



Shahana Khatoon
Flute-maker
Sitamarhi, Bihar



Annual Report 2017-18



पाँवरिंग
एस्पिरेशन्स



*Powering
Aspirations*



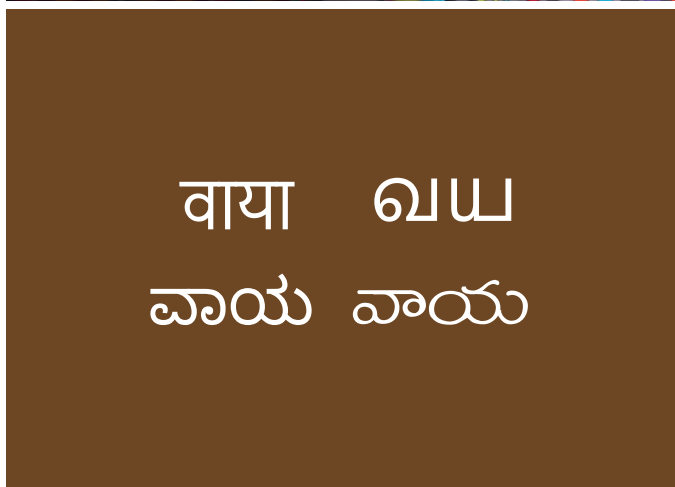
Bishnupriya Mishra
Coconut De-Husking
Raichakradharpur, Orissa



Subbamma Allali
Sugarcane farmer
Shamshanagar, Karnataka

*Circle
of Trust*

Vaaya



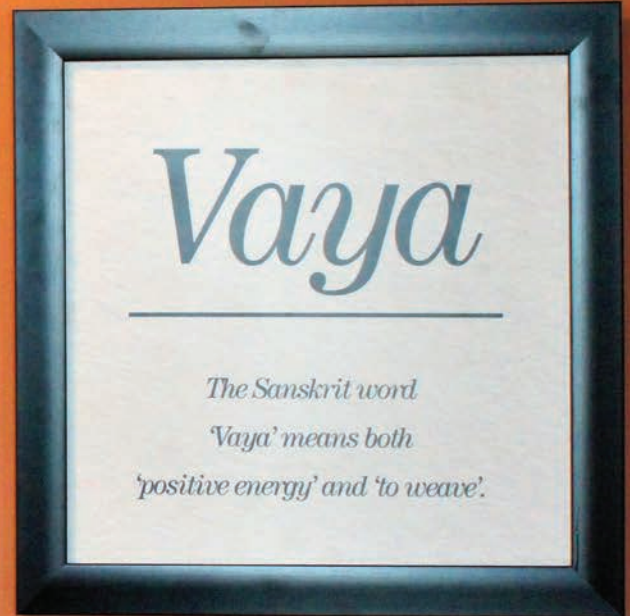
वाया वय
वायु वायु



Kavita Sambhaji Patil
Flower vendor
Gadegaon, Maharashtra



Vaya's head-office in Hyderabad



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.

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On the Front Lines of Financial Inclusion



Village Level Introductory Meeting

Field staff introduces Vaya at a public meeting.



Group Training

Customers form groups, get trained, join a center.



Center Meeting

Center approves loans for income-generation and promises to provide support.



Center Support

Customers invest in small businesses, earn income, repay loan.

Successful Enterprise

Loan is repaid, profit has been earned, and customers can take a larger loan.



COMPANY INFORMATION



Directors

Dr. Vikram Akula

Chairperson (Non-Executive) & Co-Promoter

Jagadish Babu Ramadugu

Managing Director, CEO & Co-Founder

Dr. Bikshamaiah Gujja

Nominee Director (w.e.f. 24-Feb-2018)

Gautam Ivatury

Director

Sandeep Parekh

Independent Director

Farzana Haque

Independent Director (w.e.f. 18-Dec-2017)

Chief Financial Officer

S. Lakshminarayanan

Company Secretary

B. Balaji Gupta

Business Correspondent Partners

Yes Bank

RBL Bank

Reliance Commercial Finance

Lenders

Yes Bank

Vaya Trusts

Registered Office:

SLN Terminus,

4-51/SLNT/L4-05,

Gachibowli, Kondapur Road,

Hyderabad – 500 032,

Telangana, India.

Website: www.vayaindia.com

CIN: U67190TG2014PTC093562

Tel: 040 – 47896999,

E-mail ID: contact@vayaindia.com

LinkedIn ID: <https://in.linkedin.com/company/vayafinserv>

Statutory Auditors

V. Nagarajan & Co.

Chartered Accountants

(ICAI Firm Reg. No.: 04879N)

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.

VISION

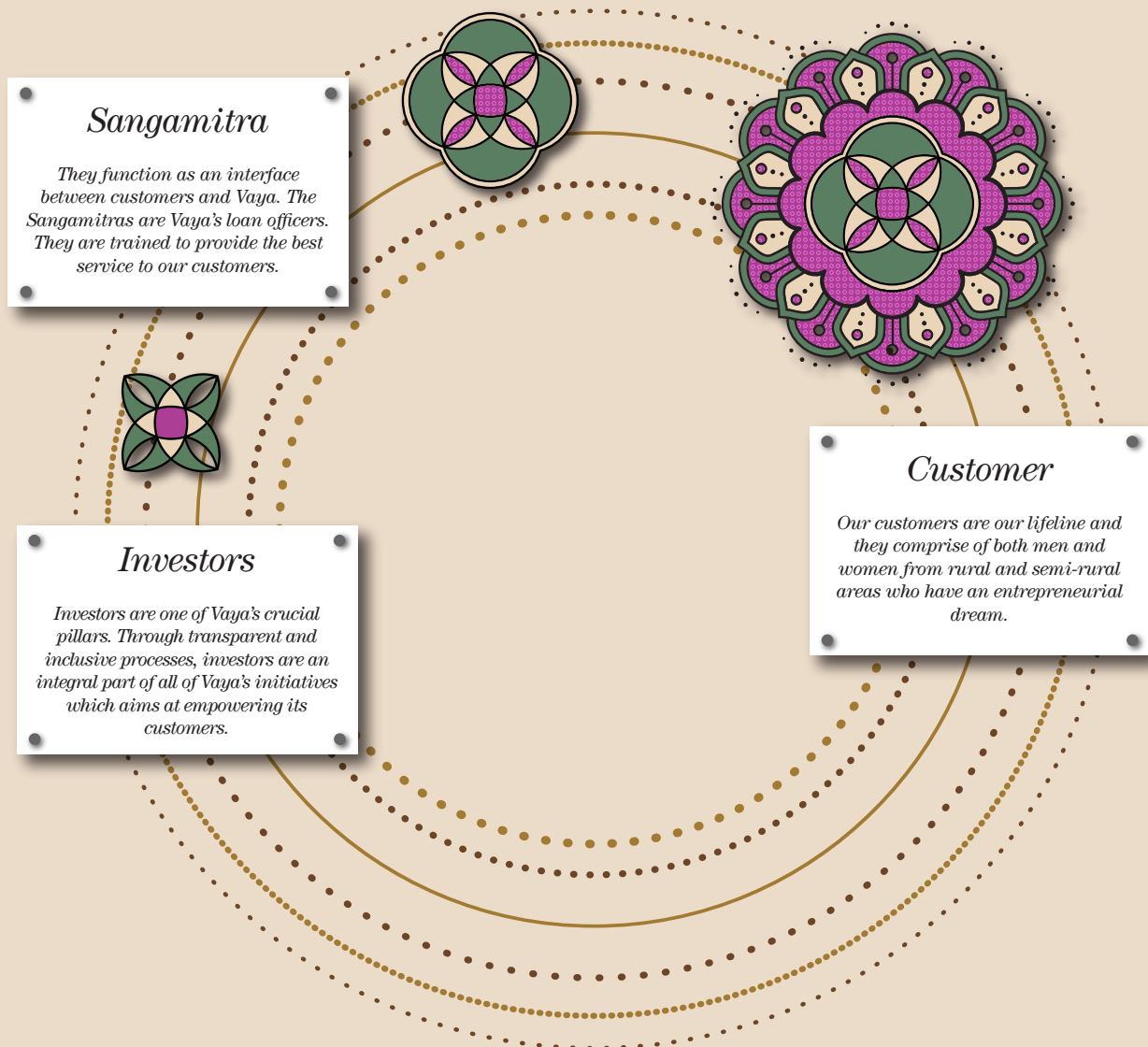
- To be the best financial services provider in India for aspiring individuals and small businesses.

VALUES

- **Trust** (Honesty, Integrity & Transparency): We operate with the utmost integrity in all aspects of the business, thereby earning the trust of our partners and customers. Our dealings are always honest and transparent.
- **Respect** (Customers and their aspirations): We treat our customers with the respect and dignity they deserve, showing courtesy and understanding.
- **Involvement** (High Touch & Teamwork): We take pride in building a long-term relationship with our customers that enables us to understand their needs and serve them better. We work together to provide services of the highest quality to the best of our capacity.
- **Passion** (for Financial Inclusion, for Excellence): Our team is passionate about the cause of financial inclusion and driven to provide excellent, relevant, timely and convenient financial services to deserving individuals and small businesses, providing the necessary tools to make their aspirations a reality.

CORE PRINCIPLES

- Customers will be treated with utmost respect and dignity. All interactions will be open, fair and ethical.
- We will provide customers with complete and accurate information about products and services and will equip them to understand and utilize this information through financial literacy programs.
- We will deliver products and services and communicate in a customer-centric manner that is ethical, transparent, and equitable.
- Our formal governance system will be transparent and ethical.
- We will employ free and fair recruitment practices.
- Customers will be given all the information required to make decisions in their best interests, in an accessible, comprehensible and useful manner.
- We are committed to the security and confidentiality of customer data. We will educate our customers about data privacy and obtain their consent before using their data.
- Every customer has the right to express a grievance. We will construct an effective and accessible grievance redressal mechanism and ensure prompt and effective resolutions.



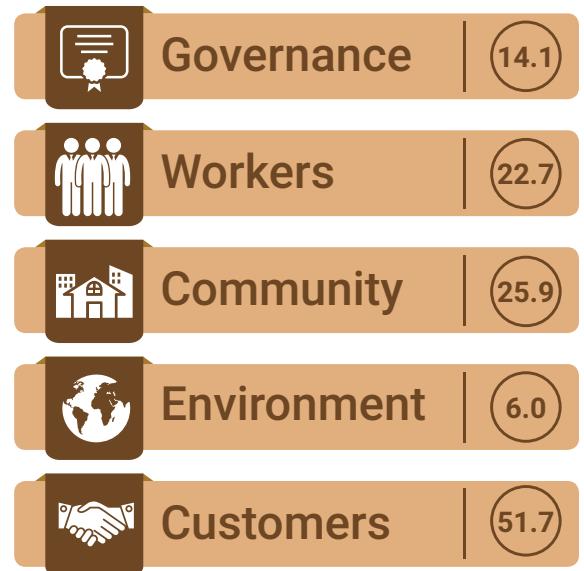
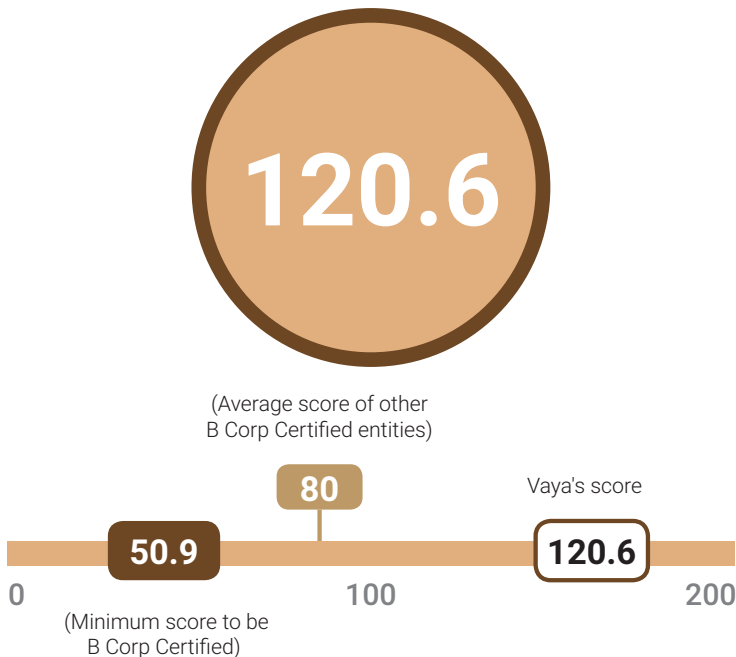


CERTIFIED B CORPORATION



About B Corporations

Certified B Corporations are leaders of a global movement of people using business as a force for good. They meet the highest standards of overall social and environment performance, transparency and accountability and aspire to use the power of business to solve social and environmental problems. There are more than 1400 Certified B Corporations in over 120 industries and 40 countries with 1 unifying goal - to redefine success in business.

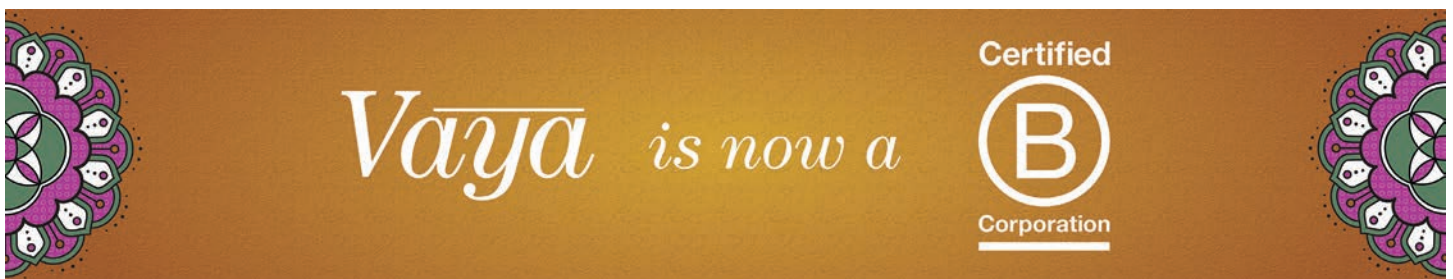


How did we get it?

At Vaya, we understand that the customer is the heart of everything we do. As a customer-centric organization conscious of social impact, the B Corp certification was perfect for us.

The B Corp certification provides a comprehensive and actionable metric (B Impact Score) that measures impact through a detailed examination of corporate governance, workforce policies, community and environmental footprint, and customer centricity. Through the process of becoming a B Corp, we not only gained a clear understanding of where we stood but also set a higher benchmark for ourselves.

As we take great strides forward in expansion and customer acquisition, the B Corp certification is a significant step towards preserving the social aspect of our mission. We believe that it is of great relevance to the microfinance industry and hope that we inspire a wave of B Corps in India and globally.





It's a certification

Like fair trade (or organic or LEED), but for the whole company.

It's unique

Meets the highest standards of verified performance, transparency and accountability.

It's an approach

A better way to do business—better for workers, communities and the environment.

It's a community

A community of practice to increase our individual and collective impact.

It's a movement

Leaders of a global movement of people using business as a force for good.

Brand Vision of Certified B Corporations

B Corps are leading a
global movement of
people using business
as a force for good™

So that one day
all companies
compete to be
best for the world®

And society enjoys a
shared and durable
prosperity.

Taking banking to the un-served and under-served.





MESSAGE FROM THE CHAIRPERSON



Vikram Akula

Chairperson
(Non-Executive) and Co-Promoter

Dear Fellow Shareholders,

FY18 has been a remarkable year for Vaya. In just one year, we received NBFC-MFI license from Reserve Bank of India, became a certified B Corporation (in July'18). The customer base has increased by 168% CAGR to 413,000 since FY15. As of July'18, we now serve over 500,000 customers across India. All of this has only been possible with the hard work and commitment of our dedicated team, who have developed meaningful relationships with our customers and remained true to the founding ethos of Vaya.

In becoming a certified B-Corp, Vaya saw a way to combine its focus on growth and quality with its emphasis on customer protection, benefitting the community, and employee satisfaction. A stakeholder, rather than shareholder, approach. The B Corp certification provides a comprehensive and actionable metric (B Impact Score) that measures impact through a detailed examination of corporate governance, workforce policies, community and environmental footprint, and customer centricity. The B Corp certification also provides a roadmap for fair workforce policies and increased motivation and engagement. Through an intensive process involving an exhaustive assessment, extensive documentation and a follow-up interview with B Corp, Vaya not only gained a tangible understanding of its impact, but also set a higher benchmark for the future.

As Vaya takes great strides forward in expansion and customer acquisition, the B Corp certification is a significant step towards preserving the social underpinnings of our mission.

Vaya is in great company. The B Corp certification is being adopted by dynamic and forward-thinking organizations all over the world, including Ben & Jerry's, Danone, Kickstarter and Patagonia.

As the first NBFC-MFI and only the sixth organization in India to become a B Corp, Vaya joins a global network of pioneers. B Corp is an expansive and prescient model that widens the scope and broadens the possibilities of the traditional for-profit model and with this game-changing new model, Vaya hopes to inspire a wave of B-Corps, particularly in the microfinance industry – where customers are vulnerable and responsible business practices are of paramount importance.

