Vaya

POWERING
ASPIRATIONS

ANNUAL REPORT 2019

www.vayaindia.com

Vaya

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

Vaya

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Board of Directors

Vikram Akula
Chairperson (Non-executive) & Co-Promoter

Jagadish Babu Ramadugu
Managing Director, Chief Executive Officer & Co-founder

Farzana Haque
Independent Director

Alok Misra
Independent Director
(w.e.f. 20th January 2019)

Gautam Ivatury
Director

Bikshamaiah Gujja
Nominee Director

Sateesh Kumar A.V.
Nominee Director
(w.e.f. 20th December 2018)

Chief Financial Officer
Lakshminarayanan S.

Company Secretary
B. Balaji Gupta

Business Correspondent Partners
Yes Bank
RBL Bank
Reliance Commercial Finance

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

- Au Small Finance Bank
- Avanse Financial Services
- Caspian Impact Investments
- Fincare Small Finance Bank
- HDFC Bank
- Hinduja Leyland Finance
- Hiranandani Financial Services
- IFMR Fimpact Fund
- IndusInd Bank
- Kotak Mahindra Bank
- Mahindra Finance
- Manappuram Finance
- Microfinance Enhancement Facility
- Northern Arc Capital
- Reliance Commercial Finance
- responsAbility
- Shriram City Union Finance
- Vaya Trusts
- Yes Bank

Trustee
Catalyst Trusteeship Limited

Registrar & Transfer Agent
Link Intime India Private Limited

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

Registered Office, Contact Details & CIN

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

Tel: 040 – 4789 6999

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

CIN: U67190TG2014PTC093562

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.

Sangamitra

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

Investors

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

Core Principles

Customers will be treated with utmost respect and dignity. All interactions will be open, fair and ethical.	We will employ free and fair recruitment practices.
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.	Customers will be given all the information required to make decisions in their best interests, in an accessible, comprehensible and useful manner.
We will deliver products and services and communicate in a customer-centric manner that is ethical, transparent, and equitable.	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.
Our formal governance system will be transparent and ethical.	Every customer has the right to express a grievance. We will construct an effective and accessible grievance redressal mechanism and ensure prompt and effective resolutions.

Customer

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

Message from the Chairperson

Vikram Akula

Chairperson (Non-executive) & Co-Promoter

Dear Stakeholders

As we place this report in your hands, we would like to acknowledge with gratitude the solidarity support we have received over the last five years and especially in 2018-19. Over the last 5 years our borrower portfolio base has expanded to 6,00,000 members along with gross loan portfolio of over ₹1,000 crores.

These milestones not only reflect our commitment towards last mile delivery for our customers but also our efforts to constantly strive to provide innovative product offerings for our customers.

Vaya's NBFC- MFI ("Non-Banking Finance Company – Microfinance Institution") status has helped us to overcome the limitation of the Banking Correspondent("BC") model. It has helped further our ambition of serving customers through innovative products and services as per the changing requirements. This would not have been possible without the dedicated efforts of our executive management and field level operations staff, I congratulate them for this achievement.

India's economy grew at around 7% in the fiscal 2019 and continues to be one of the fastest growing economies in the world. It has witnessed steady growth over the past decade along with the rise in

Vaya

per capita income.

As per the "Global Outreach & Financial Performance Benchmark Report – 2016" published by Mix Market (www.themix.org), India dominates the list of top countries by being home to 35.7 million active borrowers with a gross loan portfolio of USD 13,720 million. As per MFIN's Micrometer report (2019), India's microfinance industry has grown by 38% over the last year and the gross loan portfolio stood at ₹1,87,386 crore. Out of which the NBFC-MFIs hold the largest share of portfolio in micro-credit with the total loan outstanding of ₹68,868 crore, which is 36.8 per cent of total micro-credit universe. This impressive growth in gross loan portfolio was registered amid the lingering impact of demonetisation, catastrophic floods in states like Kerala and the NBFC liquidity crisis. The Indian microfinance industry emerged much stronger after series of disruptive events such as the Andhra Pradesh crisis in 2010, multiple farm-loan waivers by State Governments and demonetisation of old currencies.

It gives me immense pleasure to share that amidst these challenges, Vaya Finserv registered impressive growth of 61% in terms of gross loan portfolio at ₹1,110.4 crore over the last financial year 2018, fuelled by the growth in own NBFC portfolio by 355%. The share of own portfolio is 38% at ₹419.0 crore. The Company will continue to grow its own loan portfolio in the next 18-24 months.

As we continue to rapidly expand our active borrower base which touched 6,00,000 mark recently in May 2019, immense potential lies ahead of Vaya owing to its focus on rural financial products. The fact that 40 percent of our clients are first time borrowers shows our competitive advantage especially in rural areas where market penetration is much lower as compared to its urban counterpart. The company's growth gives me a great sense of re-assurance of the journey on which we embarked five years ago.

We believe our people and processes give us the definitive edge to manage scale and yet remain nimble to embrace change proactively. Our customer-centric products and robust processes backed by a strong digital technology platform have been the reason for our growth and also a differentiating factor which has helped us stay ahead of our contemporaries.

Our employees are central to the company operations, it is their untiring efforts that has helped us achieve last mile delivery of products and services for our customers. They enable Vaya Finserv to be customer-centric—constantly evolving our systems to address customer pain points.

With this background I am happy to share with you that we have been certified as a "Great Place To Work". Every year, more than 10,000 organisations from over 58 countries partner with Great Place to Work® Institute for assessment, benchmarking and planning actions to strengthen their workplace culture. It is a proud moment for all of us at Vaya to accomplish this feat in a short span of just five years.

As we move ahead we would like to sincerely thank our BC partners and lenders for their continued commitment and support. Let me end by thanking all the Board members, the senior management team and our frontline field staff who have striven hard to make Vaya Finserv what it is today.

I solicit your continued support.

Thanking you.

Vikram Akula

Chairperson (Non-executive)

& Co-Promoter

Message from the MD & CEO

Jagadish Ramadugu
MD, CEO & Co-Founder

Dear Stakeholders,

It gives me immense satisfaction to pen down this message as the MD & CEO of Vaya Finserv Private Limited ("Vaya" or the "Company"). It has been a great journey for me personally to see Vaya grow from a startup to a reputed and mid sized Microfinance institution ("MFI") in just five years of time with a gross loan portfolio above ₹1,000 crore.

I am also delighted to inform you that the Company has successfully completed its first full year as an NBFC-MFI and we have had several achievements in terms of numbers. We delivered a year of solid performance despite the challenging environment. Let me briefly share some of the key highlights of the year gone by:

- The gross loan portfolio of the Company had grown by 61% to ₹1,110.4 crore.
- We had initially setup 69 branches and had started building own portfolio from September 2017 onwards. These branches increased to 87 as of March 2019. This strategy of ours to initially setup maximum number of branches enabled us to disburse a cumulative amount of ₹597.5 crore in the last 19 months (September 2017 to March 2019), which helped to build own portfolio of ₹419.0 crore (March 2019).

In addition, the Company had also done couple of securitisation transactions of ₹32.6 crore during the last quarter of FY19.

- This impressive growth in own portfolio was possible due to the timely raise of funds. After all, money is a raw material for any NBFC. The Company's networth was strengthened by additional ₹100.0 crore which was infused by our promoters, Vaya Trusts through CCPS ("Compulsory Convertible Preference Share") capital. The total networth stood at ₹176.1 crore as at the end of March 2019.
- The Company raised ₹296.4 crore of debt capital during FY19 and on-boarded 17 new lenders. I would like to take this opportunity to thank our lenders who have entrusted faith in us. Our strategy was to diversify the lender base from the initial period itself. The Company has demonstrated the same by doing two securitisation transactions and also issued NCDs ("Non-Convertible Debentures") of aggregate amount of ₹68 crore in two different transactions. One among them was listed on the Bombay Stock Exchange, thus strengthening the corporate governance practices and compliances. I am delighted to share with you that we were able to do all this in a challenging debt capital market when the sentiments turned negative for the NBFCs post the IL&FS fiasco and crisis at few other NBFCs which triggered the liquidity crisis in the NBFC industry.
- Within just one year of initial rating, both the MFI grading and credit ratings of the Company was upgraded by one notch by ICRA Limited. The MFI grading of the Company was upgraded to 'MFI 2+' in December 2018 which is the second highest grading and credit ratings (including Bank Loan and NCD ratings) was upgraded to ICRA BBB in January 2019.
- The own portfolio which constitutes to around 38% of the gross loan portfolio as of March 2019 has boosted the financial performance for FY19. The total revenue, profit before tax and profit after tax in FY19 had increased exponentially by 2.7x, 8.7x and 7.7x, respectively compared to the previous year.

Leveraging on the power of technology is one of the key enablers for Vaya. We constantly look for ways to improve productivity across the organisation, reduce turn-around-times and transactional costs and we believe that technology helps us to achieve this. This has also transformed into achieving better operating cost of 6.0% on average gross loan portfolio and cost-to-income ratio of 49%, which we believe to be amongst the efficient MFIs in the industry. And we will continue to improve on the operating cost ratios.

Our employees are the heart of our business. Their commitment, focus and hard work have been the foundation of our success. We continue to upskill our employees through continuous training programmes not only through the traditional models of classroom training delivery but also with a strong e-Learning platform that enabled the access to training anytime, anywhere on any device including a smartphone, tablet or laptop/desktop. We are focused on creating a diverse and multi-talented workforce. All these efforts have translated to be certified as the "Great Place To Work". I would like to thank all our employees for this kind of dedication and hard work. All this was possible with the help of a passionate and committed team. This certification is a testimonial to our belief and a reinforcement to our employee-centric initiatives.

Fiscal year 2019 represents a threshold year for Vaya and the groundwork was laid down during the earlier years. We have made significant investments in the past few years and the team is working unwaveringly towards fulfilling our vision "to be the best financial services provider in India for aspiring individuals and small businesses".

As I conclude my message here, I would like to thank all my colleagues at Vaya for their hard work and passion that has led us to deliver a year of strong performance. I would like to extend my gratitude to our Board for their support and guidance. Finally, I would like to offer many thanks to our customers, BC partners, lenders and shareholders who continue to put their trust in Vaya Finserv. We look forward to your continued support for all our future endeavours.

Thanking you.

Jagadish Babu Ramadugu

MD, CEO & Co-founder

Key Milestones - Journey till date

2014

March
Incorporated as Out-reach Financial Services

June
Launched TAB Module

August
Disbursed First Loan in Karnataka

December
Expanded into Maharashtra & additional districts in Karnataka

2015

March
Started Operations in Bihar & Jharkhand

July
Started Operations in Odisha & Telangana

August
Reached Total AUM of ₹100 Crores

2016

February
Crossed ₹1 Lakh Clients

July
Crossed AUM of ₹300 Crores

August
₹2 Lakh Clients, 100 Branches, 40 Districts

December
Cashless Disbursements Launched

2018

February

Received BBB- rating from ICRA

April

CCPS infusion of ₹30 crores by Vaya Trusts

July

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

2017

January

Achieved 100% Cashless Disbursement

May

Received NBFC- MFI License

October

CCPS infusion of ₹30 crores by Vaya Trusts

December

Received MFI grading of M2 from ICRA
Crossed 200 Branches

2019

January

Credit Rating upgraded to 'BBB' by ICRA

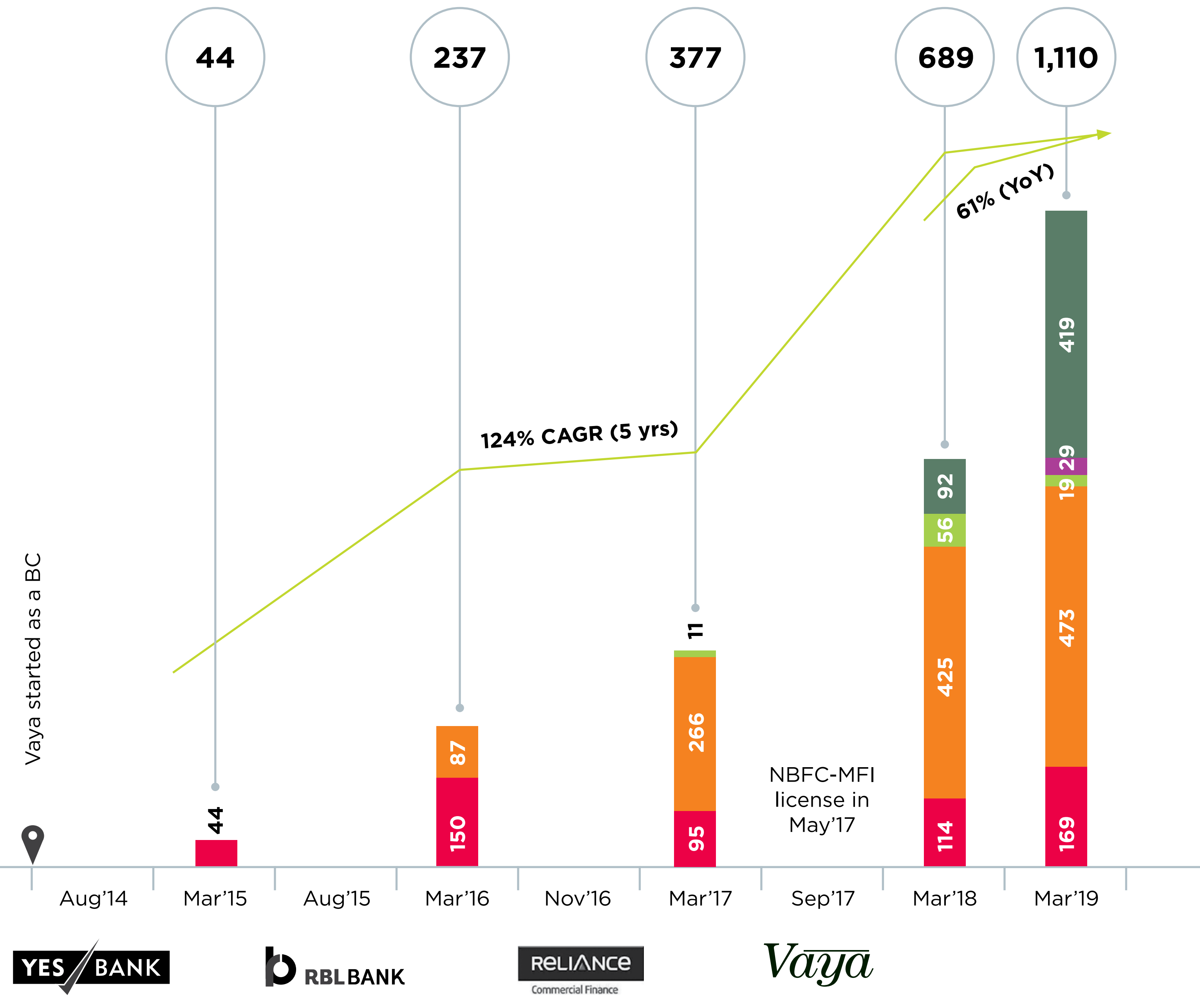
MFI Grading upgraded to 'M2+' by ICRA

March

'Great Place To Work' certified

Vaya Finserv – An Overview

Journey so far & Portfolio growth...

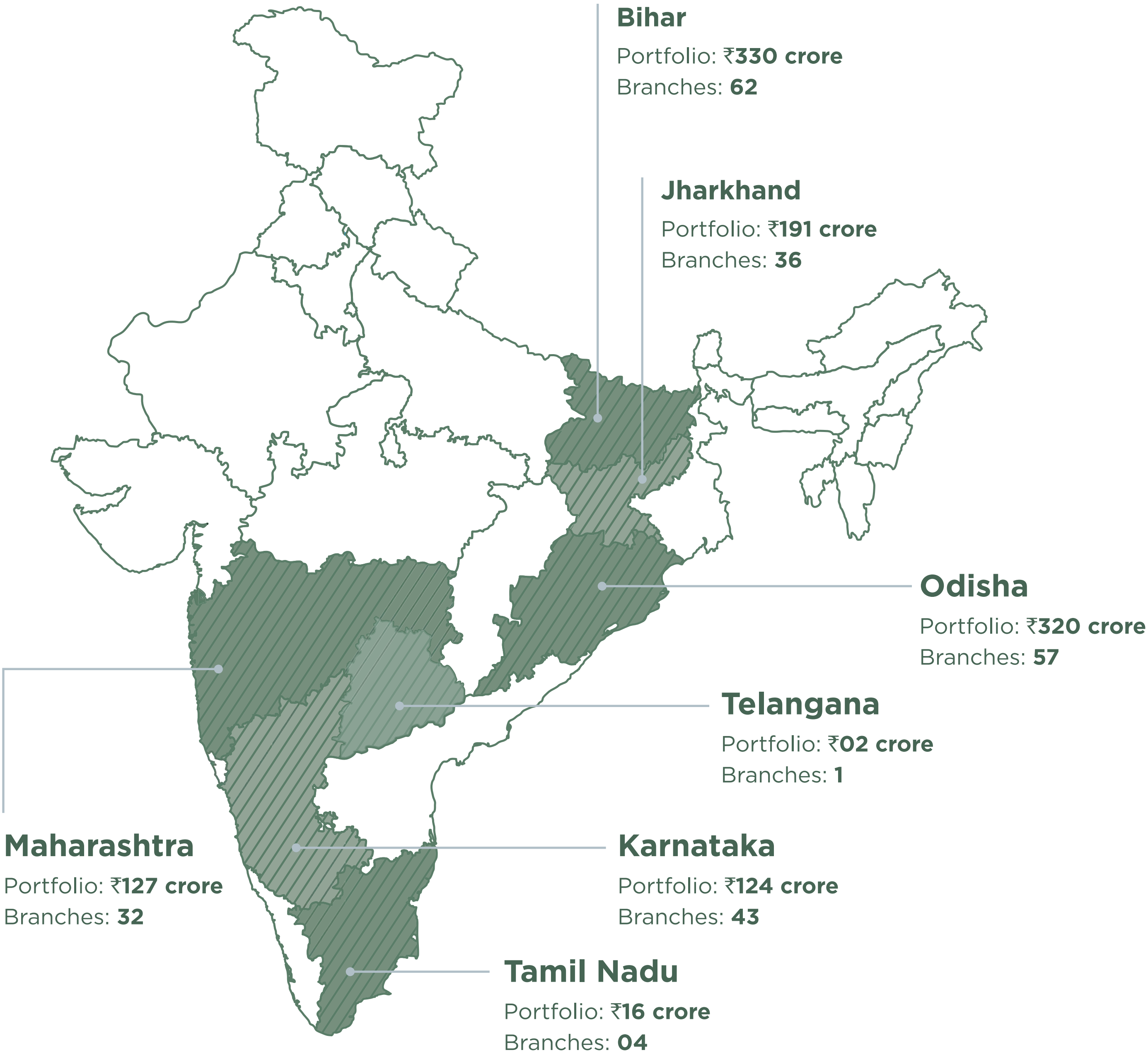


Amount in ₹ Crs.

