Financial Statements and Auditors' report

Vistaar Financial Services Private Limited

31 March 2016

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
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Independent Auditor's Report

To the Members of Vistaar Financial Services Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vistaar Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

Walker Chandiok & Co LLP Bengaluru Chartered Accountants

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

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. 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.

10. 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 specified 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 as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;

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f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20 May 2016 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, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigations which would impact its financial position;

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

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Walker Chandiok & Co. LLP

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

Sanjay Banthia.

per **Sanjay Banthia**
Partner
Membership No.: 061068

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

Annexure I to the Independent Auditor's Report of even date to the members of Vistaar Financial Services Private Limited on the financial statements for the year ended 31 March 2016

Annexure I

Independent Auditor's Report on Companies (Auditor's Report) Order, 2016 ("the Order") under Sub-section 11 of Section 143 of the Companies Act, 2013 ("the Act")

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

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

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

(c) The Company does not hold any immovable properties. Accordingly, the provisions of clause 3(ii)(c) of the Order are not applicable.

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

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

(iv) The Company has not entered into any transactions in the nature of loans, investments, guarantees and security with parties covered under sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) 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.

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CHARTERED ACCOUNTANTS

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(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise duty, value added tax, cess have generally been regularly deposited to the appropriate authorities though the delays in deposit have not been significant. Further, the undisputed amounts payable in respect thereof that were outstanding at the year-end for a period of more than six months from the date they become payable are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
The Gujarat Professions Tax Act, 1976	Profession tax	320	FY 15-16	Various	17 May 2016

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

(viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.

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

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

(xi) In our opinion, the Company is a private limited company in terms of Section 68 of 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 standards.

(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 have been used for the purposes for which the funds were raised, though idle funds which were not required for immediate utilization have been invested in liquid investments, payable on demand. During the year the Company did not make preferential allotment or private placement of equity shares or fully/partly convertible debentures.

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Annexure I to the Independent Auditor's Report of even date to the members of Vistaar Financial Services Private Limited on the financial statements for the year ended 31 March 2016

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.

(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.

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

Sanjay Banthia.

per **Sanjay Banthia**
Partner
Membership No.: 061068

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

Annexure II to the Independent Auditor's Report of even date to the members of Vistaar Financial Services Private Limited, on the financial statements for the year ended 31 March 2016

Annexure II

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 Vistaar Financial Services Private Limited ("the Company") as at and for the year ended 31 March 2016, 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 control criteria in accordance with Internal control framework defined in Appendix 1 to SA 315, "Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment" ('the framework'). 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 company's policies, the safeguarding of company's 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.

Auditors' 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 included 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.

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BENGALURU
CHARTERED ACCOUNTANTS

Annexure II to the Independent Auditor's Report of even date to the members of Vistaar Financial Services Private Limited, on the financial statements for the year ended **31 March 2016**

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 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 internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the framework.

Walker Chandiok & Co LLP

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

Sanjay Banthia

per Sanjay Banthia
Partner
Membership No.: 061068

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

Independent Auditors' Report

[Pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008]

Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
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To
The Board of Directors
Vistaar Financial Services Private Limited
Plot No. 59 & 60 -23, 22nd Cross, 29th Main,
BTM Layout, 2nd Stage,
Bengaluru – 560 076
Karnataka, India

1. We have audited the Balance Sheet of Vistaar Financial Services Private Limited, (the 'Company') as at 31 March 2016 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'financial statements') and have issued an unqualified opinion vide our report dated 20 May 2016.

2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by the Reserve Bank of India ("the RBI") vide Notification No. DNBS.(PD) CC No. 057/03.10.119/2015-16 dated 01 July 2015 and based on our audit, we report on the matters specified in paragraphs 3 and 4 of the said directions:

   a. The Company is engaged in the business of Non-Banking Financial Institution (not accepting public deposits) and pursuant to the provisions of Section 45(1A) of the Reserve Bank of India Act, 1934 (as amended), it has obtained a fresh certificate of registration (not valid for accepting public deposit) vide certificate no. B-02.00251 on 21 February 2012 in lieu of earlier certificate B-02.00251 dated 08 November 2011 which was in the name of Vistaar Livelihood Financial Services Private Limited.

   b. In our opinion, and in terms of the Company's assets and income pattern for the year ended and as at 31 March 2016, the Company is entitled to continue to hold the certificate of registration issued by the RBI.

   c. The Company is not an Asset Finance Company as defined under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and hence clause (iii) of part-A of paragraph 3 of Notification No. DNBS. 201/DG (VL)-2008 dated 18 September 2008 is not applicable to the Company.

   d. The Company is not a Non-Banking Financial Company-Micro Finance Institutions ('NBFC-MFIs) based on the criteria set forth by the RBI in the notification for Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2011 dated 2 December 2011 for classification of NBFCs as NBFC-MFIs.

   e. The board of directors of the Company in their meeting held on 29 April 2015 has passed a resolution for non-acceptance of any public deposits for the financial year 1 April 2015 to 31 March 2016.

Independent Auditors' Report of even date to the Board of Directors of Vistaar Financial Services Private Limited pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 (cont'd)

f. The Company has not accepted any public deposits during the year ended 31 March 2016.

g. In our opinion, the Company has complied with the prudential norms issued by the RBI in relation to recognition of income, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

h. The Company has furnished the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period to the RBI. The capital adequacy ratio as disclosed in NBS- 7 has been correctly arrived at and such ratio is in compliance with the minimum ratio prescribed by the RBI.

This report is issued in respect of notification no. DNBS.PD.CC. No 057/03.10.119 /2015-16 dated 01 July 2015 issued by the RBI for submission to RBI and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

Walker Chandiok & Co. LLP

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

Sanjay Banthia

per **Sanjay Banthia**
Partner
Membership No: 061068

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP BENGALURU CHARTERED ACCOUNTANTS

Vistaar Financial Services Private Limited

Balance Sheet as at 31 March 2016

(All amounts in ₹ lakhs except otherwise stated)

	Notes	31 March 2016	31 March 2015
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,745	4,984
Reserves and surplus	4	44,105	18,104
		50,850	23,088
Non-current liabilities			
Long-term borrowings	5	28,392	23,882
Other long-term liabilities	6	471	641
Long-term provisions	7	600	312
		29,463	24,835
Current liabilities			
Other current liabilities	6	15,360	11,520
Short-term provisions	7	731	245
		16,091	11,765
		96,404	59,688
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	494	238
Intangible assets	9	214	200
Capital work in progress		172	-
Intangible assets under development	10	51	70
Deferred tax assets (net)	11	508	209
Long-term loans and advances	12	53,760	29,221
Other non-current assets	13	1,697	2,906
		56,896	32,844
Current assets			
Cash and bank balances	14	8,289	8,737
Short-term loans and advances	12	29,242	16,908
Other current assets	13	1,977	1,199
		39,508	26,844
		96,404	59,688

Summary of significant accounting policies. 2

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

Walker Chandiok & Co. LLP
For Walker Chandiok & Co LLP
Chartered Accountants

Sanjay Banthia

per Sanjay Banthia
Partner

Bengaluru
20 May 2016

For and on behalf of the Board of Directors of Vistaar Financial Services Private Limited

Brahmanand Hegde
Managing Director
DIN : 02984527

Ramakrishna Nishtala
Director
DIN : 02949469

Sudesh Chinchewadi
CFO & Company Secretary

Bengaluru
20 May 2016

Vistaar Financial Services Pvt. Ltd.

Vistaar Financial Services Private Limited

Statement of Profit and Loss for the year ended 31 March 2016

(All amounts in ₹ lakhs except otherwise stated)

	Notes	31 March 2016	31 March 2015
Income			
Revenue from operations	15	18,204	10,180
Other income	16	1,201	666
Total operating revenue		19,405	10,846
Expenses			
Employee benefits expense	17	6,387	3,724
Finance costs	18	5,191	3,391
Depreciation and amortisation expense	19	297	178
Provision for sub-standard and doubtful assets	7	608	166
Provision for standard assets	7	158	93
Other expenses	20	2,881	1,787
Total expenses		15,522	9,339
Profit before tax		3,883	1,507
Tax expense			
Current tax [including income taxes pertaining to prior years ₹ 168 lakhs (31 March 2015: ₹ Nil)]		1,682	258
Minimum alternate tax (credit) / reversed		8	(8)
Deferred tax (benefit)	11	(299)	(162)
Total tax expense		1,391	88
Profit for the year		2,492	1,419
Earnings per equity share (Nominal value of ₹ 10 per share)			
- Basic	21	32.43	18.68
- Diluted		4.04	3.00
Summary of significant accounting policies.	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

Walker Chandiok & Co. LLP
For Walker Chandiok & Co LLP
Chartered Accountants

Sanjay Banthia.

per **Sanjay Banthia**
Partner

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP BENGALURU CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Vistaar Financial Services Private Limited

N. Raman

Brahmanand Hegde	Ramakrishna Nishtala	Sudesh Chinchewadi
Managing Director	Director	CFO & Company Secretary
DIN : 02984527	DIN : 02949469	

Bengaluru
20 May 2016

Vistaar Financial Services Pvt. Ltd.