Vaya's employees have been our greatest strength and they have played a pivotal role in bringing the company to this level. They always strive to deliver the best to our customers. The company will continue to actively invest in their learning and development.

We at Vaya, believe that by supporting and creating new economic opportunities for deserving micro-entrepreneurs, lives can be enriched and communities can be transformed.

We would like to extend our sincere gratitude to all our stakeholders including Customers, Investors, BC Partners, Lenders and to each employee who contributed to the Company's growth during all these years. We look forward to better years ahead for Vaya.

Thank you.

Vikram Akula

Chairperson (Non-Executive) & Co-Promoter

In-house Pictorial Tools Used For Promoting Financial Literacy

OVER INDEBTEDNESS



INCOME GENERATION ACTIVITY





MESSAGE FROM THE CEO



Jagadish Ramadugu

MD, CEO & Co-Founder

Dear Valued Shareholders,

The Financial Year 2018 was a significant one for all of us as the company has transformed from a Business Correspondent (BC) company to a NBFC-MFI entity, regulated by the Reserve Bank of India. This internal transformation has been happening even as the microfinance landscape has been mainstreaming with Universal Banks entering this space through acquisitions, mergers and through BC model even as many NBFC-MFIs have been converted into small Finance Banks.

With a ₹2.05 Lakh Crore portfolio including SHG Bank linkages, the sector has grown at 22% last year even as 60% of the portfolio is now contributed by the banks. NBFC-MFIs with a 33% share in the portfolio have grown at a faster rate than other players. SFBs have started focusing on diversifying into other retail lending segments. The financial needs of our customer segment in the rural geographies continue to be underserved with most Banks, SFBs and even many MFIs concentrating in only the urban and semi urban areas. The MFI segment is expected to grow between 25%-35% over the next few years driven by better penetration and larger loan sizes over the current average of ₹20,000 per borrower. The support of investors and lending segments in this growth is back after a brief lull post demonetisation. (Source: ICRA report)

Our company continues to focus on maintaining profitability, growing its BC portfolio and maintaining exceptional partnerships that we have with Banks and other Financial Institutions. An all new geographic expansion will now be in the NBFC book where we are customer centric and deploy most effectively our risk management, client sourcing and technology capabilities with far better efficiency and agility

than our partnership model allows. We launched NBFC operations with 69 new branches over a span of 6 months with 400 new employees and closed the year at a ₹92 crore own portfolio. In 18 months, we expect that the size of our own portfolio will exceed the BC portfolio built over the last 3 years and will be largely rural focused.

We will continue to innovate and build great customer-centric products and processes. Vaya is now the first microfinance organization in India to become a Certified B Corporation (B-Corp). The customer is the heart of everything we do. As a customer-centric organization conscious of our social impact, the B-Corp certification is a perfect fit as it considers all the stakeholders associated with Vaya.

For the purpose of meeting the funding requirement to build our own portfolio, the Company received its first external credit facility of ₹75 crore from Yes Bank. The Company also received its first credit rating of 'BBB-' and MFI grading of 'M2' both from ICRA Limited. Vaya will continue to raise credit facilities through term loans and tap capital markets to meet its growing funding requirements. Our promoters, Vaya Trusts, infused ₹30 crore capital in the form of Compulsory Convertible Preference Shares (CCPS) in October 2017. As of March 2018, the Company has a network across 6 states and 72 districts through 223 branches. The gross loan portfolio was ₹689 crore (including ₹92 crore of own book).

We head confidently into the next wave of innovation and transformation in the small business and microfinance space with strong investments in people, technology and insights.

Thank you.

Jagadish Babu Ramadugu
MD, CEO & Co-Founder

July

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

April

CCPS infusion of ₹30 crores by Vaya Trusts

February

Received BBB- rating from ICRA

December

Cashless Disbursements Launched

August

₹2 Lakh Clients, 100 Branches, 40 Districts

July

Crossed AUM of ₹300 Crores

February

Crossed ₹1 Lakh Clients

December

Expanded into Maharashtra & additional districts in Karnataka

August

Disbursed First Loan in Karnataka

June

Launched TAB Module

March

Incorporated as Out-reach Financial Services

December

Received MFI grading of M2 from ICRA
Crossed 200 Branches

October

CCPS infusion of ₹30 crores by Vaya Trusts

May

Received NBFC- MFI Approval

January

Achieved 100% Cashless Disbursement

August

Reached Total AUM of ₹100 Crores

July

Started Operations in Odisha & Telangana

March

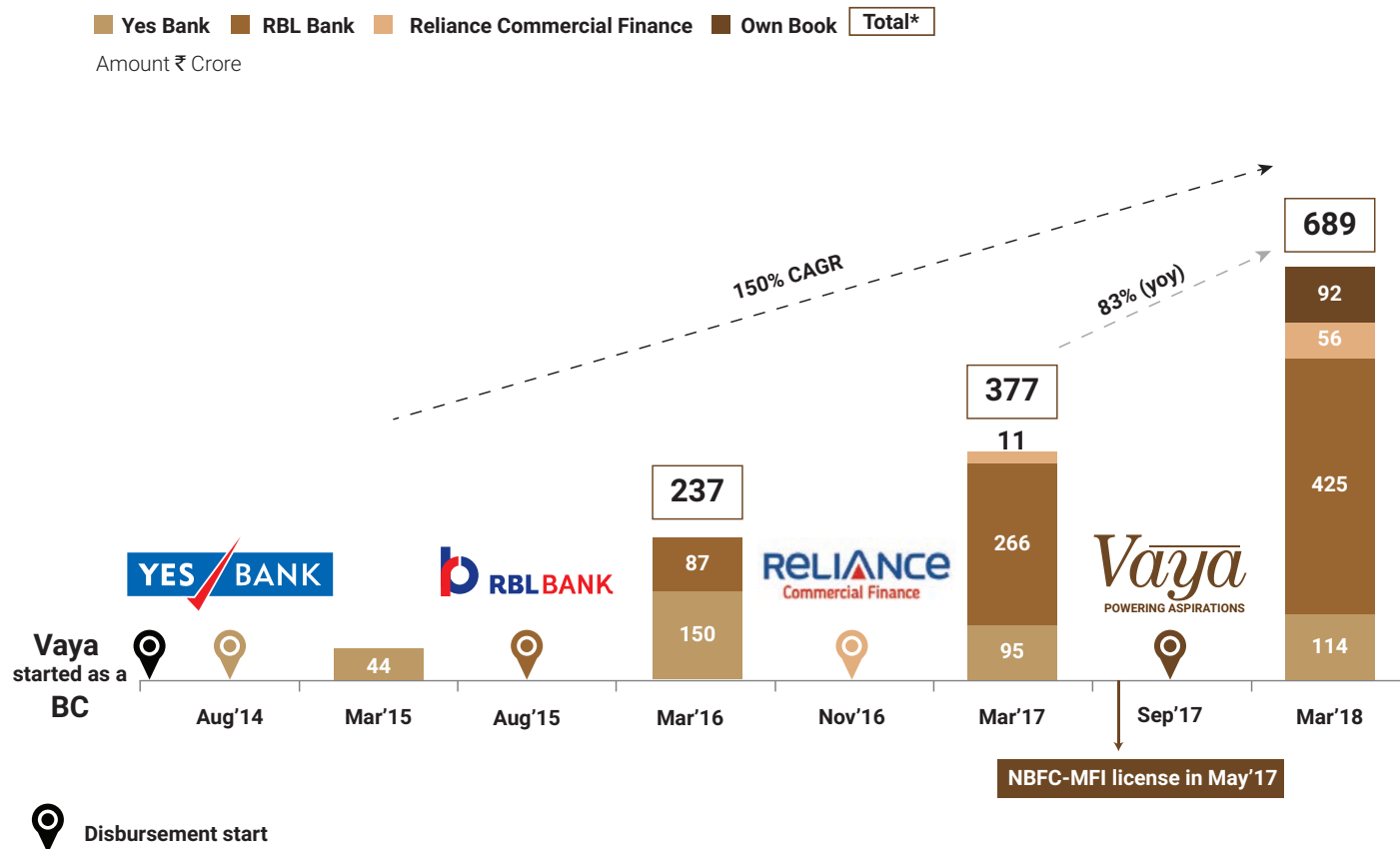
Started Operations in Bihar & Jharkhand



VAYA FINSERV – AN OVERVIEW



Journey so far & Portfolio growth...



* Total portfolio amount includes IDBI Bank portfolio of ₹5 Crore as of Mar'17 and ₹2 Crore as of Mar'18



Vaya has the best technology platform in the Microfinance Industry & leverages it to –

- Increase customer base
- Reduce risk &
- Improve productivity



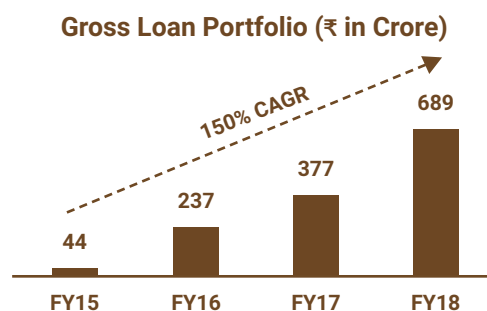
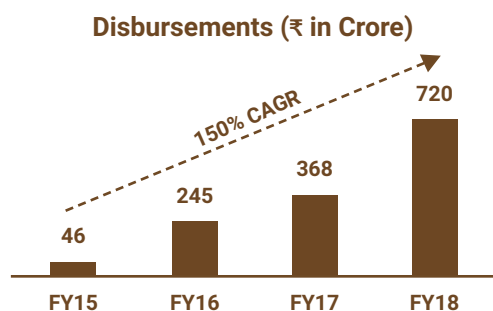
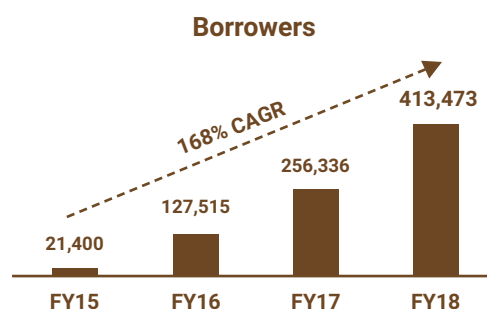
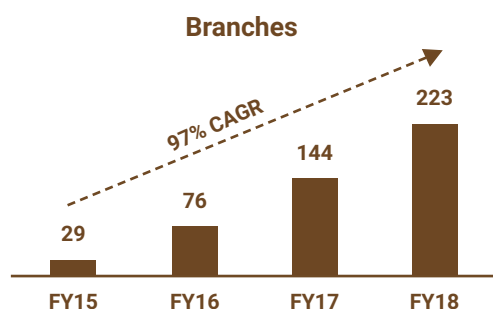
Vaya has many experienced & proven microfinance professionals with >60 mid & senior managers having 10+ years experience in sector alone



We have a high growth mindset in a high growth industry



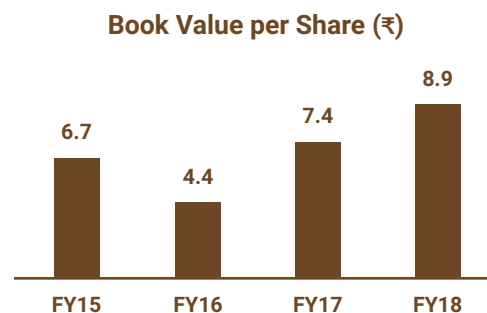
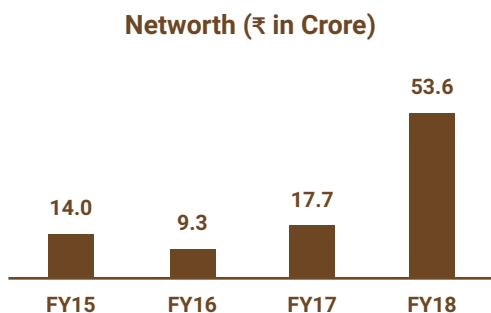
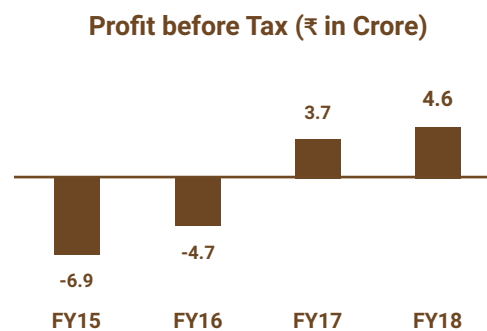
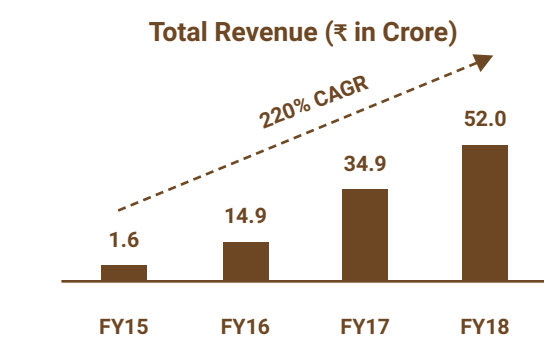
OPERATIONAL HIGHLIGHTS



Particulars	Unit	FY15	FY16	FY17	FY18
States	No.	2	6	6	6
Districts	No.	7	37	51	72
Branches	No.	29	76	144	223
Borrowers	No.	21,400	127,515	256,336	413,473
Employees	No.	257	542	1,030	1,611
Sangamitras (Field officers)	No.	202	431	915	1,192
No. of loans disbursed	No.	21,400	106,869	160,246	275,451
Disbursements	₹ in Crore	46	245	368	720
Gross Loan Portfolio (GLP)	₹ in Crore	44	237	377	689
- Managed portfolio under BC	₹ in Crore	44	237	377	597
- Own portfolio	₹ in Crore	-	-	-	92
Operational Efficiency:					
Borrowers per Sangamitra	No.	106	296	280	347
Borrowers per branch	No.	738	1,678	1,780	1,854
Average ticket size	₹	22,987	22,910	22,946	26,153
GLP per borrower	₹	20,545	18,557	14,696	16,667



FINANCIAL HIGHLIGHTS



Particulars	Unit	FY15	FY16	FY17	FY18
Total revenue	₹ in Crore	1.6	14.9	34.9	52.0
Profit before tax	₹ in Crore	-6.9	-4.7	3.7	4.6
Profit after tax	₹ in Crore	-6.9	-4.7	5.6	3.7
Earnings per share (Basic)	₹	-6.5	-2.2	2.4	1.2
Earnings per share (Diluted)	₹	-6.5	-2.2	2.4	1.2
Net Worth	₹ in Crore	14.0	9.3	17.7	53.6
Total assets	₹ in Crore	15.8	44.1	55.0	221.9
Book value per share	₹	6.7	4.4	7.4	8.9
Capital adequacy ratio	%	N.A.	N.A.	N.A.	34.2%

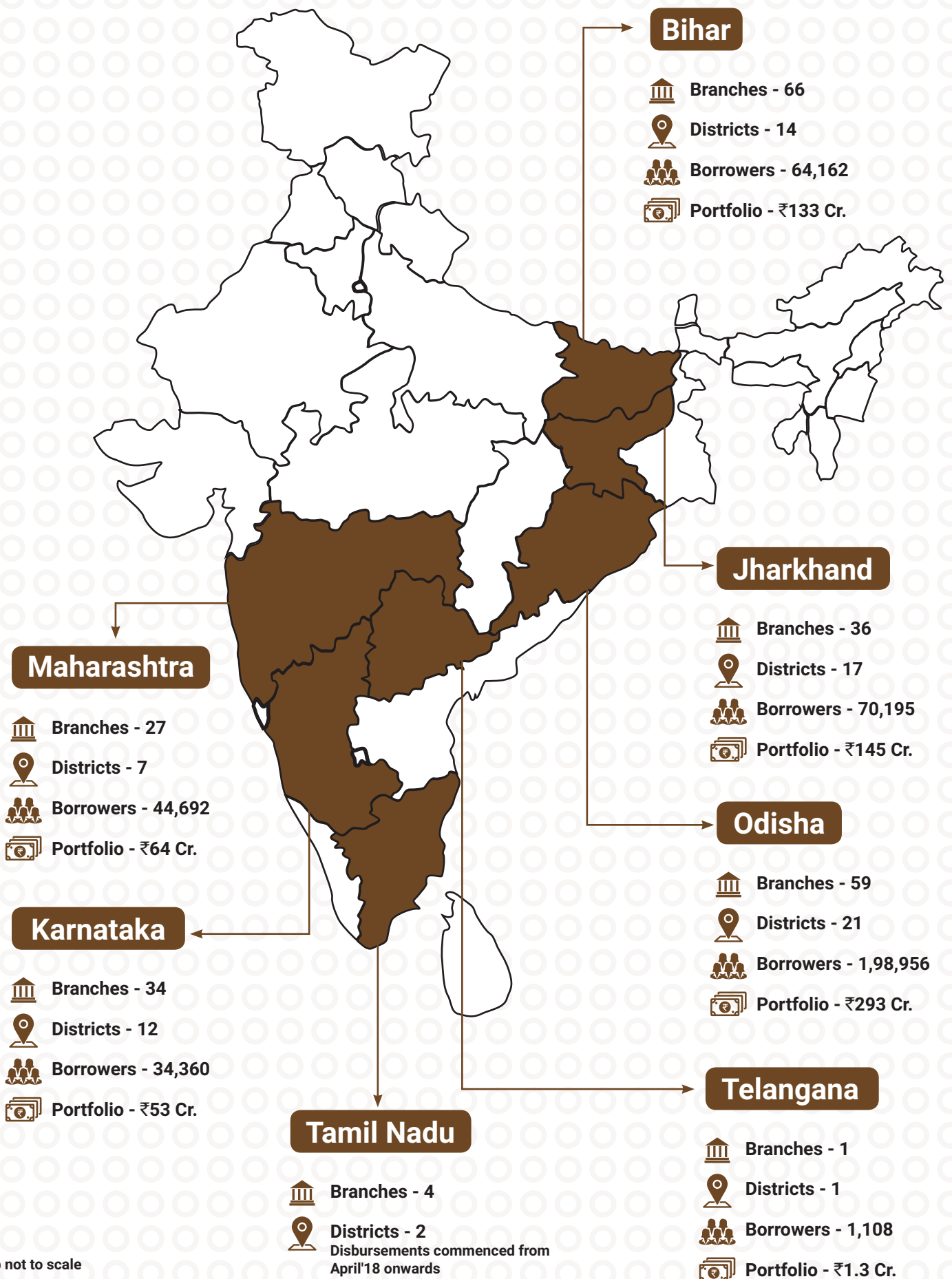
N.A.= Not Applicable

Our Geographical Reach

(As of March 31, 2018)

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



*Map not to scale



BOARD OF DIRECTORS



Dr. Vikram Akula

Chairperson (Non-Executive)
and Co-Promoter

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

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

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.



