VISTAAR FINANCE
Your Growth, Our Pride

Annual Report-2025

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Company Information

(as on 31st March, 2025)

Board of Directors	Mr. Chandrashekhar Bhaskar Bhave (DIN: 00059856) *Non-Executive Chairman - Independent Director* Mrs. Manju Agarwal (DIN: 06921105) *Independent Director and Woman Director* Mr. James Abraham1[1] (DIN: 02559000) *Independent Director* Mr. Narendra Ostawal (DIN: 06530414) *Nominee Director, Aqua Lagoon Investment Ltd* Mr. Hemant Omprakash Mundra (DIN: 08192978) *Nominee Director, Aqua Lagoon Investment Ltd* Mr. Avijit Saha (DIN: 05102009) *Managing Director & Chief Executive Officer*
Chief Financial Officer	Mr. Prashant Kani (PAN: APKPK4388L)
Company Secretary	Ms. Shivani Agarwal (CS Membership No.: A42303)
Registered Office, Telephone; Fax no.; Website; E-mail ID; and CIN	Plot no. 59 & 60 – 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bangalore – 560 076, Karnataka, India +91 80 - 4666 0900 NA Vistaar corporate@vistaarfinance.com U67120KA1991PTC059126
Statutory Auditors	a) M/s Narayan Bhat & Co., Chartered Accountants (ICAI Firm's Registration No.: 05011S)[2] b) M/s B S R & Co., LLP (ICAI Firm's Registration No.: 101248W/W-100022)[3]
Debenture Trustee	**a) Catalyst Trusteeship Limited:** Registered Office: GDA House, First Floor, Plot No. 85, S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune, Maharashtra 411038 Corporate Office: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098
	b) Beacon Trusteeship Limited 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India, 400051.
	c) IDBI Trusteeship Limited Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai – 400001
Registrar & Share Transfer Agent	**MUFG Intime India Private Limited** (formerly known as Link Intime India Pvt. Ltd.) C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083

[1] Mr. James Varghese Abraham, Independent Director, has retired with effect from the closing hours on 28th May, 2025
[2] M/s Narayan Bhat & Co., Chartered Accountants, was appointed as the Statutory Auditors of the Company in the 33rd Annual General Meeting of the Company held on 30th September, 2024.
[3] M/s B S R & Co., LLP (ICAI Firm's Registration No.: 101248W/W-100022), were appointed as the Joint Statutory Auditors of the Company in the Extra-Ordinary General Meeting No. 3/2024-25 held on 23rd October, 2024.

Chairman's Message

Dear Stakeholders,

It is with immense pride and a great sense of optimism that I present the Annual Report for Vistaar Financial Services Private Limited for the financial year 2024-25. This year has been a testament to our resilience and our unwavering commitment to a mission that is deeply connected to the aspirations of India's small and medium scale entrepreneurs. We are guided by a simple, yet powerful philosophy: Your Growth Our Pride. This belief has been our compass, enabling us not only to navigate a complex economic landscape but to emerge stronger, more focused, and more determined than ever to fuel the dreams of the nation's Micro, Small, and Medium Enterprises (MSMEs).

The global economy in FY25 presented a challenging environment, marked by persistent geopolitical tensions and evolving monetary policies. Yet, amidst this, the Indian economy has remained a beacon of hope and a symbol of robust growth. It is within this dynamic environment that your Company has demonstrated strategic agility and delivered a competitive and profitable performance while continuing to invest in a future brimming with opportunity.

The Unshakeable Spirit of Indian Enterprise

MSMEs are the vital cog in wheels of the Indian economy, contributing nearly a third of our GDP and creating livelihoods for millions. They are the engines of innovation and the architects of grassroots prosperity. Our objective at Vistaar is to be a contributor to the growth of the nation, and we believe the most effective way to achieve this is by empowering these very enterprises. The formalization of this sector, accelerated by GST, Udyam registration, and widespread digital payment adoption, has created an ecosystem for growth. What more this formalization has made KYC (Know Your Customer), Know Your Business (KYB) and income assessment much more error-free, swift and secure.

However, the journey of an entrepreneur is often fraught with challenges, chief among them being access to timely and adequate finance. At Vistaar, we see this not as a gap, but as our calling. Our role transcends that of a mere lender; *we are partners in progress, enablers of ambition, and catalysts for transformation*. Our growth is, and will always be, a reflection of the success and resilience of the customers we serve.