Vistaar Financial Services Private Limited

Cash Flow Statement for the year ended 31 March 2016

(All amounts in ₹ lakhs unless otherwise stated)

	31 March 2016	31 March 2015
A. Cash flows from operating activities		
Profit before tax	3,883	1,507
Adjustments for:		
Depreciation and amortisation expense	297	178
Provision for sub-standard and doubtful assets	608	166
Provision for standard assets	158	93
Provision for assigned/ securitized portfolio	64	26
Loan to small business write off	31	11
Share based compensation	250	42
Profit on sale of investments in mutual funds	(101)	-
Profit on sale of fixed assets [₹48,280 (31 March 2015: ₹ Nil)]	-	-
Operating profit before working capital changes	5,190	2,023
Changes in working capital:		
Increase in loans and advances	(36,796)	(22,644)
Increase in other assets	60	(679)
Increase in other liabilities and provisions	1,682	1,568
Cash (used in) operating activities	(29,864)	(19,732)
Income tax paid/received (net)	(1,712)	(314)
Net cash (used in) operating activities	(31,576)	(20,046)
B. Cash flows from investing activities		
Purchase of fixed assets (net)	(652)	(325)
Proceeds from sale of fixed assets [₹48,280 (31 March 2015: ₹ Nil)]	-	-
Purchase of investments in mutual funds	(102,406)	(53,959)
Proceeds from sale of investments in mutual funds	102,507	53,959
Net cash (used in) investing activities	(551)	(325)
C. Cash flows from financing activities		
Proceeds from issue of CCPS	24,943	15,726
Proceeds of loan availed from banks	10,600	7,900
Proceeds of loan availed from others	1,969	9,130
Proceeds of loan availed from NCDs	4,200	3,870
Repayment of loan availed from banks	(4,960)	(2,476)
Repayment of loan availed from others	(4,323)	(4,765)
Repayment of loan availed from NCDs	(750)	(375)
Proceeds from short-term borrowings	-	(1,945)
Net cash provided by financing activities	31,679	27,065
Net increase in cash and cash equivalents during the year (A+B+C)	(448)	6,694
Cash and cash equivalents at the beginning of the year	8,737	2,043
Cash and cash equivalents at the end of the year (refer note 14)	8,289	8,737

As per our report of even date.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP
Chartered Accountants

Sanjay Banthia

per Sanjay Banthia
Partner

Bengaluru
20 May 2016

For and on behalf of the Board of Directors of Vistaar Financial Services Private Limited

Brahmanand Hegde	**Ramakrishna Nishtala**	**Sudesh Chinchewadi**
Managing Director	Director	CFO & Company Secretary
DIN : 02984527	DIN : 02949469	

Bengaluru
20 May 2016

BENGALURU

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

1 Background

Vistaar Financial Services Private Limited ('the Company') is a Non Banking Financial Company (NBFC) incorporated on September 4, 1991. The Company has obtained a fresh Certificate of Registration from the Reserve Bank of India to carry on the business of Non-Banking Financial Institution without accepting deposits.

The Company is engaged in providing credit facility to the small business segment primarily focused on rural and semi-urban markets.

2 Significant accounting policies and other explanatory information

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 provision of the RBI as applicable to NBFC-ND.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 (principal rules), vide notification issued by Ministry of Corporate Affairs dated 30 March 2016. The Companies (Accounting Standards) Rules, 2016 is effective on the date of its publication in the official gazette, i.e., 30 March 2016. The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rule, 2016 will apply for the accounting periods commencing on or after 30 March 2016. Accordingly, the changes thereof have not given effect to while preparing these financial statements.

The financial statements have been prepared on an accrual basis and under the historical cost convention except interest income on loans which have been classified as non-performing assets and are accounted for on realisation basis. 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 fixed assets, deferred tax, accrual for employee benefits and provision for standard and non-performing assets. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized. Any revision to accounting estimates is recognized 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.

a. Interest on loans are charged and accounted on diminishing balance method. However, interest income on non-performing assets ('NPA') is recognised only when it is realised. On an advance account turning into NPA, interest already charged on accrual basis and not collected, is reversed.

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

c. Pre-closure charges are levied and accounted at the time of actual pre-closure.

d. Management fee is considered to be accrued on collection from customers and recognised accordingly.

e. Interest income on deposits with banks is recognised on an accrual basis taking into account the amount of outstanding deposit and the applicable interest rate.

Walker Chandiok & Co LLP

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

2 Significant accounting policies (cont'd)

f. On sale of receivables under asset assignment/ securitisation arrangement, the profit arising on account of sale is recognised over the life of the receivables assigned/ securitised and loss, if any, arising on account of sale is accounted immediately.

g. 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.

h. All other income is recognised on an accrual basis.

d) *Tangible assets*

Fixed assets are stated at their original cost of acquisition less accumulated depreciation. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

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

e) *Intangible assets*

Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment loss, if any. The cost comprises purchase price and any cost directly attributable to bringing the asset to its working condition for the intended use and net of grants received, if any.

f) *Depreciation and amortisation*

Depreciation / amortisation is provided under the straight-line method based on the estimated useful life of the assets which is either less than or equal to the corresponding life in Schedule II of the Act. Assets individually costing less than 5,000 are fully depreciated in the year of purchase. Depreciation / amortisation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Management's estimate of the useful lives for the various categories of fixed assets is as follows:

Asset Category	Estimated useful life as per management	Estimated useful life per Companies Act 2013 (Years)
Tangible assets		
Computer equipment	3	3
Furniture and fixtures*	4	10
Office equipment*	4	5
Electrical equipment*	3	10
Vehicles*	4	8
Intangible assets		
Softwares	3	3

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

2 Significant accounting policies (cont'd)

g) *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, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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 or CGU 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.

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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 or CGU 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.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

2 Significant accounting policies (cont'd)

h) *Grants*

Grants for acquisition of assets are recognised when there is reasonable assurance that the grant will be received and any condition attached to them have been fulfilled. Grants are reduced in arriving at the carrying amount of the asset.

i) *Borrowing costs*

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with Accounting Standard (AS)16, Borrowing Costs. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

The loan processing and other ancillary charges incurred at the time of origination of the loan are being amortised over the term of respective loans.

j) *Investments*

Investment that are readily realisable and intended to be held for not more than one year 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.

k) *Leases*

a) Finance leases

Assets acquired on lease which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the assets, are capitalised at the lower of the fair value and present value of the minimum lease liability based on the implicit rate of return.

b) 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.

l) *Employee benefits*

i) 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.

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

2 Significant accounting policies (cont'd)

Employee benefits (cont'd)

ii) 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 less the fair value of plan assets, 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.

iii) Compensated absences

Liability in respect of leave encashment becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected be availed by the employees.

iv) Employee stock options

Accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the fair market price of the share on the date of grant over the exercise price of the options granted under the Employees Stock Option Plan, 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).

v) Other short term benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

m) 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 assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

2 Significant accounting policies (cont'd)

m) *Tax expense (cont'd)*

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.

n) *Earnings per equity share*

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

o) *Provisions and contingent liabilities*

i) 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.

ii) 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.

p) *Cash and cash equivalents*

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

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

2 Significant accounting policies (cont'd)

q) *Classification of portfolio loans and provisioning*

The small business loans given to consumers are classified and provided based on Management's estimates which are more prudent than the classification and provision norms required as per the Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, including Notification No. DNBR (PD) CC No.043/ 03.10.119 / 2015-16, dated July 01, 2015, (updated as on April 11, 2016) issued by the RBI.

Small Business Hypothecation Loans (Disbursed up to July 31, 2014)

Period outstanding	Provision %
Not overdue or overdue for less than 90 days	-
Overdue for 90 days or more but less than 180 days (substandard assets)	50%
Overdue for 180 days or more (Doubtful assets)	100%

The management provides an additional 1% of own portfolio, towards provisioning for contingencies upto a maximum provision of 100%.

Small Business Hypothecation Loans (Disbursed post 1 August 2014)

Period outstanding	Provision %
Not overdue or overdue for less than 90 days	-
Overdue for 90 days or more but less than 180 days (sub-standard assets)	50%
Overdue for 180 days or more (Doubtful assets)	100%

The management provides an additional 0.5% of own portfolio, towards provisioning for contingencies upto a maximum provision of 100%.