- Yes Bank
- RBL Bank
- Reliance Capital
- Securitised
- Own Book
- = Disbursement start

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

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



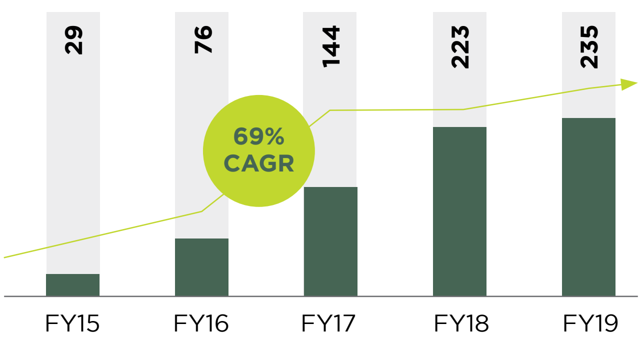
- Vaya has built a highly scalable business model with a mix of On & Off-balance sheet portfolios
- Off book can be grown in a healthy manner driven by low capital requirements & higher returns
- On book will lead to creating ownership of customers & creating sizeable business franchisee
- For clear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

State	Own Portfolio	BC Portfolio	Total Portfolio
Bihar	51	11	62
Jharkhand	7	29	36
Karnataka	20	23	43
Maharashtra	5	27	32
Odisha	-	57	57
Tamil Nadu	4	-	4
Telangana	-	1	1
Total	**87**	**148**	**235**

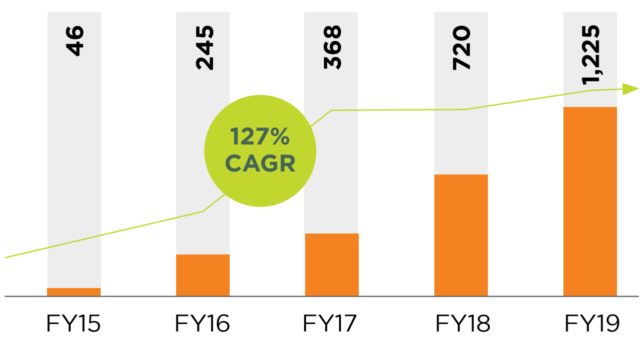
Operational Highlights:

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

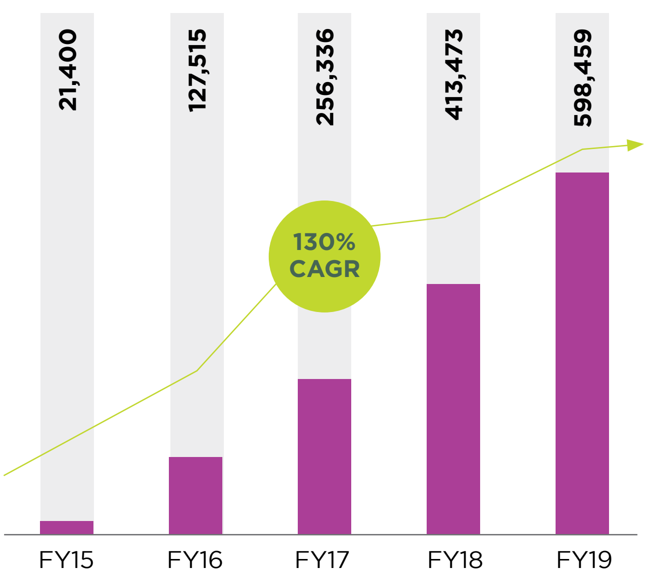
Branches



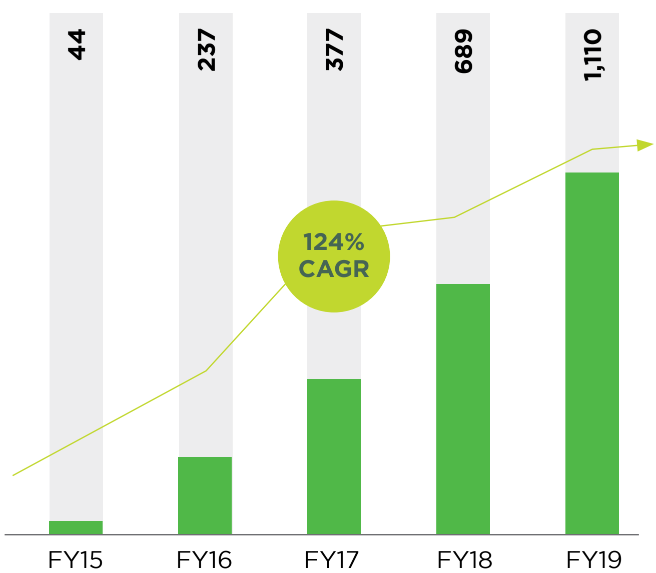
Disbursements (₹ in Crore)



No. of Borrowers



Gross Loan Portfolio (₹ in Crore)

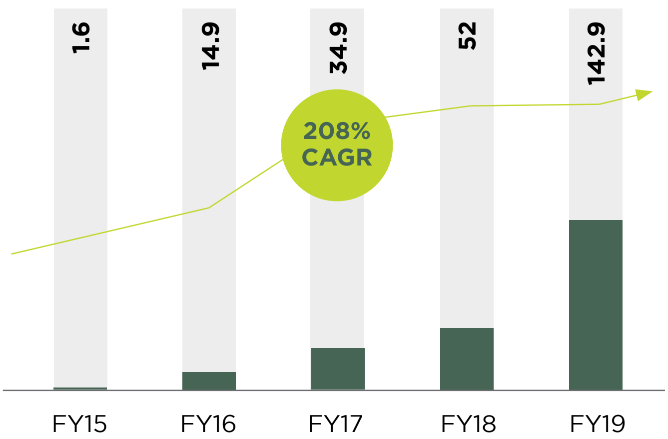


Financial Highlights:

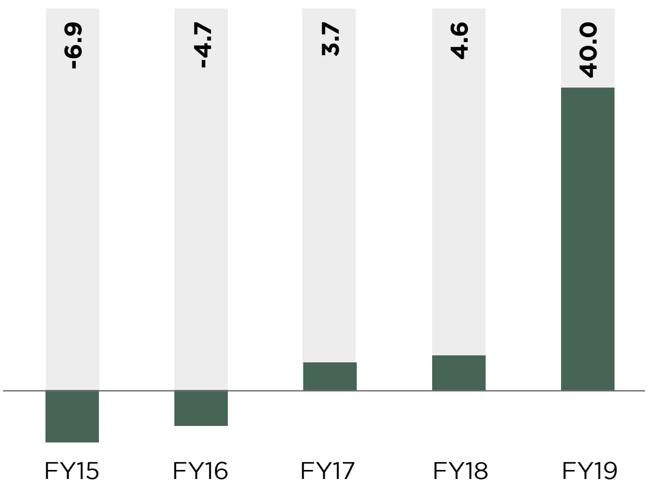
Particulars	Unit	FY15	FY16	FY17	FY18	FY19
Total revenue	₹ in Crore	1.6	14.9	34.9	52.0	142.9
Profit before tax	₹ in Crore	-6.9	-4.7	3.7	4.6	40.0
Profit after tax	₹ in Crore	-6.9	-4.7	5.6	3.7	28.3
Earnings per share (Basic)	₹	-6.5	-2.2	2.4	1.2	8.2
Earnings per share (Diluted)	₹	-6.5	-2.2	2.4	1.2	8.2
Networth	₹ in Crore	14.0	9.3	17.7	53.6	176.1
Total assets	₹ in Crore	15.8	44.1	55.0	221.9	557.2
Book value per share*	₹	6.7	4.4	7.4	8.9	16.9
Capital adequacy ratio	%	n.a.	n.a.	n.a.	34.2%	36.8%

*Book value is excluding Compulsory Convertible Preference Share capital of ₹130 Crore
n.a. = not applicable

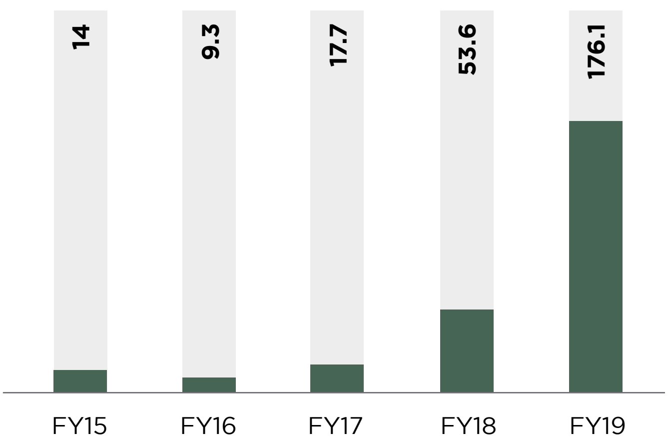
Total revenue (₹ in Crore)



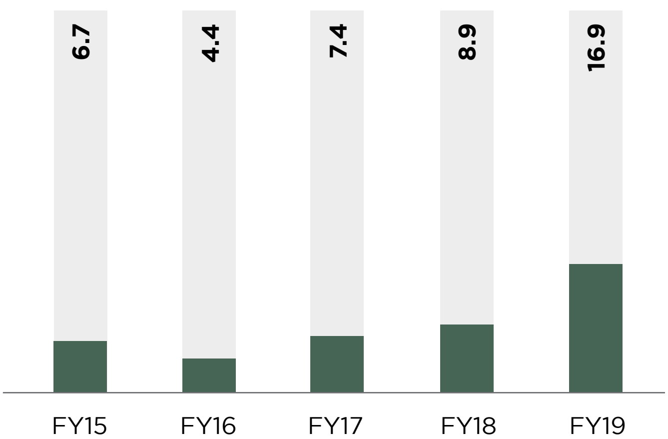
Profit before tax (₹ in Crore)



Networth (₹ in Crore)



Book value per share (₹)



Board of Directors

Mr. Vikram Akula

Chairperson (Non-executive)
& 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.

Mr. Jagadish Babu Ramadugu

Managing Director, Chief Executive Officer
& 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 21 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.

Ms. Farzana Haque

Independent Director

Farzana Haque is Head of Europe Telecom Business Unit and the Global Head for Strategic Group Accounts, Tata Consultancy Services (TCS). Prior to her current role, 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.

Mr. Alok Misra

Independent Director

Alok Misra, PhD in Development Studies from Victoria University of Wellington, Masters' in Development Management (Gold Medallist) from Asian Institute of Management, Manila, trained at Harvard Business School in "Strategic leadership for Microfinance", Fellow, Fletcher Leadership Program for Financial Inclusion at Tufts University, he is currently Professor in Public Policy & Governance Area at Management Development Institute, Gurgaon. His work, teachings, research and consulting interest are in development policy analysis, poverty and rural finance, design and evaluation of development projects, inclusive finance, digital finance, impact investment, social entrepreneurship and risk mitigation.

Alok Misra has 24 years of professional experience at both policy and implementation level. He started his career with India's apex rural development bank (NABARD) in 1992. He was also part of multi institutional task force (2003-2004) responsible for setting up India's first online demutualised commodities exchange (NCDEX). In 2008, he shifted to M-CRIL, a global microfinance rating, policy analysis and technical advisory agency. In his long career, Alok has provided consulting services to various multilaterals such as ADB, UNCDF, World Bank, IFC, GIZ and SDC.

Currently, Alok Misra is a member of the Strategic Advisory Board on Microfinance constituted by NABARD, member of Inclusive Finance India Group of Advisors and member of Digital finance working group constituted by ITU, Geneva.

Mr. 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

Mr. Bikshamaiah Gujja

Director

Mr. 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 decisionmaking 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 nonprofit organisation working in rural Andhra Pradesh, India, where he initiated many programs on sustainable agriculture, social forestry, and traditional water management.

Mr. Sateesh Kumar A.V

Director

Sateesh has 29 years of work experience across varied industries viz Microfinance, Insurance, Clean Energy and Retail and successfully managed large teams nationally and other emerging markets. Building sustainable and progressive businesses through a strong combination of Sales, Operations and Strategic orientation is his forte.

Sateesh is credited for developing the solar products business through Microfinance sector at d.light which is now the biggest channel of business for the entire solar industry. He believes in robust partnerships, flawless implementation and motivated team to achieve high performance.

Earlier, as Executive VP, Operations at Bharat Financial Inclusion Limited (formerly SKS Microfinance Ltd), Sateesh had managed large teams and also established the ‘SKS’ brand with external stakeholders. He was involved in developing many industry standard policies and systems. As CEO of Royal Sporting House, he had developed retail distribution business of sports goods and as Regional Director of Aviva Life Insurance; he had increased the Bancassurance business multi-fold. Sateesh is a Mechanical Engineer and had done MBA from IIM, Ahmedabad. He has also done an Executive Education program in Harvard Business School.

Senior Management

Mr. Lakshminarayanan S.

Chief Financial Officer

Lakshminarayanan is a Chartered Accountant and Cost Accountant with over 23 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.

Mr. Bhaskar Priyadarshi

Chief Operating Officer (Microfinance)

Bhaskar has over 15 years of experience in banking products like microfinance, working capital finance to MSMEs, pledge loan (commodity-based funding), farm equipment loans, farmer finance, setting up organic institutions of producer/ farmers, setting up milk procurement channels and project management. He has previously worked with YES Bank, ICICI Bank and National Dairy Development Board.

He joins us from YES Bank where he worked as Group Executive Vice President. In YES Bank, he was instrumental in establishing and leveraging the Business Correspondent (BC) model to reach out to over a million borrowers by extending micro-credit and other micro-banking products to the joint liability groups. He has also worked in ICICI Bank where he was instrumental in setting up the Bank's footprint in the rural and micro-banking space in the state of Gujarat. He has also worked with National Dairy Development Board as Deputy Manager and Department of Panchayat & Rural Development, Govt. of Madhya Pradesh as Task Manager consultant.

Bhaskar is a graduate in Economics and has completed PGDRM (Rural Management) from Institute of Rural Management, Anand.

Mr. Vijay Kumar

Head – Strategy & Planning

Vijay Kumar (A Rural Management Graduate from Institute of Rural Management, Anand) has over 15 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.

Mr. Rajeev Ranjan

Head - Operations

Rajeev is a Rural Management postgraduate from VAMNICOM with more than 16 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.

Mr. Maunesh Bhatt

Head – Learning & Development

Maunesh is a postgraduate from ICFAI University. He is a certified OD professional and accredited administrator MBTI & FIRO-B. He carries 22 years of experience in HR & OD (Organizational Development) across BFSI & Pharmaceutical sectors. Prior to joining Vaya, he worked with Spandana Spoorthy 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 polices 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.

Mr. Anil Kumar Gujja

Head – IT, Data Analytics & 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.

Mr. Satya Prasad Aripirala

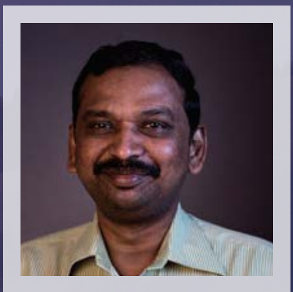
Head – Capacity Building

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 14 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, training need based & competency based training design and digital training content development.

Ms. Megha Nainani

Financial Controller

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



Mr. Balaji Gupta

Company Secretary

Balaji has done B. Com, BL and ACS. He has 14 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 managed the debenture issue, shifting of registrar office from one state to another, implemented compliance processing and Standard Operating Procedure (SOP).

Mr. Prashant Kumar

Head-Internal Audit & Risk

Prashant has done MBA from the Institute of Rural Management, Anand (IRMA) 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.

Management Discussion & Analysis

Industry Overview

India is still among the top 3 nations with unbanked people in the world, reflecting the strong need for an enhancement of the financial inclusion, as per the ICRA Research. It also believes that the MFI sector has immense potential to grow the client base as well as ticket-size per borrower. ICRA also estimates that the micro-credit opportunity is about ₹5-6 trillion, considering the addressable market of low-income households in India. The microfinance sector in India has grown at a CAGR of 23.1% over the past ten years to reach around ₹2.6 trillion as of March 2019, despite some setbacks that have impacted the industry's growth. This growth is mainly attributed to improved awareness and deeper penetration into rural India that led to increased volumes.

Favourable Macros vis-à-vis Vaya's Position:

- **Rural Penetration:** As against the national average of the share of rural population in India of 68.8%, the share of rural population in certain states is significantly higher at 88.7% in Bihar, 83.3% in Odisha, 90.0% in Himachal Pradesh, 77.7% in Uttar Pradesh and 76.8% in Chhattisgarh. In most of these states where the average rural population is higher than the national average, the credit penetration also has been correspondingly lower. Even though southern states have a fairly healthy rural credit penetration, Uttar Pradesh and eastern states like Assam, Bihar, Jharkhand, West Bengal and Odisha are under penetrated, thus providing scope for MFIs.
- According to ICRA Research, in most of the States, the credit outstanding in urban areas outweighed that of rural areas by multiple times, which indicates the extent of deficiency of credit availability in rural areas. While the Reserve Bank of India ("RBI") and the government of India have been taking steps to improve credit availability in rural areas, the gap remains substantial. This offers significant potential for private players to serve this unmet demand. Especially, MFIs with deep reach in rural areas are better placed to deliver credit to the largely underserved segment in the country.