The Role of NBFCs in Lending

Non-Banking Financial Companies (NBFCs) have played a pivotal role in bridging the credit gap, particularly for underserved sectors such as Micro, Small and Medium Enterprises (MSMEs). At Vistaar, our core mission of empowering MSMEs through tailored credit solutions remains more relevant than ever. In FY25, the microfinance sector experienced a contraction in FY25, with a 1.8% decline in equity capital and a 36% drop in outstanding annual borrowings. This shrinkage indicates tighter lending practices and increased financial strain within the sector. While the microfinance sector faces significant challenges due to overleveraging, ongoing regulatory interventions and institutional reforms aim to stabilize the situation. However, the recovery may take several quarters, depending on the effectiveness of these measures and the broader economic environment.

Forging a Future of Inclusive Growth

Our mission is to build a financial ecosystem that is inclusive, equitable, and empowering, turning the principle of **Your Growth Our Pride** into tangible reality. We recognize that the true measure of our success lies in the transformative impact we have on the lives and businesses of our customers. By providing tailored credit solutions, we help small businesses scale up, generate employment, and create a ripple effect of prosperity that uplifts communities and contributes directly to the nation's progress.

Our commitment to this mission is matched by our dedication to the highest standards of governance, transparency, and sustainability. We are consciously integrating Environmental, Social, and Governance (ESG) principles into the very fabric of our operations, ensuring that our growth is both responsible and sustainable.

A Vision for Tomorrow

As we look to the future, our optimism is rooted in a clear strategy. The outlook for lending in FY26 is robust, and we are poised to seize the opportunities ahead. Our strategic focus will be on:

- **Deepening Our Reach:** We will continue to expand our footprint into Tier II and Tier III cities, taking financial inclusion to the last mile and unlocking the potential of underserved markets.
- **Innovating with Technology:** We will enhance our credit underwriting capabilities through our advanced Business Rule Engine (BRE) and sophisticated risk assessment models, ensuring faster and more precise decision-making.
- **Elevating Customer Experience:** We are strengthening our digital onboarding processes to create a seamless, efficient, and superior experience for our customers, reducing turnaround times significantly.
- **Expanding Our Solutions:** We will continue to broaden our product portfolio to meet the diverse and evolving needs of MSMEs, spanning working capital, capital investment, personal finance, and housing.

We are confident in the continued resurgence of demand across the trading, manufacturing, services, and rural enterprise sectors. Our strategic partnerships with fintechs and other financial institutions will amplify our impact, enhance our efficiency, and solidify our position as a leader in MSME finance.

In conclusion, I extend my deepest gratitude to our customers, shareholders, regulators, partners, and employees for their continued trust and support.

Together, we are not just building a company; we are building a more resilient, inclusive, and prosperous future for India, fuelled by the conviction that **Your Growth Our Pride.**

C B Bhave
Chairman

MD & CEO's Message

Dear Stakeholders,

It is with great sense of humility, enthusiasm and determination, I am delighted to share my insights into our operational journey and performance for the financial year 2024-25.

Vistaar Financials is one of the pioneers in MSME lending, with agility, strong governance & compliances, very high level of customer orientation, with a prudent & sensible risk management mindset having a dedicated & strong management team. Vistaar, therefore has been able to give returns to our investors every year, with no exception this year, delivering a 50% YoY growth on its PAT.

I am confident, we are now poised to take this company to the next level.

We have executed our strategy against the backdrop of a resilient Indian economy that continues to be a beacon of growth and stability in the world. With its rising aspirations, burgeoning middle class, and vibrant entrepreneurial spirit, India presents an immense and exciting opportunity for growth. At Vistaar, our strategy is clear and future-focused, rooted in our core belief: **Your Growth Our Pride.** This principle is the engine of our execution and the ultimate measure of our success.

At the Heart of India's Growth Ecosystem

Our mission to be a true contributor to the nation's growth story is realized every day through our work with India's Micro, Small, and Medium Enterprises (MSMEs). This is not just a sector; it is a dynamic and evolving ecosystem, the very backbone of our economy. We are witnessing a remarkable economic transformation, particularly in Tier 2 and Tier 3 cities, which are rapidly emerging as new hubs of innovation, consumption, and enterprise.

This growth is supported by a robust policy environment, with government initiatives like 'Make in India' and the 'Smart Cities Mission' creating fertile ground for entrepreneurship to flourish. Coupled with a strong public digital infrastructure, these factors are empowering a new generation of business owners. It is within this thriving ecosystem that Vistaar is strategically positioned, not just as a lender, but as a catalyst for unlocking a billion aspirations.