Small Business Mortgage Loans

Period outstanding	Provision %
Not overdue or overdue for less than 90 days	-
Overdue for 90 days and more but less than 180 days (substandard assets)	10%
Overdue for 180 days and more but less than 360 days (sub-standard assets)	20%
Overdue for 360 days or more but less than 630 days (sub-standard assets)	50%
Overdue for 630 days or more but less than 720 days (Doubtful assets)	50%
Overdue for 720 days or more (Doubtful assets)	100%

The management provides an additional 0.5% of own portfolio, towards provisioning for contingencies upto a maximum provision of 100%.

r) *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.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

3 Share capital

	31 March 2016	31 March 2015
Authorised		
11,449,980 (31 March 2015: 11,449,980) Equity shares of ₹ 10 each	1,145	1,145
500 (31 March 2015: 500) Class A Equity shares of ₹ 10 each [₹5,000 (31 March 2015: ₹5,000)]	0	0
60,000,000 (31 March 2015: 46,549,520) Compulsorily Convertible Preference shares of ₹ 10 each	6,000	4,655
3,300,000 (31 March 2015: Nil) Class A Compulsorily Convertible Preference shares of ₹ 1 each	33	-
	7,178	5,800
Issued, subscribed and paid-up		
9,053,294 (31 March 2015: 9,053,294) Equity Shares of ₹ 10 each, fully paid-up	905	905
Less : Amount recoverable from the ESOP Trust [face value of 1,228,411 shares (31 March 2015: 1,447,711 shares) allotted to the ESOP Trust] (refer note 3e)	123	145
	782	760
60 (31 March 2015: 60) Class A Equity Shares of ₹ 10 each, fully paid-up [₹600 (31 March 2015: ₹600)]	0	0
59,306,300 (31 March 2015: 42,237,958) Compulsorily Convertible Preference Shares of ₹ 10 each, fully paid-up	5,931	4,224
3,232,958 (31 March 2015: Nil) Class A Compulsorily Convertible Preference Shares of ₹ 1 each, fully paid-up	32	-
	6,745	4,984

a) **Reconciliation of share capital**

Reconciliation of Equity share capital

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
Balance at the beginning of the year	9,053,294	905	9,053,294	905
Add : Issued during the year	-	-	-	-
	9,053,294	905	9,053,294	905
Less : Amount recoverable from the ESOP Trust [face value of 1,228,411 shares (31 March 2015: 1,447,711 shares) allotted to the ESOP Trust] (refer note 3e)	1,228,411	123	1,447,711	145
Balance at the end of the year	7,824,883	782	7,605,583	760

Reconciliation of Class A Equity share capital

	31 March 2016		31 March 2015	
	Number	Amount (₹)	Number	Amount (₹)
Balance at the beginning of the year	60	600	60	600
Add : Issued during the year	-	-	-	-
Balance at the end of the year	60	600	60	600

Reconciliation of Compulsorily Convertible Preference Shares

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
Balance at the beginning of the year	42,237,958	4,224	21,399,198	2,140
Add : Issued during the year	17,068,342	1,707	20,838,760	2,084
Balance at the end of the year	59,306,300	5,931	42,237,958	4,224

Reconciliation of Class A Compulsorily Convertible Preference Shares

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
Balance at the beginning of the year	-	-	-	-
Add : Issued during the year	3,232,958	32	-	-
Balance at the end of the year	3,232,958	32	-	-

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

3 Share capital (Cont'd)

b) Rights and preference of shareholders:

Rights and preference of Equity shareholders:

The Company has two classes of equity shares namely equity shares and Class A equity shares having par value of ₹10 each. Each holder of equity share is entitled to one vote per share. Class A equity shares are issued to holders of Compulsorily Convertible Preference Shares ('CCPS') and they carry differential voting rights, equivalent to the shareholding percentage of Class A equity shares and CCPS held by them in the Company at the relevant time on a fully diluted basis. Further, with the conversion of CCPS, Class A equity shares shall be converted to equity shares and the differential voting rights shall fall away.

The Company declares and pays dividend in proportion to the number of Equity shares and CCPS held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting (AGM).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, if any.

Rights and preference of holders of Compulsorily Convertible Preference Shares ('CCPS') :

During the year ended 31 March 2016 and 31 March 2015, the Company issued 17,068,342 and 20,838,760 CCPS of ₹ 10 each fully paid-up at a premium of ₹ 136.47 and ₹ 66.78 per share respectively.

The holders of CCPS carry differential voting rights by virtue of holding Class A equity shares, equivalent to the shareholding percentage of Class A equity shares and CCPS held by them in the Company at the relevant time on a fully diluted basis. In the event of liquidation of the Company, the holders of CCPS will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts but before distribution to equity shareholders, Class A equity shareholders and Class A CCPS shareholders. The distribution will be in proportion to the number of CCPS held by the shareholders.
The holder(s) of the CCPS may convert the CCPS only in whole into equity shares at any time of their choice prior to the "Compulsory Conversion Date" at the rate of 1 (one) fully paid up equity share per 1 (one) CCPS. "Compulsory Conversion Date" is the date of completion of 20 years from the date of issuance of the CCPS.
The CCPS shall carry a pre-determined cumulative dividend rate (aggregating to ₹ 1 per annum) for all CCPS issued. In addition, if the holders of equity shares are paid dividend in excess of aforesaid dividend rate, the holders of the CCPS shall be entitled to dividend on as if converted basis along with equity shareholders.

Rights and preference of holders of Class A Compulsorily Convertible Preference Shares ('CCPS') :
During the year ended 31 March 2016, the Company issued Class A CCPS of ₹ 1 each fully paid to Vistaar Employee Welfare Trust ('ESOP Trust'). The holders of Class A CCPS does not carry any voting rights. Further, Class A CCPS carry only a pre-determined non-cumulative dividend of 0.0001% per annum.

The holders of Class A CCPS may convert the CCPS into Equity shares at any time of their choice upon occurrence of the 'Compulsory Conversion Event' and subject to payment of applicable conversion price at the rate of 1 (one) fully paid equity shares per 1 (one) CCPS. 'Compulsory Conversion Event' is the date of completion of 19 years from the date of issuance of CCPS or a capital event.

In the event of liquidation of the Company, the holders of Class A CCPS will be entitled to receive in preference to the holders of equity shares, including Class A equity shares, the subscription price of the relevant Class A CCPS but only after payment of any liquidation preference that the holders of all other classes of preference shares of the Company are entitled to. The holders of Class A CCPS shall not be entitled to participate in the surplus after payment of the subscription price unless the holders of Class A CCPS seek conversion and receive their pro-rata entitlement as equity shareholders of the Company.

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

c) The details of shareholder holding more than 5% shares is set out below;

Equity shares

	31 March 2016		31 March 2015	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Mr. Brahmanand Hegde	25%	2,297,433	33%	2,997,433
Mr. Ramakrishna Nishtala	25%	2,297,433	33%	2,997,433
Mr. G S Sundararajan	0%	-	10%	910,267
Westbridge Crossover Fund LLC	29%	2,621,317	0%	-

Class A Equity shares

	31 March 2016		31 March 2015	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Sarva capital LLC (formerly Lok capital LLC)	33%	20	33%	20
ON Mauritius	28%	17	28%	17
Elevar Equity Mauritius	27%	16	27%	16
ICP Holdings I	7%	4	7%	4
Westbridge Crossover Fund LLC	5%	3	5%	3

Compulsorily Convertible Preference Shares

	31 March 2016		31 March 2015	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Westbridge Crossover Fund LLC	45%	26,815,445	31%	13,024,225
Elevar Equity Mauritius	18%	10,909,868	23%	9,680,947
ON Mauritius	16%	9,318,475	17%	7,270,274
ICP Holdings I	13%	7,987,810	19%	7,987,810
Sarva capital LLC (formerly Lok capital LLC)	7%	4,274,702	10%	4,274,702

Class A Compulsorily Convertible Preference Shares

	31 March 2016		31 March 2015	
	% of shareholding	No. of shares	% of shareholding	No. of shares
Vistaar Employee Welfare Trust	100%	3,232,958	-	-

d) The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2016. The Company has not bought back equity shares during five years immediately preceding 31 March 2016. The Company has allotted 219,300 equity shares having par value of ₹ 10 each during the year ended 31 March 2016 on exercise of options granted under the Employee Stock Option Plan 2010 (the 'ESOP Plan') where in part consideration was received in the form of employee services (refer note 23).

e) The Company has given interest and collateral free loan to the 'ESOP Trust' to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Plan 2010 ('the ESOP Plan'). The Company has issued 1,447,711 equity shares to the ESOP Trust at a premium of ₹ 25.09 per share as per the ESOP Plan. The amount recoverable from the ESOP Trust has been reduced from share capital (to the extent of face value) and from securities premium account (to the extent of premium on shares) to the extent the options have not been exercised. (refer note 3(d), 12 and 23).

f) For details of equity shares reserved for issuance under the ESOP plan of the Company, refer note 23.
For details of shares reserved for issuance of conversion of CCPS and Class A CCPS, please refer note 3(b) regarding terms of conversion of CCPS.