It was a conscious decision by Vaya to remain rural focused since the beginning of its operations five years ago, recognising the growth potential offered by the rural segment, such as the States of Bihar and Odisha.

- **Lower ticket-sizes:** Though the SHG Bank Linkage model and MFI channels have helped in improving the access to credit, ticket-sizes (loan outstanding per borrower) have remained moderate. Therefore, a borrower's credit requirements may not be completely fulfilled through these channels making borrowers dependent on other informal channels (such as money lenders) for meeting their credit requirements

As per ICRA Research, the loan outstanding per MFI borrower was ₹24,972 as of March 2019. The same number for Vaya was ₹18,555 on the overall portfolio. As a strategy, the Company has kept its loan amounts lower for the first cycle borrowers. With the increased loan cycles and mid-term loans, it provides great opportunity for Vaya to further engage with the borrowers and grow its portfolio.

Company Overview

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

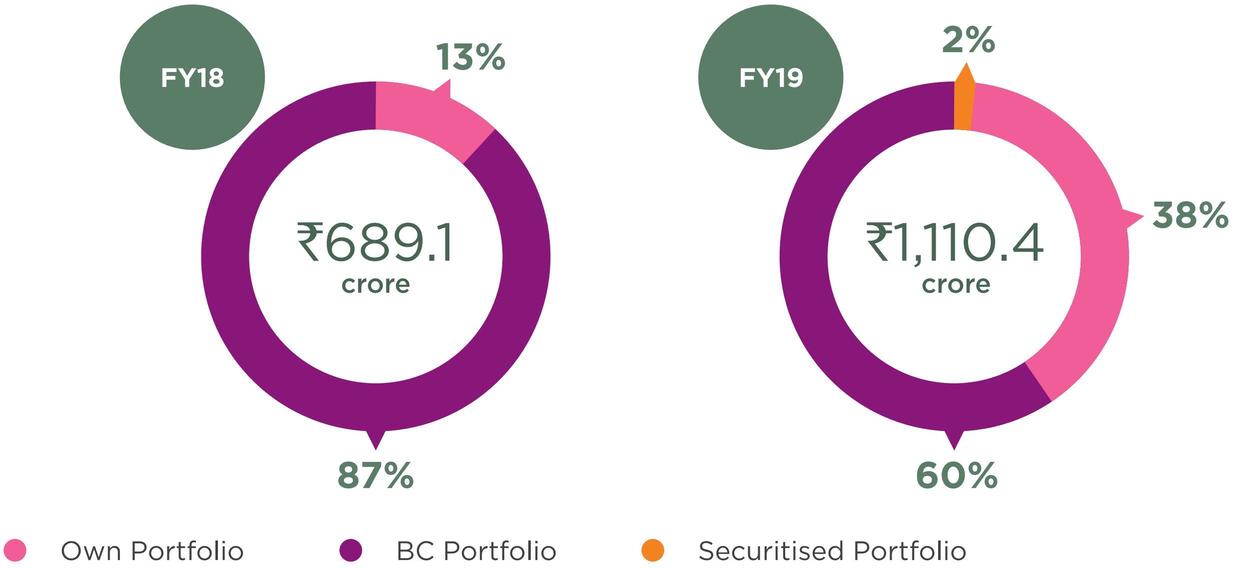
In the first three years of its operations while operating as Business Correspondent ("BC") to some of the major banks and financial institution (active in microfinance space segment such as Yes Bank, RBL Bank, IDBI Bank and Reliance Commercial Finance), Vaya has established itself in seven states covering Karnataka, Tamil Nadu and Telangana in south, Maharashtra in West, Odisha, Jharkhand and Bihar in eastern and northern belt of India.

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

Business & Portfolio Update – FY19

The financial year 2019 marks as the first full year operation of lending from own balance sheet. The Company had initially setup 69 branches and had started building own portfolio from September 2017 onwards. This strategy of Vaya to initially setup maximum number of branches enabled us to disburse a cumulative amount of ₹597.5 crore in the last 19 months (September 2017 to March 2019), which helped to build own portfolio of ₹419.0 crore as on 31st March 2019. As on 31st March 2019, Vaya had an active customer base of 5,98,459 including both own and BC portfolios. The gross loan portfolio increased by 61% from ₹689.1 crore (31st March 2018) to ₹1,110.4 crore (31st March 2019) supported by exponential growth of 355% in the own portfolio. During FY19, the Company rolled-out four branches in Tamil Nadu which marked its entry in the State. As on 31st March 2019, the Company was spread across 235 Branches, 78 Districts and seven States.

Gross Loan Portfolio



As on 31st March 2019, the percentage of portfolio at risk for greater than 90 days (PAR90+) on the gross loan portfolio and own portfolio was at 0.47% and 0.06%, respectively.

Human Resources ("HR")

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

Vaya is now 'Great Place To Work' Certified

The commitment of employees, focus and hard work have been the foundation of our success. The Company's efforts in providing continuous training to its employees, various employee-centric initiatives and focus on creating a diverse and multi-talented workforce has helped to be certified as the "Great Place To Work". The Company received this certification in the month of March 2019. Great Place to Work® is the global authority on building, sustaining and recognizing High-Trust, High-Performance Culture at workplaces.

Focus on Employee Development Through Capacity Building

Vaya has formed a team viz. 'Capacity Building' with industrious and dedicated employees with sole purpose and responsibility of developing employees' capacity and guiding them throughout their journey with Vaya. Structurally, 10 branches have one Area Capacity Building Manager ("ACBM") and each state has one Regional Capacity Building Manager ("RCBM").

First time employment opportunity

More than 85% of the front-line employees (Sangamitras/ field officers) got their first job at Vaya that created sterling opportunities for freshers as Vaya takes great pride in providing employment opportunities to 'Son of the Soil'.

Human Resource Management System ("HRMS")

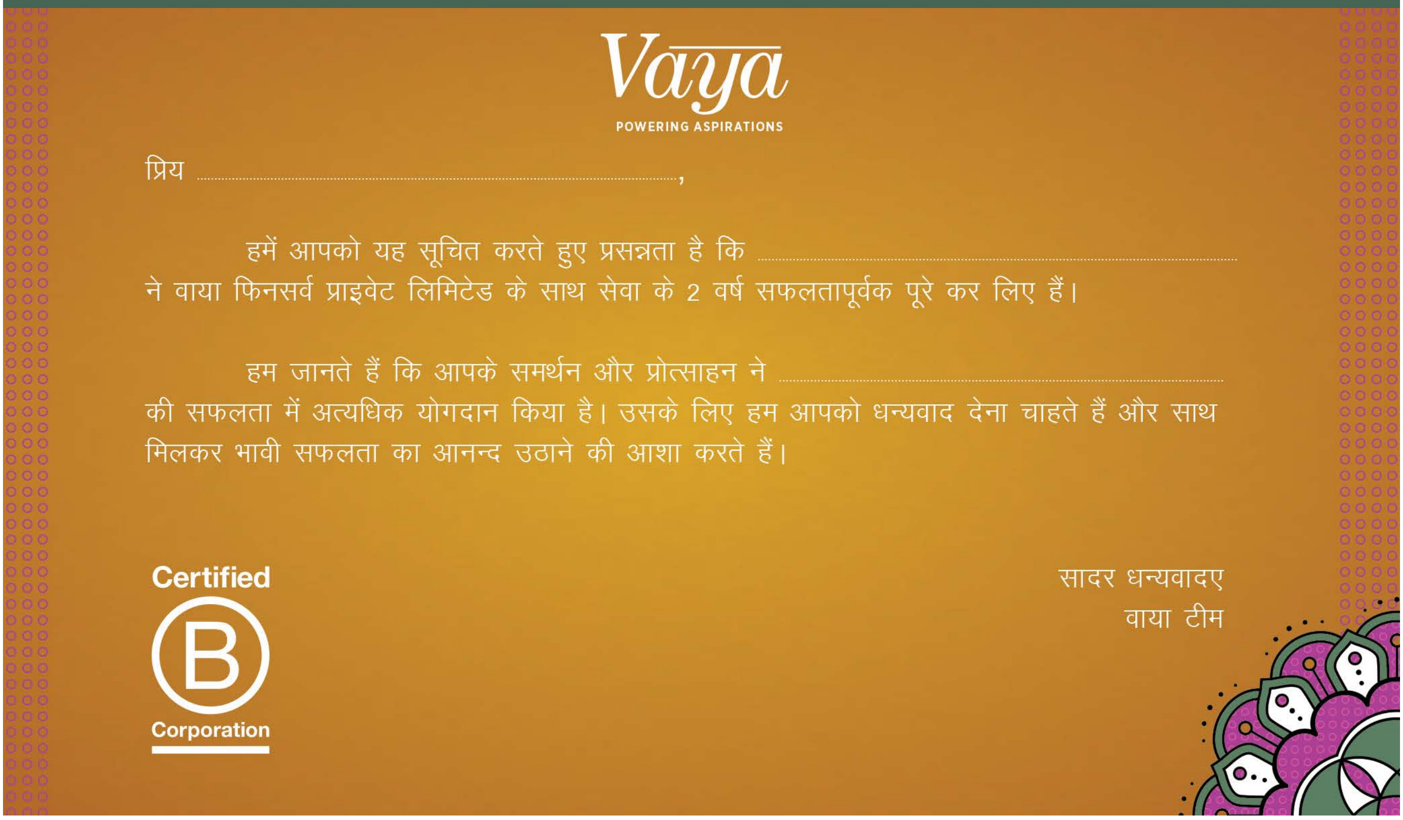
To have better connect with our Branch employees, our HRMS - ZingHR is now available in six regional languages including Hindi, Telugu, Kannada, Marathi, Tamil and Odiya, facilitating ease of use for our employees. A module on reimbursement of expenses such as travel, mobile and fuel are part of ZingHR,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

Employee Communication through V-Connect

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

'Thank You' Notes to Family Members of Employees

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


Vaya
POWERING ASPIRATIONS

प्रिय ……………………,

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

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

Certified B Corporation

सादर धन्यवादए
वाया टीम

Engagement Activities

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

Ms. Farzana Haque, Independent Director, (fifth from left in the picture) interacted with the female employees as part of a separate session, a platform to express and exchange their views and experiences.

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

Employees participating in Rangoli competition on the occasion of Dussehra festival.

Branch-staff wearing traditional wear

Information Technology ("IT")

Since inception Vaya had a clear focus on leveraging the latest technologies to build risk mitigation processes and at the same time enabling efficient delivery of services to its customers. Vaya was the first company to use tablet-banking in rural India, which was part of the very launch in 2014. Since then, various technology platforms and processes have been built to ensure operational efficiency, transparency, data consistency and customer satisfaction.

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) use loan origination system called Digilend for customer sourcing and loan management for customer sourcing. Customer's Aadhar cards are scanned through QR code to get basic customer details. This process, performed in few seconds, not only improves staff productivity, reduces the turnaround time, and also ensures data accuracy. All possible impersonations, ID thefts, fake KYCs are minimised through this mechanism.

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 enrolment 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/mobile. 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 mitigates the risk of carrying huge amount of cash for disbursements and also ensures that the loan amount reaches the right customer.

Digitised real-time collections

Collections are recorded in the system and are reflected in the MIS including dashboards on a real-time basis. Customer with any unpaid dues, absent from center-meeting or with delayed repayment history are flagged as early warning signals to the risk and the monitoring team. The renewal loans and the subsequent products are offered to select clients with a good track record of attendance and repayments determined through data analytics.

CRON: Digital Audit, Risk Management & Monitoring tool

Vaya's in-house application CRON ("Credit Risk Operations & Network") enables audit teams to schedule, perform and follow-up audits digitally. CRON assists in planning by providing inputs on which territories to operate and which to avoid. CRON provides actionable inputs to field-staff thereby increasing operational efficiencies. CRON is also used for field monitoring. Voice of Customers, appraisal and coaching of field staff is performed on CRON. In addition to the above, CRON is used in back-office processing, credit-decisioning and managing process exceptions.

Risk Management & Internal Audit

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.

Primary Responsibilities of Risk & Audit Function

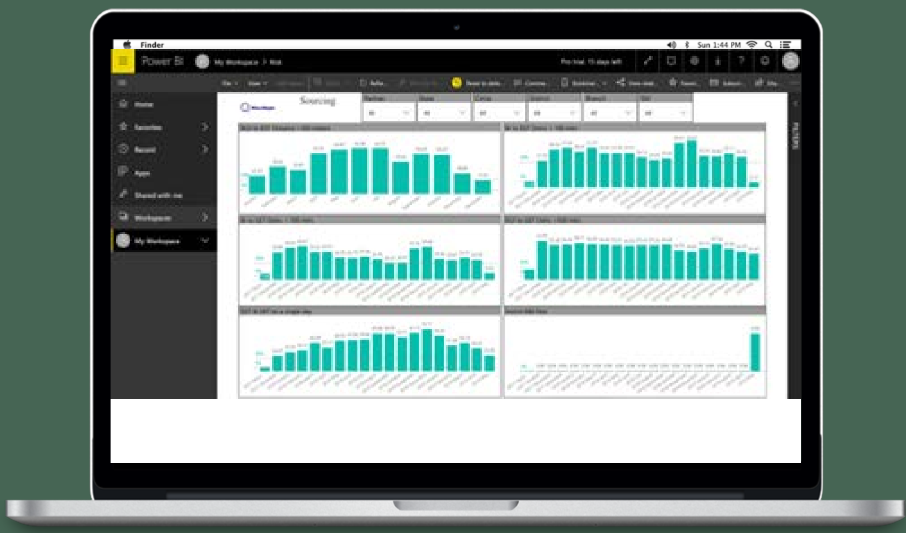
- Timely identification of risks at the point of emanation; accurate assessment of the risks based on their impact and likelihood on quantitative and qualitative parameters; and response strategies adopted for avoiding, accepting, mitigating or sharing the risks.
- Effective monitoring of the risks on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

Focus Areas in FY20

The primary focus of the Risk Management function in FY20 would be ongoing and creating an Enterprise Risk Management Framework for Vaya, in-line with the leading global practices. Also, in order to further mitigate the risks pertaining to the day-to-day operations, focus would be on closely monitoring the District-Village-Customer (DVC) and Product-Process-People (PPP) risks and making in-roads towards intelligent lending by way of automating the customer credit decision-making and underwriting capabilities.

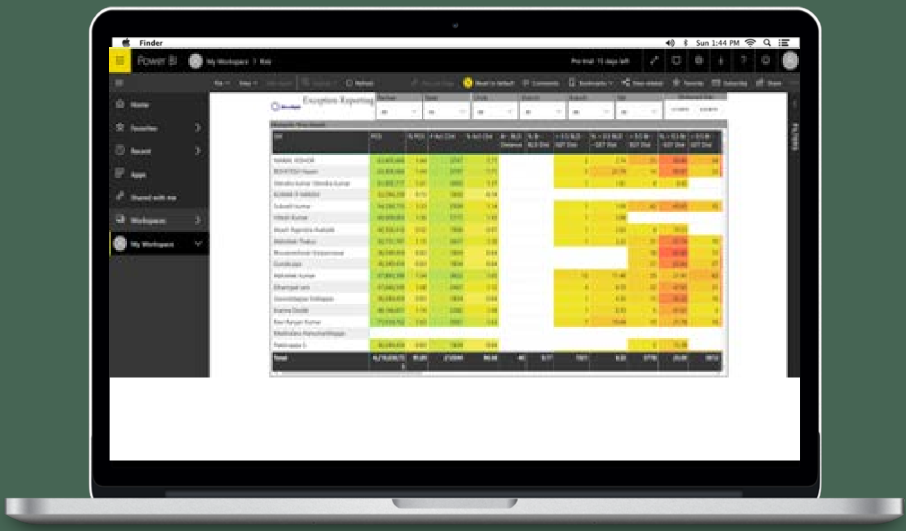
Risk Management at Vaya

Making the best use of the strong technology backbone, Risk Management at Vaya continues to build upon the foundation laid during the earlier years. Highlights of the activities undertaken in FY 2019 are as mentioned below:

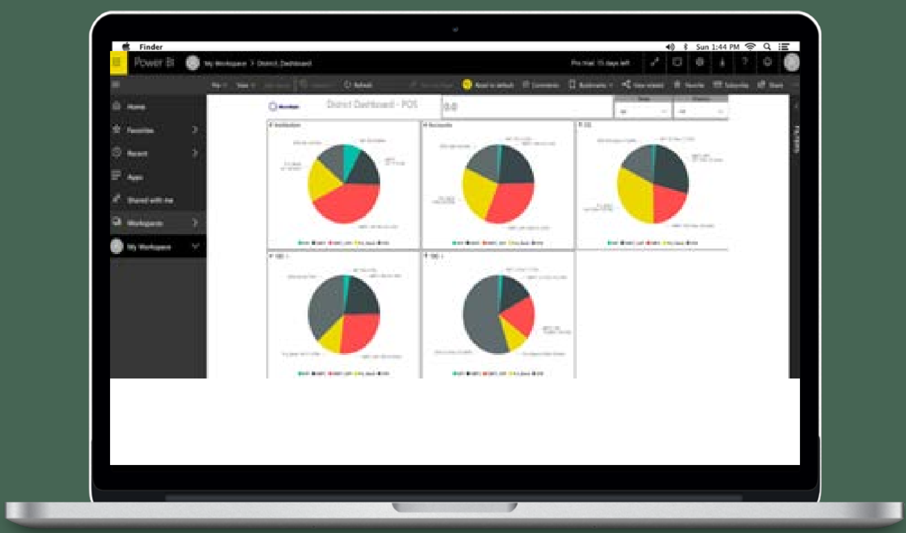


- **Automated risk dashboard**

  An in-house risk dashboard was developed, providing real-time exception monitoring capabilities to the risk management team. The dashboard provides a view of leading indicators across the entire spectrum of operations workflow, viz., sourcing, post-disbursement, collections, and exceptions management.



- **Staff Risk Ratings**
  Staff risk ratings has been designed and developed to review and mitigate the people risk on a real-time basis. The entire field workforce is rated and continually monitored, with focus shifting from lagging indicators to leading indicators.