Building Resilience, Driving Performance

The past year tested our resilience. The microfinance sector faced headwinds, and the broader economic environment demanded agility and prudence. I am incredibly proud of how our team responded, turning challenges into opportunities and delivering a strong, sustainable performance. Our strategic focus on being an enabler for MSMEs, offering tailored lending solutions, and fostering deep customer relationships has been pivotal.

You give us capital to build our company and take it next level, so it's our responsibility and commitment to build a institution for perpetuity that will make you always proud and simultaneously deliver you consistent and sustainable returns of your capital.

- Our **Assets Under Management (AUM)** grew to **₹4,930 Crores**, reflecting a robust **22% year-on-year growth** in our loan book.
- Our profitability saw significant enhancement, with **Net Profit rising by 50% to ₹221 Crores** from ₹147 Crores in the previous year.
- We maintained a **stable portfolio quality at 2.9%**, a testament to our prudent risk management framework even as we expanded.
- We strategically expanded our reach into underserved regions by adding **55 new branches** to our network.

This performance was underpinned by a disciplined approach to optimizing our cost structure and enhancing operational efficiency, allowing us to invest in high-impact initiatives that serve our customers better.

A significant milestone this year was the successful capital raise of **₹840 crores** from esteemed investors including Motilal Oswal Private Equity, ABC Impact, Faering Capital, and True North, alongside the continued support of Warburg Pincus. This infusion is a powerful endorsement of our business model and strengthens our balance sheet, providing us with the capital to fuel our future growth.

Execution Excellence: Our Strategic Pillars

Our results are a direct outcome of our strategic initiatives. Throughout FY25, we have:

- **Strengthened Customer-Centricity:** With our believe on Fair to customer and Fair to Vistaar, we have corrected many of our processes to ensure that as a company we are always fair to the customer. We have refined our credit underwriting models using advanced data analytics and technology to better assess and serve our customers. Our emphasis on correctly assessing the need of the customers allow us to be true partners in their growth journey.
- **Enhanced our Digital Capabilities:** We have made significant investments in our digital infrastructure to create more agile, efficient, and transparent lending solutions. This has streamlined our loan processing systems, reduced turnaround times, and improved the overall customer experience.
- **Innovated our Product Offerings:** We are continuously improvising our offerings to meet the evolving needs of MSME customers.

Our Team is our Biggest Strength

We have an ever-growing family. We ended up with 3000 members in the family. We have been able to perform well because of our dedicated, customer focused team. Every member of the family is tuned to provide services to the customer or customer-facing team. Committed team can only help us to deliver our best

Our Community

As an organisation, we care for every part of the community. We are proud of what we do as CSR activity with respect to social welfare, education and health care of the nation. We are proud that our initiatives in education have helped 10 students to become topper in the state in their tenth board. We are proud that our health initiatives have taken care of health issues of 6000 rural poor in a span of one year.

Our Shared Vision for Tomorrow

As our chairman has outlined, our vision for FY26 is clear. As a team, we are laser-focused on executing this vision and turning our strategic goals into reality.

- We will drive **deeper financial inclusion** by taking our services to the doorsteps of entrepreneurs in underserved markets.
- We will continue to build a **tech-first future**, making our processes faster, smarter, and more efficient.
- We will expand our portfolio to become a **holistic financial partner** for MSMEs.

The lessons of the past year have made us stronger and more determined. We are confident in our strategy and excited to continue our journey. On behalf of the entire Vistaar family, I thank you for your unwavering trust and support. Together, we are building a future of opportunity. **Your Growth Our Pride.**

Avijit Saha
Managing Director & CEO

Management Discussion & Analysis

Macro-Economic Overview

RBI Governor, in his forward to the Financial Stability Report December 2024, states –

"As the year 2024 draws to a close and a new year dawns, the global economy exhibits resilience in the face of formidable headwinds from political and economic policy uncertainty, persisting conflicts and an environment of fragmenting international trade and tariffs. Brightening the global prospects is the likelihood that the decline in inflation will continue and align with targets during the year ahead, allowing purchasing power to recover. As monetary policy gains headroom to further support economic activity, financial conditions can be expected to remain easy and contribute to an improvement in the trajectory of global GDP from a prolonged phase of low growth. Robust labour market and sound financial system too provide congenial conditions for this turnaround.