Jagadish Ramadugu

MD, CEO & Co-Founder

Jagadish has led the transformation of Vaya from a startup into a multi-state customer-centric organization with strong technology & processes since its inception 4 years ago. With his experience in business strategy, people leadership, managing profit centers and technology, he has created a culture of focused execution and team spirit. Under his leadership, Vaya has become a new generation microfinance company with a team that is passionate about financial inclusion.

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



Dr. Bikshamaiah Gujja

Nominee Director

Dr. Bikshamaiah Gujja was instrumental in establishing AgSri Agricultural Services Pvt. Ltd. Dr. Gujja worked with WWF, based at 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. Dr. Gujja has published extensively on water management and improving agricultural productivity. Dr. Gujja was a post-doctoral Fellow at McGill University, Montreal, Canada.

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. Dr. Gujja was Director of Deccan Development Society (DDS), a non-profit organisation working in rural Andhra Pradesh, India, where he initiated many programs on sustainable agriculture, social forestry, and traditional water management.



BOARD OF DIRECTORS



Gautam Ivatury
Director

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

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

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

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



Sandeep Parekh
Independent Director

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

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



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, Ms. Haque was Global Head - Large Accounts SBU at TCS. Ms. Haque 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'. She has been appointed as Independent Director at Vaya Finserv Pvt Ltd with effect from 18th December, 2017

Ms. Haque 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. Ms. Haque is also the recipient of the "INDIRA" Super Achiever Award 2008. Ms. Haque is a Charter member of TIE.

Ms. Haque 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 NGO's and foundations, in addition to serving on the boards of few foundations. Ms. Haque is Co-Founder of "Stree Shakti", a platform for women entrepreneurs in India.



MANAGEMENT TEAM



S. Lakshminarayanan, Chief Financial Officer

S. Lakshminarayanan is a Chartered Accountant and Cost Accountant with over 22 years' experience in financial management, budgeting, treasury, financial reporting and controllership, cost management, audit, risk management and taxation. He has worked with large organizations like AppLabs, BFIL, Goldman Sachs, ICICI Bank, and KPMG. He is an experienced finance leader who has managed multi-product and multi-location teams.

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.

Vijay Kumar, Business Head

Vijay Kumar (A Rural Management Graduate from Institute of Rural Management, Anand) has over 13 years of experience in financial inclusion space and worked with some of the leading National (BFIL) and Global (Accion) Microfinance Institutions before joining Vaya.

Vijay brings with him a diversified microfinance experience ranging from running large scale microfinance operations, management of products and services, strategy and business planning, to equity and fund raising. He has helped BFIL grow beyond Andhra Pradesh and personally managed their operation in states like Karnataka, Bihar, Jharkhand and Uttar Pradesh. At Accion, He was deputed with Saija Finance and was responsible for managing the commercial (Business Head) function at Saija. He helped Saija to strengthen its Business Operation, Business Analysis, HR and Finance. He was instrumental in helping Saija survive the AP crisis during 2010-12 and later quickly turn it around and put it on the path of rapid growth.



Maunesh Bhatt, Head – HR & Admin

Maunesh Bhatt is a post graduate from ICFAI University. He is a certified OD professional and accredited administrator of MBTI & FIRO-B. He carries 21 years of experience in HR & OD (Organizational Development) across BFSI & Pharmaceutical sectors. Prior to joining Vaya, he worked with Spandana Sphoorty Financial Limited, Royal Sundaram General Insurance, SBI General Insurance, Max New York Life Insurance, NIS Sparta and Eli Lilly and Company Ltd. He has contributed positively to these organizations in the areas of Building HR policies and taking manual HR process to the automated one through HRMS. His contribution is noteworthy in the areas of Talent Management, Organization Development, Employee Engagement, Performance Management, Coaching and Leadership Development. Maunesh has featured in the list of 100 HR Super Achievers (India) - 2018 by World HRD congress and had received Asia Excellence Award for Innovation & Change.

Anil Kumar Gujja, VP- Data Analytics and Credit Modelling

Anil Kumar has done B.Tech from National Institute of Technology (NIT) Jalandhar. He has 17+ years of leadership experience in IT Industry. He has worked in large organizations like TCS, INTEL, ADP and JP Morgan Chase. He has defined, influenced and implemented key business processes in organizations with excellent blend of technology & Management and has experience in leading large development teams in different technologies. He has expertise in defining and implementing machine learning, neural network and deep learning algorithms for credit modelling and predictive analytics.



Chakradhar G R, Head – IT

Chakradhar is an engineering graduate with over 19 years of IT experience in diversified verticals of Banking and Financial services. Prior joining Vaya, he has worked with HSBC Private Bank, where he has launched Internet banking, Trade & Teller IT applications and lending origination system. Before that he has worked for Polaris Finance Technologies where suite of Investment banking & Wealth management applications were developed and implemented.



MANAGEMENT TEAM

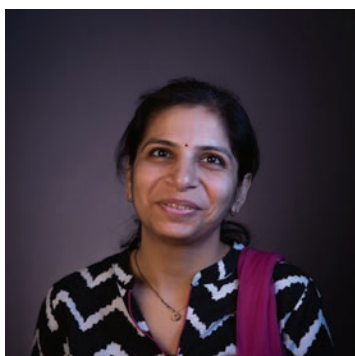


Satya Prasad Aripirala, Head – Training and Financial Literacy

Satya Prasad is a Management graduate from the Institute of Rural Management, Anand (IRMA) and an acclaimed author of short fiction stories on financial planning. He has 13 years of experience in financial inclusion space accumulated in various organizations in the areas of microfinance, micro insurance, micro pensions and agriculture insurance. He has worked on varied domains including training, strategy, sales & relationship management. Prior Joining Vaya, he has worked with Spandana Sphoorty Financial Limited, Invest India Micro Pension Services Pvt Ltd, ICICI Lombard, Star Microfin Service Society and ICICI Prudential. His expertise includes training strategy, need based & competency based training design and digital training content development.

Rajeev is a Rural Management Post Graduate from VAMNICOM with 15 years of experience in business strategy, business planning, new business development, channel & distribution management, revenue-profit management, team building & management and relationship management. He has worked with Fino Paytech Limited, BFIL, Karvy group and Bayer CropScience. Rajeev has helped FINO to plan and rollout operation in their microfinance vertical - Intrepil Finance. He was instrumental in designing, piloting and rolling out 'SANGAM STORES' program of BFIL.

Rajeev Ranjan, Business Head

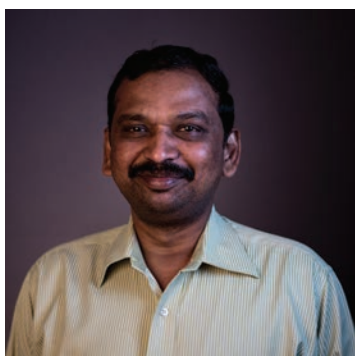


Megha Nainani, AVP – Finance and Accounts

Megha is a Chartered Accountant and a Company Secretary with a Post-Graduate degree in Commerce and an Executive MBA in Marketing. In a career spanning 18 years in the fields of Finance, Taxation and Human Resources, she has worked for various Industries like Reliance Communications, BFIL, and Goenka Group of Industries etc. She has been part of the IPO team and played a pivotal role in the overwhelming success of India's first listed Microfinance Company - BFIL. Her core areas of expertise include development and implementation of automated Financial accounting systems to increase transparency and reduce processing time; drafting complex Business and Financial models and designing control systems for Operational efficiency.

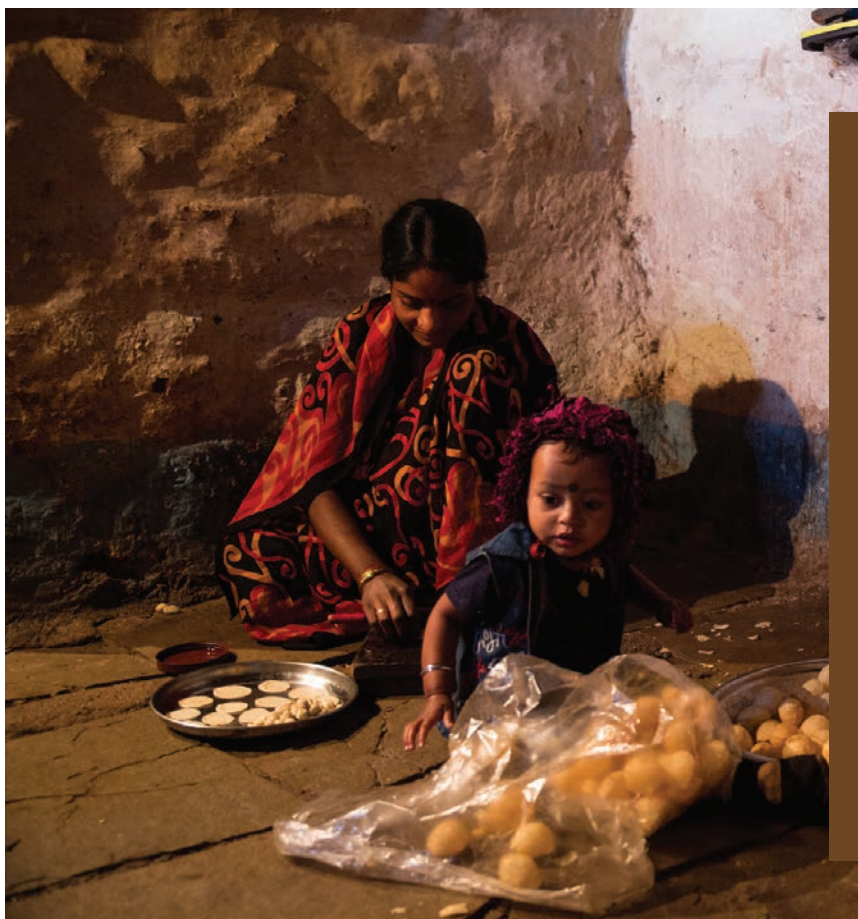
Prashant Kumar, AVP-Internal Audit and Risk

Prashant has done MBA and Chartered Accountancy and he holds certifications in Lean Six Sigma, Information Security and Risk Management, Insurance, and Commodity trading. He has a total work experience of over 10 years and has led teams in carrying out risk based internal audits and process reviews, process design, and project management across Microfinance, Banking, Financial Services, Insurance, Oil & Gas, Real Estate, Healthcare, Food & Beverage, Manufacturing, and District Cooling industries in various cross-border geographies. Prior to Vaya, he worked with PKC Advisory, Axis Risk Consulting and BFIL.



B. Balaji Gupta, Company Secretary

Balaji has done B.Com, BL and ACS. He has 13 years of experience in the sugar, insurance, infrastructure, and microfinance industries as a Company Secretary and Compliance Officer. Prior to Vaya, he has worked with GMR Jadcherla Expressways Private Limited and Shriram Life Insurance. In GMR Jadcherla Expressways, he contributed to issue of debenture, shifting of registrar office from one state to another, implemented compliance processing and Standard Operating Procedure (SOP).



“I want to do more. With a bigger loan from Vaya, I can add benches for customers to sit and have more food options.”

In a dim, stuffy room, Nageshwari heats oil and rolls little circles of dough. It is still early; she has to work before her little son wakes up and absorbs all her energy. Her other little one, a five-year-old daughter, is staying with her grandmother.

Nageshwari and her husband own a pani puri stall where they sell pani puri and other sundry snacks. A pretty, gentle young woman with a shy smile, she rolls and fries the puris with practiced ease. Her current quarters are small and cramped, but her family will soon be moving to a larger house.

Nageshwari took an ₹22,000 loan from Vaya two years ago to buy a pani puri cart. Before that, they regularly borrowed from moneylenders to run their business, barely managing to sustain themselves. Now they earn ₹2000 a day: enough

to pay the monthly ₹1200 installment easily with enough left over to cover expenses and make a profit.

She wants to do more. With a bigger loan, she could add benches for customers to sit, more food options...

Most importantly, however, Nageshwari wants to ensure that her children receive a good education. Both, she and her husband didn't finish high school but Nageshwari wants her children to have every opportunity she was denied because of her lack of education.

And with access to capital, Nageshwari is paving the road to a better future, one puri at a time.

Nageshwari
Bidar, Karnataka
Pani Puri vendor



“Dukaan me samaan badha to aamdani bhi badhi.”

Kiran once owned a bangle store. Her entire family, including her husband, was in the bangle business. But every month, she would have to dig in to her paltry savings to help buy raw materials, diverting valuable resources away from her children's education and their future and leaving them no recourse in an emergency.

At a Village Introductory Meeting, Kiran found out about Vaya's loans from a Sangamitra. With easy installments, a supportive group system and friendly staff, a loan from Vaya seemed like a great way out of her predicament.

With a loan of ₹24,000, the enterprising mother of three purchased goods and equipment for two businesses: a beauty parlour and a house-front kirana store. Now her store is filled with an assortment of goods and she makes ₹ 10,000-15,000 a month.

Kiran feels that the loan amount is sufficient to cater to her needs. "Dukaan me samaan badha to aamdani bhi badhi." [Once we bought more goods, our income increased].

When asked about her children's financial needs, the store, and the family, Kiran says "ab ho jaati hai, aasani se (now it happens easily)."

Kiran
Sitamarhi, Bihar
Kirana store



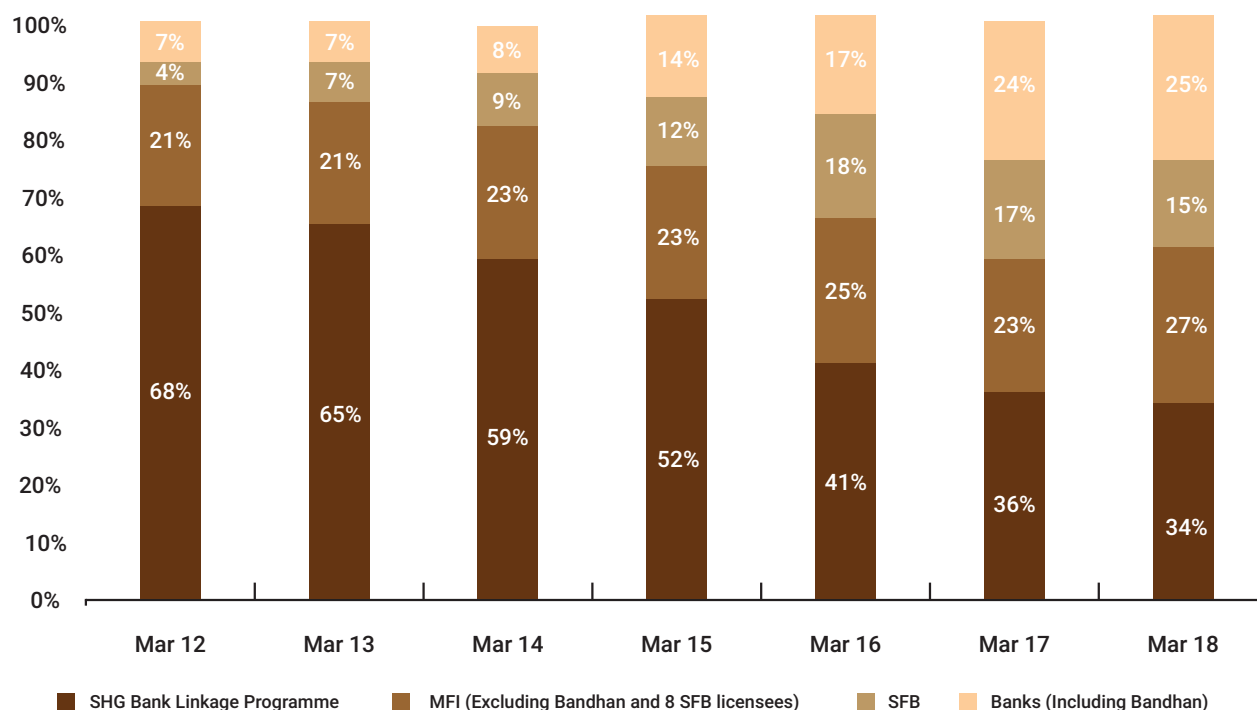
NEED FOR MICROFINANCE



Before the microfinance industry, people around the world have borrowed and saved using various sources outside of the formal financial sector. Informal avenues ranging from loan sharks, community members and saving groups were once the only source for low income individuals who were unbanked or under-banked. Such sources are still commonly used in both rural and urban areas, but now microfinance is a new source for loans, savings and insurance for those who do not have access to any type of financial services.