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

4 Reserves and surplus

	31 March 2016	31 March 2015
Statutory reserve		
Opening balance	321	37
Add: Transferred from the Statement of Profit and Loss	498	284
Balance at the end of the year	819	321
Securities premium		
Opening balance	17,575	3,933
Add: Premium received on issuance of CCPS	23,293	13,916
Add: Transferred from employee share option outstanding	109	-
Less: Expenses incurred on issuance of CCPS and NCDs	(89)	(274)
	40,888	17,575
Less: Amount recoverable from the ESOP Trust (refer note 3e and 12)	(309)	(364)
Balance at the end of the year	40,579	17,211
Employee share options outstanding		
Opening balance	91	49
Add: Share based compensation for the year (refer note 17)	250	42
Less: Transferred to securities premium*	(109)	-
Balance at the end of the year	232	91
Surplus / (Deficit) in the Statement of Profit and Loss		
Opening balance	481	(654)
Add: Profit for the year	2,492	1,419
Less: Transfer to statutory reserve	(498)	(284)
Balance at the end of the year	2,475	481
Balance at the end of the year	44,105	18,104

* Employee share options outstanding to be transferred to securities premium at the time of vesting of Restricted Stock Units (RSUs) and allotment of equity shares to holders of Class A CCPS and employee stock options.

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Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

5 Long-term borrowings

	31 March 2016		31 March 2015	
	Non - current	Current	Non - current	Current
Secured				
Term loans				
- from banks	8,174	6,591	4,487	3,438
- from others	4,523	3,443	7,150	4,370
Non Convertible Debentures ('NCD')	15,695	750	12,245	750
	28,392	10,784	23,882	8,558
Less: Current maturities disclosed under "Other liabilities", note 6	-	(10,784)	-	(8,558)
	28,392	-	23,882	-

5 Term loans from banks (Secured)

Sl. No	Sanction Amount	Party Name	Repayment details (months)	31 March 2016	31 March 2015
1	57,000,000	DCB Bank Limited	36*	117	319
2	150,000,000	DCB Bank Limited	36*	1,091	1,500
3	70,000,000	DCB Bank Limited	36*	700	-
4	100,000,000	Ratnakar Bank Limited	Repayable in 9 quarterly instalments*	111	556
5	250,000,000	Ratnakar Bank Limited	Repayable in 9 quarterly instalments*	1,111	2,222
6	14,500,000	Dhanalaxmi Bank Limited	48	-	27
7	50,000,000	Dhanalaxmi Bank Limited	48*	366	500
8	50,000,000	Union Bank Limited (refer note c below)	48*	266	400
9	50,000,000	Union Bank Limited	60	400	100
10	50,000,000	HDFC Bank Limited	48	347	461
11	50,000,000	HDFC Bank Limited	48	414	-
12	100,000,000	State Bank of Patiala	36*	545	909
13	200,000,000	State Bank of Bikaner & Jaipur	36*	1,460	-
14	100,000,000	Kotak Mahindra Bank	24	442	922
15	150,000,000	Yes Bank	36	1,125	-
16	150,000,000	IDFC Bank Limited	48*	828	-
17	100,000,000	ICICI Bank Limited	72*	1,000	-
18	250,000,000	IDBI Bank Limited	48*	1,467	-
19	50,000,000	The Lakshmi Vilas Bank Limited	48*	468	-
20	150,000,000	Vijaya Bank	36*	1,500	-
21	100,000,000	State Bank of Hyderabad	42*	1,000	-

* Moratorium for these loans range from two months to twelve months.

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

Vehicle loan (Secured)					
22	1,200,000	Axis Bank	48	7	9
				14,765	7,925
		As at Balance Sheet date, interest rates per annum range between		10.35% to 14.50%	10.35% to 14.50%

5 Term loans from others (Secured)

Sl. No	Sanction Amount	Party Name	Repayment details (months)	31 March 2016	31 March 2015
23	30,000,000	IFMR Capital Finance Private Limited	36	-	16
24	45,000,000	IFMR Capital Finance Private Limited	36	-	144
25	150,000,000	IFMR Capital Finance Private Limited	36	620	1,110
26	150,000,000	IFMR Capital Finance Private Limited	48	1,171	1,475
27	80,000,000	Small Industries Development Bank of India (refer note c below)	48*	426	640
28	50,000,000	MAS Financial Services Private Limited	36	-	26
29	30,000,000	MAS Financial Services Private Limited	36	-	25
30	50,000,000	MAS Financial Services Private Limited	36	-	111
31	100,000,000	MAS Financial Services Private Limited	36	28	361
32	50,000,000	Bellwether Microfinance Fund Private Limited	6 half-yearly instalments*	-	167
33	50,000,000	Manaveeya Development & Finance Private Limited	12 quarterly instalments*	-	125
34	60,000,000	MAS Financial Services Private Limited	36	200	400
35	40,000,000	MAS Financial Services Private Limited	36	133	267
36	150,000,000	MAS Financial Services Private Limited	36	1,000	1,100
37	150,000,000	IDFC Limited	48*	-	1,200
38	50,000,000	Reliance Capital Limited	36	-	100
39	100,000,000	Reliance Capital Limited	36	-	356
40	150,000,000	Hinduja Leyland Finance Limited	36	965	1,413
41	150,000,000	Hero Fin Corp Limited	60	1,254	1,482
42	150,000,000	Hero Fin Corp Limited	48	1,401	-
43	100,000,000	Sundaram Finance Limited	36	708	1,000
Vehicle loan (Secured)					
44	3,172,000	Toyota Financial Services India Ltd	36	25	-
45	3,700,000	BMW Financial Services Pvt Ltd	36	35	-
				7,966	11,520
		As at Balance Sheet date, interest rates per annum range between		9.30% to 15.50%	13.50% to 15.50%

* Moratorium for these loans range from two months to twelve months.

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

5 Non Convertible Debentures (Secured)

Sl. No	Sanction Amount	Party Name	Repayment details (months)	31 March 2016	31 March 2015
46	350,000,000	Triodos SICAV II-Tridos Microfinance Fund and Tridos Custody BV as a custodian of Tridos Fair Share Fund	Bullet repayment at the end of 72 months	3,500	3,500
47	387,000,000	AAV SARL	Bullet repayment at the end of 59 months	3,870	3,870
48	300,000,000	UTI International Wealth Creator 4	Bullet repayment at the end of 72 months	3,000	3,000
49	420,000,000	UTI International Wealth Creator 4	Bullet repayment at the end of 72 months	4,200	-
50	300,000,000	FMO-Nederlandse Finan- Maatschappij Voor Ontwikkelingsl N.V.	Repayable in 16 quarterly instalments	1,875	2,625
				16,445	12,995
		As at Balance Sheet date, interest rates per annum range between		13.25% to 14.70%	13.50% to 14.70%

Notes

a. Term loans and debentures are secured by hypothecation of small business loans of the Company.

b. The Company has not defaulted in repayment of loans.

c. Loans borrowed from SIDBI and Union Bank are additionally secured by unconditional and irrevocable personal guarantee of Mr. Brahmanand Hegde and Mr. Ramakrishna Nishtala.

d. Fixed deposits amounting to ₹ 756 (31 March 2015: ₹ 1,210) have been pledged towards term loans from banks and others.

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

6 Other liabilities

	31 March 2016		31 March 2015	
	Non - current	Current	Non - current	Current
Current maturities on long-term borrowings	-	10,784	-	8,558
Bank Overdraft	-	777	-	-
Payable against assigned/ securitised loans	-	355	-	460
Interest accrued but not due on borrowings	-	700	-	532
Advance income on assigned/ securitised loans	471	283	641	426
Cash Profit on Loan Transfer Transactions Pending Recognition	-	19	-	50
Advance received from small business loans	-	610	-	419
Other statutory liabilities	-	37	-	14
TDS payables	-	86	-	81
Employee dues	-	61	-	55
Bonus payable to employees (refer note 29(c))	-	911	-	395
Capital creditors	-	197	-	120
Other payables*	-	540	-	410
	471	15,360	641	11,520

* Based on information available with the Company, there are no suppliers who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at the year end.

7 Provisions

	31 March 2016		31 March 2015	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
Gratuity	84	10	47	9
Compensated absences	-	41	-	38
Contingent provisions against standard assets	262	142	156	90
Provisions against substandard assets	243	132	104	60
Provisions against doubtful assets	-	406	-	48
Provisions on assigned/ securitised portfolios	11	-	5	-
	600	731	312	245

Provision change- (owned portfolio)	31 March 2016	31 March 2015
Opening balance	458	199
Additions during the year		
Standard	158	93
Substandard	210	129
Doubtful	398	37
Less: Write off	(39)	-
Closing balance	1,185	458

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

8 Tangible assets

	Vehicles	Computer equipments	Furniture and fixtures	Office equipments	Electrical equipments	Total
Gross block						
As at 1 April 2014	16	166	69	91	25	367
Additions	-	100	57	36	11	204
Disposals	-	-	-	-	-	-
As at 31 March 2015	16	266	126	127	36	571
Additions	69	161	141	91	16	478
Disposals	-	4	2	-	-	6
As at 31 March 2016	85	423	265	218	52	1,043
Depreciation						
As at 1 April 2014	-	84	51	42	24	201
Charge for the year	4	63	33	30	2	132
Disposals	-	-	-	-	-	-
As at 31 March 2015	4	147	84	72	26	333
Charge for the year	11	92	70	42	7	222
Disposals	-	4	2	-	-	6
As at 31 March 2016	15	235	152	114	33	549
Net block						
As at 31 March 2015	12	119	42	55	10	238
As at 31 March 2016	70	188	113	104	19	494

9 Intangible assets

	Software	Total
Gross block		
As at 1 April 2014	38	38
Additions	229	229
Disposals	-	-
As at 31 March 2015	267	267
Additions	130	130
Adjustment towards grant received*	(41)	(41)
Disposals	-	-
As at 31 March 2016	356	356
Amortisation		
As at 1 April 2014	21	21
Charge for the year	46	46
Disposals	-	-
As at 31 March 2015	67	67
Charge for the year	75	75
Disposals	-	-
As at 31 March 2016	142	142
Net block		
As at 31 March 2015	200	200
As at 31 March 2016	214	214

10 Intangible assets under development

	31 March 2016	31 March 2015
Software development	83	70
Less:Grant received**	32	-
	51	70

Note:

* During the current year the Company has received a non refundable grant of $ 0.6 (equivalent to ₹ 41 lakhs) from Nederlandse Financerings Maatschappi Voor Ontwikkelingslanden N.V. (FMO) towards towards migrating to more robust and scalable IT platform. The total contribution from FMO will be 50% of the project cost or Euro 1 (equivalent to ₹ 87 lakhs) whichever is less.

