |
| Debt securities | 14 | 34,051 | 25,419 |
| Borrowings (other than debt securities) | 15 | 85,220 | 41,054 |
| Other financial liabilities | 16 | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | 1 | 1 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,808 | 5,210 |
| | | **1,21,080** | **71,684** |
| **Non-financial liabilities** | | | |
| Current tax liabilities | 9 | - | 140 |
| Provisions | 17 | 302 | 280 |
| Other non-financial liabilities | 18 | 199 | 230 |
| | | **501** | **650** |
| **Equity** | | | |
| Equity share capital | 19 | 9,089 | 9,089 |
| Other equity | 20 | 21,917 | 20,576 |
| | | **31,006** | **29,665** |
| **Total Liabilities and Equity** | | **1,52,587** | **1,01,999** |
| Summary of significant accounting policies | 3 | | |

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

**K.S.B. Subramanyam**
Partner
Membership No.: 208981

**Place:** Hyderabad
**Date:** 21 May 2022

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

**Vikram Akula**
Non-Executive Chairman
DIN: 00906907

**Place:** Seattle
**Date:** 21 May 2022

**Sateesh Kumar AV**
Managing Director & CEO
DIN : 01769871

**Place:** Hyderabad
**Date:** 21 May 2022

**S. Lakshminarayanan**
Chief Financial Officer

**Place:** Hyderabad
**Date:** 21 May 2022

**Deepika Singh**
Company Secretary
Membership No.: FCS11733

**Place:** Hyderabad
**Date:** 21 May 2022

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

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

# Vaya Finserv Private Limited

## Statement of Profit and Loss for the year ended 31 March 2022

(All amounts in ₹ lakhs except otherwise stated)

| | | Notes | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|---|---|
| 1 | **Revenue from operations** | | | |
| | Interest income | 21 | 18,938 | 15,137 |
| | Fee and commission income | 22 | 2,138 | 815 |
| | Net gain on fair value changes | 23 | 508 | 190 |
| | Revenue from contract with customers | 24 | - | 3,484 |
| | Net gain on derecognition of financial instrument | 25 | - | 228 |
| | **Total revenue from operations** | | **21,584** | **19,854** |
| 2 | Other income | 26 | 103 | 275 |
| 3 | **Total income (1+2)** | | **21,687** | **20,129** |
| 4 | **Expenses** | | | |
| | Finance costs | 27 | 9,439 | 7,635 |
| | Impairment on financial instruments | 28 | 3,482 | 4,474 |
| | Employee benefits expenses | 29 | 5,001 | 4,844 |
| | Depreciation and amortisation expense | 30 | 108 | 153 |
| | Other expenses | 31 | 1,808 | 1,726 |
| | **Total expenses (4)** | | **19,838** | **18,832** |
| 5 | **Profit before tax (3-4)** | | **1,849** | **1,297** |
| 6 | **Tax expense** | 32 | | |
| | Current tax | | | |
| | - Current Year | | (432) | (1,109) |
| | - Previous Year | | (5) | - |
| | Deferred tax | | (130) | 766 |
| | | | **(567)** | **(343)** |
| 7 | **Profit for the year (5-6)** | | **1,282** | **954** |
| 8 | **Other comprehensive income** | | | |
| | **Items that will not be reclassified to profit or loss** | | | |
| | Remeasurement gains/(losses) on defined benefit plans | | 11 | (39) |
| | Income tax relating to the above | | (3) | 10 |
| | **Other comprehensive income for the year** | | **8** | **(29)** |
| 9 | **Total comprehensive income for the year (7+8)** | | **1,290** | **925** |
| 10 | **Earnings per equity share (face value of ₹ 10 each)** | 33 | | |
| | Basic (₹) | | 1.41 | 1.63 |
| | Diluted (₹) | | 1.41 | 1.63 |
| | Summary of significant accounting policies | 3 | | |

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

**K.S.B. Subramanyam**
Partner
Membership No.: 208981

**Place:** Hyderabad
**Date:** 21 May 2022

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

**Vikram Akula**
Non-Executive Chairman
DIN: 00906907

**Place:** Seattle
**Date:** 21 May 2022

**Sateesh Kumar AV**
Managing Director & CEO
DIN : 01769871

**Place:** Hyderabad
**Date:** 21 May 2022

**S. Lakshminarayanan**
Chief Financial Officer

**Place:** Hyderabad
**Date:** 21 May 2022

**Deepika Singh**
Company Secretary
Membership No.: FCS11733

**Place:** Hyderabad
**Date:** 21 May 2022

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

This is the statement of profit and loss referred to in our report of even date.

# Vaya Finserv Private Limited

## Statement of Changes in Equity for the year ended 31 March 2022

(All amounts in ₹ lakhs except otherwise stated)

**A Equity share capital**

| | Balance as at 01 April 2020 | Change in equity share capital | Balance as at 31 March 2021 | Change in equity share capital | Balance as at 31 March2022 |
|---|---|---|---|---|---|
| Equity shares of ₹ 10 each, issued, subscribed and fully paid up | 2,734 | 6,216 | 8,950 | - | 8,950 |
| Equity shares of ₹ 10 each, issued, subscribed and partly paid up of ₹ 1 each | - | 139 | 139 | - | 139 |
| | **2,734** | **6,355** | **9,089** | **-** | **9,089** |

**B Other equity**

| Particulars | Equity component of compound financial instruments | Reserves and Surplus | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Statutory Reserve | Securities premium | General reserve | Share option outstanding account | Retained earnings | |
| **Balance as at 1 April 2020** | **13,250** | **775** | **22** | **-** | **-** | **1,786** | **15,833** |
| Profit for the year | - | - | - | - | - | 954 | **954** |
| Other comprehensive income (net of tax) | - | - | - | - | - | (29) | **(29)** |
| Conversion of CCPS to Equity (refer note 20(b)(ii)) | (13,250) | - | 9,486 | - | - | 250 | **(3,514)** |
| Transfer to statutory reserves | - | 191 | - | - | - | (191) | **-** |
| Issue of equity shares | - | - | 7,298 | - | - | - | **7,298** |
| Employee stock option expense | - | - | - | - | 34 | - | **34** |
| **Balance as at 31 March 2021** | **-** | **966** | **16,806** | **-** | **34** | **2,770** | **20,576** |
| Profit for the year | - | - | - | - | - | 1,282 | **1,282** |
| Other comprehensive income (net of tax) | - | - | - | - | - | 8 | **8** |
| Transfer to statutory reserves | - | 256 | - | - | - | (256) | **-** |
| Employee stock option expense | - | - | - | - | 51 | - | **51** |
| **Balance as at 31 March 2022** | **-** | **1,222** | **16,806** | **-** | **85** | **3,804** | **21,917** |

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

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

**K.S.B. Subramanyam**
Partner
Membership No.: 208981

**Place:** Hyderabad
**Date:** 21 May 2022

**Vikram Akula**
Non-Executive Chairman
DIN: 00906907

**Place:** Seattle
**Date:** 21 May 2022

**Sateesh Kumar AV**
Managing Director & CEO
DIN : 01769871

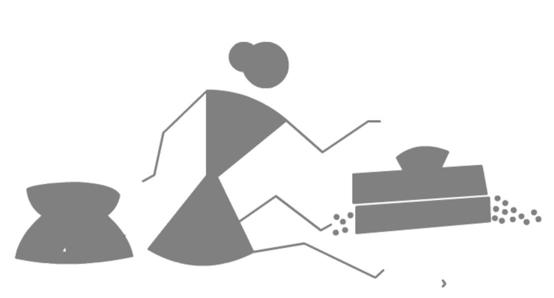
**Place:** Hyderabad
**Date:** 21 May 2022

**S. Lakshminarayanan**
Chief Financial Officer

**Place:** Hyderabad
**Date:** 21 May 2022

**Deepika Singh**
Company Secretary
Membership No.: FCS11733

**Place:** Hyderabad
**Date:** 21 May 2022



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

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

# Vaya Finserv Private Limited

## Cash Flow Statement for the year ended 31 March 2022

(All amounts in ₹ lakhs except otherwise stated)

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit before tax** | **1,849** | **1,297** |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation and amortisation | 108 | 153 |
| Impairment on financial instruments | 3,903 | 4,474 |
| Net (gain)/loss on fair value changes | (508) | (190) |
| Interest income on term deposits | (369) | (155) |
| Finance costs on leases and sub-ordinated liabilities | 32 | 65 |
| Effective interest rate adjustment for financial instruments | 118 | 20 |
| Revenue recognised as business correspondent | - | 325 |
| Net gain on dereognition of financial instrument | - | 17 |
| Income from Direct Assignment | 133 | - |
| Share based payments to employees | 51 | 34 |
| Net (gain)/loss on derecognition of property, plant and equipment | 1 | 3 |
| **Operating profit before working capital changes** | **5,318** | **6,043** |
| **Working capital changes** | | |
| (Increase)/decrease in loans | (46,211) | (8,583) |
| (Increase)/decrease in trade receivables | 1,460 | (389) |
| (Increase)/decrease in other financial assets | 42 | (209) |
| (Increase)/decrease in other non financial assets | 9 | 32 |
| Increase/(decrease) in other financial liabilities | (4,165) | 319 |
| Increase/(decrease) in provisions | 34 | 23 |
| Increase/(decrease) in other non financial liabilities | (31) | (5) |
| **Cash used in operating activities** | **(48,862)** | **(8,812)** |
| Income taxes paid (net) | (776) | (692) |
| **Net cash used in operating activities (A)** | **(44,320)** | **(3,461)** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (28) | (22) |
| Proceeds from sale of property, plant and equipment | 39 | 291 |
| Interest received on fixed deposits with bank | 534 | 44 |
| Investments in fixed deposit | (2,326) | (3,455) |
| Redemption of fixed deposit | 4,705 | 1,841 |
| Investments in mutual funds | (1,20,549) | (59,759) |
| Proceeds from sale of mutual funds | 1,21,057 | 60,006 |
| **Net cash used in investing activities (B)** | **3,432** | **(1,054)** |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings (other than debt securities) | 78,659 | 37,278 |
| Repayment of borrowings (other than debt securities) | (27,990) | (32,826) |
| Repayment of lease liability | (73) | (72) |
| Proceeds from issuance of debt securities | 5,870 | 6,700 |
| Repayment of debt securities | (3,475) | (2,000) |
| Proceeds from issue of equity shares including share premium | - | 10,139 |
| Dividend paid | - | (638) |
| **Net cash generated from financing activities (C)** | **52,991** | **18,581** |
| **Net movement in cash and cash equivalents (A+B+C)** | **12,103** | **14,066** |

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

**K.S.B. Subramanyam**
Partner
Membership No.: 208981

**Place:** Hyderabad
**Date:** 21 May 2022

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

**Vikram Akula**
Non-Executive Chairman
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**Place:** Seattle
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**Sateesh Kumar AV**
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**Place:** Hyderabad
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**S. Lakshminarayanan**
Chief Financial Officer

**Place:** Hyderabad
**Date:** 21 May 2022

**Deepika Singh**
Company Secretary
Membership No.: FCS11733

**Place:** Hyderabad
**Date:** 21 May 2022

# Vaya Finserv Private Limited

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

| | | |
|---|---|---|
| Cash and cash equivalents as at the beginning of the year | 20,046 | 5,980 |
| **Cash and cash equivalents as at the end of the year (refer note 4)** | **32,149** | **20,046** |

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

## 1 Background or Corporate Information

Vaya Finserv Private Limited('Company') is domiciled in India and incorporated under the provisions of Companies Act, 2013. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ('RBI') with effect from 4 May 2017. The Company provides unsecured loans to women in rural and semi urban areas and organised as Joint Liability Groups ('JLG'). The Company is also engaged in providing financial inclusion services through a "Business Correspondent model" by partnering with select banks/financial institutions and acting as their business correspondent in specified territories.