- **Statistical Geographical Selection**
  Geography selection methodology was revamped to a more statistical approach. The geographies were sieved through the four-pronged indexes, viz., ‘Eligibility Index’, ‘Credit Index’, ‘Opportunity Index’ and ‘Attractiveness Index’.

Sources of Capital, Credit Rating & ALM

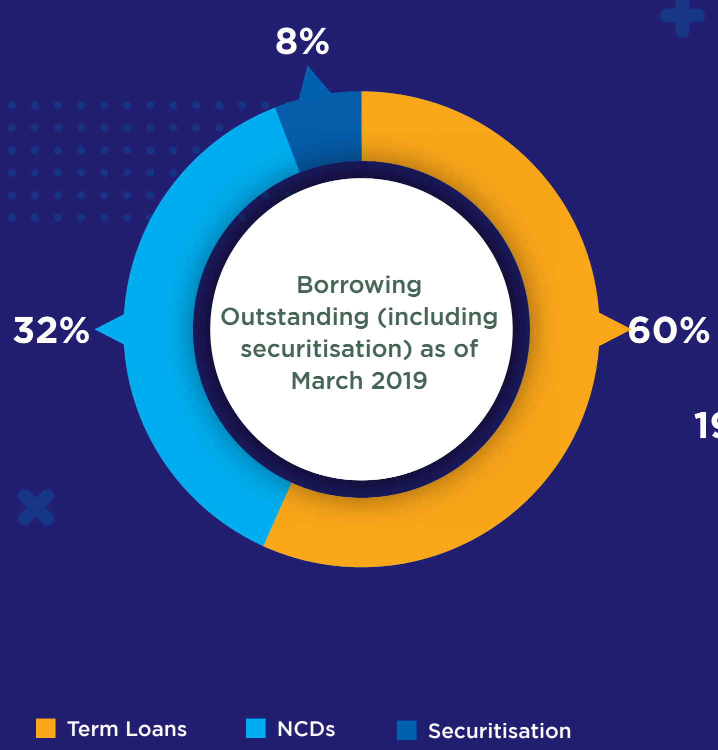
The impressive growth in own portfolio was possible due to the timely raise of funds. During FY19, the Company's networth was strengthened by additional ₹100.0 crore which was infused by the promoters, Vaya Trusts through CCPS ("Compulsory Convertible Preference Share") capital. The total networth increased from ₹53.6 crore (March 2018) to ₹176.1 crore as at the end of March 2019.

At the beginning of the financial year 2019, the Company had only one external lender – Yes Bank. During the year, the Company added 17 new lenders ranging from leading private sector banks, large and mid-sized NBFCs, Development Financial Institutions ("DFIs") and an Alternative Investment Fund ("AIF"). Within this short span of time, the Company raised ₹296.4 crore of debt capital through diversified sources such as term loans, both listed and unlisted Non-Convertible Debentures ("NCDs") and securitisation transactions. Vaya was able to raise funds in a challenging debt capital market at the time when the sentiments turned negative for the NBFCs post the IL&FS fiasco and crisis at few other NBFCs which triggered the liquidity crisis in the NBFC sector. Vaya will constantly strive to diversify its sources of capital in terms of both lender-base and debt instruments.

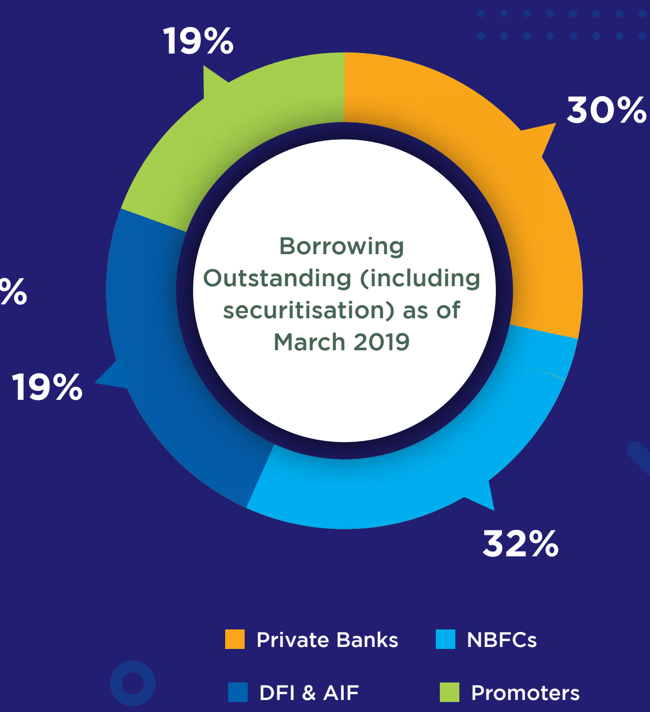
Within just one year of initial rating, both the MFI grading and credit ratings of the Company was upgraded by one notch by ICRA Limited. The MFI grading of the Company was upgraded to 'MFI 2+' in December 2018 which is the second highest grading; and credit ratings (including Bank Loan and NCD ratings) was upgraded to ICRA BBB in January 2019. This upgrade was possible due to experienced management, strong capital backing, good portfolio growth and quality, and ability to raise funds.

The strong ALM ("Asset Liability Management") strategy is one of the key pillars of strength of the Company on a structural basis. Vaya manages its Asset-Liability mismatch prudently by not only diversifying its sources of debt capital but also

Source Mix – Debt Instrument wise as on
31st March 2019: ₹361.8 crore



Source Mix – Lender wise as on
31st March 2019: ₹361.8 crore

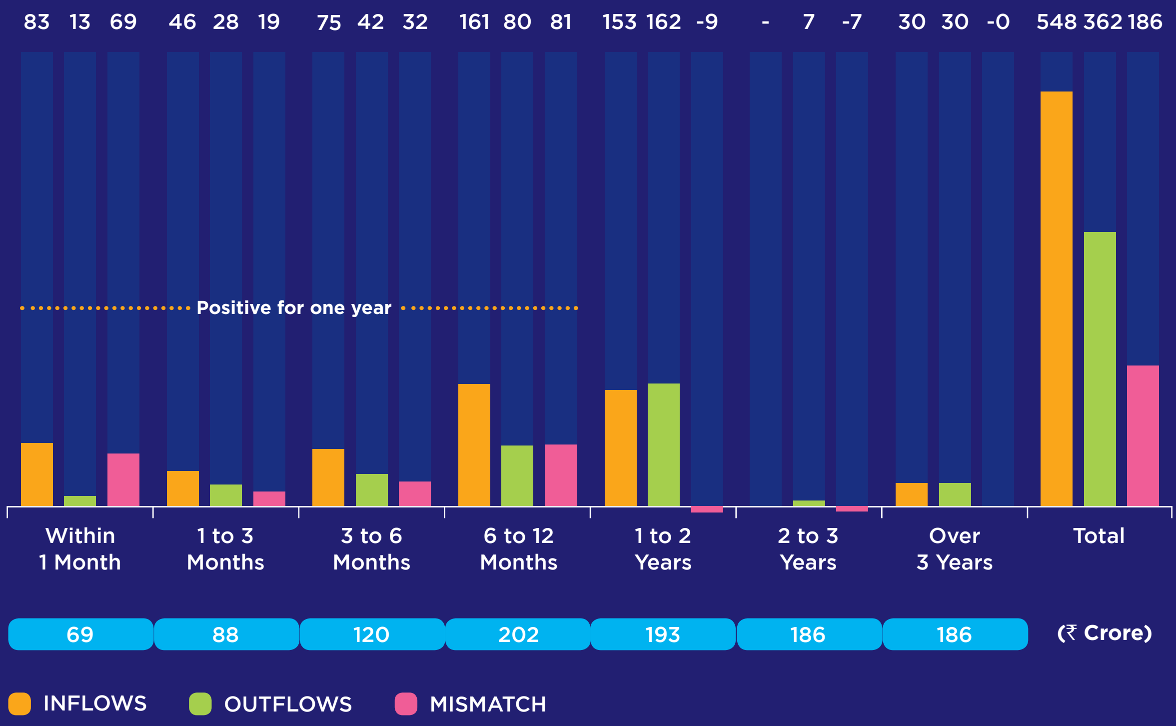


by lending for short-period and borrowing for long-period of time, which is in-line with the MFI industry. This helped to provide adequate liquidity at all times and remain ALM positive, as total inflows in each maturity bucket for the first twelve months is higher than the outflows.

Favorable ALM with strong liquidity in one-year bucket

Asset Liability Movement as of Mar'19

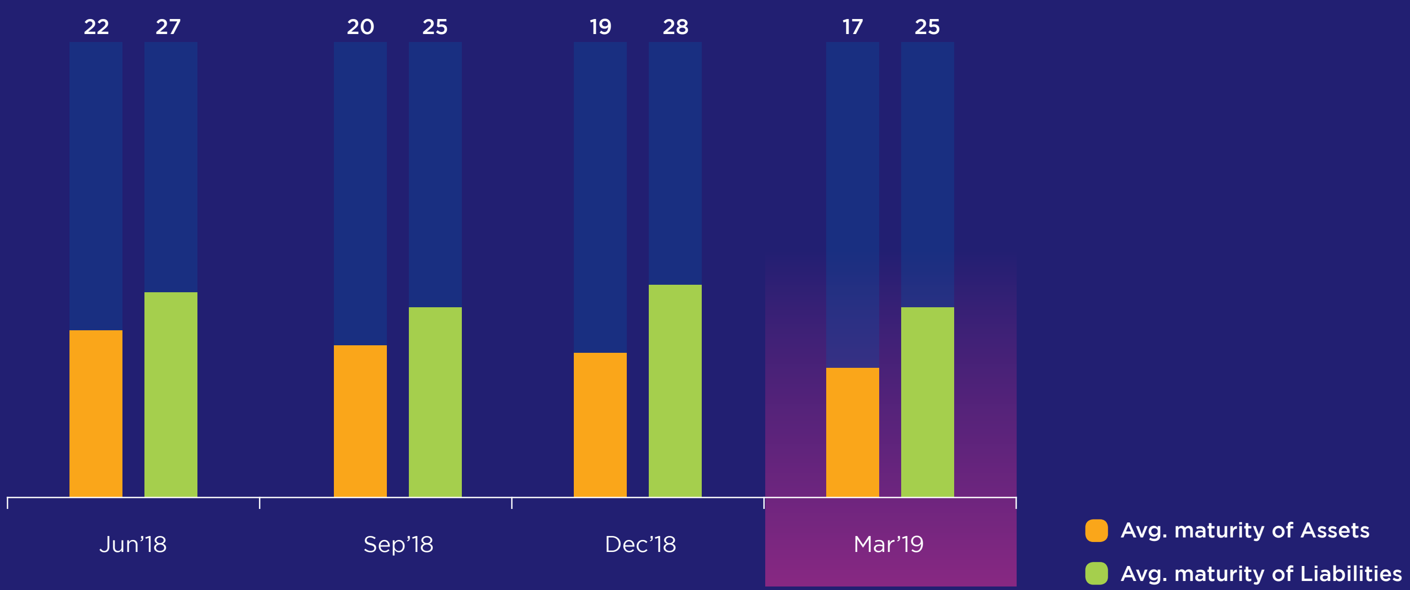
Cumulative mismatch



Note-1: Cash & bank balance excludes immediate outside liabilities to BC partners & insurance settlement cases

Note-2: The above ALM chart will not match with Balance Sheet as items such as 'other assets & liabilities' are not considered which does not have any significant impact on liquidity.

Positive ALM Mismatch in terms of Average Tenure (in months)



Financial Performance of FY19 versus FY18

Summary of Profit & Loss Statement	FY 19		FY 18		
	₹ in crores	Per cent to Revenue	₹ in crores	Per cent to Revenue	Per cent Change
Income					
Revenue from operations	138.1	97%	50.8	98%	172%
Other income	4.7	3%	1.1	2%	321%
Total revenue	**142.9**	**100%**	**52.0**	**100%**	**175%**
Expenses					
Employee benefits expense	36.2	25%	26.8	51%	35%
Finance costs	34.3	24%	5.2	10%	558%
Depreciation and amortisation expense	1.0	1%	0.6	1%	57%
Provisions and write-offs	14.8	10%	4.7	9%	219%
Other expenses	16.5	12%	10.1	19%	62%
Total expenses	**102.8**	**72%**	**47.4**	**91%**	**117%**
Profit before tax	**40.0**	**28%**	**4.6**	**9%**	**767%**
Tax expense	11.7	8%	0.9	2%	1142%
Profit after tax	**28.3**	**20%**	**3.7**	**7%**	**670%**

Revenue from operations

The revenue from operations of the Company increased by 184% from ₹50.8 crore in FY18 to ₹138.1 crore in FY19. This increase in revenue was primarily due to the significant increase in the own portfolio by 4.5 times from ₹92 crore (as of March 2018) to ₹419 crore (as of March 2019). The interest income and loan processing fee from own portfolio was ₹71.6 crore which was 52% of the total revenue from operations. The commission income from BC portfolio increased by 41% from ₹45.0 crore in FY18 to ₹63.4 crore in FY19 on account of increase in BC portfolio by 11%.

Other income

Interest income from fixed deposits and income from liquid schemes of mutual funds earned on the surplus funds largely comprises the other income (i.e., 87%).

Employee benefits expense

Employee benefit expenses comprise salaries and other employee benefits expenses which represents 35% of the total expenses for FY19. Employee benefit expenses increased by 35% from ₹26.8 crore in FY18 to ₹36.2 crore in FY19, as during FY18, the lending under own portfolio was operational only in the second half of the year as against the full year FY19.

Finance costs

The Company's finance costs represented 33% of the total expenses in FY19 compared to 11% in FY18 and the finance costs increased by 558% from ₹5.2 crore in FY18 to ₹34.3 crore in FY19. To support the growth for its own portfolio, the Company borrowed ₹296.4 crore through debt capital and the on-balance sheet borrowing outstanding increased by 130% from ₹145 crore as of March 2018 to ₹333.8 crore as of March 2019.

Depreciation and amortisation expense

Depreciation and amortisation expenses comprised less than 100 basis points of the total expenses for the year FY19, as the Company does not own any major plants and machineries except for furniture, computer and printers, etc.

Provisions and write-offs

The provisions and write-offs increased from ₹4.7 crore in FY18 to ₹14.8 crore in FY19. This increase was primarily on account of standard provision of ₹3.2 crore on incremental portfolio which was inline with the increase in own portfolio and invocation of FLDG ("First Loan Default Guarantee") by BC partners under the arrangement for an amount of ₹10.5 crore and a significant potion of this loss was on account of demonetisation. The provision which the Company had provided for in the books over the last three years has been utilised to offset this impact.

Other expenses

The other expenses increased by 62% from ₹10.1 crore in FY18 to ₹16.5 crore in FY19. It comprises of operational expenses such as rent, travel and conveyance, rates and taxes and increased investments for IT. As explained above, the operating expenses was lesser in FY18 compared, as the lending under own portfolio was operational only in the second half of the year as against the full year FY19.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2019.

Financial Results

The financial results of the Company for the Financial Year 2018 – 19 are as under:

Particulars	Period ended March 31, 2019 (INR in Crore)	Period ended March 31, 2018 (INR in Crore)
Total Income	142.9	52.0
Total Expenses	102.8	47.4
Profit/(Loss) for the year	40.0	4.6
Profit/(Loss) after Tax	28.3	3.7

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

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

Your Company is continues to be empaneled as Business Correspondent ("BC") with 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 seven States viz., Karnataka, Maharashtra, Bihar, Jharkhand, Odisha, Tamilnadu and Telangana. The Company is planning to enter new geographies.

As at the end of March 31, 2019, your Company is operating from 235 branches and 1,569 employees are working on pan India. The number of borrowers as on 31 March 2019 were 5,98,459. The total loan amount disbursed during the year ended March 31, 2019 is INR 1225.70 Cr and the outstanding loan portfolio as at this date is INR 1110.45 Crore

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.

During the year, the Company's Non-convertible Debentures are listed on the Bombay Stock Exchange (BSE). During the year under review your company received B Corp Certification from B Lab, USA as well as awarded Great Place to Work by Great Place to Work Institute.

Transfer to reserves

The Company transferred INR 5.66 Cr 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.

Securitisation

Your Company has used Securitisation to improve its asset and liability mix in line with extent guidelines of RBI on securitisation. Gross securitisation during the year to the tune of INR 32.6 crore have been done by issuing Pass Through Certificates (PTCs).

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 – 1.

Extract of Annual Return

The extract of Annual Return as provided under Sub-Section (3) of Section 92 of the Companies Act, 2013 (the "Act") is enclosed as Annexure – 2 in the prescribed form MGT-9 and forms part of this Report.

Board of Directors and Key Managerial Personnel

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

Mr. Venkata Sateesh Kumar Anappindi, has been appointed as Director with effect from December 20, 2018 and Mr. Alok Misra, has been appointed as additional Independent Director with effect from January 20, 2019. Mr. Sandeep Parekh, Resigned as Independent Director with effect from January 14, 2019.

Mr. Jagadish Babu Ramadugu, Managing Director & CEO, Mr. S. Lakshminarayanan, CFO and Mr. Balaji Gupta, Company Secretary continued to be the Key Managerial Personnel 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.

Corporate Governance

Your Company's philosophy on Corporate Governance envisages adherence to the highest level of transparency, accountability and fairness, in all areas of its operations. The Company does not view corporate Governance principles as set binding obligations but believes in using it as a framework to be followed in true spirit. The Company being on NBFC – MFI, adopts best practices and follows guidelines issued by RBI from time to time. As a part of corporate governance, various committees were formed to look after the progress made, putting in place, policy and strategy to be followed in conformity with corporate governance standards.