** An amount of $ 0.3 (equivalent to ₹ 21 lakhs) has been received towards implementation of additional modules in core banking software and $ 0.2 (equivalent to ₹ 11 lakhs) towards implementation of a Collection Management System and Human Resource Management System. The total contribution from FMO will be 50% of the estimated project cost of $ 1.1 (equivalent to ₹ 73 lakhs).

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

11 Deferred tax assets (net)

	31 March 2016	31 March 2015
Deferred tax asset arising on		
Employee benefits	46	32
Provisions for loan portfolio	459	181
Deferred tax liability (arising)/reversal on		
Depreciation and amortisation	3	(4)
	508	209

12 Loans and advances

	31 March 2016		31 March 2015	
	Long-term	Short-term	Long-term	Short-term
Loans to small business**				
Secured, considered good	53,929	29,969	31,551	19,916
Secured, considered doubtful	-	495	-	61
	53,929	30,464	31,551	19,977
Less: Assigned/ securitised portfolio*	608	1,553	2,631	3,308
Sub total	53,321	28,911	28,920	16,669
Other loans and advances				
(Unsecured, considered good)				
Security deposits	256	-	140	-
Capital advances	8	-	-	-
Minimum alternate tax credit	-	-	8	-
Advance tax [net of provisions ₹ 2,007 lakhs (31 March 2015 ₹ 316 lakhs)]	59	-	29	-
Prepaid expense	-	22	-	16
Unamortised loan processing fees	116	110	124	94
Recoverable from Employee Welfare Trust ^	-	77	-	-
Other advances	-	122	-	129
Total	53,760	29,242	29,221	16,908

* The Company has recorded continuing involvement to the extent of the amount guaranteed on the loan portfolio.

** Secured exposures are secured wholly or partly by hypothecation of machinery and stock amounting ₹ 22,617 lakhs (31 March 2015: 18,223 lakhs), and/or equitable mortgage of property amounting ₹ 61,776 lakhs (31 March 2015: 33,305 lakhs).

^ Pertains to equity shares exercised by the employees under 'Employee Stock Option Plan 2010' during the year, yet to be received from the ESOP Trust (refer note 3d, 3e and 23)

13 Other assets

	31 March 2016		31 March 2015	
	Non - current	Current	Non - current	Current
Unsecured, considered good				
Margin money deposit (refer note 14)	998	-	1,452	-
Interest accrued but not due on fixed deposits	97	78	166	23
Interest accrued but not due on loans to small business	-	1,354	-	730
Interest due but not collected on loans to small business	-	262	-	20
Advances given as collaterals against assignment/ securitisation, net of provision ₹ 91 lakhs (31 March 2015: ₹ 29 lakhs)	131	-	647	-
Receivables on assigned/ securitisation, net of provision ₹ 39 lakhs (31 March 2015: ₹ 43 lakhs)	471	283	641	426
	1,697	1,977	2,906	1,199

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

14 Cash and bank balances

	31 March 2016	31 March 2015
Cash and cash equivalent		
Balances with banks		
-in current accounts	5,815	2,709
-deposits with original maturity of less than three months	2,350	5,700
Cash on hand	124	328
	8,289	8,737
Other bank balances		
Margin money deposit *	998	1,452
	9,287	10,189
Amount disclosed under non current assets (refer note 13)	(998)	(1,452)
	8,289	8,737

* Represents margin money deposits placed with banks and financial institutions (₹ 756 lakhs) for availing term loans. Also includes cash collaterals towards securitisation/assignment of loans (₹ 242 lakhs).

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

	Year ended 31 March 2016	Year ended 31 March 2015
15 Revenue from operations		
Interest on loans to small businesses	15,614	8,470
Loan processing and service fee	2,164	1,460
Income from assignment/ securitisation	426	250
	18,204	10,180
16 Other income		
Profit on sale of investments in mutual funds	101	-
Dividend on investments in units of mutual funds	604	503
Interest on fixed deposits	451	159
Commission income from insurance business	37	-
Profit on sale of fixed assets [₹ 48,280 (31 March 2015: ₹ Nil)]	-	-
Others	8	4
	1,201	666
17 Employee benefits expense		
Salaries and wages	5,584	3,322
Contributions to provident and other funds	255	152
Share based compensation (refer note 2(d), 12 and 23)	250	42
Compensated absences	33	25
Gratuity	38	27
Staff welfare expenses	227	156
	6,387	3,724
18 Finance costs		
Interest expense on term loans	5,076	3,230
Discount on issue of commercial paper	-	57
Amortisation of loan processing fees	115	104
	5,191	3,391
19 Depreciation and amortisation expense		
Depreciation of tangible assets (refer note 8)	222	132
Amortisation of intangible assets (refer note 9)	75	46
	297	178
20 Other expenses		
Rent	301	166
Electricity and water	74	73
Repairs and maintenance - others	103	72
Insurance	12	7
Rates and taxes	9	2
Travelling and conveyance	635	526
Printing and stationery	58	54
Postage and courier	58	38
Information technology costs	250	193
Legal and professional (refer note 20 (a))	635	307
Communication	68	74
Commission	104	52
Training and recruitment	266	74
Branding and marketing	102	62
Bank charges	92	43
Loan to small business written off	31	11
Provision for assigned/ securitized portfolio (refer note 20 (b))	64	26
Miscellaneous	19	9
	2,881	1,787

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

20a) Payment to auditors (excluding service tax)	31 March 2016	31 March 2015
Audit fees	19	11
Tax audit fees	1	1
Limited review fees	2	2
Out of pocket expenses [₹ 35,000 (31 March 2015 ₹ 31,107)]	-	-
	22	14

20b) Provision change- (assigned / securitised portfolio)	31 March 2016	31 March 2015
Opening balance	77	51
Additions during the year	64	26
Less : Reversal during the year	-	-
Closing balance	141	77

21 Earnings per equity share (EPS)

	31 March 2016	31 March 2015
Net profit attributable to equity shareholders	2,492	1,419
Weighted average number of shares outstanding during the year for computing basic EPS (nos)	7,683,865	7,595,843
Add: Effect of potential shares for conversion of CCPS (nos)	53,427,683	39,440,426
Add: Effect of potential shares for conversion of ESOP (nos)	614,598	249,916
Weighted average number of shares used to compute diluted EPS (nos)	61,726,146	47,286,185
Profit/(loss) per share :		
Basic	32.43	18.68
Diluted	4.04	3.00
Nominal value - per equity share	10	10

22 Employee benefits

A. Defined benefit plan

The Company offers gratuity and compensated absences as defined benefit plans for its employees. Disclosures as required by AS - 15 are as under:

	31 March 2016	31 March 2015
1 The amounts recognised in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	94	56
Fair value of plan assets as at the end of the year	-	-
Net liability recognised in the Balance Sheet	94	56
2 The amounts recognised in the Statement of Profit and Loss are as follows:		
Service cost	35	26
Interest cost	4	2
Expected return on plan assets	-	-
Past service cost	-	-
Net actuarial (gain)/loss recognised in the year	(1)	(1)
Expense recognised in the Statement of Profit and Loss of the year	38	27
3 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	56	29
Service cost	35	26
Interest cost	4	2
Actuarial losses/(gains)	(1)	(1)
Benefits paid	-	-
Defined benefit obligation as at the end of the year	94	56

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

Assumptions used in the actuarial valuation for gratuity are as under:

Interest rate	7.37% p.a.	7.81% p.a.
Discount rate	7.37% p.a.	7.81% p.a.
Future salary increase	12% p.a.	12% p.a.
Attrition rate	25% p.a.	25% p.a.
Retirement age	58 years	58 years

Particulars	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Present value of defined benefit obligation	94	56	29	14	6
Fair value of plan asset		-	-	-	-
Surplus/(deficit)	(94)	(56)	(29)	(14)	(6)
Experience adjustments	(1)	(1)	-	-	-

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. The contribution amounts have been disclosed under Note 17, Employee benefits expense.