**Basis of preparation of financial statements in liquidity format**

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

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

The financial statements for the year ended 31 March 2022 were authorised and approved for issue by the Board of Directors on 21 May 2022.

### 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 Uncertainties relating to Covid-19 Pandemic

Consequent to the outbreak of the COVID-19 pandemic, its impact, including changes in customer behaviour and pandemic fears, as well as restriction of business and individual activities, had led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The current financial year experienced two back-to-back waves of COVID 19. While the impact of the second wave was quite severe, the third wave had a lower impact both on the public health and the economy. The restrictions imposed by the Government in both the waves were more localised and for a limited period. Business Operations resumed normalcy towards the later half of the financial year. The Company's capital and liquidity position remains sufficient and would continue to be the focus area for the Company; accordingly, the Company does not expect a stress on its liquidity situation in the immediate future.

The Company has recognized provisions as on 31 March 2022, towards its loan assets, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these financial statements.

## 3 Summary of significant accounting policies

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

### a. Property, plant and equipment

**Recognition and initial measurement**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as ppropriate, 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)**

## Vaya Finserv Private Limited

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

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

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

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

**Derecognition**

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

**b. Intangible assets**

**Recognition and initial measurement**

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

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

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

**c. Revenue recognition**

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

**Interest and processing fee income on loans**

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

**Income from assignment transactions**

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

**Income from business correspondent services**

Income from business correspondent services is recognised as and when the services are rendered (refer note 42).

**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**

# Vaya Finserv Private Limited

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

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

**Non-derivative financial assets**

**Subsequent measurement**

**i. Financial assets carried at amortised cost**

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

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

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

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

**ii. Investments in mutual funds**

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

**Derecognition of financial assets**

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

**Non-derivative financial liabilities**

**Subsequent measurement**

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

**Derecognition of financial liabilities**

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

**First loss default guarantee ('FLDG')**

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 were given to banks and financial institutions, for whom the Company used to 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.

As on 31 March 2022, there is no liability outstanding on account of FLDG. The company has settled all the FLDG liabilities and obtained NOCs from respective banks/financial institutions.

**Compound financial instruments**

# Vaya Finserv Private Limited

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

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

**Offsetting of financial instruments**

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

**Determination of fair value**

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

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

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

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

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

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

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

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

**e. Impairment of financial assets**

**Loan assets**

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

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

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

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

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

**Probability of Default (PD)**

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

**Loss Given Default (LGD)**

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

**Exposure at Default (EAD)**

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

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

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

**Trade receivables**

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

**Other financial assets**

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

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

**Write-offs**

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

**f. Taxation**

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

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

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

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

**Vaya Finserv Private Limited**

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

**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 net off Fair value of plan assets 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**

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

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

**l. Leases**

**As a lessee**

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

**i. Right of use assets**

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

**ii. Lease liabilities**

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

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

**m. Earning per share**

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

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

**n. Cash flow statements**

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

# Vaya Finserv Private Limited

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

**o. Segment reporting**

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

**p. Significant management judgement in applying accounting policies and estimation uncertainty**

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

**Significant management judgements**

**Recognition of deferred tax assets**

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

**Business model assessment**

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

**Evaluation of indicators for impairment of assets**

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

**Expected credit loss ('ECL')**

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

i. Determining criteria for significant increase in credit risk;

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

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

**Share based Payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 45.

**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.

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**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 2022 | As at 31 March 2021 |
|---|---|---|---|
| **4** | **Cash and cash equivalents** | | |
| | Cash on hand | 10 | 21 |
| | Balances with banks | 8,809 | 7,818 |
| | -Balances with banks in current account | 23,330 | 12,207 |
| | -Bank deposit with maturity of less than 3 months* | **32,149** | **20,046** |

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

| | | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **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 | 3,738 | 6,282 |
| | | **3,738** | **6,282** |

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

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Term loans | 2,715 | 2,767 |
| Securitisation arrangements | 956 | 1,205 |
| Security against first loss default guarantee | - | 2,310 |
| Bank overdraft | 67 | - |
| | **3,738** | **6,282** |

| | | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **6** | **Trade receivables** | | |
| | Considered good - Unsecured* | 93 | 1,973 |
| | **Total Gross** | 93 | 1,973 |
| | Less: Impairment loss allowance | - | - |
| | **Total Net** | **93** | **1,973** |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

*Trade receivables are non interest bearing and primarily from very reputed and creditworthy parties, and the contractual terms are such that the expected credit loss is immaterial and hence no separate disclosures are 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.

**Trade Receivables ageing schedule**

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 93 | - | - | - | - | **93** |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | **-** |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | **-** |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | **-** |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | **-** |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | **-** |

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **7. Loans** | | |
| **A. At amortised cost** | | |
| **Term loans** | | |
| Joint liability loans (unsecured) | 1,19,636 | 75,973 |
| **Total Gross** | **1,19,636** | **75,973** |
| Less: Impairment loss allowance | (5,392) | (4,876) |
| **Total Net** | **1,14,244** | **71,097** |
| **B. Loans in India** | | |
| Public sector | - | - |
| Others (unsecured) | 1,19,636 | 75,973 |
| **Total Gross** | **1,19,636** | **75,973** |
| Less: Impairment loss allowance | (5,392) | (4,876) |
| **Total Net** | **1,14,244** | **71,097** |
| **8. Other financial assets** | | |
| Security deposits | 66 | 57 |
| Interest strip receivable on direct assignment | 22 | 200 |
| Other recoverables | 321 | 457 |
| | **409** | **714** |
| Less: Impairment loss allowance | 42 | 172 |
| | **367** | **542** |
| **9. Current tax assets/(liabilities) (net)** | | |
| Balance of previous financial years | 287 | 287 |
| Current financial year: | | |
| Advance income tax and tax deducted at source | 631 | 969 |
| Less: Provision for income tax | (432) | (1,109) |
| | 199 | (140) |
| **Total Current tax assets/(liabilities) (net)** | **486** | **147** |
| **10. Deferred tax assets/(liabilities) (net)** | | |
| **Tax effect of items constituting deferred tax assets/(liabilities)** | | |
| Employee benefit expenses | 89 | 79 |
| Amortisation of transaction cost/income on assets on finance as per EIR | 88 | 58 |
| Impairment allowance for loans | 1,102 | 1,489 |
| Income on securitization of loan assets | (188) | (298) |
| Gain on direct assignment of loans | (0) | (34) |
| Impact of difference between tax depreciation/amortisation | 16 | 14 |
| Others | 35 | (32) |
| **Total Deferred tax assets/(liabilities) (net)** | **1,142** | **1,276** |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**Movement in above mentioned deferred tax assets/(liabilities) as on 31 March 2022**

| Particulars | As at 01 April 2021 | Recognised in statement of profit and loss | Recognised in OCI | As at 31 March 2022 |
|---|---|---|---|---|
| Employee benefit expenses | 79 | 13 | (3) | 89 |
| Amortisation of transaction cost/income on assets as per EIR | 58 | 30 | - | 88 |
| Impairment allowance for loans | 1,489 | (387) | - | 1,102 |
| Income on securitization of loan assets | (298) | 110 | - | (188) |
| Gain on direct assignment of loans | (34) | 34 | - | (0) |
| Impact of difference between tax depreciation/amortisation | 14 | 2 | - | 16 |
| Others | (32) | 67 | - | 35 |
| **Total** | **1,276** | **(131)** | **(3)** | **1,142** |

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

| Particulars | As at 01 April 2020 | Recognised in statement of profit and loss | Recognised in OCI | As at 31 March 2021 |
|---|---|---|---|---|
| Employee benefit expenses | 55 | 14 | 10 | 79 |
| Amortisation of transaction cost/income on assets as per EIR | 53 | 5 | - | 58 |
| Impairment allowance for loans | 618 | 871 | - | 1,489 |
| Income on securitization of loan assets | (83) | (215) | - | (298) |
| Gain on direct assignment of loans | (38) | 4 | - | (34) |
| Impact of difference between tax depreciation/amortisation | 6 | 8 | - | 14 |
| Others | (112) | 80 | - | (32) |
| **Total** | **499** | **767** | **10** | **1,276** |

As there is virtual certainty of future taxable profits, the company has recoginsed the deferred tax asset.

## 11. 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 2020** | **280** | **157** | **120** | **15** | **634** | **1,206** |
| Additions | 2 | 2 | - | 18 | 41 | 63 |
| Disposal of assets | 12 | 8 | 2 | - | 368 | 390 |
| **Balance as at 31 March 2021** | **270** | **151** | **118** | **33** | **307** | **879** |
| Additions | 2 | 7 | 0 | 18 | - | 27 |
| Disposal of assets | - | 6 | - | 15 | 70 | 91 |
| **Balance as at 31 March 2022** | **272** | **152** | **118** | **36** | **237** | **815** |
| **Accumulated depreciation** | | | | | | |
| **As at 1 April 2020** | **192** | **37** | **67** | **9** | **124** | **429** |
| Charge for the year | 55 | 15 | 18 | 2 | 60 | 150 |
| Reversal on disposal of assets | 11 | 4 | 1 | - | 80 | 96 |
| **Balance as at 31 March 2021** | **236** | **48** | **84** | **11** | **104** | **483** |
| Charge for the year | 21 | 15 | 14 | 4 | 51 | 105 |
| Reversal on disposal of assets | - | 3 | - | 11 | 37 | 51 |
| **Balance as at 31 March 2022** | **257** | **60** | **98** | **4** | **118** | **537** |
| **Net block** | | | | | | |
| **Balance as at 31 March 2021** | **34** | **103** | **34** | **22** | **203** | **396** |
| **Balance as at 31 March 2022** | **15** | **93** | **20** | **32** | **118** | **279** |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **12. Intangible assets** | | |
| | **Software** | **Total** |
| **Gross Block** | | |
| **Gross Carrying Value** | | |
| **As at 1 April 2020** | **13** | **13** |
| Additions | - | - |
| Disposal of assets | - | - |
| **Balance as at 31 March 2021** | **13** | **13** |
| Additions | - | - |
| Disposal of assets | - | - |
| **Balance as at 31 March 2022** | **13** | **13** |
| **Accumulated depreciation** | | |
| **As at 1 April 2020** | **5** | **5** |
| Charge for the year | 3 | 3 |
| Reversal on disposal of assets | - | - |
| **Balance as at 31 March 2021** | **8** | **8** |
| Charge for the year | 3 | 3 |
| Reversal on disposal of assets | - | - |
| **Balance as at 31 March 2022** | **11** | **11** |
| **Net block** | | |
| **Balance as at 31 March 2021** | **5** | **5** |
| **Balance as at 31 March 2022** | **3** | **3** |
| **13. Other non-financial assets** | | |
| **Unsecured, considered good** | | |
| Balance with government authorities | 78 | 79 |
| Prepaid expenses | 8 | 16 |
| | **86** | **95** |
| **14. Debt securities** | | |
| **Secured (at amortised cost)** | | |
| Redeemable non-convertible debentures (A) | 26,463 | 24,042 |
| Borrowings under securitisation arrangement (B) | 7,588 | 1,377 |
| | **34,051** | **25,419** |
| Borrowings in India | 15,380 | 9,162 |
| Borrowings outside India (payable in indian currency) | 18,671 | 16,257 |
| | **34,051** | **25,419** |
| **A. Redeemable non-convertible debentures** | | |
| 410 No's, 13.90% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.a) | 2,048 | 4,086 |
| 350 No's, 13.70% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.b) | 2,618 | 3,491 |
| 440 No's, 12.40% p.a Secured, Rated, Listed, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.c) | 3,846 | 4,394 |
| 230 No's, 12.40% p.a Secured, Unsubordinated, Rated, Unlisted, Transferable, Redeemable Non-convertible debentures of ₹0 lakhs each (refer note 1.d) | 2,298 | 2,296 |
| 430 No's, 13.86% p.a Secured, Rated, Listed, Transferable, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.e) | 4,294 | 4,286 |
| 300 No's, 13% p.a. Secured, Unlisted, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.f) | 3,000 | 3,000 |
| 250 No's, 13.90% p.a. Secured, Rated, Unlisted, Transferable, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.g) | 2,494 | 2,489 |
| 367 No's, 12.40% p.a. Secured, Rated, Listed, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.h) | 3,667 | - |
| 220 No's, 12.40% p.a. Secured, Rated, Listed, Redeemable Non-convertible debentures of ₹ 10 lakhs each (refer note 1.i) | 2,198 | - |
| | **26,463** | **24,042** |