Number of Board Meetings

Five Board Meetings were held during the Financial year 2018 – 19. Your Board approved various agenda items through circular resolution as well based on the business requirements. The details of the Board Meetings are given below:

Date of Board Meeting	Board Strength	No of Directors present
April 18, 2018	6	2
June 30, 2018	6	5
September 29, 2018	6	4
December 20, 2018	6	5
March 14, 2019	7	7

1. Audit & Risk Management Committee

The Audit & Risk Committee was reconstituted by the Board of Directors at its meeting held on March 14, 2019, the current composition of the Committee is as follows:

S. No.	Name
1	Ms. Farzana Haque
2	Mr. Alok Misra
3	Mr. Jagadish Ramadugu

Terms of reference of the Committee are:

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

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

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

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

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

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

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

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

(ix) evaluating the risk mitigation / management system;

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

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

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

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

(xiv) To obtain professional advice from external sources;

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

2. Nomination & remuneration committee

The Nomination & remuneration Committee was reconstituted by the Board of Directors at its meeting held on March 14, 2019, the current composition of the Committee is as follows:

S. No.	Name
1	Ms. Farzana Haque
2	Mr. Alok Misra
3	Mr. Bikshamaiah Gujja

Terms of reference of the Committee are:

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

3. Borrowings Committee

The borrowing committee was constituted by the Board of Directors at its Meeting held on June 30, 2018. The Composition of the Committee is as follows:

S. No.	Name
1	Mr. Jagadish Ramadugu
2.	Mr. Vikram Akula
3.	Mr. Bikshamaiah Gujja

Terms of reference of the Committee are:

a. To review and recommend funding strategy of the Company;
b. To review the funding mix from time to time to ensure mitigation of risk concentration in terms of specific lender or lender class;
c. To review the funding pipelines on periodic basis;
d. To approach Banks, Financial Institutions, NBFC's, other entities / lenders for obtaining loans, debentures, convertible instruments, Bonds, other instruments or such other agreed form of loans;
e. To finalise the terms and conditions of the loans, debentures, bonds, convertible/non-convertible instruments, other instruments;
f. To review and approve the loan facilities (both on and/ or off-balance sheet) within the specified limits;
g. Nominate and designate representative(s) to carry out the required documentation for the facilities approved by this Committee.
h. To enter and sign the agreements, deeds, documents, papers etc. for obtaining loans.
i. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable law from time to time.
j. Drafting requisite policy for undertaking co-lending with Banks.
k. To do co-lending activities.

4. Investment Committee:

The Investment committee was constituted by the Board of Directors at its Meeting held on December 20, 2018. The Composition of the Committee is as follows:

S. No.	Name
1	Mr. AV Sateesh Kumar
2.	Mr. Vikram Akula
3.	Ms. Farzana Haque

Terms of reference of the Committee are:

a. To oversee the process of stake sale by the shareholders of the Company including but not limited to initial discussions with investors;
b. To oversee the information flow, valuation and due diligence exercise; negotiation and finalization of binding term sheet and definitive agreements.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of the Directors. The Board also evaluated the performance of the independent Directors. The performance evaluation of Directors based on certain parameters. The Board also evaluated its own performance as well as performance of all the committees. The directors have expressed their satisfaction with the evaluation process.

Change in nature of business

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

Share Capital

During the year under review, the Company has allotted share INR 100.75 crore. Out of which INR 100 crore in the form of Preference Share Capital and INR 0.75 Crore in the form of equity share capital. The Preference Shares are 5% Compulsory Convertible Preference Shares (CCPS) convertible on or before 24 months from the date of issue of CCPS.

Listing on Stock Exchange

During the Financial year 2018 – 19, the Company has issued the following Non-convertible Debentures (NCD) as provided herein below and got listed at BSE Limited. The Company has remitted the requisite listing fee to the stock exchange up to date.

Number and class of debentures	Date of listing
430 (Previous year Nil) Secured, Rated, Transferable, Redeemable & Listed Non-convertible Debentures.	12-Nov-2018

Debenture Redemption Reserve

As per rule 7(b)(ii) of the Companies (share Capital and Debentures) Rules, 2014, the Company is not required to create Debenture Redemption Reserve as the Debentures of the Company are privately places.

Dividends

For the Financial year 2018 – 19, your Directors do not recommend dividend to the Equity Shareholders. Further the dividend on Compulsory Convertible Preference Shares (CCPS) is payable cumulatively as per the terms of respective instruments

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.

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 2018 – 19 is provided under.

Name of the Employee	Designation	Remuneration received (INR in crore)	Nature of Employment	Date of commencement of employment	Age of the employee	Last employment held by such employee before joining the Company	% of equity shares held by the employee in the company	Whether any such employee is a relative of any director or manager of the company, if so, name of such director or manager
Jagadish Babu Ramadugu	MD & & CEO	1.91*	Contractual	28– 01-2015	46 years	RPG Group	16.50%	No
S. Lakshminarayanan	CFO	1.33*	Contractual	12-01-2015	46 years	APLabs Limited	5.41%	No
AV Sateesh Kumar#	COO	0.24#	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 is not associated with the company w.e.f. July 1, 2018.

Disclosures on managerial remuneration

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

SL. No.	Requirement	Disclosure
1.	Ratio of the remuneration of Managing Director to the median remuneration of the employees of the company for the Financial Year.	Ratio of remuneration of Mr. Jagadish Babu Ramadugu for the Financial year is 45.8
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Managing Director Mr. Jagadish Babu Ramadugu: 15% KMP's other than Directors Mr. S. Lakshminarayanan (Chief Financial Officer) – 15% Mr. B. Balaji Gupta (Company Secretary) - 9%
3.	The Percentage Increase in the Median Remuneration of Employees in the Financial Year.	7.7%
4.	No. of Permanent Employees on the Rolls of the Company.	1,569
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	(i) Average percentile increase already made in the salaries of employees- 11.2% (ii) Percentile increase in the managerial remuneration- 13.0%
6.	The key parameters for any variable component of remuneration availed by the directors.	Not Applicable
7.	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is paid as per the Remuneration Policy of the Company.

Events subsequent to the date of Financial Statements

Your Directors confirmed that 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	2018 – 19	2017 – 18
Foreign Exchange Earnings Amount (INR in Crore)	-	-
Expenditure in Foreign Exchange Amount (INR in Crore)	0.017	0.009

Public Deposits

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC under section 45 – IA of the RBI Act, 1934 and reclassified as NBFC-MFI, effective from May 4, 2017. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking nonbanking financial company in conformity with the guidelines of the RBI. As such no amount of principal and interest was outstanding during the year.

RBI Guidelines

As on March 31, 2019, the Company is in compliance of the regulatory requirements of net owned funds (‘NOF’) and Capital to Risk Assets Ratio (CRAR) as defined under section 45 – IA of the Reserve Bank of India, 1934, to carry on the business of a non-banking financial institution.

Credit rating

During the year under review, your Company received credit rating from ICRA for line of credit of INR 500 crore ‘BBB’ and it is a positive outlook.

Details of significant and material orders passed by the Regulators or Courts or Tribunals.

There are no significant and material orders were passed during the year by the Regulators or Courts or Tribunals.

Internal Control system and adequacy

The Company has a sound Internal Control System, Commensurate with the nature, size, scale and complexity of its operations which ensures that transactions are recorded, authorised and reported correctly. The Company has in its place policies and procedures for continuously monitoring and ensuring the orderly and efficient conduct of the business including adherence of the Company’s policies, the prevention and detection of frauds and errors, for safeguarding its assets.

The Company had its own internal audit team. Each branch is audited at least once in 3 months. During the Year 2018 – 19 observed the company setup of comprehensive Audit Control Procedures catering to the increasing operational coverage of the organization.

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

Making the best use of the strong technology backbone, Risk Management at Vaya continues to build upon the foundation laid during FY 2018-19. Highlights of the activities undertaken in FY 2018 – 19 are as mentioned below:

- **Automated risk dashboard**
  An in-house risk dashboard was developed, providing real-time exception monitoring capabilities to the risk management team. The dashboard provides a view of leading indicators across the entire spectrum of operations workflow, viz., sourcing, post-disbursement, collections, and exceptions management.
- **Staff Risk Ratings**
  Staff risk ratings has been designed and developed to review and mitigate the people risk on a real-time basis. The entire field workforce is rated and continually monitored, with focus shifting from lagging indicators to leading indicators.
- **Statistical Geographical Selection**
  Geography selection methodology was revamped to a more statistical approach. The geographies were sieved through the four-pronged indexes, viz., 'Eligibility Index', 'Credit Index', 'Opportunity Index' and 'Attractiveness Index'.

Corporate Social Responsibility

In terms of Sec 135 and Schedule VII of the Companies Act, 2013 read with rules made thereunder, the Board of Directors of your Company has constituted 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.

During the year under review the company has spent an amount of INR 2.5 lakh under Corporate Social Responsibility. The members of the CSR Committee are as follows:

a. Ms. Farzana Haque
   - Independent Director

b. Mr. Jagadish Ramadugu
   - MD & CEO

a. Mr. Bikshamaiah Gujja
   - Director

Policy on Prevention, Prohibition and redressal of Report on Sexual Harassment at Workplace

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No complaint was filed during the financial year 2018 – 19.

Subsidiaries, Joint Venture or Associate Companies

Your Company has no subsidiaries / Joint Venture / Associate Companies within the meaning of Section 2(6) of the Companies Act, 2013.

Statutory Auditors

M/s. Walker Chandiok & Co LLP., Chartered Accountants, Mumbai have been 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.

The Auditors Report read along with the Notes on the Financial Statements are self-explanatory and does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Pursuant to the requirements of provisions of Section 204(1) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. R & A Associates, Practicing Company Secretaries to conduct Secretarial Audit for the financial year 2018 – 19.

The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed to this report as Annexure – 3.

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 Board expresses its deep sense of gratitude to the Reserve Bank of India and other regulators for the valuable guidance and support the Company has received from them during the year. The Board would also like to express its sincere appreciation from its Stakeholders, Shareholders, Bankers, Employees and others 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 26, 2019

Annexure - 1

FORM NO. AOC -2

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

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

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

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

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	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

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

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

I REGISTRATION & OTHER DETAILS:

i	CIN	U67190TG2014PTC093562
ii	Registration Date	18/03/2014
iii	Name of the Company	VAYA FINSERV PRIVATE LIMITED
iv	Category/Sub-category of the Company	PRIVATE LIMITED COMPANY HAVING SHARE CAPITAL
v	"Address of the Registered office & contact details"	SLN Terminus, # 4-51/SLNT/L4-05, Gachibowli, Kondapur Road, Hyderabad – 500 032, Telangana, India.
vi	Whether listed company	Unlisted
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Financial Service activities except insurance and pension funding (NBFC - MFI)	64990	53.33%
2	Activities auxilliary to financial inclusion or financial intermediation i.e. Business Correspondent to Banks	66190	46.67%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SL. No.	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	APPLICABLE SECTION
		NIL		

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Physical	Demat
A. Promoters										
(1) Indian										
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other (Trusts)	-	14025000	14025000	52.75	-	14025000	14025000	51.31	-1.44	-1.44
SUB TOTAL: (A) (1)	**-**	**14025000**	**14025000**	**52.75**	**-**	**14025000**	**14025000**	**51.31**	**-1.44**	**-1.44**
(2) Foreign									**-**	**-**
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	5800000	5800000	21.81	-	5800000	5800000	21.21	-0.60	-0.60
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
								-	-	
SUB TOTAL (A) (2)	**-**	**5800000**	**5800000**	**21.81**	**-**	**5800000**	**5800000**	**21.21**	**-0.60**	**-0.60**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	-	**19825000**	**19825000**	**74.56**	-	**19825000**	**19825000**	**72.52**	**-2.04**	**-2.04**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-	-
C) Cenntral govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Non Institutions										
a) Bodies corporates										
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-						
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	-	10	10	-	-	10	10	0.00	0.00	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	-	5845075	5845075	21.98	-	6599699	6599699	24.14	2.15	2.15
c) Others (specify)	-	919000	919000	3.46	-	919000	919000	3.36	-0.10	-0.10
SUB TOTAL (B)(2):	-	6764085	6764085	25.44	-	7518709	7518709	27.50	2.05	2.05
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	6764085	6764085	25.44	-	7518709	7518709	27.50	2.05	2.05
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**26589085**	**26589085**	**100%**	**-**	**27343709**	**27343709**	**100%**	**-**	**-**

(ii) SHARE HOLDING OF PROMOTERS - EQUITY

Sl No.	Shareholders Name	Shareholding at the beggining of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	VAYA Advisory Services Private Limited representing Vaya Trust 1	2,804,500	10.55%	0	2,804,500	10.26%	0	-0.29%
2	VAYA Advisory Services Private Limited representing Vaya Trust 2	2,804,500	10.55%	0	2,804,500	10.26%	0	-0.29%
3	VAYA Advisory Services Private Limited representing Vaya Trust 3	2,804,500	10.55%	0	2,804,500	10.26%	0	-0.29%
4	VAYA Advisory Services Private Limited representing Vaya Trust 4	2,804,500	10.55%	0	2,804,500	10.26%	0	-0.29%
5	VAYA Advisory Services Private Limited representing Vaya Trust 5	2,807,000	10.55%	0	2,807,000	10.27%	0	-0.28%
6	Think OFS LLC	5,800,000	21.81%	0	5,800,000	21.21%	0	-0.60%
	Total	**19,825,000**	**74.56%**	**0**	**19,825,000**	**72.52%**	**0**	**-2.04%**

SHARE HOLDING OF PROMOTERS - PREFERENCE

1	VAYA Advisory Services Private Limited representing Vaya Trust 1	6,000,000	20.00%	0	26,000,000	20.00%	0	0.00%
2	VAYA Advisory Services Private Limited representing Vaya Trust 2	6,000,000	20.00%	0	26,000,000	20.00%	0	0.00%
3	VAYA Advisory Services Private Limited representing Vaya Trust 3	6,000,000	20.00%	0	26,000,000	20.00%	0	0.00%
4	VAYA Advisory Services Private Limited representing Vaya Trust 4	6,000,000	20.00%	0	26,000,000	20.00%	0	0.00%
5	VAYA Advisory Services Private Limited representing Vaya Trust 5	6,000,000	20.00%	0	26,000,000	20.00%	0	0.00%
6	Think OFS LLC	-	-	0	-	-	0	0.00%
	Total	**30,000,000**	**100.00%**	**0**	**130,000,000**	**100.00%**	**0**	**0.00%**

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

Sl No.	Shareholders Name	Shareholding at the beggining of the year		Cumulative Share holding during the year	
		No of shares	% of total shares	No of shares	% of total shares
1	VAYA Advisory Services Private Limited representing Vaya Trust 1	2,804,500	10.55%	2,804,500	10.26%
2	VAYA Advisory Services Private Limited representing Vaya Trust 2	2,804,500	10.55%	2,804,500	10.26%
3	VAYA Advisory Services Private Limited representing Vaya Trust 3	2,804,500	10.55%	2,804,500	10.26%
4	VAYA Advisory Services Private Limited representing Vaya Trust 4	2,804,500	10.55%	2,804,500	10.26%
5	VAYA Advisory Services Private Limited representing Vaya Trust 5	2,807,000	10.55%	2,807,000	10.27%
6	Think OFS LLC	58000000	21.81%	5,800,000	21.21%

CHANGE IN PROMOTERS' SHAREHOLDING - PREFERENCE (SPECIFY IF THERE IS NO CHANGE)

Sl No.	Shareholders Name	Shareholding at the beggining of the year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	VAYA Advisory Services Private Limited representing Vaya Trust 1	6,000,000	20.00%	26,000,000	20.00%
2	VAYA Advisory Services Private Limited representing Vaya Trust 2	6,000,000	20.00%	26,000,000	20.00%
3	VAYA Advisory Services Private Limited representing Vaya Trust 3	6,000,000	20.00%	26,000,000	20.00%
4	VAYA Advisory Services Private Limited representing Vaya Trust 4	6,000,000	20.00%	26,000,000	20.00%
5	VAYA Advisory Services Private Limited representing Vaya Trust 5	6,000,000	20.00%	26,000,000	20.00%
	Total	**30,000,000**	**100.00%**	**130,000,000**	**100.00%**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

		Shareholding at the begginning of the year		Cumulative Share holding during the year	
Sl No.	Name of the Top 10 Shareholders	No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Lakshminarayanan S	1026387	3.86	1479161	5.41
2	G.V.Surya Kumar	209990	0.78	209990	0.77
3	Sarath Sura	100000	0.38	100000	0.37
4	Sandeep Parekh	200000	0.75	200000	0.73
5	Vaya Employees Welfare Trust	919000	3.45	919000	3.36

(v) Shareholding of Directors & KMP

		Shareholding at the end of the year		Cumulative Shareholding during the year	
Sl No.	For Each of the Directors & KMP	No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	4308698	16.20%		
	Increase in Shareholding during the year (ESOPs vesting)	301850	1.10%		
	At the end of the year	4610548	16.86%	4610548	16.86%

V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1450000000	-	-	1450000000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	27545828	-	-	27545828
Total (i+ii+iii)	**1477545828**	**-**	**-**	**1477545828**
Change in Indebtedness during the financial year				
Additions	2665000000	-	-	2665000000
Reduction	777394286	-	-	777394286
Net Change	**1887605714**	**-**	**-**	**1887605714**
Indebtedness at the end of the financial year				
i) Principal Amount	3337605714	-	-	3337605714
ii) Interest due but not paid	-	-	-	0
iii) Interest accrued but not due	60249872	-	-	60249872
Total (i+ii+iii)	**3397855586**	**-**	**-**	**3397855586**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
1	Gross salary	Jagadish Babu Ramadugu	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1,08,10,000	1,08,10,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	15,09,250	15,09,250
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit others (specify)		
5	Others, please specify	-	-
	- Performance Linked Incentive	57,50,000	57,50,000
	- Contributions to PF	6,90,000	6,90,000
	- Leave Encashment	2,87,500	2,87,500
	Total (A)	**1,90,46,750**	**1,90,46,750**
	Ceiling as per the Act		

B. Remuneration to other directors:

Sl No.	Particulars of Remuneration	Name of the Directors			Total Amount
1	**Independent Directors**	**Sandeep Parekh**	**Farzana Haque**	**Alok Misra**	
	(a) Fee for attending board committee meetings	300000	400000	100000	800000
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (1)	**300000**	**400000**	**100000**	**800000**
2	**Other Non Executive Directors**	**Vikram Akula**	**Gautam Ivatury**	**Bikshamaiah Gujja**	
	(a) Fee for attending board committee meetings	300000	100000	600000	1000000
	(b) Commission	-	-	-	-
	(c) Others, please specify (Consulting Fees)	-	-	-	-
	Total (2)	**300000**	**100000**	**600000**	**1000000**
		AV Sateesh Kumar			
	(a) Fee for attending board committee meetings	100000			
	(b) Commission	-			
	(c) Others, please specify (Consulting Fees)	-			
	Total (3)	**100000**			**100000**
	Total (B)=(1+2+3)	**700000**	**500000**	**600000**	**1800000**
	Total Managerial Remuneration				
	Overall Cieling as per the Act.				