India is the single largest microfinance market in the world with strong regulation. It is fast evolving and complex. The landscape is changing with market segmentation blurring between traditional banks and pureplay microfinance organisations. Significant M&A activities with Banks acquiring microfinance organisations has added new dynamics. India continues to have varied lending patterns and behaviour of borrowers in different states and districts. Universal banks through BC arrangements and newly created SFB along with MFIs offer simple loan products in both urban and rural markets. However, most of the operations are concentrated in urban and semi-urban with very limited focus in rural markets leaving very open spaces in rural areas. Some of the pureplay microfinance organisations including Vaya have invested in digitisation and are using data and technology enabling them to offer differentiated and customer-centric loan products. The deep customer understanding and relationships focused rural approach is expected to make the pureplay microfinance organisations most preferred lenders. The lending rates of MFIs are also lower than most banks while being sustainably profitable and staying ahead. The dependence on SHG Bank Linkage Programme ("SBLP") in terms of portfolio outstanding has halved in last seven years from 68% as of March'12 to 34% as of March'18. The market has shifted from SBLPs to more efficient MFIs and Banks (including BC arrangements).

Micro-credit loans outstanding among lender groups as on March 31, 2018

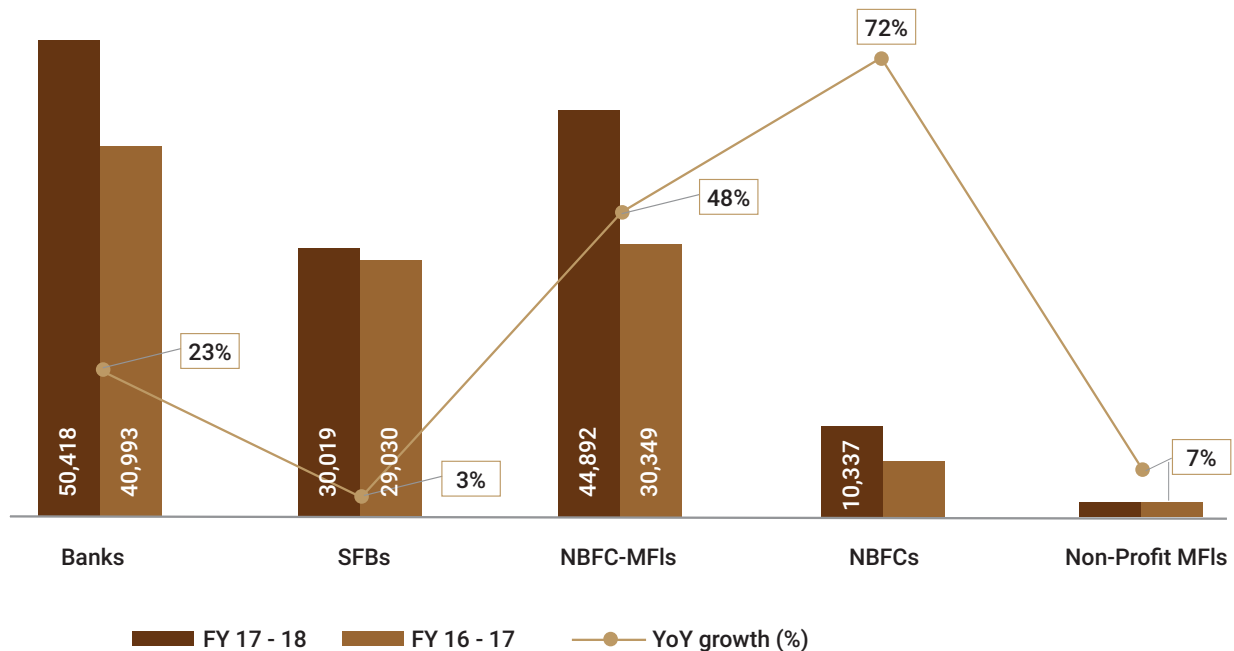


Source: MFIN Micrometer, ICRA research

At an average loan outstanding of 26,560 per account, the industry is expected to continue to seek higher lending per customer in addition to new customer acquisition in the deep rural areas. While there is higher scope for increasing the loan size per customer, appropriate risk modelling and credit assessments need to be innovated. As per Micrometer report of MFIN, the yearly portfolio growth rate of MFIs as of FY18 at 48% versus 3% for SFBs indicates strong customer preferences.

Source: Micrometer by MFIN

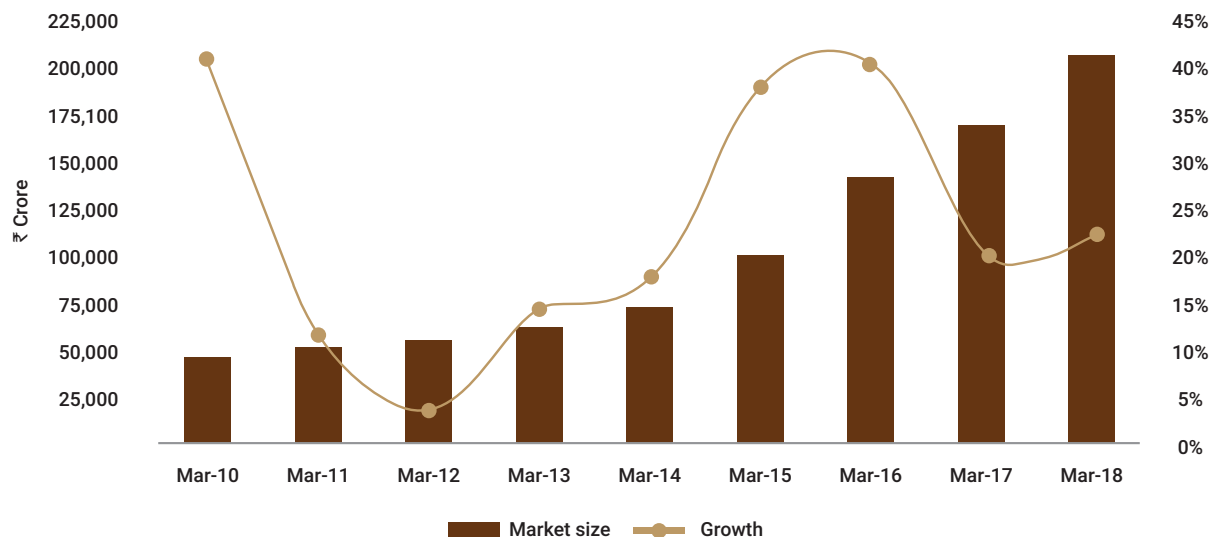
Loan amount outstanding under micro-credit (₹ Crores)



Source: Micrometer by MFIN

According to the 2011 Census of India, there were about 640,000 villages in rural India and close to 68% of the total population residing in them. As per CRISIL Research, the opportunity to capture market share from unorganised lenders will continue to drive MFI industry growth in the future. MFIs will be able to expand their portfolio by servicing areas that are least penetrated and where unorganised moneylenders are predominantly present.

Trend in market size and growth



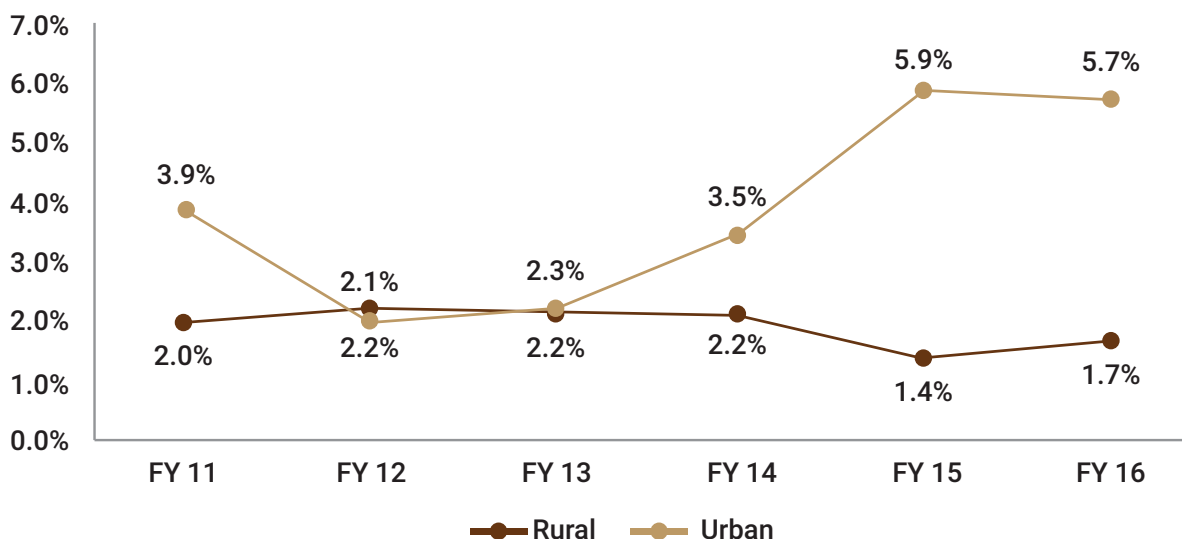
Source: MFIN Micrometer, Status of Microfinance in India (NABARD), ICRA

Why Vaya Chose To Be An MFI

In order to further our ambition of serving clients through innovative products and services as per their needs and due to various limitations under Business Correspondent ("BC") model, Vaya had applied and received the NBFC-MFI license from RBI in May 2017. With regard to our own book, focus in next few years would be to build a rural finance intensive business. Vaya would continue to operate as Business Correspondent to its existing partners in selected areas and continue to grow its portfolio and client base under the arrangement. At the same time, the Company would also expand its operations as NBFC-MFI in the selected areas where it does not have BC arrangement.

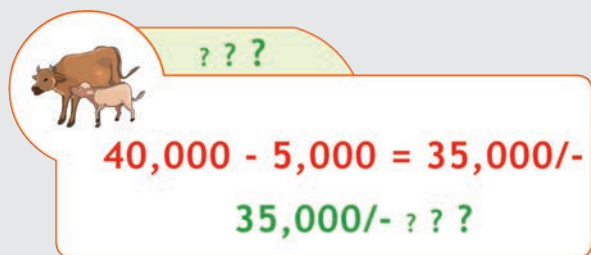
Huge opportunity lies for Vaya as it is more rural focused compared to the microfinance industry which is more penetrated in urban areas and competitive intensity in rural areas is far lower than that in urban areas.

Rural penetration is much lower in The Microfinance Industry



Source: Bharat Microfinance report, CRISIL Research

Vaya providing access to formal source of finance



CUSTOMER CENTRICITY

Customer Centricity: On the Front Lines of Financing the Un-served & Under-served

Vaya has a heightened focus on the seven principles of customer protection: fair and respectful treatment, transparency, designing suitable products, preventing over-indebtedness, privacy, and having a mechanism for complaint resolution. Since Vaya's customers are not familiar with conventional banking, Vaya trains them. Vaya uses innovative participatory aids such as seeds, coins and cardboard cut-outs to explain loan terms, interest rates, joint liability and other features. Such training not only imparts awareness but also serves to bolster trust and strengthen the credit culture.

Vaya's field staff invest significant time to develop good relationships with customers and build trust. They are always readily available to answer a query or address a problem. There are extensive checks and balances in place to ensure fair and respectful treatment of customers. Field staff undergo thorough and ongoing training and evaluation.

Customer Cash Flow-centric Product Design

The loan products at Vaya are designed with an understanding of customers' cash flows, and the working capital requirements of their microenterprise. The choice of products such as mid-term loans, renewal loans will ensure that the customer has continuous and convenient access to finance. Products such as term insurance and hospicash are provided to the customers and their spouses as a safety net in cases of exigencies that demand loss of income or wage.

Customer Interaction & Touch Points

Customers are trained by Sangamitras (field officers) using info-graphic materials to communicate the products, processes and most importantly to impart financial literacy training. A product brochure handed over to every customer, which provides information about the products offered by Vaya and processes involved in availing such loans. The stories narrated by Sangamitras educate the customers on loan right sizing, prudent loan utilization for income generation and importance of timely repayment.

Every customer is intimated by way of a vernacular text message at every stage of loan-cycle keeping her updated and informed about the loan sanctioning. There are six different stages at which the SMSs are received by the customer – loan application acceptance, loan sanction, disbursement, first center meeting day and installment details, center meeting reminder and acknowledgement for receiving the installment amount. Typically, over a two-year loan period, Vaya interacts 58 times digitally and 60 times personally with the customers.

Customer Grievance Redressal Mechanism (CGRM)

Vaya encourages customers to put across their complaints, issues, suggestions and feedbacks through an easy and convenient means of communication. Vaya's toll-free number is available on the passbook, center register and other communication materials shared with the customers. The customers are also educated during the Effective Group Training (EGT) about the grievance redressal mechanism.

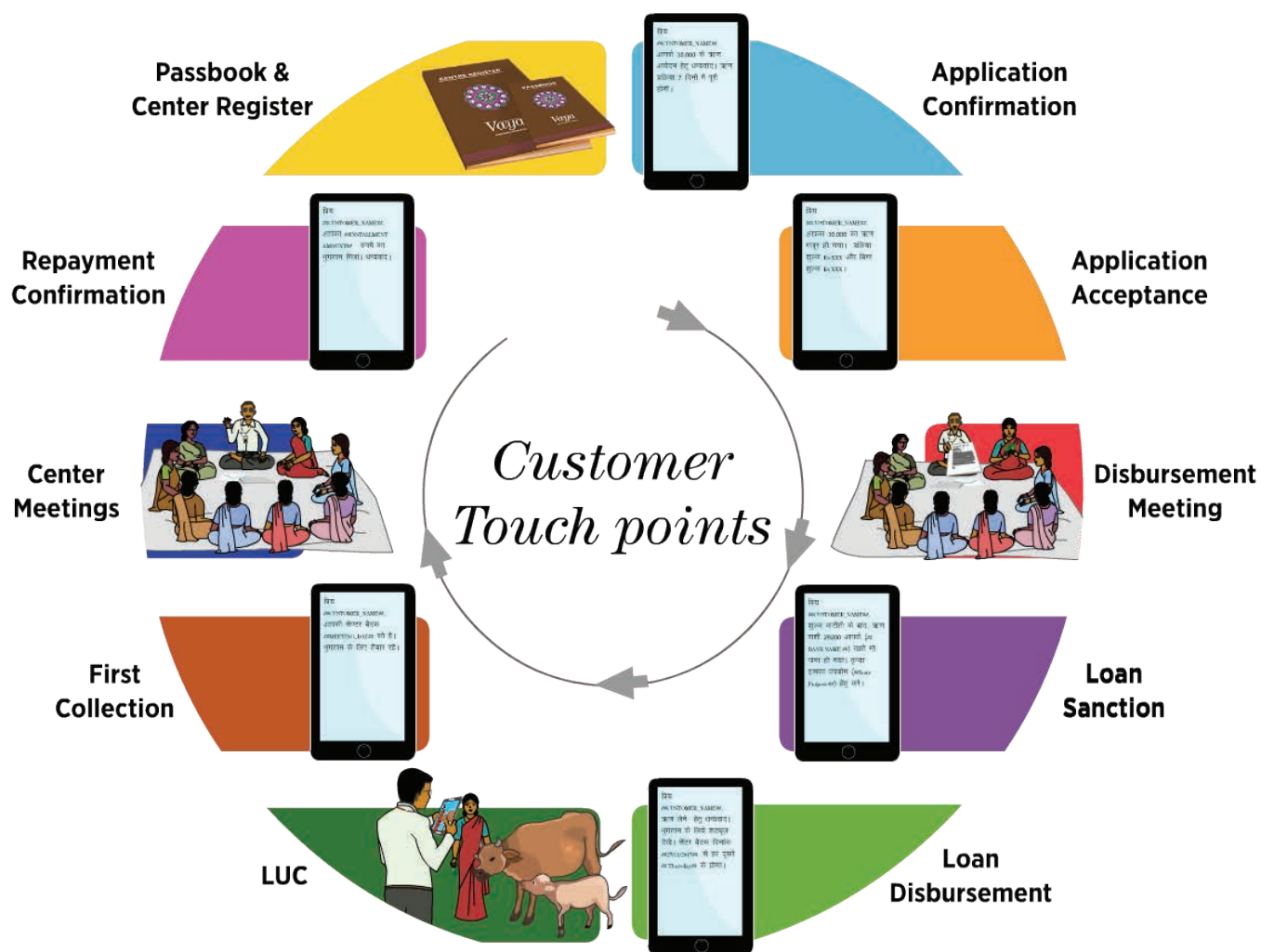
All the complaints received at the Head Office are categorized into four parts – Queries, Service Requests, Grievances and Complaints. Each category has a defined TAT and a structured escalation matrix. The complaints received from the customers are recorded and follow-ups are done on a regular basis. With this model of CGRM, Vaya is now able to respond to 80% of the queries of the customer on real-time basis.