**Note**

1. 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. 13.90% NCD, principal is redeemed on 20 May 2022. The interest along with applicable withholding taxes is payable semi-annually.
   b. 13.70% NCD, principal shall be redeemable of ₹ 2,625 Lakhs on 22 October 2025. The interest along with applicable withholding taxes is payable semi-annually.
   c. 12.40% NCD, principal shall be redeemable in two remaining instalments of ₹ 550 Lakhs and ₹ 3,300 Lakhs on 28 November 2022 and 24 November 2023 respectively. The interest along with applicable withholding taxes is payable semiannually.
   d. 12.40% NCD, principal shall be redeemable in two instalments of ₹ 800 Lakhs and ₹ 1,500 Lakhs on 31 May 2022 and 30 Mar 2023 respectively. The interest is compounded monthly and payable quarterly.
   e. 13.86% NCD, principal shall be redeemable in single instalment on 02 June 2022. The interest along with applicable withholding taxes is payable semi-annually.
   f. 13.00% NCD, principal shall be redeemable in single instalment on 12 December 2022. The interest is payable annually.
   g. 13.90% NCD, principal shall be redeemable in single instalment on 31 March 2023. The interest is compounded monthly and payable quarterly.
   h. 12.40% NCD, principal shall be redeemable in two instalments of ₹ 918 Lakhs and ₹ 2752 Lakhs on 31 July 2023 and 30 July 2024 respectively.The interest along with applicable withholding taxes is payable semi-annually.
   i. 12.40% NCD, principal shall be redeemable in two instalments of ₹ 550 Lakhs and ₹ 1650 Lakhs on 21 August 2023 and 20 August 2024 respectively. The interest along with applicable withholding taxes is payable semi-annually.

**B. Borrowings under securitisation arrangement**

a. Represents securities issued by the Special Purpose Vehicles (SPVs) to the investors pursuant to the securitisation arrangement carrying a rate of interest in the range of 9.25%-15.00%.

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **15. Borrowings (other than debt securities)** | | |
| **Borrowings carried at amortised cost** | | |
| Term loans - Secured | | |
| - From banks | 63,179 | 22,069 |
| - From others | 21,336 | 16,733 |
| - Through Commercial paper | - | 1,942 |
| Overdraft - Secured | 500 | - |
| Lease liability | 205 | 310 |
| | **85,220** | **41,054** |
| Borrowings in India | 85,220 | 41,054 |
| Borrowings outside India | - | - |
| | **85,220** | **41,054** |

**Note**

a. Term loan from banks and financial institutions are secured by hypothecation of loans receivable of the Company.
b. Fixed deposits amounting to ₹ 2782 Lakhs (31 March 2021: ₹ 2767 lakhs) have been pledged towards availing term loans and overdraft facility from banks and financial institutions.
c. The Company has not defaulted in repayment of term loans or overdraft loans.
d. The Company has availed Third party Guarantee to the extent of ₹ 586 lakhs in respect of five term loans.
e. Refer note 15 (A) for terms of repayments.

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**15 (A) Repyament details of debt securities and borrowings (other than debt securities) for the year ended 31 March 2022**

| Original Maturity | Interest rate | Due within 1 year | | Due between 1 to 2 years | | Due between 2 to 3 years | | Due between 3 to 5 years | | Due between 5 to 6 years | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of Installments | Amount | No. of Installments | Amount | No. of Installments | Amount | No. of Installments | Amount | No. of Installments | Amount | |
| **Terms of repayment of borrowings** | | | | | | | | | | | | |
| **Monthly** | | | | | | | | | | | | |
| 1-3 years | 8.01% - 9.00% | 18 | 1,920 | 12 | 960 | 5 | 400 | - | - | - | - | **3,280** |
| | 9.01% - 10.00% | 132 | 17,460 | 91 | 11,217 | 22 | 1,310 | - | - | - | - | **29,987** |
| | 10.01% - 11.00% | 112 | 10,131 | 74 | 6,431 | 1 | 58 | - | - | - | - | **16,620** |
| | 11.01% - 12.00% | 28 | 2,374 | 12 | 1,000 | 12 | 1,000 | - | - | - | - | **4,374** |
| | 12.01% - 13.00% | 143 | 4,202 | 44 | 1,080 | - | - | - | - | - | - | **5,281** |
| | 13.01% - 14.00% | 51 | 903 | - | - | - | - | - | - | - | - | **903** |
| | 14.01% - 15.00% | 3 | 162 | - | - | - | - | - | - | - | - | **162** |
| **Quarterly** | | | | | | | | | | | | |
| 1-3 years | 8.01% - 9.00% | 4 | 4,000 | 3 | 3,000 | - | - | - | - | - | - | **7,000** |
| | 9.01% - 10.00% | 12 | 4,470 | 12 | 4,470 | 9 | 3,352 | - | - | - | - | **12,292** |
| | 11.01% - 12.00% | 12 | 2,417 | 12 | 2,417 | 4 | 667 | - | - | - | - | **5,500** |
| | 12.01% - 13.00% | 4 | 333 | 3 | 250 | - | - | - | - | - | - | **583** |
| | 13.01% - 14.00% | 2 | 333 | - | - | - | - | - | - | - | - | **333** |
| **Bullet** | | | | | | | | | | | | |
| 1-3 years | 9.01% - 10.00% | 5 | 4,250 | - | - | - | - | - | - | - | - | **4,250** |
| | 13.01% - 14.00% | 5 | 9,800 | - | - | - | - | - | - | - | - | **9,800** |
| **Others** | | | | | | | | | | | | |
| 1-3 years | 9.01% - 11.00% | 1 | 2,500 | - | - | - | - | - | - | - | - | **2,500** |
| | 11.01% - 13.00% | 4 | 2,850 | 4 | 4,768 | 2 | 4,403 | 1 | 2,625 | - | - | **14,646** |
| | 13.01% - 14.00% | 2 | 2,050 | - | - | - | - | - | - | - | - | **2,050** |
| **Total** | | **538** | **70,154** | **267** | **35,592** | **55** | **11,189** | **1** | **2,625** | **-** | **-** | **119,561** |
| Deferral of net expense on origination of borrowings | | | | | | | | | | | | (494) |
| Lease liability | | | | | | | | | | | | 205 |
| **Grand Total** | | | | | | | | | | | | **119,271** |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**15 (B) Repayment details of debt securities and borrowings (other than debt securities) for the year ended 31 March 2021**

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

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **16. Other financial liabilities** | | |
| Payable to employees | 218 | 180 |
| Interest accrued on debt securities | 827 | 969 |
| Interest accrued on borrowings other than debt securities | 181 | 178 |
| Financial guarantee liability | - | 2,916 |
| Payable towards direct assignment | 127 | 491 |
| Unearned service income | 21 | 66 |
| Other payables | 435 | 411 |
| | **1,809** | **5,211** |

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

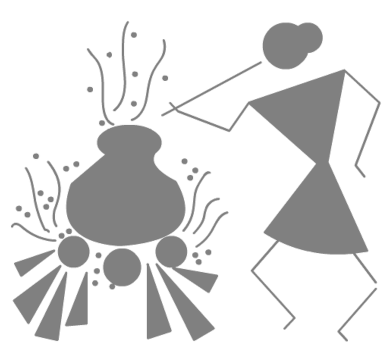
No trade or other payable are due to the directors or other officers of the company either severally or jointly with any other person. Nor any trade or other payable are due to the firms or private companies respectively in which any director is a partner, a director or a member.

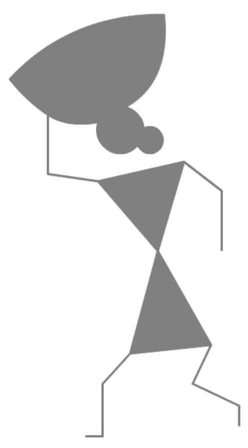
| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| i. Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006) | 1 | 1 |
| ii. Interest due thereon remaining unpaid | - | - |
| iii. Interest paid by the Company in terms of Section 16 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. | - | - |

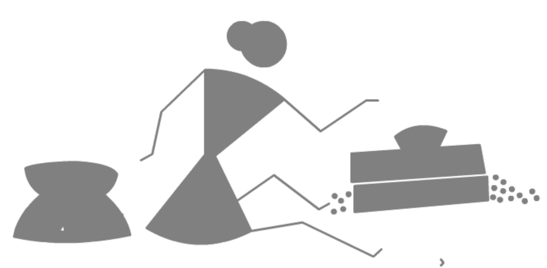
**Trade Payables ageing schedule**

| | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 6 months** | **6 months - 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | 1 | - | - | - | - | **1** |
| (ii) Others | 187 | - | - | - | - | **187** |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv)Disputed dues - Others | - | - | - | - | - | - |

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **17. Provisions** | | |
| Provisions for gratuity (refer note 43) | 238 | 217 |
| Provision for compensation absences | 64 | 63 |
| | **302** | **280** |
| **18. Other non financial liabilities** | | |
| Statutory dues payable | 199 | 230 |
| | **199** | **230** |







# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

## 19. Equity share capital

| **Authorised** | **As at 31 March 2022** | **As at 31 March 2021** |
|---|---|---|
| 104,000,000 (31 March 2021: 104,000,000) Equity shares of ₹ 10 each | 10,400 | 10,400 |
| 100,000,000 (31 March 2021: 100,000,000) Preference shares of ₹ 10 each | 10,000 | 10,000 |
| | **20,400** | **20,400** |
| **Issued, subscribed and fully paid-up** | | |
| 89,505,871 (31 March 2021: 89,505,871) equity shares of ₹ 10 each | 8,950 | 8,950 |
| **Issued, subscribed and partly paid-up** | | |
| 13,871,820 (31 March 2021: 13,871,820) equity shares of ₹ 10 each partly paid-up of ₹ 1 each* | 139 | 139 |
| | **9,089** | **9,089** |

*Balance payable on calls

**a. Reconciliation of shares**

| **Equity shares** | **31 March 2022** | | **31 March 2021** | |
|---|---|---|---|---|
| | **No. of shares** | **Amount** | **No. of shares** | **Amount** |
| At the beginning of the year | 10,33,77,691 | 9,089 | 2,73,43,709 | 2,734 |
| Add: | | | | |
| - Fresh issue during the year (fully paidup) | - | - | 2,70,27,027 | 2,702 |
| - Conversion of CCPS to Equity Shares (fully paidup) | - | - | 35,135,135 | 3,514 |
| - Fresh issue during the year (Partly paidup) | - | - | 1,38,71,820 | 139 |
| **At the end of the year** | **10,33,77,691** | **9,089** | **10,33,77,691** | **9,089** |

**b. Rights, preferences, restrictions of share capital**

i) The Company has single class of equity shares having a par value of ₹ 10 per equity share. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders except for partly paid-up equity shares who are not entitled to any dividend rights and voting rights. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

ii) The Company has converted the 130,000,000 Compulsorily Convertible Preference Shares of ₹ 10 each in to 35,135,135 equity shares of ₹ 10 each at a premium of ₹ 27 per equity share on 5 August 2020.