The medium-term outlook, however, remains challenging, with downside risks from possible intensification of geopolitical conflicts, sporadic financial market turmoil, extreme climate events and rising indebtedness. Notwithstanding the uncertainties shrouding the global macro financial ethos as it unfolds, prospects for the Indian economy are expected to improve after the slowdown in the pace of economic activity in the first half of 2024-25. Consumer and business confidence for the year ahead remain high and the investment scenario is brighter as corporations' step into 2025 with robust balance sheets and high profitability."

World Economic Overview

The reciprocal tariff regime announced by the US and the levy of retaliatory tariffs announced by China and some other countries is likely to have a dampening effect on the volume of global trade and output. Imports into the US may be lower. Any increase in US output may take much longer and the volume of exports in the export-dependent countries may go down. These changes may lead to a slowdown in global growth. The IMF (April 2025) has projected a significant global growth slowdown with the projected growth for 2025 revised downwards to 2.8% from its January 2025 forecast of 3.3%. This is attributed by the IMF primarily to the direct effects of the new trade measures and their indirect effects through trade linkage spillovers, heightened uncertainty, and deteriorating sentiment. At the same time, supplies of global crude prices are increasing and its demand is falling, resulting in a fall in global crude prices which may be contained in the range of US$60–65/bbl in FY26.

The IMF predicts India's FY26 growth at 6.2%, despite global uncertainty. In the medium term, India's growth is expected to be 6.5%. Real GDP growth is primarily driven by domestic growth drivers. India's merchandise exports to the US averaged 2.3% during FY22-24. A global economic slowdown may negatively impact India's overall exports of goods and services, which account for 22% of its GDP. However, a decrease in goods imports to India may mitigate this impact. The effects may be mitigated by improved private investment with lower interest rates and continued prioritization of infrastructure investment by the government. During its monetary policy review on April 2025, the RBI lowered the repo rate by 25 basis points, to 6%, for the second consecutive time. Further, the RBI lowered the repo rate by 50 basis points to 5.5% in June 2025. Additionally, the RBI has shifted from a neutral to an accommodating position in April 2025 and again shifted back to neutral in June 2025. CPI inflation is predicted to stay at 4% or lower in FY26 after dropping to a 67-month low of 3.3% in March 2025. CPI inflation may be kept within the parameters of the monetary policy target thanks to the decline in global crude prices.

Indian Economic Overview

India's robust economic growth in the first quarter of FY25 has propelled it to become the fifth-largest economy, surpassing the UK. The nominal GDP for FY25 is projected at Rs. 33.10 lakh crore (US$ 3.8 trillion), reflecting a growth rate of 9.9% from Rs. 30.12 lakh crore (US$ 3.5 trillion) in FY24. Key factors driving this growth include strong domestic demand for consumption and investment, alongside the government's focus on capital expenditure. In FY25, India's exports reached Rs. 37.31 lakh crore (US$

433.56 billion), led by Engineering Goods, Petroleum Products, and electronic goods. Rising employment and private consumption, fuelled by positive consumer sentiment, are expected to further bolster GDP growth. India's growing appeal as an investment destination reflects increased investor confidence, positioning it as a potential top-three global economic power in the next 10-15 years.

Real GDP for FY25 is projected at Rs. 187.95 lakh crores (US$ 2.2 trillion), reflecting a growth rate of 6.5% from Rs. 176.51 lakh crores (US$ 2.06 trillion) in FY24. The Indian government has implemented numerous initiatives to enhance the nation's economy, enhancing financial stability and overall growth. Rapid economic growth has increased export demand, leading to the development of flagship programs like Make in India, Start-up India, Digital India, Smart City Mission, and Atal Mission for Rejuvenation and Urban Transformation. These initiatives aim to create immense opportunities and improve India's economic condition.

The rise of India's tier 2 and 3 cities as investment hubs[1]

India's urban population is expected to increase by 416 million by 2050. As the country shifts from a mainly rural to an urban demographic, leveraging the economic potential of tier 2 and 3 cities will be crucial.
In recent years, these cities have seen a rise in economic activities, including investments and job creation. To help them develop and evolve into thriving economic centres, government and trade initiatives must provide necessary support. Tier 2 and 3 cities are home to a sizeable fraction of India's MSMEs, accounting for 51% of the nation's registered MSMEs. It boosts the local economy of the region and create employment opportunities across industries such as manufacturing, IT and operational services.