Vaya leverages the JAM trinity i.e the customer's Pradhan Mantri Jan Dhan Yojna (PMJDY) account, eKYC, and mobile connectivity to disburse the loan directly into the borrower's bank account.

JAM

58 Digital and 60 Personal Interaction with the Client Over 2 years Loan Cycle



PIONEERING DIGITAL FINANCE

Vaya since inception 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, data consistency and customer satisfaction.

Data analytics led area selection to mitigate geo-political 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, geo-political influences, levels of customer indebtedness, socio-economic indicators, competition and penetration heat-map in addition to the business potential. The approval to operate in any area is determined not only by the field study conducted by the operations team but also evaluated by the risk team to ensure best quality portfolio in that area.

System driven customer selection

Sangamitras (field officers) are provided with tabs pre-installed with loan management system (Digilend) for customer sourcing through eKYC platform based on Aadhaar. Staff enters the Aadhaar number and conducts Iris scans of the customers, fetching the customer details as available in the Aadhaar database on real-time basis. This process, performed in few seconds, not only improves staff productivity but also reduces the turnaround time, also ensures data accuracy. All possible impersonations, ID thefts, fake KYCs are restricted through this mechanism, eliminating customers with mala fide intentions at the very first stage of enrollment.

The customer's credit appraisal is done on real-time basis by accessing credit bureau information using the customer's Aadhaar credentials. The system logic evaluates the credit off-take capacity of the customers, level of exposure to credit and default history before arriving at the maximum limits of credit eligibility.

Client enrollment through field assessment

In addition to the technology, the Sangamitras are also equipped through training to assess the customer's credit worthiness using house survey visits and structured visual questionnaire on tablet. This questionnaire enables collection of critical customer data on current state of economic activity, indicators of customer's ability to repay the proposed loan, etc. The visual representation of required data ensures that the questionnaire is easily administered in less time and most importantly improves the consistency and accuracy of the data.

As a result of system-led credit appraisal and client selection practices, the Sangamitra can almost instantly decide whether or not and if enrolled the estimated loan eligibility.

Enhancing customer convenience & controlling cash risks through cashless disbursements

The Sangamitra also collects bank account information of the customer which is system verified through strong validations. There are a series of verifications done to ensure the correctness of the information and post successful clearance the loan amount is directly credited into the customer's preferred bank account. This process has not only mitigated the risk of carrying huge amount of cash for disbursements, but also ensured that the loan amount reaches the right customer with no chance of any third-party intervention including that of ring leaders or even in some cases, their male family members who would syphon-off the loan amounts.

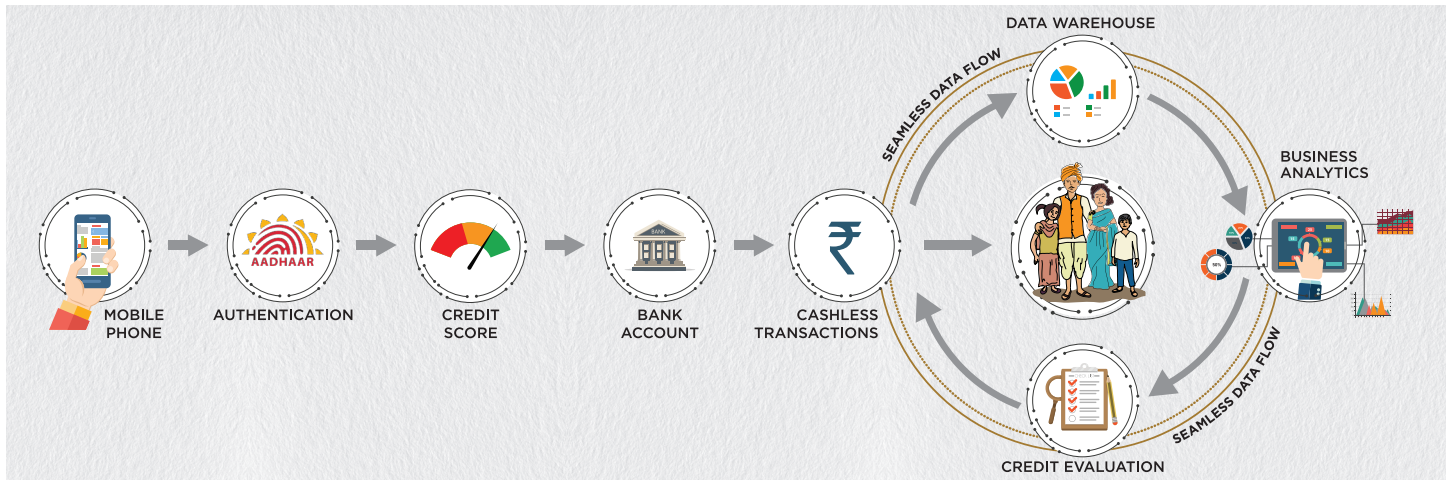
Digitized real-time collections

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 meetings or with delayed repayment history are flagged as early warning signals to the risk and the monitoring team. The renewal loans and the subsequent products are offered to select clients with a good track record of attendance and repayments determined through data analytics.

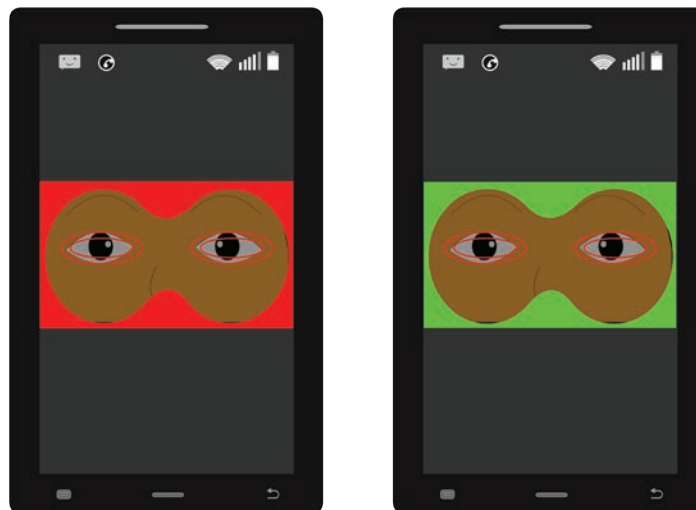
CRON: Digital Audit, Risk Management & Monitoring tool

Vaya's in-house audit system – CRON (Credit Risk Operations & Network) enables the risk team to identify and assess the risks at the point of emanation, and to mitigate the impact. CRON also has an in-built monitoring mechanism which would act as a continuous assessment tool evolving into a quarterly report comparing the capabilities of every field staff on parameters like knowledge, adherence, productivity, quality, and customer centricity.

Vaya has the capability to deliver a loan into a customer's bank account in just 7 minutes, capitalising on its digital platforms.

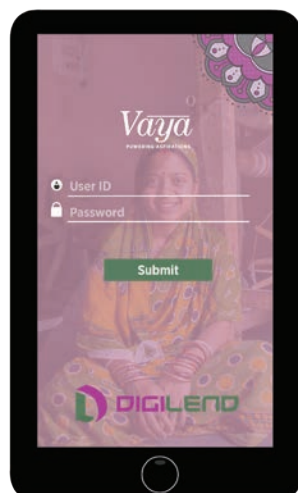


Iris Scan



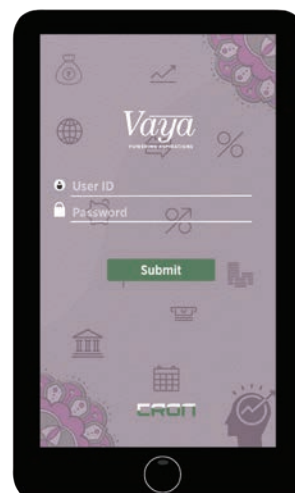
- Vaya conducts biometric IRIS scans of the customers, fetching the customer details from Aadhaar database on real-time basis.
- Avoids ID theft & KYC manipulation.
- Faster on-boarding of clients.

Digilend



An end-to-end application for customer on-boarding, client data collection, credit assessment (CB check), Loan disbursements, Loan utilization check and collections.

CRON



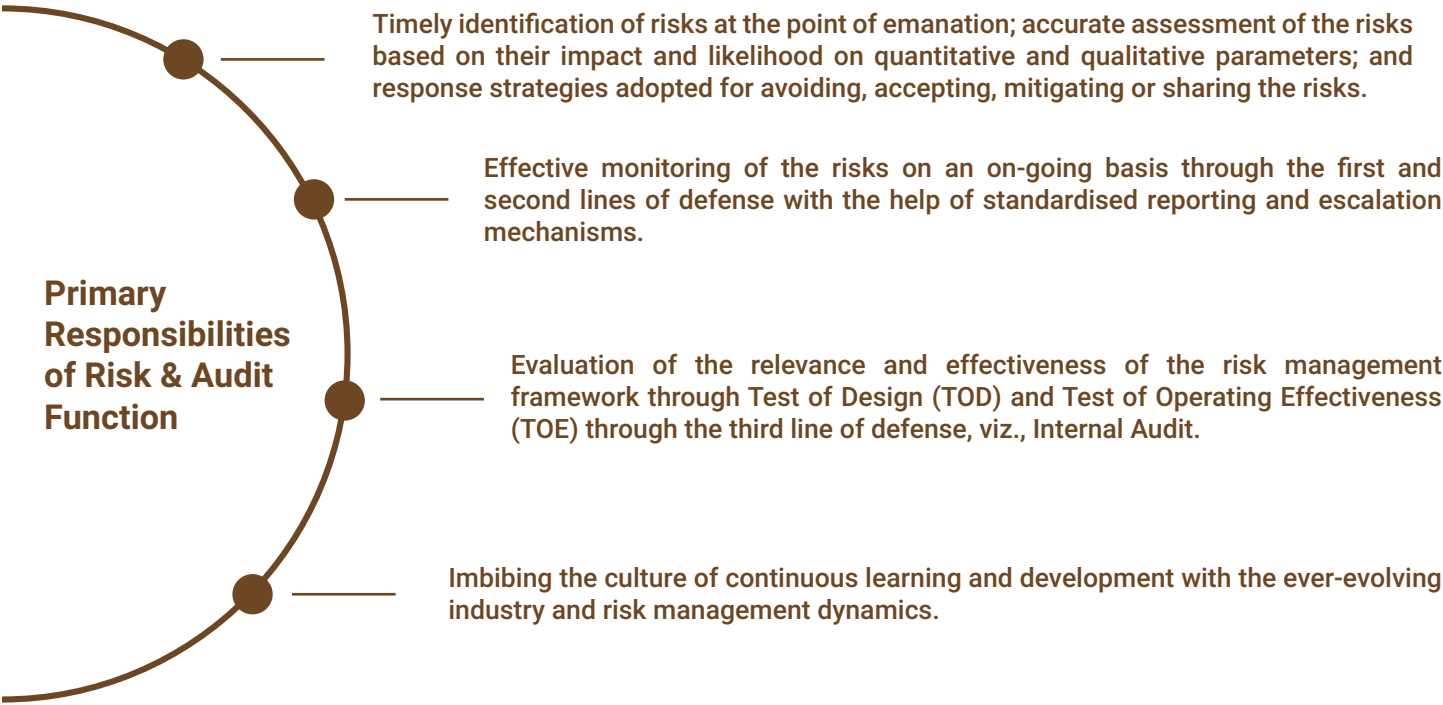
Vaya's in-house audit system to assess branch and field operations including early fraud detection, prevention and monitoring.

A WELL-DEFINED RISK FRAMEWORK

Managing Risks Through a well-defined Risk Management Framework duly aligned with leading prudent practices.

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

Vaya enforces its risk management framework through the Board, which convenes on a quarterly basis to ensure alignment of the risk appetite and risk tolerance levels of the company with the overall strategy. A monthly high-level review of the risks and effectiveness of the controls is also carried out by the Risk Management Committee, comprising of the CEO, CFO, Risk & Audit Head and the Business Head.



Credit Risk, Operational Risk, Liquidity Risk, Concentration Risk, and Political Risk are the key risks pertaining to the operating model of Vaya.

To mitigate the credit risk, Vaya has a well-defined credit policy, which standardizes our customer selection process by way of simplified cash flow analysis, Credit Bureau assessment and an efficient group selection procedure. We also provide financial literacy training to our customers during group formation stage which helps in inculcating a strong repayment culture in our customers. Maker-checker controls woven in our workflows ensure a strong underwriting process and right-sizing of all the loans extended by us.

Vaya employs a no-cash loan disbursement model which reduces the need for movement of cash in large volumes, thereby reducing the risk of theft. Rigorous organization-wide operating procedures have been framed with stringent controls to ensure adequate mitigation of operational and fraud risk, even while maintaining operational efficiency. Our fully digital lending platform, with iris scanning and eKYC capabilities and real-time Credit Bureau verification mitigates the risk of wrong customer selection and fraud. Our cloud-based data services have strong access security and backup capabilities.

Collaborating with a multitude of investors and lenders and not resorting to over-reliance on limited funding sources ensures steady stream of funds per our requirements and ensuring alleviation of liquidity risks.

Business concentration risk is limited through diversification strategy adopted by Vaya by way of split between its NBFC and Business Correspondence (BC) lines of businesses. Our approach to building a widely disbursed portfolio across multiple states/ districts/ villages and exposure limits defined per state/ district/ branch/ village helps in reducing geographic concentration of portfolio.

OUR PEOPLE WHO MAKE A DIFFERENCE

HRMS

Modules like Attendance, LMS, Transfer module, Payroll, PMS, E-Separation, HR help desk & Employee MIS has been included in ZingHR and this has improved the quality of reports, reduced the use of paper, ensured higher speed in processing of data and overall brought transparency in the system.

Employee Connect CEO Interface



The CEO Interface aims to foster a sense of purpose and solidarity in the organization by providing a broader sense of the Company's functioning and strategic direction to all the employees.

Manthan 2018



Manthan, the annual meet of select senior and mid-level staff, was centered on operational excellence. Vaya over the last few years has built robust systems and process that are unique and futuristic when compared to the peers in the market. Most of these ideas and designs are the outcomes of 'Manthan' interactions between the strategic thought leaders and practical field understanding of staff. This year too a lively discussion happened among the participants on topics such as customer satisfaction, productivity enhancement, quality focus & human resource development. These discussion culminated in designing a new program – "Jayam, winning is excellence". This program which will be rolled out in the next few days is going to be a tool for the circle managers, middle and senior staff to monitor the branches and staff on adherence to the standards and policies that are core to Vaya.

EWT Stock Ownership Programme

Employees are now shareholders of Vaya through the means of Vaya Employee Welfare Trust. The programme aims to ensure positively engaged employee workplace by creating an ownership culture.

Performance Management System (PMS)

Vaya has introduced transparent annual PMS through HRMS and successfully implemented the same which included goal setting by employees following Balanced Score Card Approach.

Employee Engagement



Vaya has recognized and appreciated the loyalty and commitment of 100+ employees who have completed their 3 years of continuous service.



Vaya enjoys and celebrates together, be it birthdays, welcoming new comers, enhancing knowledge through learning sessions during month end events by conducting indoor and outdoor games for field employees as a part of employee engagement programme.

FY18: Year of Focus on Quality

During the year 2016-17, the year of expansion, training was focused on delivering core business training including products, processes, on using the loan management system. As the business got stabilized and most of the employees are adept in core business activities, training department in FY18 had focused on enhancing the quality of the business. Trainings with quality as focus like customer selection, efficient ways to identify risks in the field, conducting Loan Utilisation Check (LUC) and center meeting quality have been delivered to all the employees across branches. These trainings has helped significantly in improving quality of business, particularly by reducing potential risks to the organization.



An In-house developed eLearning platform

Abhyas

While Vaya continues the traditional models of classroom training delivery, the focus is on models that would deliver consistent and convenient training to geographically spread field staff. With this idea, we built 'Abhyas' - an eLearning platform that enabled access to training anytime anywhere on any device including a smartphone, tablet or a laptop. The content of the training is designed through relatable characters with animations to make the training relevant, contextual and at the same time a unique learning experience. These modules provide insights into the microfinance industry in general and roles and responsibilities of the trainee in particular.

Assessments during and after completion of the training provide an opportunity to the trainee to assess instantaneously, his/her learning and also provides data of that trainee employee to the training team to analyze and determine the training needs specific to every individual, circle or state.

Gurukool

The latest innovation in training at Vaya is the introduction of Gurukool, a virtual classroom where the training is delivered by the subject experts from a central location and is received by employees spread across various locations. Gurukool is now a platform for quick trainings designed based on feedback from Finance or Audit on operations, a mechanism to delivery of new products and a medium for communication of change in processes. Designed as a weekly program, Gurukool trainings are pre-scheduled on a monthly training calendar and is conducted for multiple mixed groups across locations.



gurukool

A virtual classroom for training



A mascot for training team

Ask Guru

Guru is the mascot of the training team, meant to be an expert who would help the employees clarify their doubts on operations and processes. "Ask Guru" posters on core business processes, risk mitigation and customer protections are put up in every branch which would act as ready reference to the employees.