**c. The details of promoters shareholding of fully paid equity shares is set out below**

| | **As at 31 March 2022** | | **As at 31 March 2021** | |
|---|---|---|---|---|
| | **Number** | **% holding** | **Number** | **% holding** |
| Vaya Trust 2 | 1,98,51,527 | 22.18% | 1,98,51,527 | 22.18% |
| Vaya Trust 4 | 1,92,63,075 | 21.52% | 1,85,57,527 | 20.73% |
| Vaya Trust 3 | 1,81,63,527 | 20.29% | 1,81,63,527 | 20.29% |
| Vaya Trust 1 | 1,78,04,527 | 19.89% | 1,78,04,527 | 19.89% |
| Vaya Trust 5 | 1,24,27,054 | 13.88% | 1,24,27,054 | 13.88% |

d. For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company (refer note 45).

## 20. Other equity

| | | |
|---|---|---|
| Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | 1,222 | 966 |
| Securities premium | 16,806 | 16,806 |
| Share option outstanding account | 85 | 34 |
| Retained earnings | 3,804 | 2,770 |
| **Total** | **21,917** | **20,576** |

**20.1 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.

**20.2 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.

**20.3 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.

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| | | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| **21.** | **Interest income** | | |
| | **On financial assets measured at amortised cost** | 18,563 | 14,681 |
| | Interest on portfolio loans | 135 | 155 |
| | Interest income on deposits from banks (Unencumbered) | 240 | 301 |
| | Other interest income* | **18,938** | **15,137** |

*Other interest income includes Interest on Encumbered deposits from banks ₹ 234 lakhs (31 March 2021: ₹ 297 lakhs) and Interest income on Security Deposits ₹ 6 Lakhs (31 March 2021: ₹ 4 Lakhs)

| | | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| **22.** | **Fee and commission income** | | |
| | Commission income | 971 | 724 |
| | Facilitation fees | 1,167 | 91 |
| | | **2,138** | **815** |
| **23.** | **Net gain on fair value changes** | | |
| | Net gain on financial instruments measured at fair value through profit and loss | 508 | 190 |
| | | **508** | **190** |
| | Fair value changes | | |
| | Realised | 508 | 190 |
| | Unrealised | - | - |
| | | **508** | **190** |
| **24.** | **Revenue from contract with customers** | | |
| | Income from business correspondent operations | - | 3,484 |
| | | **-** | **3,484** |
| **25.** | **Net gain on derecognition of financial instruments** | | |
| | Gain on direct assignment of loans | - | 228 |
| | | **-** | **228** |
| **26.** | **Other income** | | |
| | Interest on income tax refund | - | 37 |
| | Web branding income | - | 6 |
| | Income from subletting | 11 | 15 |
| | Servicing income | 88 | 214 |
| | Miscellaneous income | 4 | 3 |
| | | **103** | **275** |
| **27.** | **Finance costs** | | |
| | On financial liabilities measured at amortised cost: | | |
| | Interest on borrowings other than debt securities | 5,165 | 3,748 |
| | Interest on debt securities | 3,826 | 3,548 |
| | Interest on Commercial Paper | 134 | 154 |
| | Interest on subordinated liabilities | - | 19 |
| | Interest on OD from Banks | 0 | 1 |
| | Other borrowing costs | 313 | 165 |
| | | **9,439** | **7,635** |
| **28.** | **Impairment on financial instruments** | | |
| | **Loans** | | |
| | Impairment loss on financial guarantee contracts (net of recoveries) | - | 626 |
| | Loss on managed portfolio (net of recoveries) | 762 | 217 |
| | Impairment loss allowance on portfolio loans (net of recoveries) | 516 | 3,042 |
| | Write off of loan assets | 2,204 | 589 |
| | | **3,482** | **4,474** |

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **29. Employee benefits expenses** | | |
| Salaries, wages and bonus | 4,416 | 4,319 |
| Contributions to Provident and other funds | 358 | 333 |
| Share based payments to employees | 51 | 34 |
| Staff welfare and training expenses | 67 | 73 |
| Gratuity (refer note 43) | 109 | 85 |
| | **5,001** | **4,844** |
| **30. Depreciation and amortization** | | |
| Depreciation on property, plant and equipment (refer note 11) | 54 | 90 |
| Depreciation on right to use asset (refer note 11) | 51 | 60 |
| Amortisation on intangible assets (refer note 12) | 3 | 3 |
| | **108** | **153** |
| **31. Other expenses** | | |
| Travelling expenses | 874 | 718 |
| Rent | 206 | 207 |
| Office maintenance | 147 | 160 |
| Communication expenses | 125 | 129 |
| Consultancy charges | 90 | 84 |
| Technology subscription charges | 24 | 68 |
| Printing & Stationery | 50 | 49 |
| Rates, taxes, and filings | 113 | 100 |
| Auditors' remuneration (refer note 31A) | 18 | 23 |
| Membership fee | 41 | 46 |
| Director sitting fee | 16 | 21 |
| Insurance | 5 | 8 |
| Repairs and maintenance | 26 | 16 |
| Loss on Cash embezzlement | 2 | 36 |
| CSR Expenses (refer note 31B) | 43 | 38 |
| Interest on Income Tax | 22 | - |
| Miscellaneous expenses | 7 | 23 |
| | **1,808** | **1,726** |
| **31.A. Auditors' remuneration:** | | |
| - Statutory audit | 9 | 13 |
| - Limited review | 6 | 5 |
| - Tax audit | 2 | 2 |
| - Certification charges | 1 | 2 |
| - Reimbursement of expenses | - | 1 |
| | **18** | **23** |
| **31.B. Corporate social responsibility expenses** | | |
| **Particulars** | | |
| a. Total amount to be spent for the financial year (including amount unspent in previous year) | 43 | 37 |
| b. Total amount spent during the year pertaining to previous year/ period | - | - |
| c. Total amount spent during the year pertaining to current year/ period | 43 | 38 |
| d. Amount unspent, if any | - | - |

The nature of activities for which CSR amount was spent include livelihood enhancement, education, poverty, hunger, malnutrition and women empowerment.

| | | |
|---|---|---|
| **32. Tax expense** | | |
| Current tax | | |
| - Current Year | 432 | 1,109 |
| - Previous Year | 5 | - |
| Deferred tax (credit)/charge | 130 | (766) |
| | **567** | **343** |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**Reconciliation of Tax Expense**

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 2021 25.17%) and the reported tax expense in statement of profit and loss are as follows:

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Accounting profit before Income Tax | 1,849 | 1,297 |
| Income tax rate | 25.17% | 25.17% |
| Expected tax expense | 465 | 326 |
| Interest on subordinated liabilities | - | 5 |
| Expense disallowed under the provisions of Income tax Act, 1961 | 107 | 12 |
| Tax expense relating to previous years | (5) | - |
| **Tax expense** | **567** | **343** |

## 33. 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

| | | |
|---|---|---|
| Net profit attributable to equity holders | 1,282 | 954 |
| Weighted average number of equity shares for Basic earnings per share (Nominal value ₹ 10) | 9,08,93,053 | 5,84,72,920 |
| Weighted average number of equity shares for Diluted earnings per share (Nominal value ₹ 10) | 9,08,93,053 | 5,84,72,920 |
| **Earnings per share** | | |
| Basic earning per share (₹) | 1.41 | 1.63 |
| Diluted earning per share (₹) | 1.41 | 1.63 |
| Nominal value per share (₹) | 10.00 | 10.00 |

## 34. Contingent liability and Commitments

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

## 35. Related party disclosures

### 35.1 List of related parties

| Name of the key managerial personnel | Designation/Relationship |
|---|---|
| Sateesh Kumar AV | Managing Director and CEO |
| R Jagadish Babu | Managing Director and CEO (upto 20 April 2020) |
| S Lakshminarayanan | Chief Financial Officer |
| B Balaji Gupta | Company Secretary (upto 23 June 2020) |
| Deepika Singh | Company Secretary |
| Vikram Akula | Non Executive Chairman |
| Bhikshamaiah Gujja | Non Executive Director |
| Farzana Haque | Non Executive Director |
| Shankar Ramaswami | Non Executive Director |
| Alok Misra | Non Executive Director (upto 30 August 2020) |
| Vaya Gratuity Trust | Post Employment Benefit Plan |

### 35.2 Transactions during the year with related parties :

| Transactions with | Nature of transactions | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| Sateesh Kumar AV | Remuneration | 118 | 110 |
| | Issue of partly paidup equity shares | - | 94 |
| | Sitting Fee | - | 1 |
| R Jagadish Babu | Remuneration | - | 92 |
| | Sitting Fee | - | 1 |
| S Lakshminarayanan | Remuneration | 107 | 93 |
| | Issue of partly paidup equity shares | - | 45 |
| B Balaji Gupta | Remuneration | - | 4 |
| Deepika Singh | Remuneration | 10 | 8 |
| Vikram Akula | Sitting fees | 4 | 5 |
| Bhikshamaiah Gujja | Sitting fees | 4 | 6 |
| Farzana Haque | Sitting fees | 4 | 4 |
| Shankar Ramaswami | Sitting fees | 4 | 2 |
| Alok Misra | Sitting fees | - | 2 |
| Vaya Gratuity Trust* | Reimbursement of expenses | - | - |
| | Contribution towards Gratuity | 50 | - |

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

* The Company has a defined benefit gratuity plan for its employees as mentioned in Note 3(g) Summary of significant accounting policies. During the year, Trust named "Vaya Gratuity Trust" was set up which will be funded by the company for the sole purpose of retirement benefits as mentioned in the above referred point. The Company has applied to PCIT-2, Hyderabad for approval under Income Tax Act, 1961 and rules made there under and the same is pending for approval.