The Government has launched multiple initiatives such as the Smart Cities Mission, AMRUT (Atal Mission for Rejuvenation and Urban Transformation), PMMY (Pradhan Mantri Mudra Yojana) providing collateral free loans to small and micro businesses to support small and micro businesses.
Led by the Ministry of Electronics and Information Technology, the Digital India Initiative since its inception in 2014, has been bridging the digital gap between urban and rural locations, including tier 2 and 3 cities and villages. Several technology-led enterprises and innovation schemes have been launched under this initiative with the aim of building and supporting digital infrastructure nationwide. The total internet subscribers increased by 28.54% to 1,199.28 million, as of March 2024. Government support through the Digital India Initiative has facilitated investments in digital infrastructure by tier 2 and 3 cities, including digital payment systems, high-speed internet connectivity and e-governance programmes. In addition to improving connectivity, these programmes have sparked innovation, facilitated e-governance and digital entrepreneurship. The digital evolution of Tier-2, Tier-3, Tier-4 cities, and beyond has also been a boon for the e-commerce and retail industry, with the small cities accounting for the largest volume of all online orders in the country.

The above initiatives of the Government create a distinct advantage for the micro and small businesses in tier 2 and 3 cities where the Company operates.

Employment

With 4.66 crore new jobs produced in FY 24–25, India's employment sector continued its rising trend, reaching 64.33 crore employed people overall. As more people entered the workforce, the unemployment rate decreased to 3.2%. While the industrial and construction industries also grew, the service sector continued to be a major engine for employment development. Job prospects were intended to be further increased by government efforts, such as the ₹2 lakh crore allotted for employment and skilling programs. Stronger labour force participation was also shown by the Worker Population Ratio (WPR), which increased to 58.2%. Manufacturing development was greatly aided by the Production Linked Incentive (PLI) program, and 1,700 Global Capability Centres (GCCs) developed into centres for block chain, AI, and data analytics jobs.

MSME

Over the past 50 years, the Micro, Small, and Medium Enterprises (MSME) sector has grown to be a very active and dynamic area of the Indian economy. By encouraging entrepreneurship, it considerably aids in the economic and social development of the nation and creating significant employment prospects at a capital cost second only to agriculture. MSME contributing ~30% to India's GDP, responsible for approximately 50% of countries exports and employing 62% employment in India. Hence, it is crucial to improve MSMEs' access to finance and explore innovative solutions to unlock sources of capital.

India's Micro, Small, and Medium Enterprises (MSME) sector grew significantly in FY 25, with 5.70 crore MSMEs registered on the Udyam Registration Portal and Udyam Assist Platform, employing 24.14 crore people. The industry contributed 6.11% of India's manufacturing GDP and 24.63% of the GDP from services. Despite advances, MSMEs still struggle to obtain financing, with an estimated ₹30 lakh crore credit gap hurting micro-enterprises and women-led firms. Digital usage has improved, with 90% of MSMEs accepting digital payments but just 18% using digital lending platforms, highlighting the need for greater financial inclusion.

MSMEs saw significant formalization in comparison to FY 24, as seen by the rise in Udyam registrations from 2.5 crore to 6.2 crore. In the future, it is anticipated that MSMEs would use PLI programs and government-backed lending efforts to increase their competitiveness. The government should prioritize closing the credit gap, strengthening the digital lending infrastructure, and expanding market accessibility in order to facilitate MSME financing. By addressing these issues, Non-Banking Financial Companies (NBFCs) would be able to provide MSMEs more structured financial solutions, which will guarantee long-term success for both industries.

Industry Overview

Non-Banking Financial Companies (NBFCs) in India remained essential in lending intermediation in FY 25, as evidenced by double-digit credit growth in a number of industries. The industry profited from increased asset quality and profitability, especially in housing finance firms (HFCs), where credit disbursement was strong. However, once the Reserve Bank of India (RBI) raised the risk weights for NBFC loans, margin pressures surfaced as a result of increased funding costs. Better regulatory monitoring was ensured by the Scale-Based Regulation (SBR) framework, which was put into effect in October 2022 and further improved the classification of NBFCs into several tiers according to size and risk.

Due to regulatory scrutiny and cautious finance partners, NBFCs had low fintech growth in comparison to FY 24. Growing leverage had an effect on net interest margins (NIMs), even while the industry maintained steady asset quality and sufficient capital buffers. The growth of digital lending platforms was impacted by the RBI's careful observation of fintech innovations, which hinted at possible regulatory actions. Notwithstanding these obstacles, NBFCs persisted in strengthening their position, as seen by the continually increasing credit-to-GDP ratio, which reflects their increasing significance in India's financial sector.