*In the universe of
our existence, we endeavor to*
**EMPOWER
DREAMS**



DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2018.

Financial Results

The financial results of the Company for the Financial Year 2017 – 18 are as under:

Particulars	Period ended March 31, 2018 (₹ in Million)	Period ended March 31, 2017 (₹ in Million)
Total Income	519.84	349.23
Total Expenses	473.65	312.67
Profit/(Loss) before Tax	46.19	36.56
Profit/(Loss) after Tax	36.74	56.00

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

Your Company has received NBFC – MFI license from the Reserve Bank of India (RBI) in May, 2017 to undertake NBFC – MFI business. The Company has started NBFC – MFI business in September, 2017 and ventured into new geographies and expanding the business quickly.

Your Company is already empanelled as Business Correspondent ("BC") to YES Bank Ltd. ("YBL"), RBL Bank Ltd. ("RBL"), IDBI Bank Ltd. ("IDBI") and Reliance Commercial Finance Limited ("RCFL") for facilitating formation of Self Help Groups ("SHGs") and Joint Liability Groups ("JLGs") for disbursal of loans to these SHGs/JLGs.

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

As the end of March 31, 2018, your Company has 223 branches. The Company has 1,611 employees including the staff at Registered Office at Hyderabad on its rolls as at the end of the financial year. The total loan amount disbursed during the year ended March 31, 2018 is INR 7203.86 Million and the outstanding loan portfolio as at this date is INR 6891.16 Million.

During the period under review, the affairs of the Company have been managed in terms of the provisions of the Articles of Association of the Company and the Companies Act, 2013 and rules made there under from time to time.

Transfer to reserves

The Company transferred INR 7.35 Million to Statutory Reserves. Transfer of 20% of the Profit after Tax to the statutory reserves in accordance with the provisions of Section 45 – IC of Reserve Bank of India Act, 1934.

Extract of Annual Return

Pursuant to Section 134 of the Companies Act, 2013, as amended vide the Companies Act, 2017 the extract of Annual Return of the Company shall be placed at the website of the Company at the following link: <<http://investors/annual-report 2017-18.html>>

Number of Board Meetings

During the period under review, 4 Board Meetings have been held on 20-06-2017, 19-09-2017, 18-12-2017, and 24-03-2018.

Change in the nature of business

During the year under review, the Company got license from Reserve Bank of India (RBI) to undertake the business of Micro Finance (NBFC-MFI), in addition to the existing Business Correspondent (BC) to Banks and Financial Institutions.

Board of Directors and Key Managerial Personnel

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

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

Ms. Farzana Haque, has been appointed as additional Independent Director with effect from 18th December, 2017. Dr. Bikshamaiah Gujja, has been appointed as additional Director and nominee Director on behalf of Vaya Trusts with effect from 24th February, 2018.

Mr. Balaji Gupta, member of ICSI as Company Secretary of the Company.

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

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

Infusion of Capital

During the year under review, the Company has infused Capital of INR 28.30 Million in the form of equity share capital and INR 300.00 Million in the form of Preference Share Capital. The Preference Shares are 5% Compulsory Convertible Preference Shares (CCPS) convertible on or before 24 months from the date of issue.

Declaration by Independent Directors

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

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

The Company is not required to undertake the Secretarial Audit by Company Secretary in Practice. No qualifications, reservations or adverse remarks have been made by the Auditors except on the qualifying assets as per the RBI Regulations.

The Statutory Auditors opined that the Company has complied with the criteria set forth by the RBI as per the Non-Banking financial Company – Micro Finance Institutions (Reserve bank) Directions, 2011 as amended from time to time as well as Non-Banking Financial Company – Non-systemically important Non-deposit taking Company (Reserve Bank) Directions, 2016 except in respect of qualifying assets which stands at 65.49% as against 85%.

Presently the Company is undertaking BC business as well as NBFC – MFI business. At the time of filing NBFC-MFI application with RBI, it was stated that Company's business model has been designed to grow steadily over next three years and beyond, which would be crucial in helping Company achieving RBI's mandate of 85% qualifying assets criteria.

Company's qualifying assets ratio has been increasing quarter on quarter with increase in NBFC Portfolio. Company expect to meet the qualifying asset criteria of 85% as prescribed by RBI Guidelines during the financial year 2018 – 19 itself.

Dividend on Equity

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

Directors Responsibility Statement

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

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

Particulars of Employees

The statement containing particulars of employees as required under Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year 2017 – 18 is provided under.

S. No	Name of the Employee	Designation	Remuneration received (₹ In Million)	Nature of Employment	Date of commencement of employment	Age of the employee	Last employment held by such employee before joining the company	% of equity shares held by the employee in the company in terms of Rule 5(2) (iii)	Relative of any director or manager**
1.	Jagadish Babu Ramadugu	MD & CEO	15.42*	Contractual	28-01-2015	44 years	RPG Group	15.83%	No
2.	Sateesh Kumar#	COO	1.99	Contractual	27-01-2018	54 years	D. light Energy Pvt. Ltd.	NIL	No

* including perquisite by way of exercise of vested equity options.

Mr. Sateesh Kumar joined during the year i.e. from 27-01-2018.

** Whether any such employee is a relative of any director or manager of the company, if so, name of such director or manager

Events subsequent to the date of Financial Statements

The Company has raised Preference share capital through Private Placement and the details of fund raised are as under

Date of allotment	Number of shares	Face value in ₹	Total amount in ₹ (Million)	Issue Price in ₹	Form of consideration
27-04-2018	3,00,00,000	10	300.00	10	Issued by way of cash
12-07-2018	7,00,00,000	10	700.00	10	Issued by way of cash
Total:			1000.00		

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

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

Conservation of Energy, Technology Absorption:

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

Foreign Exchange Earnings & Outgo

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

Particulars	2017 – 18	2016 – 17
Foreign Exchange Earnings Amount (₹ in Million)	0	0
Expenditure in Foreign Exchange Amount (₹ in Million)	0.09	0.38

Details relating to Deposits

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

Significant & material orders passed by the Regulators

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

Details of adequacy of internal financial controls

During the Year 2017 – 18 observed the company setup of comprehensive Audit Control Procedures catering to the increasing operational coverage of the organization. The Department has also initiated Audits to cover the procedural checks of all the functions. The Internal Audit Department also conducts and maintains Client Feedback reports of random visit and analyses and suggests the required improvements in the different areas of operation.

Particulars of loans, guarantees or investments

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

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

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

Risk Management Policy

Risk is an integral part of company's business and risk management is critical to the success of the organisation. The company has a comprehensive risk management policy in place which helps in identification and mitigation of various risks associated with the business. During the year, the company has established a Risk Committee comprising Board of Directors.

Corporate Social Responsibility policy

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee.

The section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

Related Party Transactions

During the year, the Company had not entered into any contract / arrangement / transaction with related parties and there are no transactions to be reported in Form AOC – 2 as a separate annexure.

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

The Company has a prevention of sexual harassment policy in place. We have formal process for dealing with complaints of harassment or discrimination as per the policy. The Company had constituted Internal Compliance Committee ("ICC"). The Directors further state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

Statutory Auditors

M/s. V. Nagarajan & Co. Chartered Accountants, Hyderabad, the existing auditors were appointed as the Statutory Auditors of the Company in the 1st Annual General Meeting ("AGM") held on December 5, 2014 to hold office from the conclusion of the 1st AGM until conclusion of 6th AGM of the Company, subject to ratification of appointment in the subsequent AGMs.

We received a resignation letter from Statutory Auditors that they were resigning from their duties conclusion of 5th AGM as Statutory Auditors. The Board also approved their resignation as Statutory Auditors of the Company.

The Board recommended the appointment of Walker Chandio & Co LLP (Grant Thornton) (Firm Registration No. 001076N/ N500013) as Statutory Auditors subject to approval by the members.

Walker Chandio & Co LLP (Grant Thornton) have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141 of the Act. They have further confirmed that they are not

disqualified to be appointed as statutory auditors in terms of the provisions of Section 139 & 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

Walker Chandio & Co LLP (Grant Thornton) will be appointed as statutory auditors of the Company from the conclusion of 5th AGM till the conclusion of 10th AGM, covering a term of five consecutive years on a remuneration, out-of-pocket expenses, incurred in connection with the audit as may be decided by the Board in consultation with the auditors from year to year and approved by the Board. Accordingly, the Board recommends their appointment at this AGM.

Details of frauds reported by the Statutory Auditors

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

Acknowledgements

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

For and on behalf of the Board of Directors

Dr. Vikram Akula

Non-Executive Chairman

Place: Hyderabad

Date: September 29, 2018

Annexure
FORM NO. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies
(Accounts) Rules, 2014.

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

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

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

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

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

*The passion to
grow together and excel always*
BURNS
within



INDEPENDENT AUDITORS' REPORT

1. Report on the financial statements

We have audited the accompanying financial statements of VAYA FINSERV PRIVATE LIMITED (the 'Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and loss, the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2018 and its profit and its cash flows for the year ended on that date.

5. Report on other legal and regulatory requirements

i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

ii. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of accounts as required by the law have been kept by the Company, so far as it appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013;
- f. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" issued under clause (l) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")
- g. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The company does not have any pending litigations which would impact its financial position.
 - b. The company did not have any long-term contracts including derivative contracts for which there were any foreseeable material losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

Date: June 30, 2018

Place: Hyderabad

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

A.G.Sitaraman

Partner

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

ANNEXURE "A"

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

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

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
 - b. The Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were identified on such verification.
 - c. The company does not have any immovable properties. Therefore, the paragraph 3(i)(c) of the order is not applicable to the Company.
- ii. The company is Non-Banking Finance Company and accordingly, it does not hold any inventory. Accordingly the paragraph 3(ii) of the order is not applicable to the Company.
- iii. According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the paragraphs 3 (iii) (a), 3 (iii) (b) and 3(iii) (c) of the Order are not applicable to the company.
- iv. The company has not made any loans, investments, guarantees and security so the provisions of Sec 185 and Sec 186 were not applicable.
- v. Based on our audit and representation from management, we state that during this financial year, the Company did not accept any deposits. Accordingly, paragraph 3 (v) of the Order is not applicable.
- vi. To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act, in respect of the services rendered by the company. Accordingly, the paragraph 3 (vi) of the order is not applicable.
- vii. In respect of its Statutory dues: According to the information and explanations given to us and on the basis of our examination of the records of the Company
 - a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, duty of excise, value added tax, cess and any other statutory dues as applicable to the Company and no arrears of undisputed outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable except in case of PF for an amount of ₹52,181 which could not be deposited due to technical reasons arisen out of change in filing requirements brought in by the PF authorities.
 - b. There are no material dues of income tax or sales tax or service tax have not been deposited with the appropriate authorities on account of any dispute
- viii. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- ix. The company did not raise any money by way of initial public offer or further public offer. Further with regard to term loans, in our opinion and according to the information and explanations given to us, the Company has utilized the term loans for the purpose for which the loans are obtained.
- x. According to the information and explanations given to us, there were seventeen instances of fraud/cash embezzlement by the employees involving ₹18,30,359 /- and yet to be recovered.
- xi. The provisions of section 197 of the Act are not applicable to private limited companies and hence clause 3(xi) of the order regarding payment of managerial remuneration in compliance of this section is not applicable.
- xii. In our opinion and according to explanation given to us, the company is not a Nidhi company. Accordingly paragraph 3(Xii)

of the order is not applicable to the company.

- xiii. The transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and disclosed in the financial statements.
- xiv. According to information and explanations given to us and based on examination of records, the company has made private placement of preference shares and debentures. The requirement of sec 42 of companies act, 2013 have been complied with and the amounts raised have been used for the purposes for which the funds were raised.
- xv. According to information and explanations given to us the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi. The company is registered as a Non-Banking Finance Company, under section 45I of the Reserve Bank of India, and is holding a valid Certificate of Registration bearing No. N-09.00449, duly categorized as NBFC-MFI (non-deposit taking), with effect from May 04, 2017

Date: June 30, 2018

Place: Hyderabad

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

A.G.Sitaraman

Partner

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

ANNEXURE “B”

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

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

We have audited the internal financial controls over financial reporting of M/s VAYA FINSERV PRIVATE LIMITED (“the Company”) as of 31 March 2018 dated in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility:

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

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

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

Meaning of Internal Financial Controls over Financial Reporting:

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting:

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

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: June 30, 2018

Place: Hyderabad

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

A.G.Sitaraman

Partner

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

AUDITOR'S REPORT

[Pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016]

To

The Board of Directors
SLN Terminus, # 4-51/SLNT/L4-05
Gachibowli, Kondapur Road,
Hyderabad, Telangana- 500032

1. We have audited the financial statements of Vaya Finserv Private Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our report dated 30 June 2018.
2. As required by the paragraphs 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India ("the RBI") vide Notification No. PPD.03/66.15.001/2016-17 dated 29 September 2016, as amended and based on our audit, We report on the matters specified in paragraphs 3 and 4 of the said directions:
 - a. The Company is engaged in the business of Non-Banking Financial Institution (without accepting or holding public deposits) and pursuant to the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (as amended) has obtained a certificate of registration vide certificate no. N-09.00449 dated 04 May 2017.
 - b. The Company has met the Financial Asset and Income criteria.
 - c. In our opinion, the Company is meeting the required net owned fund requirement as laid down in the Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
 - d. The Board of Directors of the Company in their meeting held on 13 September 2016 has passed a resolution for non-acceptance of any public deposits during the year ended 31 March 2018.
 - e. The Company has not accepted any public deposits during the year ended 31 March 2018.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms issued by the RBI in relation to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
 - g. The Company's has been classified as a Non-Banking Financial Company- Micro Finance Institutions ("NBFC-MFI"), pursuant to the requirements of the Non-Banking Financial Company- Micro Finance institutions (Reserve Bank) Directions, 2011, as amended. In our opinion, during the year ended 31 March 2018, the Company has complied with the criteria set forth by the RBI in the said notification as well as criteria laid out in Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 except in respect of qualifying assets which stands at 65.49% as against 85% as prescribed in the relevant guidelines. The company has commenced its NBFC-MFI operations in the month of September 2017, and in view of existing business correspondent activity, it could not meet the stipulated percentage of qualifying assets.

Date: June 30, 2018

Place: Hyderabad

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

A.G.Sitaraman

Partner

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

FINANCIAL STATEMENTS

BALANCE SHEET

(Amount in Rs. unless otherwise stated)

	Note no.	As at 31-Mar-18	As at 31-Mar-17
I. Equity and Liabilities			
Shareholders' Funds			
Share capital	2.1	565,890,850	237,590,000
Reserves and surplus	2.2	(30,261,972)	(60,818,804)
		535,628,878	176,771,196
Non-Current Liabilities			
Long term borrowings	2.3	1,085,714,285	200,000,000
Long term provisions	2.5	10,927,714	4,140,199
		1,096,641,999	204,140,199
Current Liabilities			
Other current liabilities	2.4	519,446,008	121,833,620
Short term provisions	2.5	67,689,552	46,833,880
		587,135,560	168,667,500
Total		2,219,406,437	549,578,895
II. Assets			
Non-Current Assets			
Property, plant and equipment	2.6	31,013,130	15,742,202
Intangible assets	2.6	314,776	43,471
Non-current investments	2.7	29,000,000	3,000,000
Deferred tax assets	2.8	9,989,914	26,272,917
Long-term loans and advances	2.9	513,872,449	3,396,319
Other non current assets	2.10	346,984,715	207,854,129
		931,174,984	256,309,038
Current Assets			
Trade receivables	2.11	63,792,441	33,019,857
Cash and cash equivalents	2.12	576,872,181	240,658,076
Current Investments	2.7	187,599,611	-
Short-term loans and advances	2.9	429,875,104	2,056,547
Other current assets	2.10	30,092,116	17,535,377
		1,288,231,453	293,269,857
Total		2,219,406,437	549,578,895
Accounting policies and notes to accounts	1 & 2		
Other disclosures	3		

The accompanying notes are an integral part of the financial statements

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

A. G. Sitaraman
Partner
M. No.: 017799

Vikram Akula
Chairman
DIN : 00906907

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

R. Jagadish Babu
Managing Director & CEO
DIN : 01855121

Place: Hyderabad
Date: June 30, 2018

S. Lakshminarayanan
Chief Financial Officer

B. Balaji Gupta
Company Secretary
M.No.: A17980



STATEMENT OF PROFIT AND LOSS



(Amount in Rs. unless otherwise stated)

	Note no.	31-Mar-18	31-Mar-17
Income			
Revenue from operations	2.13	485,557,665	324,744,398
Other income	2.14	34,286,489	24,489,887
Total		519,844,154	349,234,285
Expenses			
Employee benefit expenses	2.15	267,521,574	179,666,458
Other expenses	2.16	101,291,142	61,290,319
Finance costs	2.17	52,212,974	26,169,428
Depreciation and amortization expenses	2.6	6,129,753	3,584,027
Provisions and write-offs	2.18	46,500,000	41,958,868
Total		473,655,443	312,669,100
Profit/(Loss) before tax		46,188,711	36,565,185
Current tax		(10,668,390)	(6,833,880)
MAT credit entitlement	2.19	17,502,270	-
Deferred tax	2.8	(16,283,004)	26,272,917
Profit/(loss) after tax		36,739,587	56,004,223
Earnings per share - Basic	3.2	1.15	2.40
Earnings per share - Diluted		1.15	2.40
Accounting policies and notes to accounts	1 & 2		
Other disclosures	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

for V. Nagarajan & Co.,
Chartered Accountants
ICAI Firm Reg. No.: 04879N

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DIN : 01855121

Place: Hyderabad
Date: June 30, 2018

S. Lakshminarayanan
Chief Financial Officer

B. Balaji Gupta
Company Secretary
M.No.: A17980



CASH FLOW STATEMENT



(Amount in Rs. unless otherwise stated)