23 Share based compensation plan

The Company and/or its shareholders provide share based payment schemes to its employees. During 31 March 2016, the share based compensation plans in existence are as below:

a) Employee Stock Option Plan 2010

An 'Employee Stock Option Plan 2010' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 2 July 2010. The total options issuable under the Plan are 1,473,511 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Compensation Committee's recommendation to whom ESOP Trust grants equity shares from its holdings at an exercise price usually equal to the fair market value (FMV). Under the Plan, these options vest over a period of four years and can be exercised any time during employment or with in 6 months from the date of separation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

Option activity during the year is summarised below:

	No. of options 31 March 2016	Weighted average exercise price	No. of options 31 March 2015	Weighted average exercise price
Options outstanding at the beginning	1,078,644	60.49	530,694	34.45
Granted during the year	350,000	90.00	640,000	76.78
Forfeited during the year	40,000	80.75	92,050	50.74
Exercised during the year	219,300	51.29	-	-
Options outstanding at the end	1,169,344	68.22	1,078,644	60.49
Options exercisable at year end	191,841	49.02	148,871	35.80

The weighted average grant date fair value of options granted during the year ended 31 March 2016 was ₹ 37.35 (31 March 2015 ₹ 57.28) for each option. The weighted average share price of options exercised during the year ended 31 March 2016 is ₹ 147.46 for each option.

The weighted average remaining contractual life for the ESOP Plan as at 31 March 2016 is 6 years (31 March 2015: 6 years).

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

b) **Vistaar Employee Welfare Trust Plan ('VEWT Plan')**

VEWT plan was approved in the Extraordinary General Meeting held on 28 May 2015 and 01 December 2015. The total shares issuable under the plan stand at 3,232,958. The plan provides for issuance of Class A CCPS to eligible employees based on Company's Compensation Committee's recommendation to whom the ESOP Trust grants Class A CCPS from its holdings at an exercise price usually equal to the fair market value (FMV). These shares generally vest over a period upto two years subject to meeting certain performance criteria.

Option activity during the year is summarised below:

	31 March 2016		31 March 2015	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning	-	-	-	-
Granted during the year	3,232,958	112.27	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end	3,232,958	112.27	-	-
Exercisable at year end	2,724,882	107.05	-	-

The weighted average grant date fair value of options granted during the year ended 31 March 2016 was ₹ 59.21 for each option.

The weighted average remaining contractual life for the ESOP Plan as at 31 March 2016 is 8 years (31 March 2015 Nil years).

c) **Restricted Stock Units (RSU's)**

A shareholder of the Company transferred 586,400 equity shares for allotment to eligible employees of the Company based on the Compensation Committee's recommendation. Under the arrangement, equity shares vest over a period of four years until such time the shares are escrowed with the Company.

Information on Restricted Stock Units during the year is given below:

	31 March 2016		31 March 2015	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning	227,428	-	381,084	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	16,000	-
Released from escrow during the year	172,148	-	137,656	-
Outstanding at the end (Unvested)	55,280	-	227,428	-
Exercisable at year end	-	-	-	-

d) The share based compensation is computed under intrinsic value method and amortised on straight line basis over the vesting period. For the year ended 31 March 2016, the Company has recorded share based compensation of ₹ 250 lakhs (31 March 2015: ₹ 42 lakhs) (refer note 17).

The impact on the net results and earnings/(loss) per share, had the fair value method been followed, is as follows;

	Year ended 31 March 2016	Year ended 31 March 2015
Net profit as reported	2,492	1,419
Add: Stock-based employee compensation expense included in the Statement of Profit and Loss	250	42
Less: Stock-based employee compensation expense determined under the fair value method	1,091	56
Pro-forma net profit	1,651	1,405
Profit per share – Basic		
As reported	32.43	18.68
Pro forma	21.49	18.50
Profit per share – Diluted		
As reported	4.04	3.00
Pro forma	2.67	2.97

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

The fair value of the options granted is determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Dividend yield %	Nil	Nil
Expected life	1 to 7 years	1 to 7 years
Risk free interest rate	6.5% - 9.12%	6.5% - 9.12%
Volatility	Nil	Nil

24 During the year, a Shareholder of the Company repurchased 208,300 equity shares from the existing employees of the Company at a price of ₹ 192 which is higher than the current fair value of the Company at ₹ 146.47. The aforementioned transaction between the employees and a Shareholder of the Company, to which the Company is not a party. Accordingly, the Company did not record that compensation cost in respect of the aforesaid transaction in the financial statements.

25 Related party disclosures

a) Names of related parties and nature of relationship

Names	Nature of relationship
Mr. Brahmanand Hegde	Key Management Personnel (KMP)
Mr. Ramakrishna Nishtala	Key Management Personnel (KMP)
Sarva capital LLC (formerly Lok capital LLC)	Shareholder
Westbridge Crossover Fund LLC	Shareholder
Elevar Equity Mauritius	Shareholder
ON Mauritius	Shareholder
Vistaar Employee Welfare Trust	Shareholder

b) Nature of transactions

	31 March 2016	31 March 2015
Transactions with key management personnel		
- Managerial remuneration (refer note below)		
Mr. Brahmanand Hegde	121	79
Mr. Ramakrishna Nishtala	127	79
Reimbursement of expenses		
Sarva capital LLC (formerly Lok capital LLC)	6	-
Share capital received on issue of CCPS		
Westbridge Crossover Fund LLC	20,200	-
Elevar Equity Mauritius	1,800	-
ON Mauritius	3,000	-
Share capital received on issue of Class A CCPS		
Vistaar Employee Welfare Trust	32	-
Receivables		
Vistaar Employee Welfare Trust	77	-

Note:
The managerial remuneration disclosed above does not include
- perquisites, including share based compensation
- the provision for gratuity and compensated absences made on the basis of actuarial valuation

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

26 Operating leases

The Company has entered into non – cancellable leasing arrangements in respect of its office premises during the year for a period of 6 years. The Company has also taken cancellable leases for its other office premises and vehicle leases. These leases expire over the period up to December 2021 and are further renewable at the mutual consent of the Company and the lessor. The lease agreements carry an escalation up to 22.5 percent on the rent payable at the end of every one to three years, as the case may be, from the date of executing the lease agreements.
Lease expenses for the year amounted to ₹ 301 lakhs (31 March 2015: ₹ 166 lakhs).

Future minimum lease payments with respect to non-cancellable operating lease are as follows:

	31 March 2016	31 March 2015
Within one year	68	-
Later than one year but not later than 5 years	124	-
Later than 5 years	-	-

27 Segment information

The Company is engaged in lending to small businesses which is considered to be the only reportable business segment as per Accounting Standard (AS) 17, on Segment Reporting. The Company operates primarily in India and there is no other significant geographical segment.

28 Provisions and contingencies

All provisions and contingencies under the statement of profit and loss account as per RBI Master Circular RBI/2015-16/13 DNBR (PD) CC.No.043/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11, 2016) and pursuant to RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015

	31 March 2016	31 March 2015
Provision for standard assets	158	93
Provision towards substandard and doubtful assets	608	166
Provision for assigned/securitized portfolio	64	26
Provision for current tax	1,682	258
Provision for compensated absences	33	25
Provision for gratuity	38	27

29 Contingent liabilities and commitment

a Credit enhancement provided by the Company towards assets assignment/securitisation transactions including Minimum Retention Ratio (MRR) : ₹ 426 (31 March 2015: ₹ 740).

b Commitment towards software product support and management fee for data center ₹ 32 (31 March 2015: ₹ 61).

c On 1 January 2016, the Payment of Bonus (Amendment) Act, 2015 (the 'Act') was notified in the official gazette increasing the minimum wages for payment of statutory bonus with retrospective effect from 01 April 2014. The Company has provided for the payment of bonus as per the Act amounting to ₹ 47 for the fiscal year 2016. The Hon'ble High Court of Karnataka vide order dated 02 February 2016 stayed the retrospective application of the Act. Accordingly, the Company did not provide for the payment of bonus as per the Act amounting to ₹ 41 for the fiscal year 2015. Considering the facts of the matter, the Company believes that the final outcome should be in favour of the Company and will not have any material adverse effect on the financial position and results of operation.

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

30 Classification and provisions for loan portfolio (own)

Asset classification	31 March 2016	31 March 2015
Loan outstanding		
Standard assets	80,390	44,956
Substandard assets	1,406	585
Doubtful assets	436	48
Less: Provision		
Standard assets	404	246
Substandard assets	375	164
Doubtful assets	406	48
Loan outstanding (net)		
Standard assets	79,986	44,710
Substandard assets	1,031	421
Doubtful assets	30	-

31 Securitisation of loans

During the year, the Company has not securitised any loans to third parties. The information on securitisation activity of the Company, as an originator, is shown below:

	31 March 2016	31 March 2015
Assets de-recognised during the year	-	5,882
Total number of receivables (nos)	-	8,922
Book value of assets	-	5,882
Sale consideration	-	7,191
Gain on transaction (refer note 2 (c) (f))	-	1,309
Bank deposits provided as cash collateral	-	160

32 Non-Banking Financial Company (Non-deposit Accepting or Holding)

The Company is a Systemically Important Non-deposit taking Non-Banking Finance Company ('NBFC-ND-SI'). The Company has received Certificate of Registration dated February 18, 1998 from the Reserve Bank of India to carry on the business of Non-Banking Financial Institution without accepting deposits. The Company has also received fresh Certificate of Registration dated February 21, 2012 consequent to change of name with effect from February 13, 2012.