Looking ahead, NBFCs are anticipated to face margin concerns while adopting technology-driven solutions to boost operational efficiency. Growth in microfinance, factoring, and infrastructure financing is expected to be supported by the Production Linked Incentive (PLI) program and government-backed credit programs. NBFCs will have to adjust to more stringent compliance requirements as regulatory frameworks change, all the while preserving their position as important financial intermediaries. The potential of the industry to maintain growth in the upcoming years will be shaped by trends in digital transformation, interest rate fluctuations, and macroeconomic stability.

Company Overview

Vistaar Financial Services Private Limited ("Vistaar" or "VFSPL" or "Vistaar Finance" or the "Company") is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and headquartered in Bangalore, India. Since commencing operations in April 2010, Vistaar has remained steadfast in its mission to provide tailored financial solutions majorly to the Micro Enterprises, with a strong focus on rural and semi-urban geographies across the country.

Over the past 15 years, Vistaar has emerged as a trusted financial partner for underserved entrepreneurs and small business owners. The Company was founded with a clear vision to bridge the credit gap for MSMEs that are often overlooked by traditional financial institutions. In line with this vision, Vistaar has disbursed over 200,000 loans, amounting to a cumulative value of ₹10,214 crore, thereby making a significant socio-economic impact. These loans have supported enterprises that collectively generate direct and indirect employment for over 1 million individuals, contributing meaningfully to local economies.

Vistaar has demonstrated consistent and robust growth since inception. From a modest portfolio of ₹14 crore as of March 2011, the Company has scaled its assets under management to ₹4,930 crore as of March 2025, reflecting a compound annual growth rate (CAGR) of approximately 50%. This growth has been underpinned by a disciplined focus on secured lending, which has enabled the Company to maintain strong asset quality, stable portfolio performance, and healthy profitability metrics.

A key differentiator for Vistaar on 3 Cs which are critical for any lending institution which are Credibility, Creditability & Collateral. Company has developed expertise in evaluating the unique financial profiles of small businesses. This approach enables the Company to offer customized loan products that align with the specific needs and cash flow patterns of its customers, thereby enhancing credit accessibility and repayment sustainability.

Operational Highlights or Strategic Developments:

Branch Network Expansion and Strategic Growth Initiatives

In FY 2024–25, the company has increased the branch network from 212 to 265. These branches are opened in existing 12 States where we are operating with the objective of deepening our presence.

While the overall geographical footprint remained unchanged, the expansion was executed with a deliberate emphasis on cluster-based growth. By concentrating new branches within high-potential regions, the Company aimed to enhance market penetration, improve operational efficiency, and optimize branch-level productivity. Additionally, internal cluster structures were redrawn to ensure optimal geographic span for regional managers, thereby strengthening oversight and enabling more agile decision-making.

States	Business
Andhra Pradesh	41
Delhi	03
Gujarat	07
Haryana	04
Karnataka	50
Madhya Pradesh	15
Maharashtra	22
Odisha	11
Rajasthan	15
Tamil Nādu	75
Telangana	17
Uttar Pradesh	05
Grand Total	**265**

Portfolio Performance and Market Dynamics

The Company closed the financial year with a portfolio of ₹4,930 crore, registering a year-on-year growth of 22%. This performance, while commendable, was shaped by a complex operating environment and several external challenges.

From July 2024 onwards, the broader NBFC sector faced headwinds due to the Microfinance Institution (MFI) crisis. Many borrowers were observed to be overleveraged, which adversely impacted their repayment capacity. The situation was further exacerbated by restrictions on the number of loans MFIs could extend to individual borrowers, leading to cash flow disruptions among customers.

In response, Vistaar acted swiftly to revise its credit policies, placing greater emphasis on prudent underwriting. While this led to a temporary slowdown in disbursements, the Company views this as a strategic correction that will safeguard long-term asset quality and portfolio resilience.

Regulatory and Operational Challenges

The year also saw state-specific regulatory developments that impacted disbursement volumes. In Karnataka, one of Vistaar's key markets, the transition to a new government portal for property registrations and the mandatory online conversion of E-Khatas led to delays in mortgage documentation. Similarly, in Tamil Nadu, heightened scrutiny around mortgage registrations—resulted in longer processing times and reduced business throughput.

Despite these challenges, Vistaar's geographical diversification proved to be a strength. Six states recorded portfolio growth exceeding 30% YoY, demonstrating the Company's ability to leverage its presence and adapt to regional dynamics effectively.