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

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	**Gross Salary**	**CEO**	**Company Secretary**	**CFO**	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	#refer note below	11,19,910	81,07,500	92,27,410
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-	22,63,870	22,63,870
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				-
2	Stock Option		-	-	-
3	Sweat Equity				-
4	Commission - as % of profit -others (specify)				-
5	Others, please specify				
	-Performance Linked Incentive		1,62,468	21,56,250	23,18,718
	-Contributions to PF		71,486	5,17,500	5,88,986
	-Leave Encashment		-	2,15,625	2,15,625
Total			**13,53,864**	**1,32,60,745**	**1,46,14,609**

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

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Appeall made if any (give details)
A. COMPANY				
Penalty		-	-	-
Punishment		-	-	-
Compounding		-	-	-
B. DIRECTORS				
Penalty		-	-	-
Punishment		-	-	-
Compounding		-	-	-
C. OTHER OFFICERS IN DEFAULT				
Penalty		-	-	-
Punishment		-	-	-
Compounding		-	-	-

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019.

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

TO

THE MEMBERS,

VAYA FINSERV PRIVATE LIMITED,

SLN TERMINUS, # 4-51/SLNT/L4-05 GACHIBOWLI, KONDAPUR ROAD, HYDERABAD -500032, TELANGANA.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2019 according to the provisions of:

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

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

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

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

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

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (Not applicable to the Company during the Audit Period).

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; (Not applicable to the Company during the Audit Period).

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. (Not applicable to the Company during the Audit Period).

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

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

(6) The following Master Directions and Regulations issued by Reserve Bank of India:-
  a) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
  b) Master Direction - Information Technology Framework for the NBFC Sector
  c) Master Direction - Know Your Customer (KYC) Direction, 2016
  d) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016
  e) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016
  f) Master Circular- 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) – Directions.

We have also examined compliance with the applicable clauses of the following:
(1) Secretarial Standards issued by The Institute of Company Secretaries of India,
(2) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) Limited and read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
  i. The Company is yet to constitute IT Strategy Committee as per Master Direction - Information Technology Framework for the NBFC Sector.
  ii. The Company is yet to prepare policy for preservation of documents as per SEBI (LODR) Regulations, 2015.
  iii. There is delay in filing of statement of Investor Grievance Complaints for the quarter ending as on December 31, 2018 as per SEBI (LODR) Regulations, 2015. However, there was no complaints received from any Investor during the quarter.
  iv. The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities, though there have been slight delays in payments in certain cases.

We further report that:

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meeting of Board of Directors and/ or Committees as the case may be.

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

We further report that during the audit period

  1. The company has listed its Secured, Redeemable, Non-Convertible Debentures on Bombay Stock Exchange (BSE) Limited effective from 19th October 2018.
  2. The company has identified Master Direction and guidelines issued by the Reserve Bank of India Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as specifically applicable to the Company.

For R &A Associates Company Secretaries

Date: 25th May 2019 — **R. Ramakrishna Gupta**
Place: Hyderabad — **Senior Partner**
FCS No: 5523
COP No: 6696

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

TO
THE MEMBERS,
VAYA FINSERV PRIVATE LIMITED,

SLN TERMINUS, # 4-51/SLNT/L4-05 GACHIBOWLI,
KONDAPUR ROAD, HYDERABAD -500032,
TELANGANA.

"Annexure – A"

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

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

For R &A Associates Company Secretaries

Date: 25th May 2019
Place: Hyderabad

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


Vaya

Independent Auditor's Report

To the Members of Vaya Finserv Private Limited

Opinion

1. We have audited the accompanying financial statements of Vaya Finserv Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act')) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

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

Key audit matter	How our audit addressed the key audit matter
Information Technology system for the financial reporting process The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements; we have determined the same as a key audit matter for current year audit.	Our key audit procedures with the involvement of auditor's experts included, but were not limited to the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. • Tested configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and NPA identification for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

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

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matter

15. The financial statements of the Company for the year ended 31 March 2018 were audited by the predecessor auditor, V. Nagarajan & Co., who have expressed an unmodified opinion on those financial statements vide their audit report dated 30 June 2018.

    Our opinion on the financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

16. The provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, 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 purpose of our audit;

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

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

d) in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 29 May 2019 as per Annexure II expressed unmodified opinion;

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

   i. the Company does not have any pending litigations, as detailed in to the financial statements, on its financial position as at 31 March 2019;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and

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

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

Manish Gujral
Partner
Membership No: 105117

Place: Hyderabad
Date: 29 May 2019

Annexure I to the Independent Auditor's Report of even date to the members of Vaya Finserv Private Limited, on the financial statements for the year ended 31 March 2019

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

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

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

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

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

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

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

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

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities, though there have been slight delays in payments in certain cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The are no dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute.

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

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

x) According to the information and explanation given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for certain instances of cash embezzlement by certain employees aggregating to ₹ 2,937,585. As explained to us, the Company terminated the service of some employees and a recovery of ₹ 740,205 is made against the same. The Company has initiated legal action for these cases and is fully provided / written-off.

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

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

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

(xiv) During the year, the Company has made private placement of fully convertible preference shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. During the year, the Company did not make preferential allotment/ private placement of fully/partly convertible debentures.

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

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

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

Manish Gujral
Partner
Membership No: 105117

Place: Hyderabad
Date: 29 May 2019

Annexure II to the Independent Auditor's Report of even date to the members of Vaya Finserv Private Limited on the financial statement for the year ended 31 March 2019

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

1. In conjunction with our audit of the financial statements of Vaya Finserv Private Limited ('the Company') as at and for the year ended 31 March 2019 we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Manish Gujral
Partner
Membership No: 105117

Place: Hyderabad
Date: 29 May 2019

Financial Statements

Balance Sheet as at 31 March 2019

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	15,734	5,659
Reserves and surplus	4	1,876	(302)
		17,610	**5,357**
Non-current liabilities			
Long-term borrowings	5	19,638	10,858
Long-term provisions	6	254	109
Other liabilities	7	8	-
		19,900	**10,967**
Current liabilities			
Short-term provisions	6	1,610	502
Other liabilities	7		
(i) total outstanding dues of micro enterprises and small enterprises		5	7
(ii) total outstanding dues other than micro enterprises and small enterprises		16,598	5,187
		18,213	**5,696**
		55,723	**22,020**
II. ASSETS			
Non-current assets			
Property, plant and equipment	8	266	310
Intangible assets	9	7	3
Non-current investments	10	215	290
Deferred tax assets (net)	11	266	100
Long-term loans and advances	12	15,286	5,430
Other non-current assets	14	3,835	3,312
		19,875	**9,445**
Current assets			
Cash and bank balances	13	7,201	5,461
Current investments	10	-	1,876
Short-term loans and advances	12	27,240	4,313
Other current assets	14	1,407	925
		35,848	**12,575**
		55,723	**22,020**

Summary of significant accounting policies 2

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

As per our report of even date.

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

Manish Gujral
Partner
Membership No.: 105117

Hyderabad
29 May 2019

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

Vikram Akula
Non-Executive Chairman
DIN: 00906907

R. Jagadish Babu
Managing Director & CEO
DIN: 01855121

B. Balaji Gupta
Company Secretary
Membership No.: A17980

S. Lakshminarayanan
Chief Financial Officer

Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	15	13,811	5,086
Other income	16	474	113
Total revenue		**14,285**	**5,199**
Expenses			
Employee benefits expense	17	3,622	2,675
Finance costs	18	3,434	522
Depreciation and amortisation expense	19	96	62
Provisions and write-offs	20	1,482	465
Other expenses	21	1,646	1,012
Total expenses		**10,280**	**4,736**
Profit before tax		**4,005**	**463**
Tax expense			
Current tax		1,340	107
MAT credit entitlement		-	(175)
Deferred tax (credit)/ charge		(166)	163
		1,174	95
Profit after tax		**2,831**	**368**
Earning per equity share (Nominal value of ₹ 10 per share)	22		
Basic (₹)		8.18	1.15
Diluted (₹)		8.18	1.15
Summary of significant accounting policies	2		

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

As per our report of even date.

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

Manish Gujral
Partner
Membership No.: 105117

Hyderabad
29 May 2019

For and on behalf of the Board of Directors of
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B. Balaji Gupta
Company Secretary
Membership No.: A17980

S. Lakshminarayanan
Chief Financial Officer

Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ lakhs except otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before tax	**4,005**	**463**
Adjustment for:		
Depreciation and amortisation expenses	96	62
Interest earned on fixed deposits with bank	(34)	(70)
Interest on income tax refund	(2)	(12)
Employee stock option plan expense	-	1
Loan provisions and write-offs	1,482	465
Profit on sale of investments in mutual funds	(380)	(26)
Interest on income tax liability	24	-
Profit on sale of property, plant and equipment	-	(4)
Operating profit before working capital changes	**5,191**	**879**
Changes in working capital:		
(Decrease) / Increase in provisions	(935)	361
Increase / (decrease) in other liabilities	1,321	(400)
(Increase) in loans and advances	(32,976)	(9,208)
(Increase) in other assets	(1,022)	(1,500)
Cash (used in) operations	**(28,421)**	**(9868)**
Direct taxes paid (net of refunds)	(936)	(455)
Net cash used in operating activities (A)	**(29,357)**	**(10,323)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(56)	(221)
Proceeds from sale of property, plant and equipment	-	8
Interest received on fixed deposits with bank	51	-
Purchase of mutual funds	(43,993)	(6,360)
Proceeds from sale of mutual funds	46,324	4,250
Net cash flow generated from / (used in) investing activities (B)	**2,326**	**(2,323)**
Cash flows from financing activities		
Proceeds from issuance of Equity and Compulsorily Convertible Preference Shares	10,075	3,297
Dividend paid (including dividend distribution tax)	(180)	-
Proceeds from borrowings (net)	12,076	9,500
Proceeds from issuance of Non Convertible Debentures	6,800	3,000
Net cash flow from financing activities (C)	**28,771**	**15,797**
Net increase in cash and cash equivalents (A + B + C)	**1,740**	**3,151**
Cash and cash equivalents at the beginning of the year	5,461	2,310
Cash and cash equivalents at the end of the year (Refer note 13)	**7,201**	**5,461**

Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ lakhs except otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Components of cash and cash equivalents		
Cash in hand	14	34
Balances with banks in current and deposit accounts	7,187	5,427
Total cash and cash equivalents at the end of the year	**7,201**	**5,461**

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

As per our report of even date.

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

Manish Gujral
Partner
Membership No.: 105117

Hyderabad
29 May 2019

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

Vikram Akula
Non-Executive Chairman
DIN: 00906907

R. Jagadish Babu
Managing Director & CEO
DIN: 01855121

B. Balaji Gupta
Company Secretary
Membership No.: A17980

S. Lakshminarayanan
Chief Financial Officer

1 Background and operation outlook

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

2 Significant accounting policies

a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the 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, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the provisions of the RBI as applicable to a Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b) 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 the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates.

Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of property, plant and equipment, provision for loan assets, deferred tax and accrual for employee benefits. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c) Revenue recognition

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

Interest income on loans is recognised on a the time-proportion basis, taking into account the amount outstanding and rate applicable. However, interest income on non-performing assets ('NPA') is recognised only when it is realised. On a loan account turning into NPA, interest already charged on accrual basis and not collected, is reversed.

Commission fee for acting as a Business Correspondent with regards to managed loan is recognised on accrual basis.

Loan processing fees received upfront are considered to be accrued at the time of entering into a binding agreement upon its receipt and are recognised accordingly.

Gain on securitization of loans:

The contractual right retained by the Company to receive a portion of interest ('Unrealised profits') arising at the time of securitization/ assignment of loan portfolio (loan transfer transactions) is recorded at its present value and disclosed as 'Interest strip on securitization/ assignment of loan portfolio' within 'Other assets" on the balance sheet. In accordance with RBI guidelines, the unrealised profits in respect of securitised/ assigned loan portfolio that is not due for collection is recorded at its present value and disclosed as 'Interest strip on securitisation/ assignment of loan portfolio' within 'Other liabilities" on the balance sheet. Profit/premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio/securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the statement of profit and loss net of any losses when redeemed in cash.

Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the interest rate applicable.

Dividend income is recognised when the right to receive payment is established by the Balance Sheet date except for mutual funds which is recognised on a cash basis.

All other income is recognised on an accrual basis.

d) Property, plant and equipment

Property, plant and equipment are stated at their original cost of acquisition less accumulated depreciation. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned is capitalised if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance.

Gain or losses arising from de-recognition of fixed assets are measured as the difference between the net disposed proceeds and the carrying amount and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

e) Intangible assets

Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation and impairment losses if any.

f) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Depreciation and amortisation

Depreciation is provided on straight line basis, calculated on the basis of estimated useful life of the assets using the indicative useful life as prescribed under Schedule II to the Companies Act, 2013. The Company has used the following useful life to provide depreciation on fixed assets:

Asset category	Useful Life (in years)
Office equipments	5
Furniture and fixtures	10
Computer equipments	3
Vehicles	8

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Intangible assets are amortised over the useful life of 4 years on written down value method as per management's estimate.

Leasehold improvements are amortised over the lease term.

h) Borrowing costs

The loan processing fees and other ancillary charges incurred at the time of origination of the loan are recognised upfront on the date of the origination of the loan in the Statement of Profit and Loss.

i) Investments

Investment that are readily realisable and intended to be held for not more than one year from the date in which such investments are made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost or fair value determined on individual investment basis. Long-term investments are carried at cost. On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fee and duties. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long-term investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

j) Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals in respect of assets taken on 'operating lease' are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

k) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard (AS) 15, Employee Benefits.

Provident fund

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

Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date together with adjustment for past services costs, if any. The defined benefit obligation is calculated at the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Employee stock options

Accounting value of stock options is determined on the basis of "fair value" and is being amortised as "Deferred employees compensation" on a straight-line basis over the vesting period in accordance with the Guidance Note (GN) 18, Share Based Payments, issued by the Institute of Chartered Accountants of India (ICAI).

Other short-term benefits

Expense in respect of other short-term benefits including performance incentive is recognised on the basis of amount paid or payable for the period for which the employee renders services.

l) Tax expense

Tax expense comprises of 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 reflects the impact of current year timing differences between taxable income and accounting income originating during the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax liabilities are recognised for all the taxable timing differences. Deferred tax assets are recognised 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.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises un-recognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a 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.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises 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, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the 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.

m) Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a right issue to existing shareholders, share splits, and reverse splits (consolidation of shares).

For the purpose of calculating diluted earnings per equity 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 potential dilutive equity shares.

n) Provisions and contingent liabilities

Provision:

A Provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions, are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liability:
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

p) Asset classification and provisioning/ write-off of assets

Loans are classified as standard and non-performing assets in accordance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, issued by the RBI, as applicable to Micro-Finance Institutions. A loan is classified as NPA, where interest/instalment is overdue for a period of more than 90 days, from the day it becomes due.

Loans are provided for/ written off, in accordance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, issued by the RBI. These Directions require the total provision for portfolio loans to be 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.