33 Additional disclosure pursuant to the RBI Master Circular - "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" RBI/2015-16/13 DNBR (PD) CC.No.043/03.10.119/2015-16 (updated as on April 11, 2016).

Liabilities side :

a. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures(other than falling within the meaning of public deposits)		
Secured	17,052	-
Unsecured	-	-
(b) Deferred credits	-	-
(c) Term loans (secured)	22,824	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial paper	-	-
(f) Other loans (specify nature)	-	-
	39,876	-

Vistaar Financial Services Pvt. Ltd. * VISIA

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

33 Additional disclosure pursuant to the RBI Master Circular - "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" RBI/2015-16/13 DNBR (PD) CC.No.043/03.10.119/2015-16 (updated as on April 11, 2016) (Cont'd)

Assets side :	Amount outstanding
b. Break-up of loans and advances (standard assets):	
(a) Secured	80,390
(b) Unsecured	-
	80,390
c. 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	-
d. Break-up of investments :	
Current investments	
1. Quoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Current investments (cont'd)	
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long term investments	
1 Quoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

33 **Additional disclosure pursuant to the RBI Master Circular - "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" RBI/2015-16/13 DNBR (PD) CC.No.043/03.10.119/2015-16 (updated as on April 11, 2016). (Cont'd)**

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

e. Borrower group-wise classification of assets financed as in (b) and (c)

Category	Amount (standard assets 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	79,986	-	79,986
	79,986	-	79,986

f. 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	-	-

g. Other information

(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1,842
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1,062
iii) Assets acquired in satisfaction of debt	-

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

34 **Additional disclosures pursuant to the RBI Master Circular RBI/2015-16/13 DNBR (PD) CC.No.043/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11, 2016) and pursuant to RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and pursuant to Notification - Revised Regulatory Framework for NBFC RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014.**

(i) Capital Risk Asset Ratio

Sl.No.	Items	31 March 2016	31 March 2015
(a)	Capital risk Asset Ratio (%)	58.16%	44.92%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	57.76%	44.55%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	0.40%	0.37%

(ii) The Company has no exposure to the real estate sector directly or indirectly in the current and previous years.

iii) Maturity pattern of certain items of assets and liabilities

	Assets		Liabilities	
	Advances	Investments	Borrowings from Banks	Market Borrowings
1 day to 30/31 days (one month)	2,997	-	354	300
Over one month to 2 months	2,390	-	537	275
Over 2 months upto 3 months	2,413	-	737	464
Over 3 months to 6 months	7,122	-	1,695	1,030
Over 6 months to 1 year	13,989	-	3,268	2,123
Over 1 year to 3 years	36,249	-	7,129	4,994
Over 3 years to 5 years	14,105	-	978	11,025
Over 5 years	2,967	-	67	4,200
Total	82,232	-	14,765	24,411

35 **Disclosure pursuant to the RBI Master Circular RBI/2015-16/107 DNBR (PD) CC.No.056/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11, 2016) and additional disclosure pursuant to RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and pursuant to Notification - Revised Regulatory Framework for NBFC RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014.**

Sl. No	Particulars	No./Amount
1	No. of SPVs sponsored by the NBFC for securitisation transactions	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	6,705
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet	426
	a) Off-balance sheet exposures	
	* First loss	-
	* Others	-
	b) On-balance sheet exposures	
	* First loss	426
	* Others	-

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Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

35 Disclosure pursuant to the RBI Master Circular RBI/2015-16/107 DNBR (PD) CC.No.056/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11, 2016) and additional disclosure pursuant to RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and pursuant to Notification - Revised Regulatory Framework for NBFC RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014. (cont'd)

4 Amount of exposures to securitisation transactions other than MRR	-
a) Off-balance sheet exposures	-
i) Exposure to own securitisations	-
* First loss	-
* Others	-
ii) Exposure to third party securitisations	-
* First loss	-
* Others	-
b) On-balance sheet exposures	
i) Exposure to own securitisations	
* First loss	-
* Others	-
ii) Exposure to third party securitisations	
* First loss	-
* Others	-

36 Disclosure of frauds as per circular no. RBI/2015-16/17 DNBR (PD) CC.No.058/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11, 2016)

a Fraud reporting:

Nature of fraud	No. cases	Amount of fraud	Amount written off
Cash misreporting	-	-	-
Fraud by borrowers and employees	3	10	-

In respect of the above three cases, the total amount involved has been provided for in the books.

37 Additional disclosures pursuant to RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and pursuant to Notification - Revised Regulatory Framework for NBFC RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014.

a) Registration obtained from other financial regulators

During the year, the Company has obtained fresh registration having license no. CA0146 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 1 April 2016 to 31 March 2019 for procuring or soliciting insurance business for life, general and health insurers.

b) Disclosure of penalties imposed by RBI and other regulators

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

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

The Company was given a rating of A- for its borrowings from banks and Non Convertible Debentures during November 2015. The outlook on the Company is provided as stable.

d) Concentration of Deposits, Advances, Exposures and NPAs

i Concentration of Advances

Total advances to twenty largest borrowers	439
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.70%

ii Concentration of Exposures

Total exposures to twenty largest borrowers/customers	416
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/ customers	0.51%

Vistaar Financial Services Pvt. Ltd.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

37 Additional disclosures pursuant to RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and pursuant to Notification - Revised Regulatory Framework for NBFC RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014. (Cont'd)

iii Concentration of Exposures

Total exposures to top four NPA accounts	77

iv Sector-wise NPAs

Sl No	Sector	Percentage of gross NPAs to total advances in that sector
1	Agriculture & allied activities	-
2	MSME	2.23%
3	Corporate borrowers	-
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	-

e) Movement of NPAs

Sl No		Particulars	31 March 2016	31 March 2015
i		Net NPAs to Net Advances (%)	1.31%	0.93%
ii		Movement of NPAs (Gross)		
	i)	Opening balance	633	233
	ii)	Additions during the year	1,406	449
	iii)	Reductions during the year	(196)	(49)
	iv)	Closing balance	1,843	633
iii		Movement of Net NPAs		
	i)	Opening balance	421	187
	ii)	Additions during the year	938	343
	iii)	Reductions during the year	(297)	(109)
	iv)	Closing balance	1,062	421
iv		Movement of provisions for NPAs (excluding provision on standard assets)		
	i)	Opening balance	212	46
	ii)	Provisions made during the year	634	175
	iii)	Write-off during the year	(39)	-
	iv)	Write-back of excess provisions	(26)	(9)
	v)	Closing balance	781	212

(This space is intentionally left blank)

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs except otherwise stated)

38 Customer complaints

		31 March 2016
i)	No. of complaints pending at the beginning of the year	1
ii)	No. of complaints received during the year	167
iii)	No. of complaints redressed during the year	164
iv)	No. of complaints pending at the end of the year	4

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

40 Expenditure in foreign currency

	31 March 2016	31 March 2015
Legal and professional fees	-	5
Training and recruitment expense	3	7
Security issue expenses	-	43
Information technology costs	3	26
	6	81

41 Expenditure in foreign currency

	31 March 2016	31 March 2015
Reimbursement of travel cost from Lok Capital	8	-

42 Value of import in foreign currency on CIF basis	31 March 2016	31 March 2015
Capital goods (software)	-	9

43 The Company does not have any unhedged foreign currency exposures as at the year end.

44 Corporate social responsibility (CSR)
As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company.

		31 March 2016
a	Gross amount required to be spent by the company during the year.	11
b	Amount spent during the year ended 31 March 2016	-

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs except otherwise stated)

45 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.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

Chartered Accountants

Sanjay Banthia

per Sanjay Banthia

Partner

Bengaluru

20 May 2016

For and on behalf of the Board of Directors of Vistaar Financial Services Private Limited

Brahmanand Hegde	Ramakrishna Nishtala	Sudesh Chinchewadi
Managing Director	Director	CFO & Company Secretary
DIN : 02984527	DIN : 02949469	

Bengaluru

20 May 2016

WALKER CHANDIOK & CO LLP · BENGALURU · CHARTERED ACCOUNTANTS

Vistaar Financial Services Pvt. Ltd.