Geographic Portfolio Distribution

As of March 2025, Vistaar's portfolio is geographically distributed as follows: Tamil Nadu – 37%, Karnataka – 22%, Andhra Pradesh & Telangana – 22%, and Northern & Western States – 19%. This distribution reflects the Company's strategic focus on regional inclusivity and its ability to adapt to diverse market dynamics. Going forward, Vistaar aims to maintain a balanced portfolio mix, ensuring both risk diversification and optimized growth opportunities across its operational geographies.

Sectoral distribution of portfolio

Sector	Proportion
Trading - Others	39%
Services	22%
Trading - Essentials	19%
Manufacturing	9%
Hotel	6%
Power/Auto/Hand Loom	3%
Others	1%
Home Based Enterprise	1%
Dairy	1%
Grand Total	**100%**

Customer-Centric Strategy

Looking ahead, Vistaar is focused on deepening customer engagement by identifying unique financial needs across the customer lifecycle. The Company aims to evolve from being a lender to becoming a strategic partner and enabler in the entrepreneurial journeys of its customers—supporting them not just with capital, but with solutions that foster sustainable growth and long-term success.

Credit Philosophy and Methodology

As a micro-enterprise-focused financial institution, Vistaar Financial Services Private Limited has developed a distinctive and sector-sensitive credit methodology tailored to the unique needs of small businesses operating in rural and semi-urban India. Our approach is rooted in a deep understanding of the customer's business model, value chain, and operating environment.

We undertake a comprehensive assessment of each customer's financial and operational profile, evaluating factors such as:

- Business viability and market risks
- Income stability and cyclicality
- Repayment capacity and willingness to pay
- Credit behavior and historical performance

This evaluation is conducted using a blend of traditional and non-traditional assessment tools. Traditional methods include verification of income documents and credit bureau checks, while non-traditional methods encompass reference checks from supply chain partners, neighbors, and community stakeholders, as well as analysis of informal income documentation.

A key differentiator in Vistaar's credit philosophy is the emphasis on productive end-use of loans, creating shelter and credit literacy. We believe that empowering customers with financial knowledge and ensuring that loans are used for business growth are critical to long-term repayment success.

Collateral is accepted not merely as a risk mitigant but also as a tool for moral suasion, reinforcing the borrower's commitment to repayment.

Unique Credit Methodology Highlights

1. Sectoral Research: In-depth study of customer segments to develop tailored credit frameworks.
2. Alternative Income Assessment: Use of non-traditional documents to evaluate income and cash flows.
3. Community-Based Reference Checks: Validation through supply chain partners and local networks.
4. Collateral for Moral Suasion: Strategic use of collateral to reinforce repayment behavior.
5. Continuous Refinement: Ongoing enhancement of products and credit policies based on market feedback.

Responsive Policy Enhancements

During FY 2024–25, Vistaar responded proactively to shifting market dynamics and emerging customer risks. The Company introduced additional credit parameters and strengthened existing ones to ensure the onboarding of creditworthy customers. These policy changes were informed by continuous portfolio monitoring, enabling the Company to identify evolving customer behaviors and adjust its credit filters accordingly.

This agile and data-driven approach to credit policy has allowed Vistaar to maintain portfolio quality, even amid sectoral challenges, while continuing to serve the financial needs of micro-enterprises with precision and care.

Asset Quality and Collections

Collection efficiency remains a cornerstone of Vistaar's lending operations, directly influencing customer repayment behavior and overall asset quality. The Company adopts a shared responsibility model, where both the business and collections teams are jointly accountable for recoveries. Responsibilities are strategically allocated based on the vintage of the loan and the stage of delinquency, ensuring a targeted and effective approach.

Vistaar has established a robust collections framework with 300+ in house team, supported by structured follow-ups, customer engagement, and legal enforcement mechanisms. This framework is continuously refined to respond to evolving borrower behaviour and external market conditions.

Portfolio Risk and Industry Headwinds

During FY 2024–25, the Company experienced a 124-basis point increase in Portfolio at Risk (PAR >30 days past due) and a 24-basis point rise in Gross Non-Performing Assets (GNPA). These trends were largely influenced by broader sectoral challenges, particularly within the microfinance & unsecured segment as our customers are also borrower from these institutions.