(All amounts in ₹ lakhs except otherwise stated)

q) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
3 Share capital				
Authorised				
Equity shares of ₹ 10 each	30,000,000	3,000	30,000,000	3,000
Compulsorily Convertible Preference shares of ₹ 10 each	130,000,000	13,000	30,000,000	3,000
	160,000,000	**16,000**	**60,000,000**	**6,000**
Issued, subscribed and fully paid-up				
Equity shares of ₹ 10 each, fully paid up	27,343,709	2,734	26,589,085	2,659
Compulsorily Convertible Preference shares of ₹ 10 each	130,000,000	13,000	30,000,000	3,000
	157,343,709	**15,734**	**56,589,085**	**5,659**

a) Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

Balance at the beginning of the year	26,589,085	2,659	23,759,000	2,376
Add: Issued during the year	754,624	75	2,830,085	283
Balance at the end of the year	**27,343,709**	**2,734**	**26,589,085**	**2,659**

b) Reconciliation of Compulsorily Convertible Preference Shares (CCPS) outstanding at the beginning and at the end of the reporting period

Balance at the beginning of the year	30,000,000	3,000	-	-
Add: Issued during the year	100,000,000	10,000	30,000,000	3,000
Balance at the end of the year	**130,000,000**	**13,000**	**30,000,000**	**3,000**

c) (i) Rights and preference of equity shareholders:

The Company has only one class of equity shares with par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The dis tribution will be in proportion to the number of equity shares held by the shareholders.

c) (ii) **Rights and preference of Compulsorily Convertible Preference Shareholders:**

The Company has allotted 130,000,000, 5% compulsory convertible preference shares ("CCPS") of ₹ 10 each. CCPS will convert into equity shares at the end of 24 months based on the terms of the shareholders agreement. However, in case the Company raises funds by way of additional issue of equity shares to investors, which results in a dilution of over 15% of the paid-up capital (equity and preference share capital) as on the issue date, the holders of CCPS will have option to convert its CCPS either in part or full, into the same class and 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.

d) (i) **Details of shareholders holding more than 5% of equity shares in the Company**

	As at 31 March 2019		As at 31 March 2018	
	Number	% of shareholding	Number	% of shareholding
Think OFS LLC	5,800,000	21.21%	5,800,000	21.81%
R Jagadish Babu	4,510,548	16.50%	4,208,698	15.83%
Vaya Trust 1	2,804,500	10.26%	2,804,500	10.55%
Vaya Trust 2	2,804,500	10.26%	2,804,500	10.55%
Vaya Trust 3	2,804,500	10.26%	2,804,500	10.55%
Vaya Trust 4	2,804,500	10.26%	2,804,500	10.55%
Vaya Trust 5	2,807,000	10.27%	2,807,000	10.56%
S. Lakshminarayanan	1,479,161	5.41%	1,026,387	3.86%

d) (ii) **Details of shareholders holding more than 5% of compulsorily convertible preference shares in the Company**

Vaya Trust 1	26,000,000	20.00%	6,000,000	20.00%
Vaya Trust 2	26,000,000	20.00%	6,000,000	20.00%
Vaya Trust 3	26,000,000	20.00%	6,000,000	20.00%
Vaya Trust 4	26,000,000	20.00%	6,000,000	20.00%
Vaya Trust 5	26,000,000	20.00%	6,000,000	20.00%

e) **The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2019. The Company has not bough back equity shares during five years immediately preceding 31 March 2019, nor has it issued any share for consideration other than cash.**

f) **For details of equity shares reserved for issuance under Employee Stock Option Plan of the Company, refer note 24.**

(All amounts in ₹ lakhs except otherwise stated)

	As at 31 March 2019	As at 31 March 2018
4 Reserves and surplus		
a) Statutory reserve		
Balance at the beginning of the year	73	-
Add: Transferred from surplus balance in the statement of profit and loss	566	73
Balance at the end of the year	**639**	**73**
b) Securities premium account		
Balance at the beginning of the year	18	-
Add: Premium on issue of equity shares	-	14
Add: Premium on issue of CCPS	-	-
Less: Expenses incurred on issuance of equity and CCPS	-	-
Less: Amounts utilised toward issue of fully paid-up bonus shares	-	-
Add: Options exercised during the year	4	4
Balance at the end of the year	**22**	**18**
c) Stock options outstanding account		
Balance at the beginning of the year	4	7
Add: Share based compensation for the year (refer note 24)	-	1
Less: Transferred to securities premium account	(4)	(4)
Balance at the end of the year	**-**	**4**
d) Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	(397)	(615)
Add: Profit for the year	2,831	368
Less: Transferred to statutory reserve	(566)	(73)
[@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]		
Less: Proposed dividend for CCPS	(542)	(64)
Less: Provision for dividend distribution tax	(111)	(13)
Balance at the end of the year	**1,215**	**(397)**
	1,876	**(302)**

	As at 31 March 2019	As at 31 March 2018
5 Long-term borrowings		
Debentures		
Secured, Non Convertible Debentures ('NCDs')		
200, 11.50% Debentures of ₹ 1,000,000 each (31 March 2018: 200 Debentures of ₹ 1,000,000 each)	2,000	2,000
300, 13.00% Debentures of ₹ 1,000,000 each (31 March 2018: 200 Debentures of ₹ 1,000,000 each)	3,000	3,000
250, 13.90% Debentures of ₹ 1,000,000 each (31 March 2018: Nil)	2,500	-
430, 13.10% (Net of taxes @ 5.46%) Debentures of ₹ 1,000,000 each (31 March 2018: Nil)	4,300	-
(A)	**11,800**	**5,000**
Term loans		
Secured		
Indian rupee loan from banks	8,129	7,500
Indian rupee loan from others	13,447	2,000
(B)	**21,576**	**9,500**
(C) = (A) + (B)	**33,376**	**14,500**
Term loans (Current Maturities of Long Term Liabilities)		
Secured		
Indian rupee loan from bank	6,682	3,642
Indian rupee loan from others	7,056	-
	13,738	**3,642**
(D)	**13,738**	**3,642**
(C) - (D)	**19,638**	**10,858**

(All amounts in ₹ lakhs except otherwise stated)

Debentures

Series	Face value	Date of allotment	Maturity date	Coupon rate	Sanction amount	Conversion/ redemption terms	Balance outstanding as at		Due	
							31 March 2019	31 March 2018	within one year	Beyond one year
NCD	10	4-Sep-15	19-Jun-20	11.50%	2,000	Refer note (1.a) below	2,000	2,000	-	2,000
NCD	10	27-Dec-17	12-Dec-22	13.00%	3,000	Refer note (1.b) below	3,000	3,000	-	3,000
NCD	10	13-Oct-18	31-Mar-23	13.90%	1,500	Refer note (1.c) below	1,500	-	-	1,500
NCD	10	9-Nov-18	31-Mar-23	13.90%	1,000	Refer note (1.c) below	1,000	-	-	1,000
NCD	10	24-Oct-18	21-Oct-22	13.86%	4,300	Refer note (1.d) below	4,300	-	-	4,300
							11,800	**5,000**	**-**	**11,800**

Note

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

a) 11.50% NCD, principal shall be redeemable in single instalment on 19 June 2020. The interest is compounded quarterly and payable annually.

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

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

d) 13.10% (Net of taxes @ 5.46%) NCD, principal shall be redeemable in single instalment on 21 October 2022. The interest is payable semi-annually.

Indian rupee loan from banks (secured)

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2019				Total	Balance outstanding as at 31 March 2018				Total
			Due within one year		Due beyond one year			Due within one year		Due beyond one year		
			No of instalments	Amount	No of instalments	Amount		No of instalments	Amount	No of instalments	Amount	
Monthly repayment												
12 months	13.50%	1,500	11	1,375	-	-	1,375	-	-	-	-	-
24 months	10.90% - 13.50%	11,500	12	5,307	12	1,447	6,754	12	3,642	12	3,858	7,500
Total				**6,682**		**1,447**	**8,129**		**3,642**		**3,858**	**7,500**

Indian rupee loan from financial institutions (secured)

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2019				Total	Balance outstanding as at 31 March 2018				Total
			Due within one year		Due beyond one year			Due within one year		Due beyond one year		
			No of instalments	Amount	No of instalments	Amount		No of instalments	Amount	No of instalments	Amount	
Monthly repayment												
18 months	13.75%	1,000	9	526	-	-	526	-	-	-	-	-
24 months	13.00%-14.90%	10,750	12	5,427	10	2,316	7,743	-	-	-	-	-
36 months	13.00%-14.90%	3,600	12	1,103	24	2,075	3,178	-	-	-	-	-
Bullet repayment												
36 months	13.00%	2,000	-	-	1	2,000	2,000	-	-	1	2,000	2,000
Total				**7,056**		**6,391**	**13,447**	**-**	**-**		**2,000**	**2,000**

Note

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

b) Fixed deposits amounting to ₹ 798 lakhs (31 March 2018: ₹ 375 lakhs) have been pledged towards availing term loans from banks and financial institutions (refer note 13).

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

	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
6 Provisions				
Contingent provisions against standard assets	146	269	43	49
Provision for non-performing assets	4	-	-	-
Provision against loan assets arising on Business Correspondent (BC) operations	-	477	-	376
Provision for income tax [net of advance tax ₹ 956 lakhs (31 March 2018: Nil)]	-	240	-	-
Provision for loss on cash embezzlement	-	32	-	-
Proposed dividend on preference shares	-	456	-	64
Provision for dividend distribution tax (CCPS)	-	94	-	13
Provision for employee benefits				
Gratuity (refer note 23)	104	1	66	-
Compensated absences	-	41	-	-
	254	**1,610**	**109**	**502**

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
7 Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	13,738	-	3,642
Interest accrued but not due on borrowing				
- term loans	-	128	-	46
- NCDs	-	475	-	230
Payable towards securitisation of loans	-	221	-	-
Advance received towards loan portfolio	-	88	-	-
Interest strip on securitisation of loans	8	240	-	-
Dues to employees	-	214	-	191
Statutory liabilities	-	111	-	115
Tax deducted at source payable	-	98	-	31
Amount payable under Business Correspondent (BC) operations	-	1,112	-	697
Other payables (refer note below)	-	178	-	242
	8	**16,603**	**-**	**5,194**

Note

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

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	5	-	7
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accouting year.	-	-	-	-
e) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006.	-	-	-	-

8 Property, plant and equipment

	Vehicles	Office equipments	Furniture and fixtures	Computer equipments	Total
Gross block					
As at 1 April 2017	**21**	**61**	**61**	**76**	**219**
Additions	-	28	36	153	217
Disposals	(6)	-	-	-	(6)
As at 31 March 2018	**15**	**89**	**97**	**229**	**430**
Additions	-	11	22	18	51
Disposals	-	-	-	-	-
As at 31 March 2019	**15**	**100**	**119**	**247**	**481**
Accumulated depreciation					
As at 1 April 2017	**5**	**15**	**7**	**34**	**61**
Charge for the year	2	13	7	39	61
Disposals	(2)	-	-	-	(2)
As at 31 March 2018	**5**	**28**	**14**	**73**	**120**
Charge for the year	2	18	11	64	95
Disposals	-	-	-	-	-
As at 31 March 2019	**7**	**46**	**25**	**137**	**215**
Net block					
As at 31 March 2018	**10**	**61**	**83**	**156**	**310**
As at 31 March 2019	**8**	**54**	**94**	**110**	**266**

9 Intangible assets

	Softwares	Total
Gross block		
As at 1 April 2017	**1**	**1**
Additions	4	4
Disposals		-
As at 31 March 2018	**5**	**5**
Additions	5	5
Disposals	-	-
As at 31 March 2019	**10**	**10**
Accumulated amortisation		
As at 1 April 2017	**1**	**1**
Charge for the year	1	1
Disposals	-	-
As at 31 March 2018	**2**	**2**
Charge for the year	1	1
Disposals	-	-
As at 31 March 2019	**3**	**3**
Net block		
As at 31 March 2018	**3**	**3**
As at 31 March 2019	**7**	**7**

10 Investments

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
In mutual funds (Unquoted and non-trade, at cost)				
"Reliance Credit Risk Fund-Direct Growth Plan Growth option (refer note 2 below) [1,29,536.907 units (31 March 2018: 1,29,487.970 units)]"	30	-	30	-
"Reliance Strategic Debt Fund - Direct Growth Plan (refer note 2 below) [12,85,020.369 units (31 March 2018: 18,49,476.144 units)]"	185	-	260	-
In mutual funds (Unquoted and non-trade, lower of cost or net realisable value)				
"Aditya Birla Sub Life Floating Rate Short Term Fund [0 units (31 March 2018: 12,033.877 units)]"	-	-	-	159
"Axis Liquid Fund - Direct Growth (CFDGG) [0 units (31 March 2018: 5,418.187 units)]"	-	-	-	103
"ICICI Prudential Liquid Fund - Direct Plan - Growth [0 units (31 March 2018: 12,033.877 units)]"	-	-	-	211
"Reliance Liquid Fund - Treasury Plan - Direct Growth Plan [0 units (31 March 2018: 12,033.877 units)]"	-	-	-	500
"Sundaram Money Fund - Direct Plan - Growth [0 units (31 March 2018: 24,83,714.912 units)]"	-	-	-	903
	215	**-**	**290**	**1,876**

Note:
1. The fair market value of the above investments as at 31 March 2019 ₹ 233 lakhs (2018: ₹ 2,203 lakhs).
2. Non-current investments pledged against term loans as at 31 March 2019 ₹ 50 lakhs (2018: ₹ 0 lakhs) and man aged portfolio as at 31 March 2019 ₹ 165 lakhs (2018: ₹ 290 lakhs)

11 Deferred tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Deferred tax asset arising on:		
Provision on loan assets	191	26
Provision on gratuity	30	18
Brought forward loss	-	55
Others	48	9
	269	**108**
Deferred tax liability arising on:		
Depreciation and amortisation	3	8
	3	**8**
	266	**100**

12 Loans and advances

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Unsecured				
- considered good *	14,659	27,220	4,912	4,290
- considered doubtful **	24	-	-	-
Loans given as collateral towards securitised transaction	278	-	-	-
	14,961	**27,220**	**4,912**	**4,290**
Other loans and advances				
Security deposits	51	-	51	-
Prepaid expenses	-	16	-	14
Advance tax [net of provision for income tax ₹ 175 lakhs (31 March 2018: 175 lakhs)]	274	-	292	-
MAT credit entitlement	-	-	175	-
Other advances	-	4	-	9
	325	20	518	23
	15,286	**27,240**	**5,430**	**4,313**

* Represents standard assets in accordance with Company's asset classification policy (refer note 2(p))

** Represents non-performing assets in accordance with Company's asset classification policy (refer note 2(p))

13 Cash and bank balances

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks		
- in current accounts	3,687	4,722
- in deposit account (with original maturity upto 3 months) ^	3,500	705
Cash on hand	14	34
	7,201	**5,461**
Other bank balances		
Deposits with maturity of more than 3 months^	3,827	3,312
	3,827	**3,312**
Less: Amounts disclosed as other non-current assets (refer note 14)	(3,827)	(3,312)
	7,201	**5,461**

^ Represents margin money against the borrowings with banks and financial institutions amounting to ₹ 798 lakhs (31 March 2018: ₹ 375 lakhs)

Also includes cash collaterals towards securitisation of loans amounting to ₹ 196 lakhs (31 March 2018: ₹ 0 lakhs)

Also includes cash collaterals towards managed portfolio of loans amounting to ₹ 2,826 lakhs (31 March 2018: ₹ 2,128 lakhs)

(All amounts in ₹ lakhs except otherwise stated)

14 Other assets

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Deposit with banks (refer note 13)	3,827	-	3,312	-
Interest accrued on deposits (refer note below)	-	205	-	166
Interest accrued but not due on loans	-	178	-	48
Interest accrued and due on loans	-	6	-	-
Interest strip on securitisation of loans	8	240	-	-
Balances due from government authorities	-	65	-	49
Advance payment of term loans	-	56	-	-
Other receivables	-	118	-	25
Unbilled revenue arising on Business Correspondent (BC) operations	-	539	-	637
	3,835	**1,407**	**3,312**	**925**

Note
Includes accrued interest on deposits representing margin money against the borrowings from bank and financial institution, cash collaterals towards securitisation of loans and managed portfolio ₹ 202 lakhs (31 March 2018: ₹ 146 lakhs)

15 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on portfolio loans	6,659	261
Income from securitisation of loans	79	-
Loan processing fees	500	95
Commission earned from Business Correspondent (BC) operations	6,337	4,500
Interest on margin money deposits	236	230
	13,811	**5,086**

16 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Profit on sale of investments in mutual funds	380	26
Interest on fixed deposit with banks	34	70
Interest on income tax refund	2	12
Excess provision no longer required, written back	-	-
Recoveries from invocation of first loss default guarantee	30	-
Miscellaneous	28	5
	474	**113**

17 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	3,303	2,396
Contributions to provident and other funds*	183	170
Gratuity (refer note 23)	38	25
Compensated absences	-	-
Employee stock option expense (refer note 24)	-	1
Staff welfare expenses	98	83
	3,622	**2,675**

* Net of amount received under Pradhan Mantri Rojgar Protsahan Yojana ₹ 59 lakhs (31 March 2018: ₹ Nil)

18 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on:		
- term loans	2,064	99
- non convertible debentures	1,056	340
Processing fees	143	38
- non convertible debentures	-	-
Interest on delay in payment of income tax	-	-
Other finance costs	147	45
Interest on income tax liability	24	-
	3,434	**522**

19 Depreciation and amortisation expense	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 8)	95	61
Amortisation of intangible assets (refer note 9)	1	1
	96	**62**

20 Provisions and write-offs	Year ended 31 March 2019	Year ended 31 March 2018
Contingent provision against standard assets	323	92
Provision for non-performing assets	4	-
Provision for loss on assigned assets	-	-
Loans write-offs	-	-
Provision for loss on Business Correspondent (BC) operations	102	-
First Loan Default Guarantee invoked on Business Correspondence (BC) operations	1,053	373
	1,482	**465**

21 Other expenses	Year ended 31 March 2019	Year ended 31 March 2018
Rent	222	161
Travelling and conveyance	629	396
Office maintenance	142	103
Legal and professional fee	95	89
Collection charges	-	-
Remuneration to auditors (refer note below)	16	12
Rates and taxes	161	42
Communication	86	58
Information technology costs	82	46
Printing and stationery	77	46
Membership fee	23	13
Director sitting fee	19	9
Insurance	11	8
Commission	11	5
Repairs and maintenance	3	5
Corporate Social Responsibility	3	-
Training and recruitment	2	2
Branding and marketing	-	-
Miscellaneous	64	17
	1,646	**1,012**

(All amounts in ₹ lakhs except otherwise stated)

21 Other expenses (Cont'd)

	Year ended 31 March 2019	Year ended 31 March 2018
(*) Auditors remuneration (excluding taxes)		
- Statutory audit	12	10
- Tax audit	2	2
- Certification	2	-
	16	**12**

22 Earnings per share (EPS)

	Year ended 31 March 2019	Year ended 31 March 2018
Net profit for calculation of basic EPS	2,178	291
Net profit for calculation of diluted EPS	2,831	368
Weighted average number of equity shares in calculating basic EPS (nos)	2,66,26,299	25,201,721
Effect of dilution:		
Stock option granted under ESOP (nos)	-	10,790
Compulsorily Convertible Preference Shares (nos)*	-	-
Weighted average number of shares outstanding for computing diluted EPS (nos)	2,66,26,299	25,212,511

Earnings per share:		
Basic (₹)	8.18	
Diluted (₹)	8.18	
Nominal value - per equity share (₹)	10	

* The Compulsorily Convertible Preference Shares are convertible into equity shares at the end of 24 months from the date of issue at the fair value to be determined at the time of conversion, in accordance with the shareholders agreement. Since the fair value is not ascertainable the potential equity shares arising on such conversion cannot be determined. Hence, the basic earnings per share is considered as diluted earnings per share.

* The profit per equity share computation based on diluted weighted numbers of shares is anti-dilutive. Accordingly, the basic and diluted earnings per equity share is the same.