Walker Chandiok & Co LLP

To
The Board of Directors
Vistaar Financial Services Private Limited
Plot No. 59 & 60 -23, 22nd Cross, 29th Main,
BTM Layout, 2nd Stage,
Bengaluru – 560 076
Karnataka, India

Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
5th Floor, No. 65/2, Block "A",
Bagmane Tridib, Bagmane Tech Park
C V Raman Nagar, Bengaluru 560093
India

T +91 80 4243 0700
F +91 80 4126 1228

Part A

1. We understand from the management of Vistaar Financial Services Private Limited ('the Company') that the Company is required to file with Reserve Bank of India this Certificate as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by the Reserve Bank of India ("the RBI") vide Notification No. DNBS.(PD) CC No. 057/03.10.119/2015-16 dated 01 July 2015 (amended from time to time). In this regard, the Reserve Bank of India has requested the Company to ensure Compliance of the auditor's certificate on the details as mentioned in Part B to this certificate.

2. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India. The management of the Company has prepared the Annexure I to Annexure III which is initialed by us for the purpose of identification. We have solely relied upon data furnished by the Company and have not performed any other procedures except as mentioned in paragraph 3 below.

3. We have performed the following procedures in respect of the details mentioned in Part B of this Certificate.

   a. With respect to the details furnished in Paragraph 1 of Part B, we have traced the same from the Certificate of Registration issued by RBI.

   b. With respect to the details furnished in Paragraph 11 of Part B, we have traced the same from the approval letter received from RBI.

   c. With respect to the other details furnished, we have verified the same from the audited financial information for the year ended 31 March 2016 of 'the Company', having its Registered Office at Plot No. 59 & 60 – 23, 22nd Cross, 29th Main, BTM 2nd Stage, Bangalore — 560076. However, the accuracy and completeness of the accompanying annexures is the responsibility of the management.

4. Based on the procedures performed by us and to the best of our information and according to the explanations given to us, and based on the representations provided by the management in respect of matter stated in paragraph 3 and read with the matters stated in paragraph 2 above, we hereby certify the following details as mentioned in Part B to this certificate is true and correct.

5. The Company has furnished the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS -7) within the stipulated period to the RBI. The capital adequacy ratio as disclosed in NBS-7 has been correctly arrived at and such ratio is in compliance with the minimum ratio prescribed by the RBI.

6. This certificate is intended solely for use in connection with submission with the Reserve Bank of India and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

Sanjay Banthia.
per **Sanjay Banthia**
Partner
Membership No.: 061068

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP BENGALURU CHARTERED ACCOUNTANTS

Part B

1. NBFC Certificate of Registration (CoR) issued by RBI:
   CoR No. : B-02.00251
   Date of CoR : 21 February 2012

2. The company is carrying on the activity of : Loan

3. The company **has continued** the business of Non-Banking Finance Institution during the year under review.

4. The company is **entitled** to continue to hold the Certificate of Registration issued by RBI to the company under section 45 IA of RBI Act, 1934 in terms of its asset/ income pattern.

5. (a) The company has **transferred** 20% of Net Profit to statutory Reserve Fund as required under the Section 45-IC of RBI Act, 1934. *<Refer Annexure I attached with this certificate>*

6. Net owned fund of the Company (₹ in Lakh) *<Refer Annexure II attached with this certificate>*

7. **For NBFC-Deposit accepting or Holding:** Not applicable
   (i) Amount of deposits outstanding: (₹ in Lakh) :
   (ii) The company **complied / not complied** with "Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007"
   (iii) The company has **complied/ not complied** with the liquid assets requirement as prescribed by the Bank in exercise of powers under section 45-IB of the RBI Act and whether the details of the designated bank in which the approved securities are held is communicated to the office concerned of the Bank in terms of Notification No.DNBS.172/CGM(OPA)-2003 dated July 31, 2003;

8. **For NBFCs-Non-Deposit taking:**
   a) Whether the Company accepted during the year under review / holding any public deposits as on date? [NO]

   b) The Board of Directors **has** passed a resolution for non- acceptance of any public deposits during the year under review.

9. **For NBFCs-Non-Deposit taking:**
   The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of :
   (i) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

10. (i) **Assets pattern :** *<Refer Annexure III attached with this certificate>*

    (ii) **Income pattern:** *<Refer Annexure III attached with this certificate>*

11. I. Whether there was change in Control and Management in the NBFC during the Financial Year audited: [YES] / ~~[NO]~~

    II. If 'Yes' then : YES

    (a) whether prior approval of RBI obtained or not

    (b) details thereof be submitted (like date of change, list of old Directors and new Directors)

12. Details of Subsidiaries and Group Entities - **Not applicable**

13. **If the NBFC is NBFC-MFI : Not Applicable**

    (a) Whether the company has complied with Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2011 dated December 02, 2011 for classification of NBFCs as NBFC-MFIs [Yes / No]

    (b) Percentage of Qualifying Assets to net assets :

14. **If the NBFC is NBFC-Factor: Not Applicable**

    (i) The company is **requiring/ not requiring** to hold the certificate under section 3 of the Factoring Regulation Act, 2011.

    (ii) (a) The percentage of assets in the factoring business :

    (b) The percentage of income from factoring business :

    (c) The company **fulfils / not fulfils** all conditions stipulated under the Factoring Regulation Act, 2011 to be classified as an NBFC-Factor

    (d) The company **complied / not complied** with minimum capitalization norms, if FDI has been received.

Walker Chandiok & Co. LLP

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

Sanjay Banthia.

per **Sanjay Banthia**
Partner
Membership No.: 061068

Bengaluru
20 May 2016

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

VISTAAR

27 April 2016

To,

GDA Trusteeship Ltd.
Office No. 1,2 & 3; 4th Floor,
Rehematoola House, 7th Homji Street,
Off, P.M.Road, Fort,
Mumbai - 400 001

Dear Sir/Madam,

Subject: Half yearly communication for the half year ending 31 Mar 2016

This is with reference to your letter no. DT/Half Yearly/Mar/2015-16/60 dated 21st Apr 2016; we hereby certify the following:

Following are the information details of Non-Convertible Debentures issued till 31st Mar 2016:

Particulars	Amount (Rs)
Series 4 – 387 Debentures of Rs.10,00,000/- each, allotment completed on 20 Nov 2014	38,70,00,000
Series 5 – 420 Debentures of Rs.10,00,000/- each, allotment completed on 25 Jun 2015	42,00,00,000

1. Provisions of Regulation 56;
   a. Need to submit the following documents
      - Annual Report
      - Utilization certificate

   Response: *We are in the process of finalizing the annual financials for year ending Mar 31, 2016 and will share the same once it is ready. Meanwhile, we have enclosed unaudited financials for year ending Mar 31, 2016.*

   Utilization certificate of charted accountant has already submitted

   b. Notice of the all meetings of the debt security holders specifically stating that the provisions of appointment of proxy as mentioned in section 176 of the Companies Act, 1956 shall be applicable for such meeting.

   Response: *No meetings have been held till 31st March 2016 with respect to debenture holders.*

VISTAAR FINANCIAL SERVICES PVT. LTD.

Vistaar Financial Services Pvt. Ltd, No.80, Biligiri, IAS Colony, 21st Main, 5th A Cross, MCSH Layout, BTM, 2nd Stage, Bangalore 560076
T: 080-4046 3200 | E: corporate@vistaarfinance.com | **www.vistaarfinance.com** CIN No.U67120KA1991 PTC 059126

c. Intimations regarding
   - Any revision in rating

     Response: ICRA rating of *A- with stable outlook effective date Nov 23, 2015*. ICRA has upgraded the rating from BBB+ to A- effective from Nov 23, 2015

   - *Any default in timely payment of interest or redemption of both in respect of the NCD's*

     Response: "NIL", No interest or redemption of NCD's is defaulted.

   - *Failure to create the charge on the assets*

     Response: "NIL", Charge on the book debts are created for Series 4 and Series 5 of the Non-Convertible Debenture as per the agreement

d. A haft yearly certificate regarding maintenance of 100% asset cover in respect of listed NCD's by Charted accountant along with half yearly financial results;

   Response: Half yearly charted accountant certificate certifying the 100% asset coverage maintained for Series 4 and Series 5 of the Non-Convertible Debenture enclosed.

e. Copy of the statement, if any filed with the stock exchange, as per Regulations 52(7) indicating material deviations, if any, in the use of proceeds of issue of NCDs from the object stated in the offer document

   Response: No deviations

2. Provisions of Regulation 58, need to submit the following documents

   a. Annual Report

   Response: *We are in the process of finalizing the annual financials for year ending Mar 31, 2016 and will share the same once it is ready. Meanwhile, we have enclosed unaudited financials for year ending Mar 31, 2016.*

VISTAAR FINANCIAL SERVICES PVT. LTD.

b. Half yearly communication as specified in sub-regulation (4) and (5) of regulation 52 to holders of NCD's

Response: half yearly communication has sent to GDA trusteeship on 27th Oct 2016.

c. Notices of all the meetings of holders of NCDs

Response: *No meetings have been held till 31st March 2016 with respect to debenture holders.*

d. Proxy forms to holders of non-convertible debt securities which shall be worded in such a manner that holders of these securities may vote either for or against each resolution

Response: *No meetings have been held till 31st March 2016 with respect to debenture holders.*

For **Vistaar Financial Services Private Limited**

VISTAAR FINANCIAL SERVICES PVT. LTD.

Sudesh Chinchewadi
Chief Financial Officer & Company Secretary