**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.

**35.3 Amount due to / (from) related parties:**

| Balances with | Nature | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| Sateesh Kumar AV | Payable against remuneration | 25 | 23 |
| S Lakshminarayanan | Payable against remuneration | 23 | 17 |
| Deepika Singh | Payable against remuneration | 1 | 1 |
| Vaya Gratuity Trust | Receivable for Reimbursement | (0) | - |

### 36. Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

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

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Debt (including interest accrued) | 1,20,278 | 67,620 |
| Less: Cash and other bank balances | 35,887 | 24,018 |
| Net Debt | 84,391 | 43,602 |
| Net equity | 31,006 | 29,665 |
| Net debt to equity ratio | 2.72 | 1.47 |

### 37. Fair value measurement

**37.1 Financial instruments by category**

| Particulars | Category | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | Amortized cost | 32,149 | 20,046 |
| Bank balances other than cash and cash equivalents | Amortized cost | 3,738 | 6,282 |
| Trade receivables | Amortized cost | 93 | 1,973 |
| Loans | Amortized cost | 114,244 | 71,097 |
| Security deposits | Amortized cost | 66 | 57 |
| Other financial assets | Amortized cost | 301 | 485 |
| **Total financial assets** | | **150,591** | **99,940** |
| **Financial liabilities:** | | | |
| Debt securities (including interest accrued) | Amortized cost | 34,051 | 25,419 |
| Borrowings (other than debt securities) | Amortized cost | 85,220 | 41,054 |
| Other financial liabilities | Amortized cost | 1,809 | 5,211 |
| **Total financial liabilities** | | **121,080** | **71,684** |

### 37.2 Financial assets and liabilities measured at amortised cost at each reporting date

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| **Financial assets** | | | | |
| Cash and cash equivalents | 32,149 | 32,149 | 20,046 | 20,046 |
| Bank balances other than cash and cash equivalents | 3,738 | 3,738 | 6,282 | 6,282 |
| Trade receivables | 93 | 93 | 1,973 | 1,973 |
| Loans | 114,244 | 114,244 | 71,097 | 71,097 |
| Other financial assets | 367 | 367 | 542 | 542 |
| **Total** | **150,591** | **150,591** | **99,940** | **99,940** |
| **Financial liabilities** | | | | |
| Debt securities | 34,051 | 34,051 | 25,419 | 25,419 |
| Borrowings (other than debt securities) | 85,220 | 85,220 | 41,054 | 41,054 |
| Other financial liabilities | 1,809 | 1,809 | 5,211 | 5,211 |
| **Total** | **121,080** | **121,080** | **71,684** | **71,684** |

**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.

## 38. 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 and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

### A1. 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 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

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.

**A2. Financial assets that expose the entity to credit risk**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **(i) Low credit risk** | | |
| Cash and cash equivalents | 32,149 | 20,046 |
| Bank balances other than cash and cash equivalents | 3,738 | 6,282 |
| Trade receivables | 93 | 1,973 |
| Loans | 108,693 | 64,243 |
| Other financial assets | 367 | 542 |
| **(ii) Moderate credit risk** | | |
| Loans | 4,241 | 4,661 |
| **(iii) High credit risk** | | |
| Loans | 1,310 | 2,193 |

**A3. 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.

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

**A4. Credit exposure**

**i. Expected credit losses for financial assets other than loans**

| As at 31 March 2022 | Estimated gross carrying amount at default | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|
| Cash and cash equivalents | 32,149 | - | 32,149 |
| Bank balances other than cash and cash equivalents | 3,738 | - | 3,738 |
| Trade receivables | 93 | - | 93 |
| Other financial assets | 409 | 42 | 367 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

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

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:

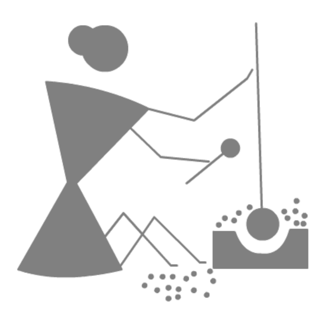
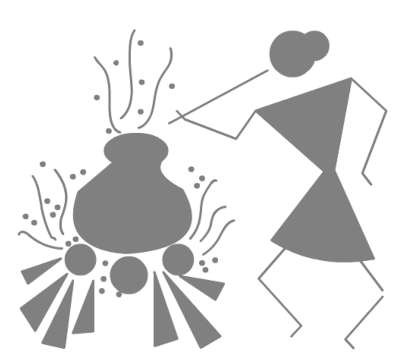
The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, 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 2020** | **67,249** | **129** | **613** | **67,991** |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 3,347 | 4,065 | 1,159 | 8,571 |
| Net transfer between stages | | | | |
| Transfer from stage 1 | (4,117) | 1,524 | 2,593 | - |
| Transfer from stage 2 | 8 | (32) | 24 | - |
| Transfer from stage 3 | 21 | 7 | (28) | - |
| Write off | - | - | (589) | (589) |
| **Gross carrying amount as at 31 March 2021** | **66,508** | **5,693** | **3,772** | **75,973** |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 46,406 | (951) | 430 | 45,885 |
| Net transfer between stages | | | | |
| Transfer from stage 1 | (2,228) | 1,169 | 1,059 | - |
| Transfer from stage 2 | 355 | (1,013) | 658 | - |
| Transfer from stage 3 | 32 | 12 | (44) | - |
| Write off | - | - | (2,222) | (2,222) |
| **Gross carrying amount as at 31 March 2022** | **111,073** | **4,910** | **3,653** | **119,636** |

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

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Loss Allowance as at 1 April 2020** | **1,385** | **46** | **404** | **1,835** |
| Increase of provision due to assets originated during the year, netted off for repayments and derecognised portfolio | 899 | 929 | 1,802 | 3,630 |
| Net transfer between stages | | | | |
| Transfer from stage 1 | (124) | 52 | 72 | - |
| Transfer from stage 2 | 12 | (34) | 22 | - |
| Transfer from stage 3 | 93 | 39 | (132) | - |
| Write off | - | - | (589) | (589) |
| **Loss Allowance as at 31 March 2021** | **2,265** | **1,032** | **1,579** | **4,876** |
| Increase of provision due to assets originated during the year, netted off for repayments and derecognised portfolio | 149 | (136) | (1,719) | (1,706) |
| Net transfer between stages | | | | |
| Transfer from stage 1 | (170) | 97 | 73 | - |
| Transfer from stage 2 | 108 | (335) | 227 | - |
| Transfer from stage 3 | 28 | 11 | (39) | - |
| Write off | - | - | 2,222 | 2,222 |
| **Loss Allowance as at 31 March 2022** | **2,380** | **669** | **2,343** | **5,392** |

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**Note:** As a practice, the Company provides top-up loans or additional loans to its existing customers. In determining whether there has been increase in credit risk and potential loss estimate for such borrowers, the Company has considered their past repayment behavior and assessed their ability to generate cash flows, and accordingly has classified loan assets aggregating to ₹2783 lakhs in Stage 2, though such loan assets where either current or less than 30 days past due and recorded additional provision of ₹522 lakhs for the year ended 31 March 2022. The company has also accelerated provision on Stage 3 portfolio in certain regions which has resulted in an additional provision of ₹578 lakhs.

**iii. Expected credit loss on Financial guarantee contracts**

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Opening expected credit loss | 1,729 | 1,103 |
| Additions during the year | 762 | 843 |
| Invoked during the year | (2,491) | (217) |
| **Closing Expected credit loss** | **-** | **1,729** |
| Expected credit loss routed through Financial guarantee liability | - | 697 |
| Unrecongised Guarantee income | - | 490 |
| **Financial guarantee liability*** | **-** | **2,916** |

* The financial guarantee liability as on 31 March 2022 is Nil as the company has terminated all the BC arrangments and the contractual liabilities have been settled in full. NOCs have been obtained from the erstwhile partners.

**A5. Analysis of inputs to the ECL model under multiple economic scenarios**

An overview of the approach to estimating ECLs is set out in Note 3(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 2022.

**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.

**B1.** 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 2022 | Within 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Debt Securities | 20,808 | 6,279 | 4,403 | 2,625 | 34,115 |
| Borrowings (other than debt securities) | 49,408 | 29,378 | 6,848 | 17 | 85,651 |
| Other financial liabilities | 1,809 | - | - | - | 1,809 |
| **Total** | **72,025** | **35,657** | **11,251** | **2,642** | **121,575** |

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

**C. Market risk - Interest rate risk**

**C1. Liabilities**

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2022, 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.

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

Interest rate exposure

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

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Variable rate liabilities** | | |
| Debt securities | 7,588 | 1,377 |
| Borrowings (other than debt securities) | 68,697 | 15,703 |
| **Fixed rate liabilities** | | |
| Debt securities | 26,463 | 24,042 |
| Borrowings (other than debt securities) | 16,523 | 25,351 |
| **Total** | **119,271** | **66,473** |

**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 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Interest sensitivity*** | | |
| Interest rates – increase by 0.50% | 344 | 84 |
| Interest rates – decrease by 0.50% | (344) | (84) |

* Holding all other variables constant

**C2. Price risk**

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Increase by 50 basis points | - | - |
| Decrease by 50 basis points | - | - |

**C3. 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.

## 39. Maturity analysis of assets and liabilities

| Assets | As at 31 March 2022 | | |
|---|---|---|---|
| | Within 12 months | After 12 months | Total |
| **Financial assets** | | | |
| Cash and cash equivalents | 32,149 | - | 32,149 |
| Bank balances other than cash and cash equivalents | 378 | 3,360 | 3,738 |
| Trade receivables | 93 | - | 93 |
| Loans | 72,505 | 41,739 | 1,14,244 |
| Other financial assets | 301 | 66 | 367 |
| **Non financial assets** | | | |
| Current tax assets (net) | 486 | - | 486 |
| Deferred tax assets (net) | - | 1,142 | 1,142 |
| Property, plant and equipment | - | 279 | 279 |
| Other intangible assets | - | 3 | 3 |
| Other non-financial assets | 8 | 78 | 86 |
| **Total assets** | **1,05,920** | **46,667** | **1,52,587** |
| **Liabilities** | | | |
| **Financial liabilities** | | | |
| Debt securities | 20,546 | 13,505 | 34,051 |
| Borrowings (other than debt securities) | 49,371 | 35,849 | 85,220 |
| Other financial liabilities | 1,809 | - | 1,809 |
| **Non financial liabilities** | | | |
| Current tax liabilities (net) | - | - | - |
| Provisions | - | 302 | 302 |
| Other non financial liabilities | 199 | - | 199 |
| **Total liabilities** | **71,925** | **49,656** | **121,581** |

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| Assets | As at 31 March 2021 | | |
|---|---|---|---|
| | Within 12 months | After 12 months | Total |
| **Financial assets** | | | |
| Cash and cash equivalents | 20,046 | - | 20,046 |
| Bank balances other than cash and cash equivalents | 2,821 | 3,461 | 6,282 |
| Trade receivables | 1,973 | - | 1,973 |
| Loans | 49,400 | 21,697 | 71,097 |
| Other financial assets | 485 | 57 | 542 |
| **Non financial assets** | | | |
| Current tax assets (net) | 287 | - | 287 |
| Deferred tax assets (net) | - | 1,276 | 1,276 |
| Property, plant and equipment | - | 396 | 396 |
| Other intangible assets | - | 5 | 5 |
| Other non-financial assets | 16 | 79 | 95 |
| **Total assets** | **75,028** | **26,971** | **1,01,999** |
| **Liabilities** | | | |
| **Financial liabilities** | | | |
| Debt securities | 4,819 | 20,600 | 25,419 |
| Borrowings (other than debt securities) | 28,001 | 13,053 | 41,054 |
| Other financial liabilities | 5,211 | - | 5,211 |
| **Non financial liabilities** | | | |
| Current tax liabilities (net) | 140 | - | 140 |
| Provisions | - | 280 | 280 |
| Other non financial liabilities | 230 | - | 230 |
| **Total liabilities** | **38,401** | **33,933** | **72,334** |

**40. 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% to 15% and cash collaterals in range of 5% 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 2022 | As at 31 March 2021 |
|---|---|---|
| Carrying and fair value of securitized assets | 8,861 | 2,636 |
| Carrying and fair value of associated liabilities | 7,620 | 1,378 |

**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 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Carrying amount of derecognised financial assets | 657 | 3,488 |
| Gain from derecognition | - | 228 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**41. Operating segments**

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

**42. 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 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Type of services** | | |
| Income from business correspondent operations | - | 3,484 |
| Guarantee commission | 971 | 724 |
| **Geographical markets** | | |
| India | 971 | 4,208 |
| Outside India | - | - |
| **Timing of revenue recognition** | | |
| Services transferred at a point in time | - | - |
| Services transferred over a period of time | 971 | 4,208 |

**Contract balances**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Trade receivables | - | 1,973 |

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 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Revenue as per contract | 971 | 4,270 |
| Adjustments | - | (62) |
| Revenue from contract with customers | 971 | 4,208 |

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.