23 Employee benefits plans

a) The Company's contribution to defined contribution plans are disclosed as "Contribution to Provident and Other Funds" under "Employee benefits expense". During the current year the Company has provided ₹ 242 lakhs (31 March 2018: ₹ 170 lakhs) towards contribution to provident and other funds.

b) The disclosures of Gratuity required as per the Accounting Standard (AS) 15, 'Employee Benefits' are as under:

	As at 31 March 2019	As at 31 March 2018
The amounts recognised in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	104	66
Fair value of plan assets as at the end of the year	-	-
Net liability recognised in the Balance Sheet	**104**	**66**
The amounts recognised in the Statement of Profit and Loss are as follows:		
Service cost	39	26
Interest cost	5	3
Past Service Cost	-	11
Net actuarial loss recognised in the year	(6)	(15)
Expense recognised in the Statement of Profit and Loss of the year	**38**	**25**
Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	66	41
Service cost	39	26
Interest cost	5	3
Prior Service Cost – Vested benefit	-	11
Actuarial losses	(6)	(15)
Defined benefit obligation as at the end of the year	**104**	**66**
Assumptions used in the actuarial valuation for gratuity are as under:		
Interest rate	7.31%	6.75%
Discount rate	7.60%	8.00%
Future salary increase	10% to 12%	10% to 12%
Attrition rate	0.1% to 45.7%	0.1% to 42.9%
Retirement age	58 years	58 years
Mortality (as % of IALM (2012-014) Ult. Mortality Table)	100%	100%

Particulars	31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019
Present value of defined benefit obligation	8	17	41	66	104
Fair value of plan asset	-	-	-	-	-
(Deficit)	(8)	(17)	(41)	(66)	(104)
Experience adjustments	-	-	-	-	-

The estimates of future salary increase take account of inflation, seniority, promotions and other relevant factors, such as supply and demand factors in the employment market.

(All amounts in ₹ lakhs except otherwise stated)

24 Employee Stock Option Plan (ESOP)

The 'ESOP Plan 2014' (the 'Plan') was approved in the General Meeting of the members held on 28 July 2015. The Company introduced the Plan for the benefit of the employees of the Company. The plan provides for the creation and issue of 15,84,709 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of three years and are exercisable in one or more tranches within a period of six years from the date of vesting, failing which the options shall lapse.

Particulars	Plan 2014
Date of grant	28 July 2015
Date of Board Approval	18 July 2015
Date of Shareholders Approval	28 July 2015
Number of options granted	1,584,709
Exercise price (₹ per option)	10
Method of settlement	Equity
Vesting period	End of year 1 - 33.33% End of year 2 - 33.33% End of year 3 - 33.33%
Exercise period	6 years from date of vesting

Option activity during the year is summarised below:

	No. of options 31 March 2019	Weighted average exercise price	No. of options 31 March 2018	Weighted average exercise price
Options outstanding at the beginning	754,624	10	1,584,709	10
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Exercised during the year	754,624	10	830,085	-
Options outstanding at the end	-	-	754,624	10
Options exercisable at year end	-	-	-	-

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

	Plan 2014
Share price on the date of grant (₹)	6.67
Exercise price (₹)	10.00
Expected volatility (%)	20.00
Expected dividend rate (%)	-
Risk free rate (%)	8.00
Option fair value (₹ per option)	0.36 - 0.67

25 Contingent liabilities

	As at 31 March 2019	As at 31 March 2018
1) Credit enhancements provided by the Company toward securitisation transactions (including cash collaterals, principal subordination)	196	-
2) Deposits held as cash collateral against managed portfolio	2,826	2,128
3) Mutual fund instruments held as cash collateral against managed portfolio	165	290
4) Pending litigations (refer note below)	Nil	Nil
Note: The Company does not have any pending litigations as at 31 March 2019.		
5) The Hon'ble Supreme Court has, in a recent decision dated 28 February 2019, ruled that special allowance would form part of basic wages for computing the Provident Fund (PF) contribution. While the Company is evaluating the implications of the order, no reliable estimate can be made as the amount is not determinable. The management would consider obtaining legal opinion to ascertain the impact and believes that it will not have any material impact on the financial position and results of operation.		

26 Related party disclosure

Description of relationship	Nature of relationship
i) Key managerial personnel	
Mr. R Jagadish Babu	Managing Director and CEO
Mr. S Lakshminarayanan	Chief Financial Officer
Mr. B Balaji Gupta	Company Secretary
ii) Other related parties	
Mr. Vikram Akula	Non Executive Chairman
Mr. Bhikshamaiah Gujja	Non Executive Director

iii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel		Other related parties	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Remuneration (refer note below)				
Mr. R Jagadish Babu	173	150	-	-
Mr. S Lakshminarayanan	108	94	-	-
Mr. B Balaji Gupta	14	12	-	-
Sitting fees				
Mr. Vikram Akula	-	-	3	3
Mr. Bhikshamaiah Gujja	-	-	6	-

iv) Balance receivable / (payable) with related parties as at the year end are as follows

Nature of transaction	Key managerial personnel		Other related parties	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Mr. R Jagadish Babu	(58)	(50)	-	-
Mr. S Lakshminarayanan	(22)	(19)	-	-
Mr. B Balaji Gupta	(2)	(1)	-	-

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

27 Other disclosures

Business Correspondent for financial inclusion with Banks/Financial Institutions:

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.

All the lending and recoveries (along with interest and other charges) is routed through the Company pool account and periodically reconciled with respective banks/financial institutions.

The loan assets are held and owned by respective banks/financial institutions and are not recognised in the books of the Company. Any loan amount recovered with interest and charges from the borrowers and pending as payable to the respective banks/financial institutions, as at the balance sheet date is recognised as liability in financial statements.

The fee received and expenses incurred in execution of its status as Business Correspondent are recognised in the books of accounts under appropriate heads.

The summary of transactions in capacity as Business Correspondent is as below:

	31 March 2019	31 March 2018
Amount disbursed during the year	72,125	62,530
Portfolio outstanding as at the year end	66,225	59,710
NPA outstanding as at the year end	494	2,576
Provision as the year end	477	376
Guarantee invoked during the year	1,053	397
Outstanding guarantee as at the year end	2,991	2,418
Commission earned during the year	6,337	4,500
Unbilled commission income receivable as at the year end	539	637
Amount payable to Banks/Financial institutions as at the year end	1,112	697

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

Liabilities side:

1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	**Amount outstanding**	**Amount overdue**
(a) Debentures		
Secured	12,275	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred credits	-	-
(c) Term loans		
Secured	21,704	-
Unsecured	-	
(d) Inter-corporate loans and borrowings	-	-
(e) Commercial paper	-	-
(f) Other loans	-	-
	33,979	**-**

Assets side:

2 Break-up of loans and advances	**Amount outstanding**
(a) Secured	-
(b) Unsecured	41,903
	41,903
3 Break up of leased assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

4 Break-up of investments:

Current investments	Amount outstanding
1. Quoted	
(i) Shares:	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares:	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
Long term investments	
1. Quoted	
(i) Shares:	
(a) Equity	-
b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	215
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

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

Category	Amount (net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	41,903	41,903
	-	**41,903**	**41,903**

(All amounts in ₹ lakhs except otherwise stated)

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

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

7 Other information

(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	24
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	20
Assets acquired in satisfaction of debt	-

8 Disclosure on Restructured Accounts:

Sl. No.	Type of Restructuring	Asset Classification Details	Standard	Sub-Standard	Others Doubtful	Loss	Total
1	Restructured Accounts as on 01 April 2018	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
2	Fresh restructuring during the year ended 31 March 2019	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard category during the year ended 31 March 2019	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year ended 31 March 2019 and hence need not be shown as restructured standard advances at the beginning of the next financial year.	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-

Sl. No.	Type of Restructuring Asset Classification Details		Standard	Sub-Standard	Others Doubtful	Loss	Total
5	Downgradations of restructured accounts during the year ended 31 March 2019	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -
6	Write-offs of restructured accounts during the year ended 31 March 2019	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -
7	Restructured Accounts as on 31 March 2019	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -

29 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (as amended by time to time) issued by the RBI.

1 Capital to Risk Asset Ratio ('CRAR'):

	As at 31 March 2019	As at 31 March 2018
CRAR (percent)	36.82%	34.48%
CRAR – Tier I Capital (percent)	36.45%	33.89%
CRAR – Tier II Capital (percent)	0.37%	0.59%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

2 Investments

Particulars	31 March 2019	31 March 2018
Value of Investments		
(i) Gross value of investments		
(a) In India	215	2,166
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	215	2,166
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

3 Derivatives

The Company has no transaction/ exposure in derivatives including forward rates agreements, interest rate swaps and exchange traded interest rate derivatives. Further, the Company has no unhedged foreign currency exposure as on 31 March 2019 (31 March 2018: Nil)

4 Disclosures relating to Securitisation:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
1 No. of SPVs sponsored by the applicable NBFC for securitisation transactions (nos)	2	-
2 Total amount of securitised assets as per books of the SPVs sponsored	2,669	-
3 Total amount of exposures retained by the NBFC to comply with Minimum retention requirement (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	249	-
Others	-	-
4 Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	196	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-

5 Details of financial assets sold to securitisation/reconstruction companies for asset reconstruction

The Company has not sold its financial assets to securitisation/reconstruction companies for asset reconstruction, during the current year and previous year.

6 Details of assignment transactions undertaken by NBFCs

The Company has not entered into assignment transactions, during the current year and previous year.

7 Details of non-performing financial assets purchased or sold

The Company has not purchased or sold any non performing financial assets during the current and previous year.

8 Asset liability management maturity pattern of certain items of assets and liabilities

Maturity pattern	As on 31 March 2019			As on 31 March 2018		
	Assets		Liabilities	Assets		Liabilities
	Advances	Investments	Borrowings	Advances	Investments	Borrowings
1 day to 30/31 days (one month)	2,077	-	1,166	290	1,876	143
Over 1 month to 2 months	2,256	-	1,177	362	-	143
Over 2 months upto 3 months	1,980	-	1,181	320	-	143
Over 3 months to 6 months	6,743	-	3,585	1,042	-	1,071
Over 6 months to 1 year	14,187	-	6,630	2,275	-	2,143
Over 1 year to 3 years	14,661	215	9,838	4,912	290	7,857
Over 3 years to 5 years	-	-	9,800	-	-	3,000
Over 5 years	-	-	-	-	-	-
Total	**41,904**	**215**	**33,377**	**9,201**	**2,166**	**14,500**

Note
i) The asset maturity pattern for advances is arrived at by considering substandard assets and doubtful assets as net of provisions.
ii) The Company do not have any foreign currency assets or liabilities as at 31 March 2019 and 31 March 2018.
iii) The above borrowings exclude interest accrued and due and interest accrued but not due.
iv) The advances comprise of loan principal and does not include interest accrued.

9 Exposure to real estate sector

The Company does not have any real estate exposure as at 31 March 2019 and 31 March 2018.

10 Exposure to capital market

The Company does not have any capital market exposure as at 31 March 2019 and 31 March 2018.

11 Details of Single Borrower Limit / Group Borrower Limit exceeded

The Company has neither exceeded a single Borrower Limit nor it has exceeded the Group Borrower Limit, during the current year and previous year.

12 Unsecured Advances

Refer note 12 for unsecured advances. The Company has not given any advances against the rights, licenses, authorisations, etc., during the current year and previous year.

13 Registration obtained from other financial sector regulators

The Company is registered with the following other financial sector regulators:
(a) Ministry of Corporate Affairs (MCA)
(b) Ministry of Finance (Financial Intelligence Unit)
(c) Securities and Exchange Board of India (SEBI)

14 Disclosure of penalties imposed by RBI and other regulators

There were no penalties imposed on the Company by RBI or any other regulator.

15 Ratings assigned by credit rating agencies and migration of ratings during the year

Instrument	Date of rating	Rating assigned	Valid upto
Non Convertible Debentures	08 January 2019	[ICRA]BBB (Stable)	07 January 2020
Term loans	08 January 2019	[ICRA]BBB (Stable)	07 January 2020
MFI Grading	28 December 2018	M2+	27 December 2019

(All amounts in ₹ lakhs except otherwise stated)

16 Remuneration of directors

Particulars	Remuneration	Provident funds and others	Sitting fees	Total
Vikram Akula	-	-	3	3
Venkata Sateesh Kumar Anappindi	-	-	1	1
Jagadish Babu Ramadugu	166	7	-	173
Bikshamaiah Gujja	-	-	6	6
Farzana Haque	-	-	4	4
Gautam Ivatury	-	-	1	1
Alok Misra	-	-	1	1
Sandeep Parekh	-	-	3	3

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

Particulars	31 March 2019	31 March 2018
Provision made towards income tax	1,340	107
Provision towards NPA	4	-
Provision for standard assets	323	92
Provision for loss on Business Correspondent (BC) operations	102	-
Provision for compensated absences	67	8
Provision for gratuity	38	25

18 Draw down from reserves
There has been no draw down from reserves during the year ended 31 March 2019 and 31 March 2018.

19 Concentration of advances, exposures and NPAs

Particulars	31 March 2019	31 March 2018
i. Concentration of advances		
Total advances to twenty largest borrowers	6	6
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.01%	0.06%
ii. Concentration of exposures		
Total exposures to twenty largest borrowers/customers	6	6
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/ customers	0.01%	0.07%
iii. Concentration of exposures		
Total exposures to top four NPA accounts	1	-

iv. Sector-wise NPAs

Sector	Percentage of gross NPAs to total advances in that sector 31 March 2019	31 March 2018
Agriculture & allied activities	0.05%	-
MSME	-	-
Corporate borrowers	-	-
Services	0.08%	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-
Others	0.09%	-

v. Movement of NPAs

		31 March 2019	31 March 2018
A	Net NPAs to Net Advances (%)	0.05%	0.00%
B	Movement of NPAs (Gross)		
	a) Opening balance	-	-
	b) Additions during the year	28	-
	c) Reductions during the year	4	-
	d) Write-off during the year	-	-
	e) Closing balance	24	-
C	Movement of Net NPAs		
	a) Opening balance	-	-
	b) Additions during the year	24	-
	c) Reductions during the year	4	-
	d) Closing balance	20	-
D	Movement of provisions for NPAs (excluding provision on standard assets)		
	a) Opening balance	-	-
	b) Provisions made during the year	4	-
	c) Write-off during the year	-	-
	d) Write-back of excess provisions	-	-
	e) Closing balance	4	-

vi. Overseas assets

The Company does not have any overseas assets as at 31 March 2019 and 31 March 2018.

vii. Off-balance sheet SPVs sponsored

The Company does not have any off-balance sheet SPVs sponsored as at 31 March 2019 and 31 March 2018.

20 Customer complaints

		31 March 2019	31 March 2018
i)	No. of complaints pending at the beginning of the year	-	-
ii)	No. of complaints received during the year	30	2
iii)	No. of complaints redressed during the year	30	2
iv)	No. of complaints pending at the end of the year	-	-

21 Information on instances of fraud

Particulars	31 March 2019	31 March 2018
Number of cases	3	-
Amount of fraud	8	-
Recovery	-	-
Amount written-off	3	-

22 Information on net interest margin

Particulars	31 March 2019	31 March 2018
Average interest (a)	22.89%	23.29%
Average effective cost of borrowing (b)	13.16%	11.97%
Net interest margin (a-b)	9.73%	11.32%

During the year, the asset size of the Company exceeded ₹ 100 crore and accordingly the prescribed net interest margin limit for the year ended 31 March 2019 is 10%, as required under RBI Master Directions as applicable to MFIs. During the previous year, since the asset size was not exceeding ₹ 100 crore, the prescribed net interest margin limit was 12%.

30 Leases

Operating leases for office premises and other facilities are for a period of 11 months to 36 months and renewable on a periodic basis at the option of the lessee. Most of the operating leases provide for a percentage increase in rent, at the end of the original lease term or during the lease term. The operating leases are cancellable by the lessor and the lessee, with a notice. The rent amounting to ₹ 196 lakhs (2018: ₹ 135 lakhs) towards the aforesaid have been disclosed under the head "Other expenses"(refer note 21).

The operating leases commitments in respect of non-cancellable leases, rent amounting to ₹ 26 lakhs (31 March 2018: ₹ 26 lakhs) towards the aforesaid have been disclosed under the head "Other expenses" (refer note 21).

Disclosures in respect of non-cancellable operating leases

	As at 31 March 2019	As at 31 March 2018
The total of future minimum lease payments under non cancellable operating leases for each of the following periods:		
(i) not later than one year;	13	26
(ii) later than one year and not later than five years;	-	13
(iii) later than five years;	-	-

31 Supplementary statutory information

	As at 31 March 2019	As at 31 March 2018
i) Earnings in foreign currency	Nil	Nil
ii) Expenditure in foreign currency		
Professional fee	Nil	Nil
Information technology costs	Nil	Nil

32 Segment information

The Company is engaged in the business of micro-finance lending to women is rural sector which is considered to be the only reportable business segment as per (AS) 17, Segment Reporting. The Company operates primarily in India and there is no other geographical segment.

33 Corporate Social Responsibility (CSR)

As per Section 135 of the Act, a CSR committee has been formed and is functional. The Company has partnered with White Swan Foundation in conducting the activities towards deliver knowledge services for mental health and wellbeing. During the year, the Company has spent ₹ 2.5 lakhs towards the CSR activities.

	Year ended 31 March 2019	Year ended 31 March 2018
a) Gross amount required to be spent by the company during the year.	-	-
b) Amount spent during the year	3	-

34 Additional information as required under paragraph 5 of the part II of the Schedule VI to the Act to the extent either "nil" or "not applicable" has not been furnished.

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35 Prior year comparatives

Previous year's amounts have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date.

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

Manish Gujral
Partner
Membership No.: 105117

Hyderabad
29 May 2019

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

Vikram Akula
Non-Executive Chairman
DIN: 00906907

R. Jagadish Babu
Managing Director & CEO
DIN: 01855121

B. Balaji Gupta
Company Secretary
Membership No.: A17980

S. Lakshminarayanan
Chief Financial Officer

NOTES

ANNUAL REPORT 2019

Vaya

Powering Aspirations

Registered Office:

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

Tel: 040 – 47896999 | www.vayaindia.com | contact@vayaindia.com

CIN: U67190TG2014PTC093562