	31-Mar-18	31-Mar-17
Cash flows from operating activities		
Profit before tax	46,188,711	36,565,185
Adjustments for Non-Cash Expenses & Provisions:		
Depreciation and amortization	6,129,753	3,584,027
Stock option expenditure	133,347	311,158
Provision against Standard Assets	9,201,472	-
Provision for managed portfolio	37,298,528	40,000,000
Provision for employee benefits	2,497,710	1,506,998
Adjustments for Non-Operative activities: (Profit)/Loss on the sale of assets	(394,004)	348,417
Working capital changes:		
Increase / (Decrease) in Other Liabilities & Provisions	(6,412,342)	26,775,123
(Increase) / Decrease in Loans and Advances	(920,792,417)	(3,751,201)
(Increase) / Decrease in Trade Receivables	(30,772,584)	(10,092,767)
(Increase) / Decrease in Other Assets	22,125,398	11,904,291
(Increase) / Decrease in Margin Money Deposits	(67,499,709)	(64,353,726)
Cash generated from operations	(902,296,136)	42,797,505
Income taxes paid	(46,679,973)	(34,682,137)
Net cash from operating activities [A]	(948,976,109)	8,115,368
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,052,982)	(8,496,978)
Investments in mutual funds (Debt funds)	(213,599,611)	(3,000,000)
Proceeds from sale of fixed assets	775,000	63,265
Net cash used in investing activities [B]	(234,877,593)	(11,433,713)
Cash flows from financing activities		
Proceeds from issue of equity share capital	28,300,850	27,050,000
Proceeds from issue of preference share capital	300,000,000	-
Securities premium	1,400,000	-
Proceeds from issue of non convertible debentures	300,000,000	-
Proceeds from term loans	950,000,000	-
Redemption of non convertible debentures	-	(50,000,000)
Net cash used in financing activities [C]	1,579,700,850	(22,950,000)
Net increase in cash and cash equivalents [A+B+C]	395,847,148	(26,268,345)
Cash and cash equivalents at beginning of the year	230,982,341	257,250,686
Cash and cash equivalents at end of the year	626,829,489	230,982,341
Accounting policies and notes to accounts	1 & 2	
Other disclosures	3	

The accompanying notes are an integral part of the financial statements

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

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

Vikram Akula
Chairman
DIN : 00906907

R. Jagadish Babu
Managing Director & CEO
DIN : 01855121

Place: Hyderabad
Date: June 30, 2018

S. Lakshminarayanan
Chief Financial Officer

B. Balaji Gupta
Company Secretary
M.No.: A17980



Company overview:

Vaya Finserv Private Limited [herein after referred as 'the Company'] is domiciled in India and incorporated under the provisions of the 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 May 04, 2017.

The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organised as Joint Liability Groups ('JLG'). The Company has its operations spread across 3 states.

In addition to the core business of providing micro-credit, the company is presently engaged in providing financial inclusion services through a "Business Correspondent model" by partnering with select banks/financial institutions and acting as their business correspondent in specified territories.

1. Summary of significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and NBFC-NSI-ND. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

1.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Revenue recognition

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.

- i. Interest income on loans given is recognised under the internal rate of return method. Income or any other charges on a non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.
- ii. Loan processing fees are recognized as and when the loan is disbursed.
- iii. Income from product delivery and services from banks/financial institutions in the capacity of Business Correspondent are recognised on accrual. Income by way of revenue sharing with banks/financial institutions are recognised as and when the related services are completed and accepted by them.
- iv. Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the interest rate applicable.
- v. All other income is recognised on an accrual basis.

1.4 Property, plant and equipment

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

1.5 Depreciation and amortisation

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

Class of fixed assets	Useful life	Depreciation (%)
Furniture & fixtures	10 years	9.50%
Office equipment	5 years	19.00%
Computers - Desktops and laptops	3 years	31.67%
Vehicles	8 years	11.88%

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

1.6 Leases

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss in the year of incurrence.

1.7 Investments

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

1.8 Borrowing Costs

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

1.9 Employee benefits

i. Defined Contribution Plan:

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

ii. Defined benefit obligation

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

1.10 Segment reporting

The company is engaged in providing financial inclusion services to women. There is no other reportable segment.

1.11 Income taxes

- Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for

deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

- iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- v. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

1.12 Earning per share

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

1.13 Provisions and contingent liabilities

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

1.14 Operating cycle

Based on the nature of activities of the company and normal time between acquisition of assets, their realisation of cash and cash equivalent, the company has determined operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current except for cash and cash equivalents where a period of 3 months is considered for the same.

1.15 Share based payments

In case of stock option plan, recognition, measurement and disclosure of the Employee Share-based Payments, plans is done in accordance with and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on the Straight Line Basis.

1.16 Classification of loan portfolio

Loans to JLG are classified as follows:

Asset classification	Arrear period
Standard assets	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Non-performing assets	An asset for which, interest/principal payment has remained over due for a period of 90 days or more

1.17 Provisioning policy for loan portfolio

The aggregate loan provision at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.



NOTES TO ACCOUNTS



2.1 Share capital

	31-Mar-18	31-Mar-17
Authorized		
30,000,000 (31-Mar-17: 25,000,000) equity shares of Rs.10/- each	300,000,000	250,000,000
30,000,000 (31-Mar-17: Nil) 5% Compulsory Convertible Preference shares of Rs.10/- each	300,000,000	-
	600,000,000	250,000,000
Issued, subscribed and fully paid-up		
26,589,085 (31-Mar-17: 23,759,000) equity shares of Rs.10/- each	265,890,850	237,590,000
30,000,000 (31-Mar-17: Nil) 5% Compulsory Convertible Preference shares of Rs.10/- each	300,000,000	-
Total	565,890,850	237,590,000

2.1.1 Rights, preferences and restrictions of share capital

- The Company's equity shares have a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.
- The Company's preference shares shall carry no voting rights. The preference shares will convert into equity shares at the end of 24 months based on the fair value (fair value at that time, which shall not be earlier than thirty days to the date when the holder of convertible security becomes entitled to apply for shares) as on that date by independent valuation report as per the Companies Act, 2013 and Rules made there under. However, in case the Company raises funds by way of additional issue of equity shares to investors (other than shares issued under Employee Stock Option Plan, VAYA EWT, existing shareholders), which results in a dilution of over 15% of the paid-up capital (equity and preference share capital) as on the issue date, VAYA Trusts will have option to convert its CCPS either in part or full, into the same class & rights of share being issued to the new investor at the same juncture and the same price as the issue of new equity shares during the said investment round.

2.1.2 Reconciliation of shares

Equity shares of Rs.10/- each fully paid	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	23,759,000	237,590,000	21,054,000	210,540,000
Add: issued during the year	2,830,085	28,300,850	2,705,000	27,050,000
Balance at the end of the year	26,589,085	265,890,850	23,759,000	237,590,000

Preference shares of Rs.10/- each fully paid	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	-	-	-	-
Add: issued during the year	30,000,000	300,000,000	-	-
Balance at the end of the year	30,000,000	300,000,000	-	-

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

	31-Mar-18	31-Mar-17
Think OFS LLC - USA	21.81%	24.41%
R Jagadish Babu	15.83%	8.86%
Vaya Trust 5	10.56%	12.27%
Vaya Trust 1	10.55%	12.26%
Vaya Trust 2	10.55%	12.26%
Vaya Trust 3	10.55%	12.26%
Vaya Trust 4	10.55%	12.26%

2.2 Reserves and surplus

	31-Mar-18	31-Mar-17
Securities premium account		
Balance as per the last financial statements	-	-
Add: Additions during the year	1,400,000	-
Add: Options exercised during the year	423,343	-
Closing Balance	1,823,343	-
Employee stock options outstanding		
Balance as per the last financial statements	645,823	334,665
Add: Stock option expenditure for the year	133,347	311,158
Less: Transferred to securities premium account	(423,343)	-
Closing Balance	355,827	645,823
Statutory reserve		
Balance as per the last financial statements	-	-
Add: Amount transferred from surplus balance in the statement of profit and loss	7,347,917	-
Closing Balance	7,347,917	-
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(61,464,627)	(117,468,850)
Add: Profit/ (Loss) for the year	36,739,587	56,004,223
Less: Transferred to statutory reserve [@20% of profit after tax as required by section 45-IC of Reserve Bank of India Act,1934]	(7,347,917)	-
Less: Proposed dividend for Preference shares (CCPS)	(6,410,959)	-
Less: Provision for dividend distribution tax (CCPS)	(1,305,143)	-
Net surplus/ (deficit) in the statement of profit and loss	(39,789,059)	(61,464,627)
Total	(30,261,972)	(60,818,804)

2.3 Long-term borrowings

	Current maturities		Non-current portion	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Debentures				
200 (31-Mar-17: 200), series 1, 11.5% P.A. Secured, Redeemable Non-convertible debentures of Rs. 10,00,000 each.	-	-	200,000,000	200,000,000
300 (31-Mar-17: Nil), series 2, 13% P.A. Secured, Redeemable Non-convertible debentures of Rs. 10,00,000 each.	-	-	300,000,000	-
Total	-	-	500,000,000	200,000,000

Term loans				
Indian rupee loan from banks (Secured)				
- Yes Bank Ltd	364,285,714	-	385,714,285	-
Indian rupee loan from others (Secured)				
- Vaya Trusts 2 & 4	-	-	200,000,000	-
	364,285,714	-	585,714,285	-
Amount disclosed under the head "other current liabilities"	(364,285,714)			
Total	-	-	1,085,714,285	200,000,000

Notes:

1. The Series 1 non-convertible debentures are Redeemable at par on June 19, 2020. Interest at a fixed rate of 11.5% per annum compounded on a quarterly basis payable on an annual basis.
2. The Series 2 non-convertible debentures are Redeemable at par on December 12, 2022. Interest at a fixed rate of 13% per annum payable on an annual basis.
3. Term loan taken from Yes Bank Ltd - Principal to be repaid in 21 equated monthly instalments after moratorium of 3 months for each tranche.
4. Term loan taken from Vaya Trusts - 36 months from Disbursement with Bullet repayment. Interest at the fixed rate of 13% per annum payable on an annual basis.

Nature of security

	31-Mar-18	31-Mar-17
a. Loans secured by present and future receivables on Managed Portfolio (BC Operations)	200,000,000	200,000,000
b. Loans secured by hypothecation (exclusive charge) of portfolio loans	500,000,000	-
c. Loans secured by hypothecation (exclusive charge) of portfolio loans and margin money deposits	750,000,000	-
Total	1,450,000,000	200,000,000

Terms of repayment of long term borrowings (term loan and non convertible debenture) as on March 31,2018

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 years		Due between 2 to 3 years		Due between 3 to 5 years		Total
		No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	
Monthly repayment schedule										
1-3 Yrs.	10.05%	12	171,428,571	9	128,571,429					300,000,000
		9	85,714,286	12	114,285,714					200,000,000
		9	107,142,857	12	142,857,143					250,000,000
Bullet repayment schedule										
3-5 Yrs.	11.50%			1	200,000,000					200,000,000
	13.00%					1	300,000,000			300,000,000
	13.00%			1	200,000,000					200,000,000
Total			364,285,714		385,714,286		400,000,000		300,000,000	1,450,000,000

2.4 Other liabilities

	Long-term		Short-term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Current maturities of long-term borrowings	-	-	364,285,714	-
Amount held as a business correspondent- due to banks	-	-	69,716,075	82,369,006
Client insurance premium payable (held in trust)	-	-	12,923,936	940,824
Payable to staff	-	-	19,100,548	12,764,240
Claims received from insurer but not settled (held in trust)	-	-	3,048,026	2,929,730
Expenses payable	-	-	8,270,509	6,065,110
Statutory dues payable	-	-	14,555,372	2,478,246
Interest accrued but not due on borrowings	-	-	27,545,828	14,286,464
Total	-	-	519,446,008	121,833,620

2.5 Provisions

	Long-term		Short-term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Employee benefits- gratuity*	6,637,909	4,140,199	-	-
Provision on standard assets	4,289,805	-	4,911,668	-
Provision on managed portfolio	-	-	37,559,512	40,000,000
Provision for tax	-	-	17,502,270	6,833,880
Proposed dividend for Preference shares payable	-	-	6,410,959	-
Provision for dividend distribution tax (CCPS)	-	-	1,305,143	-
Total	10,927,714	4,140,199	67,689,552	46,833,880

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

	31-Mar-18	31-Mar-17
Discount rate	8.0%	7.5%
Return on plan assets	-	-
Attrition rate	0.1% to 42.9%	0.3% to 82%
Salary escalation rate	10% to 12%	10%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note: The gratuity liability of Rs. 66,37,909 is unfunded. So, return on plan assets are shown as nil in the year.

Note 2.6

2.6 Property, plant and equipment

Particulars	Gross block			Depreciation		W.D.V.		
	As at 31-Mar-17	Additions during the year	Deletions during the year	As at 31-Mar-18	Charge for the year	As at 31-Mar-17	As at 31-Mar-18	As at 31-Mar-17
Computers	7,606,386	15,329,600	-	22,935,986	3,873,622	3,445,818	7,319,440	4,160,568
Office equipment	6,117,646	2,747,622	-	8,865,268	1,325,104	1,537,625	2,862,729	4,580,021
Furniture and fixtures	6,147,793	3,632,299	-	9,780,092	699,670	692,977	1,392,647	5,454,816
Vehicles	2,054,954	-	592,278	1,462,676	159,201	508,157	456,076	1,546,797
Total	21,926,779	21,709,521	592,278	43,044,022	6,057,597	6,184,577	12,030,892	15,742,202
Previous year	14,203,953	8,496,978	774,152	21,926,779	3,552,054	2,994,993	6,184,577	11,208,960

2.6 Intangible Assets

Particulars	Gross block			Amortization		W.D.V.		
	As at 31-Mar-17	Additions during the year	Deletions during the year	As at 31-Mar-18	Charge for the year	As at 31-Mar-17	As at 31-Mar-18	As at 31-Mar-17
Intangible assets								
Computer software	127,893	343,461	-	471,354	72,156	84,422	156,578	43,471
Total	127,893	343,461	-	471,354	72,156	84,422	156,578	43,471
Previous year								
Intangible assets	127,893	-	-	127,893	31,973	52,449	84,422	75,444

2.7 Investments

	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Investments in Mutual Funds				
- Reliance credit risk fund-direct growth plan growth option	-	-	3,000,000	3,000,000
- Reliance classic bond fund-direct growth plan	-	-	26,000,000	-
-Aditya Birla Sun Life Liquid Fund-Growth Direct Plan	15,910,377	-	-	-
-Axis Liquid Fund - Direct Growth	10,281,666	-	-	-
-ICICI Prudential Savings Fund - Direct Plan - Growth	21,066,488	-	-	-
-Reliance liquid fund-direct plan growth plan-growth option	50,000,000	-	-	-
-Sundaram money fund - direct plan - growth	90,341,080	-	-	-
Total	187,599,611	-	29,000,000	3,000,000
Encumbered				
Non current investments in Mutual Funds held as collateral against Reliance Commercial Finance Ltd-Managed Portfolio	-	-	29,000,000	3,000,000

2.8 Deferred tax asset

	31-Mar-18	31-Mar-17
Opening Balance	26,272,917	-
Impact of accumulated tax losses	(19,455,166)	24,884,418
Impact of difference between tax depreciation and depreciation charged	(184,274)	(500,729)
Timing difference	3,356,437	1,889,228
Deferred tax asset recognised during the year	(16,283,004)	26,272,917
Closing Balance	9,989,914	26,272,917

2.9 Loans and advances

	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Joint liability group loans:				
Unsecured, considered good	428,980,494	-	491,166,749	-
Security deposits	-	-	5,203,430	3,396,319
Other advances	894,610	2,056,547	-	-
MAT credit (Refer Note 2.19)	-	-	17,502,270	-
Total	429,875,104	2,056,547	513,872,449	3,396,319

2.10 Other Assets

	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Other Bank Balances	-	-	300,304,742	173,171,991
Interest accrued but not due on portfolio loans	4,847,978	-	-	-
Interest accrued but not due on term deposits	16,636,127	16,744,205	-	-
Balance with revenue authorities (TDS Recoverable)	-	-	46,679,973	34,682,138
GST input credit/Cenvat credit	4,893,762	58,318	-	-
Prepaid expenses	1,425,049	732,854	-	-
Other receivables	2,289,200	-	-	-
Total	30,092,116	17,535,377	346,984,715	207,854,129

2.11 Trade receivables

	31-Mar-18	31-Mar-17
Outstanding for a period less than six months from the date they are due for payment		
- Commission receivable from BC operations	63,604,889	32,977,866
- Other receivables	-	41,991
Outstanding for a period more than six months from the date they are due for payment		
- Commission receivable from BC operations	14,160	-
- Other receivables	173,392	-
Total	63,792,441	33,019,857

2.12 Cash and cash equivalents

	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Balance with banks				
- in current accounts	472,180,940	99,394,542	-	-
- in term deposits	70,514,537	50,156,950	80,754,308	78,478,991
Cash on hand	3,379,704	2,951,858	-	-
	546,075,181	152,503,350	80,754,308	78,478,991
Other Bank Balances:				
Margin Money Deposit *	-	-	37,500,000	-
Cash Collateral against managed portfolio*	30,797,000	88,154,726	182,050,434	94,693,000
	30,797,000	88,154,726	219,550,434	94,693,000
Amount disclosed under Non Current Assets	-	-	(300,304,742)	(173,171,991)
Total	576,872,181	240,658,076	-	-

*Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with managed portfolio.