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

### 43. Retirement benefit plans

#### 43.1 Defined benefit obligation

**Contribution to Gratuity fund**

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

| | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| i. | **Actuarial assumptions** | | |
| | Mortality rate | 100.00% | 100.00% |
| | Discount rate (per annum) | 7.40% | 6.88% |
| | Rate of salary increase | 10% | 0.00% to 9.00% |
| | Rate of employee turnover | 0.10% to 45.70% | 0.10% to 45.70% |
| ii. | **A. Changes in the present value of defined benefit obligation** | | |
| | Present value of obligation at the beginning of the year | 217 | 154 |
| | Interest expense | 14 | 9 |
| | Current service cost | 96 | 76 |
| | Benefit paid directly by the employer | (27) | (61) |
| | Actuarial (gains) / losses on obligations - due to change in demographic assumptions | - | - |
| | Actuarial (gains) / losses on obligations - due to change in financial assumptions | 83 | 54 |
| | Actuarial (gains) / losses on obligations - due to experience | (94) | (15) |
| | **Present Value of obligation at the end of the year** | **289** | **217** |
| | **B. Changes in the present value of defined benefit obligation** | | |
| | Fair value of plan assets at the beginning of the year | - | |
| | Employer contributions | 50 | |
| | Employer Direct Benefit Payments | 27 | 61 |
| | Benefit Payments from Employer | (27) | (61) |
| | Remeasurements - Return on Assets (Excluding Interest Income) | 0 | |
| | **Fair value of Plan Assets at the end of the year** | **50** | **-** |
| iii. | **Assets and liabilities recognised in the balance sheet** | | |
| | Present value of the defined benefit obligation at the end of the year | 288 | 217 |
| | Fair Value of Plan Assets at the end of the Period | (50) | - |
| | Funded Status (Surplus/ (Deficit)) | - | - |
| | **Net (liability) / asset recognised in the balance sheet** | **238** | **217** |
| iv. | **Expenses recognised in the Statement of Profit and Loss** | | |
| | Current Service Cost | 96 | 76 |
| | Net interest (income)/ expense | 14 | 9 |
| | **Net gratuity cost recognised in the current year** | **110** | **85** |
| v. | **Expenses recognised in the statement of Other comprehensive income (OCI)** | | |
| | Actuarial (gain)/ loss on post employment benefit obligation | (11) | 39 |
| | **Total remeasurement cost / (credit) for the year recognised in OCI** | **(11)** | **39** |
| vi. | **Sensitivity Analysis:** | | |
| | Under Base Scenario | 288 | 217 |
| | - Delta effect of +1% change in rate of discounting | 244 | 183 |
| | - Delta effect of -1% change in rate of discounting | 344 | 259 |
| | - Delta effect of +1% change in rate of salary increase | 341 | 258 |
| | - Delta effect of -1% change in rate of salary increase | 245 | 183 |
| | - Delta effect of +1% change in rate of employee turnover | 275 | 208 |
| | - Delta effect of -1% change in rate of employee turnover | 297 | 223 |
| vii. | **Maturity analysis of projected benefit obligation** | | |
| | Year 1 | 12 | 8 |
| | Year 2 | 17 | 10 |
| | Year 3 | 12 | 12 |
| | Year 4 | 14 | 9 |
| | Year 5 | 9 | 9 |
| | Sum of Years 6 to 10 | 36 | 24 |
| | Sum of Years 11 and above | 139 | 145 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**B. Defined Contribution Plan**

The Company contributes towards Provident Fund and Employee State Insurance contribution towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of payroll cost to fund the benefits. The Company recognised ₹ 358 lakhs (31 March 2021 : ₹ 333 lakhs) for provident fund contributions in the Statement of profit and loss.

**44. Lease disclosure**

**Where the Company is the lessee:**

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

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

| Particulars | Buildings | Total |
|---|---|---|
| **As at 31 March 2020** | **510** | **510** |
| Additions | 41 | 41 |
| Dereognition on preclosure of lease | (288) | (288) |
| Depreciation expenses | (60) | (60) |
| **As at 31 March 2021** | **203** | **203** |
| Additions | - | - |
| Dereognition on preclosure of lease | (33) | (33) |
| Depreciation expenses | (51) | (51) |
| **As at 31 March 2022** | **119** | **119** |

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

| Particulars | Buildings | Total |
|---|---|---|
| **As at 31 March 2020** | **631** | **631** |
| Additions | 41 | 41 |
| Dereognition on preclosure of lease | (310) | (310) |
| Waiver of rent | (26) | (26) |
| Accretion of interest | 46 | 46 |
| Payment | (72) | (72) |
| **As at 31 March 2021** | **310** | **310** |
| Additions | - | - |
| Dereognition on preclosure of lease | (54) | (54) |
| Waiver of rent | (9) | (9) |
| Accretion of interest | 33 | 33 |
| Payment | (75) | (75) |
| **As at 31 March 2022** | **205** | **205** |

The effective interest rate for lease liabilities is 12%, with maturity between 2023-26.

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Lease payments | | |
| Not later than one year | 82 | 87 |
| Later than one year and not later than five years | 162 | 313 |
| Later than five years | - | - |
| **Total** | **244** | **400** |

| Amount recognised in Statement of profit and loss account | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Depreciation on right of use assets | 51 | 60 |
| Interest on lease liabilities | 33 | 46 |
| Expenses relating to short term leases | 206 | 207 |
| Expenses relating to low value assets | - | - |

| Amount recognised in Statement of Cashflow | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Total cash outflow for leases | 73 | 70 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**45. Share based payments**

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

**Details of ESOP plan:**

| **Name of the plan** | **ESOP 2020 - Plan I(a)** |
|---|---|
| Date of grant | 2 November 2020 |
| Date of approval from board of directors | 23 June 2020 |
| Date of shareholders approval | 3 September 2020 |
| No. of options granted | 12,99,500 |
| Exercise price | ₹ 37 |
| Method of settlement | Equity |
| Vesting period | 33% on 1 November 2021<br>33% on 1 November 2022<br>34% on 1 November 2023 |
| Exercise period | 6 years from the date of grant |
| Vesting conditions | The Options shall become exercisable in part or in full after vesting but any time before resignation, termination etc. as permitted under the Plan, Grant Letter and Agreement. |

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

| **Particulars** | **1st Vesting** | **2nd Vesting** | **3rd Vesting** |
|---|---|---|---|
| Share price on the date of grant (₹) | 37.00 | 37.00 | 37.00 |
| Exercise price (₹) | 37.00 | 37.00 | 37.00 |
| Expected Volatility (%) | 25% | 25% | 25% |
| Life of the options granted (years) | 2.50 | 3.00 | 3.50 |
| Risk-free interest rate (%) | 4.42% | 4.66% | 4.85% |
| Expected dividend rate (%) | - | - | - |
| Fair value of the option | 7.64 | 8.64 | 9.60 |

**Details of ESOP plan:**

| **Name of the plan** | **ESOP 2020 - Plan I(b)** |
|---|---|
| Date of grant | 24 December 2020 |
| Date of approval from board of directors | 23 June 2020 |
| Date of shareholders approval | 3 September 2020 |
| No. of options granted | 545,000 |
| Exercise price | ₹ 37 |
| Method of settlement | Equity |
| Vesting period | 33% on 23 December 2021<br>33% on 23 December 2022<br>34% on 23 December 2023 |
| Exercise period | 6 years from the date of grant |
| Vesting conditions | The Options shall become exercisable in part or in full after vesting but any time before resignation, termination etc. as permitted under the Plan, Grant Letter and Agreement. |

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

| **Particulars** | **1st Vesting** | **2nd Vesting** | **3rd Vesting** |
|---|---|---|---|
| Share price on the date of grant (₹) | 37.00 | 37.00 | 37.00 |
| Exercise price (₹) | 37.00 | 37.00 | 37.00 |
| Expected Volatility (%) | 25% | 25% | 25% |
| Life of the options granted (years) | 2.50 | 3.00 | 3.50 |
| Risk-free interest rate (%) | 4.19% | 4.46% | 4.71% |
| Expected dividend rate (%) | - | - | - |
| Fair value of the option | 7.54 | 8.54 | 9.51 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**Summary of options granted under the plan:**

| Particulars | For the year ended 31 March 2022 | | For the year ended 31 March 2021 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price (₹) | No. of options | Weighted average exercise price (₹) |
| Outstanding options at the beginning of the year | 18,44,500 | 37 | - | - |
| Granted during the year | - | - | 18,44,500 | 37 |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Expired/lapsed during the year | 4,12,500 | 37 | - | - |
| Outstanding options at the end of the year | 14,32,000 | 37 | 18,44,500 | 37 |
| Exercisable at the end of the year | 4,72,560 | 37 | - | - |

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

ii. The Company has recognised share based payment expense of ₹ 51 lakhs (31 March 2021: ₹ 34 lakhs) during the year as proportionate cost.

**46. Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.**

**Liabilities side :**

| 1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | Amount outstanding | Amount overdue |
|---|---|---|
| a. Debentures | | |
| Secured | 27,273 | - |
| Unsecured | - | - |
| (other than falling within the meaning of public deposits) | | |
| b. Deferred credits | - | - |
| c. Term loans | | |
| Secured | 84,697 | - |
| Unsecured | - | |
| d. Inter-corporate loans and borrowings | - | - |
| e. Commercial paper | - | - |
| f. Other loans | 8,310 | - |
| | **1,20,279** | **-** |

**Assets side :**

| 2. Break-up of loans and advances | Amount outstanding |
|---|---|
| a. Secured | - |
| b. Unsecured | 119,636 |
| | **119,636** |

**3. Break up of leased assets and stock on hire and other assets counting towards AFC activities**

| | |
|---|---|
| i. Lease assets including lease rentals under sundry debtors : | |
| a. Financial lease | - |
| b. Operating lease | - |
| ii. Stock on hire including hire charges under sundry debtors: | |
| a. Assets on hire | - |
| b. Repossessed assets | - |
| iii. Other loans counting towards AFC activities | |
| a. Loans where assets have been repossessed | - |
| b. Loans other than (a) above | - |

**4. Break-up of investments :**

| Current investments | Amount outstanding |
|---|---|
| **1. Quoted** | |
| i. Shares : | |
| a. Equity | - |
| b. Preference | - |
| ii. Debentures and bonds | - |
| iii. Units of mutual funds | - |
| iv. Government securities | - |
| v. Others (please specify) | - |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| | |
|---|---|
| **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 | - |
| iv. Government securities | - |
| v. Others (please specify) | - |

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

| Category | Amount (net of provisions) | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 1. Related Parties | | | |
| a. Subsidiaries | - | - | - |
| b. Companies in the same group | - | - | - |
| c. Other related parties | - | - | - |
| 2. Other than related parties | - | 114,244 | 114,244 |
| | **-** | **114,244** | **114,244** |

**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 | 3,653 |
| **ii. Net Non-Performing Assets** | |
| a. Related parties | - |
| b. Other than related parties | 1,256 |
| **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.

## Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**47. Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (as amended by time to time) issued by the RBI.**

| A. Capital to Risk Asset Ratio ('CRAR'): | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| CRAR (percent) | 25.79% | 34.51% |
| CRAR – Tier I Capital (percent) | 25.67% | 34.55% |
| CRAR – Tier II Capital (percent) | 0.12% | -0.04% |
| Amount of subordinated debt raised as Tier-II capital | - | - |
| Amount raised by issue of perpetual debt instruments | - | - |
| Liquidity Coverage Ratio | 195% | 171% |

**B. Investments**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Value of Investments | | |
| (i) Gross value of investments | | |
| a. In India | - | - |
| b. Outside India | - | - |
| (ii) Provisions for depreciation | | |
| a. In India | - | - |
| b. Outside India | - | - |
| (iii) Net value of investments | | |
| a. In India | - | - |
| 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 2022 (31 March 2021: Nil)

**D. Disclosures relating to Securitisation:**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| 1. No. of SPVs sponsored by the applicable NBFC for securitisation transactions (nos) | 5 | 4 |
| 2. Total amount of securitised assets as per books of the SPVs sponsored | 7,735 | 2,395 |
| 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 | 1,126 | 241 |
| First loss | - | - |
| 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 | 935 | 956 |
| First loss | - | - |
| Others | | |
| (ii) Exposures to third party securitisations | - | - |
| First loss | - | - |
| Others | | |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**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 2022 | As at 31 March 2021 |
|---|---|---|
| Total number of loans (nos) | - | 11,868 |
| Aggregate value (net of provisions) of accounts sold | - | 2,268 |
| Aggregate consideration | - | 2,268 |
| 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 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Assets | | Liabilities | Assets | | Liabilities |
| | Advances | Investments | Borrowings | Advances | Investments | Borrowings |
| 1 day to 7 days | 2,590 | | 1,100 | 1,719 | | 239 |
| 8 days to 14 days | 1,618 | | 1,161 | 1,074 | | 947 |
| 15 days to 30/31 days | 2,266 | - | 1,896 | 1,504 | - | 2,985 |
| Over 1 month to 2 months | 6,939 | - | 7,231 | 4,268 | - | 4,585 |
| Over 2 months to 3 months | 6,979 | - | 10,420 | 4,378 | - | 3,084 |
| Over 3 months to 6 months | 20,456 | - | 16,080 | 12,838 | - | 5,550 |
| Over 6 months to 1 year | 35,740 | - | 32,267 | 23,330 | - | 15,596 |
| Over 1 year to 3 years | 42,923 | - | 46,781 | 26,573 | - | 30,850 |
| Over 3 years to 5 years | - | - | 2,625 | - | - | 2,625 |
| Over 5 years | - | - | - | - | - | - |
| **Total** | **119,511** | **-** | **119,561** | **75,684** | **-** | **66,461** |

**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 2022 and 31 March 2021.

**I. Exposure to real estate sector**

The Company does not have any real estate exposure as at 31 March 2022 and 31 March 2021.

**J. Exposure to capital market**

The Company does not have any capital market exposure as at 31 March 2022 and 31 March 2021.

**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 has not obtained Registration from other financial sector regulators.

**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 | 10 Febraury 2022 | [ICRA]BBB (Stable) | 22 October 2025 |
| Term loans | 14 Febraury 2022 | [ICRA]BBB (Stable) | 07 February 2023 |
| MFI Grading | 25 March 2022 | M2 | 24 March 2023 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**P. Remuneration of directors**

| Particulars | Remuneration | Provident funds and others | Sitting fees | Total |
|---|---|---|---|---|
| Vikram Akula | - | - | 4 | 4 |
| Sateesh Kumar AV | 112 | 6 | - | 118 |
| Bikshamaiah Gujja | - | - | 4 | 4 |
| Farzana Haque | - | - | 4 | 4 |
| Shankar Ramaswami | - | - | 4 | 4 |

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Provision for income tax | 432 | 1,109 |
| Impairment of financial instruments | 516 | 3,668 |
| Provision for misappropiration of Assets | 2 | 36 |
| Provision for compensated absences | 58 | 47 |
| Provision for gratuity | 109 | 85 |

**R. Draw down from reserves**

There has been no draw down from reserves during the year ended 31 March 2022 and 31 March 2021.

**S. Concentration of advances, exposures and NPAs**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **i. Concentration of advances** | | |
| Total advances to twenty largest borrowers | 15 | 12 |
| Percentage of advances to twenty largest borrowers to total advances of the NBFC | 0.01% | 0.02% |
| **ii. Concentration of exposures** | | |
| Total exposures to twenty largest borrowers/customers | 13 | 12 |
| Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/ customers | 0.01% | 0.02% |
| **iii. Concentration of exposures** | | |
| Total exposures to top four NPA accounts | 2 | 2 |

**iv. Sector-wise NPAs**

| Sector | Percentage of gross NPAs to total advances in that sector | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| Agriculture & allied activities | 2.54% | 2.69% |
| MSME | - | - |
| Corporate borrowers | - | - |
| Services | 1.62% | 5.13% |
| Unsecured personal loans | - | - |
| Auto loans | - | - |
| Other personal loans | - | - |
| Others | 5.98% | 3.01% |

**v. Movement of NPAs**

| | | |
|---|---|---|
| a. Net NPAs to Net Advances (%) | 1.10% | 1.64% |
| b. Movement of NPAs (Gross) | | |
| Opening balance | 2,103 | 613 |
| Additions during the year | 7,190 | 2,096 |
| Reductions during the year | 3,379 | 17 |
| Write-off during the year | 2,261 | 589 |
| Closing balance | 3,653 | 2,103 |
| c. Movement of Net NPAs | | |
| Opening balance | 1,161 | 209 |
| Additions during the year | 3,474 | 969 |
| Reductions during the year | 3,379 | 17 |
| Closing balance | 1,256 | 1,161 |
| d. Movement of provisions for NPAs (excluding provision on standard assets) | | |
| Opening balance | 942 | 404 |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Provisions made during the year | 3,716 | 1,127 |
| Write-off during the year | 2,261 | 589 |
| Write-back of excess provisions | - | - |
| Closing balance | 2,397 | 942 |

**vi. Overseas assets**

The Company does not have any overseas assets as at 31 March 2022 and 31 March 2021.

**vii. Off-balance sheet SPVs sponsored**

The Company does not have any off-balance sheet SPVs sponsored as at 31 March 2022 and 31 March 2021.

| **T. Customer complaints** | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| i. No. of complaints pending at the beginning of the year | - | - |
| ii. No. of complaints received during the year | 17 | 23 |
| iii. No. of complaints redressed during the year | 17 | 23 |
| 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 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Number of cases | 5 | 13 |
| Amount of fraud | 2 | 12 |
| Recovery | 1 | 3 |
| Amount written-off | - | - |

*Unrecovered amount has been fully provided for.

**V. Information on net interest margin**

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Average interest (a) | 20.46% | 22.04% |
| Average effective cost of borrowing (b) | 11.94% | 13.40% |
| Net interest margin (a-b) | 8.52% | 8.64% |

**W. Note on Loan assets**
**As at 31 March 2022**

| 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 | 113,823 | 2,651 | 111,172 | 1,138 | 1,513 |
| | Stage 2 | 2,160 | 344 | 1,816 | 22 | 322 |
| Subtotal | | 115,983 | 2,995 | 112,988 | 1,160 | 1,835 |
| **Non-Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | 3,653 | 2,397 | 1,256 | 868 | 1,529 |
| Doubtful - up to 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for doubtful | | - | - | - | - | - |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | 3,653 | 2,397 | 1,256 | 868 | 1,529 |
| 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 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| **Total** | **Stage 1** | **113,823** | **2,651** | **111,172** | **1,138** | **1,513** |
| | **Stage 2** | **2,160** | **344** | **1,816** | **22** | **322** |
| | **Stage 3** | **3,653** | **2,397** | **1,256** | **868** | **1,529** |
| | **Total** | **119,636** | **5,392** | **114,244** | **2,028** | **3,364** |

# Vaya Finserv Private Limited

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

(All amounts in ₹ lakhs except otherwise stated)

**As at 31 March 2021**

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5)=(3)-(4) | (6) | (7) = (4)-(6) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 72,126 | 3,561 | 68,565 | 721 | 2,840 |
| | Stage 2 | 1,744 | 373 | 1,371 | 15 | 358 |
| Subtotal | | 73,870 | 3,934 | 69,936 | 736 | 3,198 |
| **Non-Performing Assets (NPA)** | | | | | | |
| Substandard | Stage 3 | 2,103 | 942 | 1,161 | 450 | 492 |
| Doubtful - up to 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for doubtful | | - | - | - | - | - |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | 2,103 | 942 | 1,161 | 450 | 492 |
| Other items including financial guarantees and loan commitments which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms. | Stage 1 | - | 109 | - | - | 109 |
| | Stage 2 | - | 161 | - | - | 161 |
| | Stage 3 | - | 1,459 | - | 1,645 | (186) |
| **Subtotal** | | **-** | **1,729** | **-** | **1,645** | **84** |
| **Total** | **Stage 1** | **72,126** | **3,670** | **68,565** | **721** | **2,949** |
| | **Stage 2** | **1,744** | **534** | **1,371** | **15** | **519** |
| | **Stage 3** | **2,103** | **2,401** | **1,161** | **2,095** | **306** |
| | **Total** | **75,973** | **6,605** | **71,097** | **2,831** | **3,774** |

48. Previous year figures have been regrouped / rearranged wherever necessary to confirm with current year's classification. Further the Previous year figures were audited by Walker Chandiok & Co LLP, Chartered Accountants.

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No.: 001997S

**K.S.B. Subramanyam**
Partner
Membership No.: 208981

**Place:** Hyderabad
**Date:** 21 May 2022

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

**Vikram Akula**
Non-Executive Chairman
DIN: 00906907

**Place:** Seattle
**Date:** 21 May 2022

**Sateesh Kumar AV**
Managing Director & CEO
DIN : 01769871

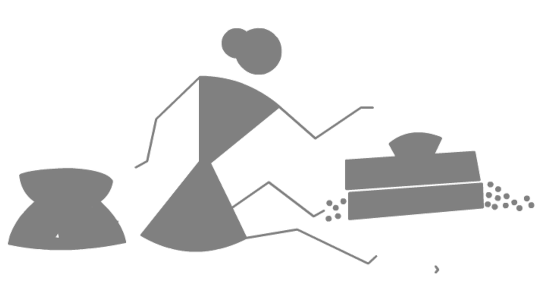
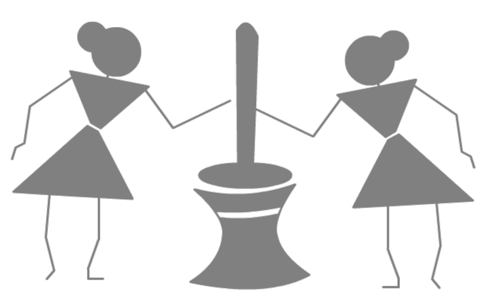
**Place:** Hyderabad
**Date:** 21 May 2022

**S. Lakshminarayanan**
Chief Financial Officer

**Place:** Hyderabad
**Date:** 21 May 2022

**Deepika Singh**
Company Secretary
Membership No.: FCS11733

**Place:** Hyderabad
**Date:** 21 May 2022

# Notice of Annual General Meeting

Notice is hereby given that the 9th Annual General Meeting of the members of the Company will be held at a shorter notice, on Friday, September 30, 2022 at 11.00 AM at the Registered Office of the Company situated at SLN Terminus, #4-51/SLNT/L4-05 Gachibowli, Kondapur Road, Hyderabad - 500032 to transact the following business:

**Ordinary Business:**

1. **Adoption of Financial Statements**

   To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2022 together with the reports of the Board of Directors and Auditors thereon.