Note: Deposits with original maturity less than three months are considered as current assets.

2.13 Revenue from operations

	31-Mar-18	31-Mar-17
Interest income on portfolio loans	26,074,991	-
Loan processing fees	9,508,250	-
Business Correspondent (BC) operations:		
Commission earned	397,417,826	293,986,739
Unbilled revenue	52,556,598	30,757,659
Total	485,557,665	324,744,398

2.14 Other income

	31-Mar-18	31-Mar-17
Interest on term deposits	30,043,425	24,466,892
Profit on Sale of Mutual Fund Units	2,599,611	-
Interest on I.T Refund	1,168,652	-
Profit on Sale of Fixed Assets	394,004	-
Miscellaneous income	80,797	22,995
Total	34,286,489	24,489,887

2.15 Employee benefit expenses

	31-Mar-18	31-Mar-17
Salaries and other allowances	239,633,824	161,122,370
Contributions to Provident and other funds	17,003,876	11,948,308
Staff welfare and training expenses	6,930,907	3,502,868
Staff insurance	1,321,910	1,274,756
Gratuity	2,497,710	1,506,998
Stock option expenditure	133,347	311,158
Total	267,521,574	179,666,458

2.16 Other operating expenses

	31-Mar-18	31-Mar-17
Travelling expenses	39,598,123	21,520,157
Rent	16,136,549	11,098,682
Office maintenance	10,279,756	6,735,538
Communication expenses	5,816,152	4,780,398
Consultancy charges	8,807,965	3,077,662
Technology subscription charges	4,595,305	3,112,749
Printing & Stationery	4,627,991	5,130,776
Rates, taxes, and filings	4,176,127	1,107,659

Auditors' remuneration:		
- Statutory audit	1,000,000	800,000
- Tax audit	200,000	200,000
- Certification charges	20,000	42,000
- Reimbursement of expenses	30,639	9,079
Membership fee	1,340,625	220,000
Director sitting fee	900,000	1,100,000
Insurance	777,968	928,819
Commission and brokerage charges	533,281	18,000
Repairs and maintenance	520,241	455,184
Staff recruitment expenses	240,943	93,282
Donation	-	25,000
Business promotion expenses	37,778	58,650
Loss on sale of fixed assets/Assets written off	-	348,417
Miscellaneous expenses	1,651,699	428,267
Total	101,291,142	61,290,319

2.17 Finance cost

	31-Mar-18	31-Mar-17
Interest		
- On term loans from banks	8,769,659	-
- On term loans from others	1,139,726	-
- On debentures	33,951,960	24,437,757
Other finance costs	3,760,000	-
Bank charges	4,591,629	1,731,671
Total	52,212,974	26,169,428

2.18 Provision and write-offs

	31-Mar-18	31-Mar-17
Loss on managed portfolio	-	1,958,868
Provision against standard assets	9,201,472	-
Provision on managed portfolio	37,298,528	40,000,000
Total	46,500,000	41,958,868

2.19 MAT Credit

	31-Mar-18	31-Mar-17
Opening balance	-	-
Tax paid under MAT Provisions for FY 2016-17	6,833,880	-
Tax payable under MAT Provisions FY 2017-18	10,668,390	-
Total	17,502,270	-



OTHER DISCLOSURES



3 Other disclosures

3.1 Business Correspondent for Financial Inclusion with Banks/Financial Institutions:

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

3.1.2 With Yes Bank Limited (YBL)

- 3.1.2.1 VAYA Finserv Pvt Ltd commenced operations from August' 2014 in Karnataka and Maharashtra states and later expanded its operations in Bihar, Jharkhand and Telangana states and is dealing with only small ticket loans. The company acts as a Banking Correspondent to distribute micro loans of YBL to SHG/JLG groups of women entrepreneurs in rural area and recover the same on behalf of YBL for onward payment.
- 3.1.2.2 Below data pertains to Business correspondent services provided by the company to Yes bank Limited as on Mar 31, 2018

Lending model	No. of branches*	No. of Members disbursed	Amount disbursed (Rs.)	No. of outstanding Members	Outstanding amount (Rs.)
SHG	48	-	-	24,732	205,474,696
JLG	43	53,897	1,422,213,448	53,707	935,933,772

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

Account	Description	Amount (Rs.)
Trade receivable	Services bill due for the month of Mar 2018	13,425,585
Payable to YBL	Collection and undisbursed amounts as on 31 Mar, 2018	19,201,201
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	1,141,408,468

3.1.3 With Ratnakar Bank Limited (RBL)

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

3.1.3.2 Below data pertains to Business Correspondent services provided by the company to Ratnakar Bank Limited as on Mar 31, 2018

Lending model	No. of branches	No. of Members disbursed	Amount disbursed (Rs.)	No. of outstanding Members	Outstanding amount (Rs.)
JLG	88	151,499	3,970,526,600	263,934	4,249,803,053

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

Account	Description	Amount (Rs.)
Trade receivable	Services bill due for the month of Mar 2018	34,115,433
Payable to RBL	Collection and undisbursed amounts as on 31 Mar, 2018	46,020,179
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	4,249,803,053

3.1.3 With Industrial Development Bank of India (IDBI):

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

3.1.3.2 Below data pertains to Business Correspondent services provided by the company to IDBI as on Mar 31, 2018

Lending model	No. of branches	No. of Members disbursed	Amount disbursed (Rs.)	No. of outstanding	Outstanding amount (Rs.)
JLG	3	-	-	853	16,198,713

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

Account	Description	Amount (Rs.)
Trade receivable	Services bill due for the month of Mar 2018	103,892
Payable to IDBI	Collection and undisbursed amounts as on 31 Mar, 2018	1,162,151
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	16,198,713

3.1.4 With Reliance Commercial Finance Limited (RCFL):

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

3.1.4.2 Below data pertains to Business Correspondent services provided by the company to RCFL as on Mar 31, 2018

Lending model	No. of branches	No. of Members disbursed	Amount disbursed (Rs.)	No. of outstanding Members	Outstanding amount (Rs.)
JLG	13	35,631	860,290,000	35,821	563,574,537

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

Account	Description	Amount (Rs.)
Trade receivable	Services bill due for the month of Mar 2018	15,972,930
Payable to RCFL	Collection and undisbursed amounts as on 31 Mar, 2018	3,332,544
Due for collection (from Micro Borrower as BC)	Business Correspondent operations	563,574,537

3.2 Contingent liabilities and capital commitments

	31-Mar-18	31-Mar-17
a) Contingent liabilities		
Deposits held as cash collateral against managed portfolio	241,847,434	185,847,726
b) Capital commitments	Nil	Nil

3.3 Earnings per share

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

	31-Mar-18	31-Mar-17
Net profit as per profit and loss account	36,739,587	56,004,223
Divided Proposed for Preference shares (Inclusive of taxes)	(7,716,102)	-
Earnings available to Equity share holders	29,023,485	56,004,223
Weighted average number of shares considered for computation of basic earnings per share	25,201,721	23,304,849
Add: Effect of potential dilution	10,790	25,178
Weighted average number of shares considered for computation of diluted earnings per share	25,212,512	23,330,027
Adjusted earnings for dilutive Earnings per Share	29,023,485	56,004,223
Earnings per share - Basic	1.15	2.40
Earnings per share - Diluted	1.15	2.40
Nominal value per share [Rs.]	10	10

3.4 Stock Option Scheme

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

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

The details of Plan I have been summarised below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Options	Weighted average exercise price (Rs.)	Number of Options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	1,584,709	10	1,584,709	10
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	830,085	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	754,624	10	1,584,709	10
Exercisable at the end of the year	-	-	-	-
Weighted avg remaining contractual life (in years)	0.3	-	1.3	-
Weighted avg fair value of options granted	-	0.51	-	0.51

Details of Options outstanding as on March 31, 2018:

Series	Plan I
Range of exercise price	10
Number of Options outstanding (31-Mar-18)	754,624
Number of Options outstanding (31-Mar-17)	1,584,709
Weighted avg remaining contractual life of options (in years) (31-Mar-18)	0.3
Weighted avg remaining contractual life of options (in years) (31-Mar-17)	1.3
Weighted average exercise price	10

Plan I: The weighted average fair value of stock options outstanding was Rs. 0.51. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

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

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

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

Particulars	31-Mar-18	31-Mar-17
Employee compensation cost	133,347	311,158
Deferred compensation cost	29,031	162,378
Liability for employee stock option outstanding as at period end	162,378	473,536

3.5 Related party disclosures

Names of related parties and nature of relationship

Names	Nature of relationship
Mr. R Jagadish Babu, Managing Director & CEO	Key Managerial personnel
Mr. S Lakshminarayanan, Chief Financial Officer	Key Managerial personnel
Mr. B Balaji Gupta, Company Secretary	Key Managerial personnel
Dr. Vikram Akula	Non Executive Chairman
Dr. Bhikshamaiah Gujja	Non Executive Director

Nature of transactions

Name	Nature of transaction	31-Mar-18	31-Mar-17
R Jagadish Babu	Salary and incentives	15,000,000	9,360,000
S Lakshminarayanan	Salary and incentives	9,375,000	6,600,000
B Balaji Gupta	Salary and incentives	1,242,072	1,150,068
Dr. Vikram Akula	Sitting Fee	300,000	300,000
Outstanding balances as at year end			
R Jagadish	Incentive payable	4,999,500	2,160,000
S Lakshminarayanan	Incentive payable	1,875,000	1,100,000
B Balaji Gupta	Incentive payable	149,052	138,012

3.6 Earnings and expenditure in foreign currency:

Particulars	31-Mar-18	31-Mar-17
Earnings	-	-
Expenditure		
- Travelling expenses	97,337	386,345
- Professional and consultancy charges	-	-

3.7 Dues to Micro and Small enterprises:

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

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

3.9 Information on instances of fraud/theft/robbery

Particulars	31-Mar-18	31-Mar-17
Amount of fraud/theft/robbery {17 cases (31-Mar-17: 3 cases)}	1,830,359	389,466
Recovery	-	-
To be recovered	1,830,359	389,466

4. Additional disclosures required by the RBI

a Capital to Risk Assets Ratio ('CRAR'):

Particulars	March 31, 2018	March 31, 2017
i) CRAR (%)	34.23%	NA
ii) CRAR – Tier I Capital (%)	34.23%	NA
iii) CRAR – Tier II Capital (%)	0.00%	NA
iv) Amount of subordinated debt raised as Tier-II capital	-	NA
v) Amount raised by issue of Perpetual Debt Instruments	-	NA

b. Investments:

Particulars	March 31, 2018	March 31, 2017
(1) Value of Investments		
(i) Gross Value of Investments		
(a) in India	216,599,611	3,000,000
(a) outside India	-	-
(ii) Provisions for Depreciation		
(a) in India	-	-
(a) outside India	-	-
(iii) Net Value of Investments		
(a) in India	216,599,611	3,000,000
(a) outside India	-	-
(2) 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 transactions / exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on March 31, 2018 (March 31, 2017: Nil).

d. Disclosures relating to Securitisation: Not Applicable

e. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction: Not Applicable

f. Details of assignment transactions undertaken: Not Applicable

g. Details of non-performing financial assets purchased / sold:

The Company has not purchased / sold non-performing financial assets in the current and previous year.

h. Asset Liability Management: Not Applicable

i. Exposures:

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

j Schedule to the Balance Sheet of a Non-Banking Financial Company
(as required in terms of Paragraph 18 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2016) as amended.

(Amount in Rs.)

S.No.	Particulars		
	Liabilities Side	Outstanding	Overdue
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a	Debentures	-	-
	- Secured	522,954,389	-
	- Unsecured (other than falling within the meaning of public deposits)	-	-
b	Deferred Credits	-	-
c	Term Loans	954,591,439	-
d	Inter-corporate loans and borrowing	-	-
e	Commercial Paper	-	-
f	Public Deposits	-	-
g	Other Loans (Cash Credit Facility)	-	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a	In the form of Unsecured debentures	-	-
b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c	Other public deposits	-	-
	ASSETS SIDE		OUTSTANDING
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below		
a	Secured	-	
b	Unsecured		920,147,243
4	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP 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)	Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
5	Break-up of Investments :		

1	Current Investments :	
	Quoted :	
	(i) Shares :	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	187,599,611
	(iv) Government Securities	-
	(v) Others (please specify)	-
	Unquoted :	
	(i) Shares :	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-
2	Long Term Investments :	
	(A) Quoted:	
	(i) Shares :	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	29,000,000
	(iv) Government Securities	-
	(v) Others (please specify)	-
	(B) Unquoted :	
	(i) Shares :	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-

6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :

Category	Amount net of provisions		
	Secured	Unsecured	Total
(A) Loans			
(i) Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
(ii) Other than related parties	-	920,147,243	920,147,243

(B) Employees Vehicle and Other Loans			
(i) Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
(ii) Other than related parties	-	-	-
Total	-	920,147,243	920,147,243

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Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
(i) Related Parties	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
(ii) Other than related parties	-	-
Total	-	-

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Other information

Particulars		
Gross Non-Performing Assets		
-Related parties	-	-
-Other Than related parties	-	-
Net Non-Performing Assets		
-Related parties	-	-
-Other Than related parties	-	-
Assets acquired in satisfaction of debt	-	-

k. Disclosure of penalties imposed by RBI and other regulators:

No Penalties were imposed by RBI and other regulators during current and previous year.

l. Qualifying Asset:

The Company has started its NBFC operations in the month of September 2017, hence has not met the qualifying asset percentage mandated for NBFC-MFI, due to the nascent stage of its own lending operation. The Company is expected to meet this requirement once the own lending operation is scaled up.

m. Ratings assigned by credit rating agencies and migration of ratings during the year:

Deposits Instrument	Name of the rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limit or conditions imposed by rating agency
MFI Grading	ICRA Limited	18-12-17	M2	18-12-18	-
Credit rating	ICRA Limited	23-02-18	BBB-	-	5,000,000,000

n. Asset classification

	March 31, 2018	March 31, 2017
Standard assets	920,147,243	-
Sub-standard assets	-	-
Doubtful assets	-	-
Total Gross Portfolio	920,147,243	-
Less: Provision	(9,201,472)	-
Total Net Portfolio	910,945,771	-

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

Particulars	March 31, 2018	March 31, 2017
Provisions for depreciation on Investment	-	-
Provision made towards Income tax	10,668,390	6,833,880
Provision towards NPA	-	-
Provision for standard Assets	9,201,472	-
Provision for managed portfolio	37,559,512	40,000,000
Provision for leave benefits	-	-
Provision for gratuity	6,637,909	4,140,199
Provision for advances recoverable in cash or kind	-	-
Provision for Impairment loss	-	-

p. Disclosure of Customer Complaints

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) No. of complaints pending at the beginning of the year	-	-
(ii) No. of complaints received during the year	2	-
(iii) No. of complaints redressed during the year	2	-
(iv) No. of complaints pending at the end of the year	-	-

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

q. Information on Net Interest Margin:

In pricing of credit (the loan portfolio), the interest rates charged by the Company is lower of the cost of fund plus margin cap of 12% or the average base rate of five largest commercial banks by assets multiplied by 2.75, as per RBI Master Circular.

(a) Calculation of cost of fund

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Average interest	23.64%	NA
Average effective cost of borrowing	12.02%	NA
Net interest margin	11.62%	NA

**(b) Average base rate of the five largest commercial banks by assets multiplied by 2.75 = 8.96*2.75=24.64%
(As of 31 March, 2018)**

**Interest rate charged by the Company as on 31 March 2018 is 23.64% i.e. lower of the 23.64%
(as specified in (a) above or 24.64% (as specified in (b) above).**

r. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2017: Nil)

5 Prior year comparatives

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

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

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

A. G. Sitaraman
Partner
M. No.: 017799

Vikram Akula
Chairman
DIN : 00906907

R. Jagadish Babu
Managing Director & CEO
DIN : 01855121

Place: Hyderabad
Date: June 30, 2018

S. Lakshminarayanan
Chief Financial Officer

B. Balaji Gupta
Company Secretary
M.No.: A17980

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

*We always favor
the winds of
change and*
INNOVATION





Vaya
POWERING ASPIRATIONS

Registered Office:

SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli, Kondapur Road,
Hyderabad – 500 032, Telangana, India,
Tel: 040 – 47896999, Website: www.vayaindia.com
CIN: U67190TG2014PTC093562
E-mail ID: contact@vayaindia.com

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