**Special Business:**

2. **Approval for issuance of Bonds/Debt Securities/ Non-convertible Debentures etc. up to ₹ 600 crore:**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to Section 42, 71, 179, 180 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and amended and in force, the Memorandum and Articles of Association of the Company, consent of the members, be and is hereby accorded, to make offer (s) or invitation (s) to subscribe to the secured/unsecured, listed/unlisted, redeemable, non-convertible, taxable/tax-free, senior/subordinate bonds/debentures/debt securities ('Debentures') through private placement offer letter (s) in conformity and in compliance with all the applicable rules, regulations, directions made in this regard, as amended from time to time.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to issue Non-Convertible Debentures/Bonds (NCDs) up to a maximum limit of ₹ 600.00 Crore (Rupees Six Hundred crore only) in one or more tranches up to a date that is not later than one year from the date of approval of shareholders. Notwithstanding that the aggregate amount of all such bonds taken together with domestic/off-shore, Secured / unsecured, loans/borrowings, commercial papers and guarantees shall not exceed the borrowing powers approved by the Directors under section 180 of the Companies Act, 2013, by way of private placement (the "Debenture Issue") to raise funds for onward lending, in compliance with Companies Act, 2013 & the Rules thereof as amended from time to time.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby severally authorized to do, from time to time, all such acts, deeds, matters and things as may be deemed necessary in respect of Bonds / Debentures including but not limited to number of issues / tranches, face value, issue price, issue size, timing, amount, security, coupon/interest rate (s), yield, allotment and other terms and conditions of issue bonds as they may in their absolute discretion, deemed necessary.

   **RESOLVED FURTHER THAT** pursuant to the provisions of Section 179 of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to delegate the power to Borrowings Committee ("Committee") issue bonds and other debt securities of value aggregating up to ₹ 600 Crore (Rupees Six Hundred crore only) in one or more tranches and appoint authorised officer to do all such acts, deeds and things to give effect to the above-mentioned resolution."

**BY THE ORDER OF THE BOARD**
**FOR VAYA FINSERV PRIVATE LIMITED**

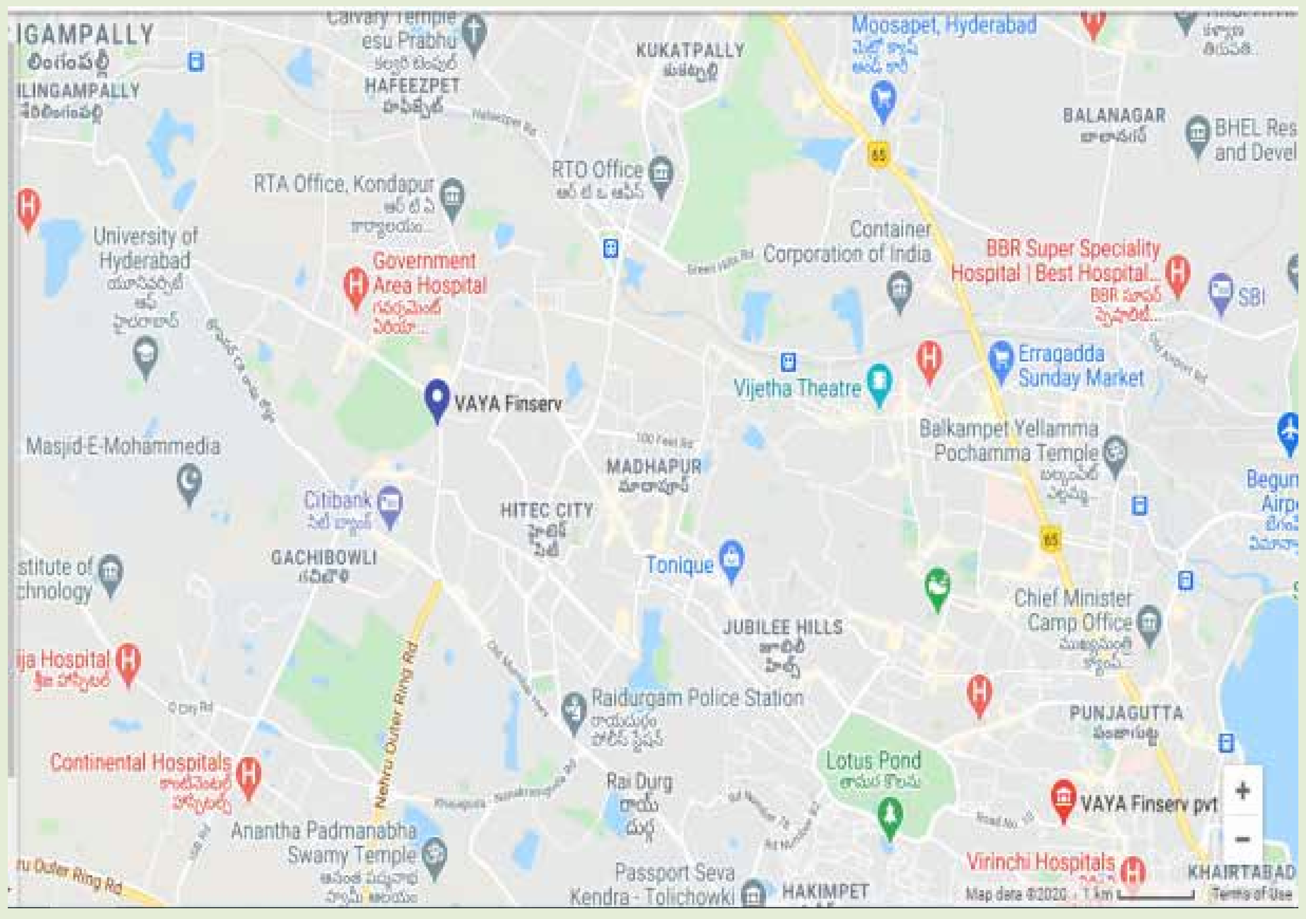
**A.V. SATEESH KUMAR**
**MANAGING DIRECTOR & CEO**
**DIN: 01769871**

**PLACE: Hyderabad**
**DATE: September 20, 2022**

**Notes:**

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules 2014, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. The proxy form MGT–11, has been attached to this notice.
5. The instrument appointing the proxy, in order to be valid and effective must be deposited at the Registered Office of the Company duly filled, stamped and signed, not less than 48 (Forty- Eight) hours before the scheduled time of commencement of the AGM.

6. Corporate Members intending to send their authorized representative(s) pursuant to section 113 of the Companies Act, 2013 to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting. A person authorised by resolution under Section 113(1) of the Companies Act, 2013, shall be entitled to exercise the same rights and powers, including the right to vote by proxy, on behalf of the body corporate which he/she represents.
7. Where there are members registered jointly in respect of any share, any one of such persons may vote at the AGM either personally or by proxy in respect of such share as if he was solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that one of the said members so present whose name stands first in the Register of Members in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of Articles of Association of the Company, be deemed to be members registered jointly in respect thereof.
8. Members/Proxies are advised to bring the enclosed Attendance Slip duly filled in for attending the meeting.
9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which the Directors are interested and are maintained under Section 189 of the Companies Act, 2013 will be made available for inspection by the members at the AGM venue during the continuance of the meeting.
10. The Route Map of the venue of this Annual General Meeting is placed below this Notice.




## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

### Item No.2: Approval for issuance of Bonds/Debt Securities/ Bonds/ Non-convertible Debentures etc. upto ₹ 600 crore

The Company, in its 8th Annual General Meeting held on September 27, 2021 had approved an overall limit of ₹ 600 crore for raising debt by way of Non-convertible Debentures, Commercial papers, Bonds or any other form as may seems suitable within a time span of one year. Since, the time limit of the approval shall expire at the ensuing Annual General Meeting, it is proposed to renew the limit to ₹ 600 crore. It is further added that the limit shall not exceed the overall borrowing limit of ₹ 2000 crore as approved by the Board, in their meeting held on May 21, 2022

The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out herein below:

| | |
|---|---|
| Particulars of the offer including date of passing of board resolution | This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any Committee duly authorized by the Board of Directors thereof), from time to time; |
| Kinds of securities offered and price at which security is being offered | This special resolution is restricted to the private placement issuance of non-convertible debentures by the Company which may be secured/unsecured/ subordinated, rated/unrated, listed/unlisted with the terms of each issuance being determined by the Board of Directors (including any Committee duly authorized by the Board of Directors thereof), from time to time, for each issuance. |
| Basis or justification for the price (including premium, if any) at which offer or invitation is being made | Not applicable |
| Name and address of valuer who performed valuation | Not applicable |

| | |
|---|---|
| Amount which the Company intends to raise by way of such securities | As may be determined by the Board of Directors from time to time but subject to the limits approved under Section 42 of the Companies Act, 2013 of up to ₹600,00,00,000/- (Rupees Six Hundred Crore only); |
| Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities | This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any Committee duly authorized by the Board of Directors thereof), from time to time |

The consent of the Members of the Company is being sought pursuant to the provisions of Section 42, 71 and other applicable provisions of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company or their relatives in any way concerned or interested, financially or otherwise.

The Board recommends passing of the aforesaid Resolution set out in item 2 of the AGM Notice as a special resolution.

**BY THE ORDER OF THE BOARD**
**FOR VAYA FINSERV PRIVATE LIMITED**

**PLACE: Hyderabad**
**DATE: September 20, 2022**

**A.V. SATEESH KUMAR**
**MANAGING DIRECTOR & CEO**

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# Attendance Slip

**Registered Office:**

SLN Terminus, #4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad – 50032 India.

CIN: U67190TG2014PTC093562

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING VENUE (Folio No. /No. name and address of the member/joint holder(s) in BLOCK LETTERS to be furnished below)

**FOLIO NUMBER : ________________** **NO. OF SHARES : ________________**

**DP ID :**

**CLIENT ID :**

**NAME OF MEMBER / PROXY :**

**ADDRESS :**

I hereby record my presence at the Annual General Meeting of the Company held on **Friday, September 30, 2022, at 11.00 A.M.** at the Registered Office of the Company at SLN Terminus, #4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad – 50032 India, Telangana, India.

--------------------------------------------

Signature of the Member / Proxy

**Note:**

i. Member(s) / Proxy (ies) are requested to bring the Attendance Slip duly signed and filled in at the Meeting and hand it over at the gate.

ii. Members attending the Meeting are requested to carry their copy of the Notice.

# Form No. MGT-11
# Proxy Form

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

**CIN: U67190TG2014PTC093562**
**Name of the Company:VAYA FINSERV PRIVATE LIMITED**
**Registered Office: SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad -500032**

Name of the member (s):
Registered address:

E-mail ID:
Folio No/ Client Id:
DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name: ......................
   Address:

   E-mail Id:

   Signature: ...................... , or failing him

2. Name: ......................
   Address:

   E-mail Id:

   Signature: ...................... , or failing him

3. Name: ......................
   Address:

   E-mail Id:

   Signature: ......................

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the company, to be held on the Friday, September 30, 2022 at 11.00. a.m. at the registered office of the Company SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad -500032 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

**Ordinary Business:**

1. Consideration of Financial Statements for the financial year 2021-22 and approval of Statutory Auditors report thereof.

**Special Business:**

2. Approval for issuance of Bonds/Debt Securities/ Non-convertible Debentures etc. upto ₹ 600 crore

Signed this.......day of......... 2022

Affix Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# NOTES

Vaya

POWERING ASPIRATIONS

ANNUAL REPORT

**Registered Office:**
SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli,
Kondapur Road, Hyderabad - 500 032, Telangana, India.

Tel: 040 – 47896999 | www.vayaindia.com | contact@vayaindia.com
CIN: U67190TG2014PTC093562