As highlighted in the Reserve Bank of India's Financial Stability Report (December 2024), the microfinance sector has shown increasing signs of stress. Key observations include:

- A rise in delinquencies across all lender types and ticket sizes.
- PAR (31–180 DPD) increased from 2.15% in March 2024 to 4.30% in September 2024.
- A growing share of highly indebted borrowers, with the proportion of individuals borrowing from four or more lenders rising from 3.6% to 5.8% over three years.
- A 43% increase in average ticket size of microfinance loans, from ₹35,299 in Q2 FY22 to ₹50,430 in Q2 FY25.
- Regulatory interventions in Q3 FY24 to curb excessive consumer credit growth, which led to a slowdown in disbursements across the sector.

These developments led to a liquidity squeeze for many borrowers, particularly those with multiple exposures, resulting in increased delinquencies.

Proactive Risk Mitigation Measures

In response, Vistaar implemented a series of proactive measures to safeguard portfolio quality:

- Revised credit policies to avoid onboarding overleveraged customers.
- Enhanced customer education initiatives to promote timely repayments.
- Structured reminder systems and multi-pronged legal actions to reinforce repayment discipline.
- Realignment of collection responsibilities between business and collections teams to improve accountability and efficiency.

While these measures led to a temporary moderation in disbursement volumes, the Company believes they are essential for ensuring long-term portfolio health and sustainable growth.

Technology and Digital Initiatives

Technology adoption and enhancement remain a cornerstone of the Company's strategic vision, reflecting our commitment to innovation, operational excellence, and customer-centricity. Over the past two years, the Company has undertaken a comprehensive digital transformation journey, aimed at modernizing core systems, improving data capabilities, and fostering seamless collaboration across the organization.

Data Management and Analytics Transformation

The Company has successfully transitioned to a robust data infrastructure by implementing **Amazon Redshift** as its centralized data lake. This move has significantly enhanced data storage, processing, and scalability. Complementing this, the adoption of **Tableau** for analytics has empowered teams with advanced data visualization and business intelligence capabilities, enabling more informed decision-making and real-time insights.

Core System Modernization

In line with our objective to streamline operations and improve customer experience, the Company is in the process of migrating its Loan Management System to Pennant, replacing the legacy platform with a more agile and scalable solution. Simultaneously, the Loan Origination System is being transitioned to Salesforce, leveraging its powerful CRM and workflow automation features to enhance efficiency and responsiveness in loan processing.

Collections System Upgrade

The migration of the collections system to Credit Nirvana has been completed, introducing sophisticated analytics and optimized workflows. This upgrade has led to improved collections performance, better risk management, and enhanced customer engagement strategies.

Enterprise Collaboration Enhancement

To foster a culture of collaboration and productivity, the Company has fully adopted Microsoft Office 365 across all departments. This transition has enabled seamless communication, document sharing, and project coordination, thereby strengthening cross-functional synergy and operational agility.

Strategic Impact

These technological advancements position the Company to be more nimble and responsive in a dynamic market environment. The new systems and platforms provide the flexibility to rapidly roll out new products, adapt to evolving market conditions, and implement process changes through customizable workflows. Collectively, these initiatives underscore the Company's commitment to leveraging technology as a strategic enabler of growth, innovation, and customer satisfaction.

Vistaar - A People-Centric Organization Driving Inclusive Growth

As of March 31, 2025, Vistaar stands as a testament to the power of employee-driven growth, with a robust workforce of 3,072 dedicated professionals. True to its ethos, Vistaar places its employees at the heart of every strategic decision, fostering a culture where welfare, development, and empowerment are paramount.

Localized Employment Model: Strengthening Communities

Of the total workforce, only 148 employees are stationed at the Head Office, as lending to unserved/underserved segment requires assistance at each stage of onboarding and customer service. This model enables the company to generate meaningful job opportunities in local communities, allowing employees to live and work close to their families. By reducing the need for migration to urban centers, Vistaar not only enhances quality of life but also contributes to regional economic development. The approach of stay closer to the customer helps in building stickiness with the customer and also helps us to develop new customer base.

Industry-Leading Compensation and Incentives

Vistaar's compensation philosophy is rooted in fairness and excellence. The company offers best-in-class salaries and incentive structures, ensuring employees enjoy a high standard of living in their hometowns. The performance-linked incentive program is uniquely designed with no upper cap, allowing high performers to earn incentives that can exceed their base salary. This aligns with Vistaar's empowering mantra: "*Do More, Earn More*." However, incentive scheme also disincentives for poor quality sourcing.

Internal Growth and Career Advancement

Over the past two years, Vistaar has made significant strides in promoting internal talent. In FY 2024–25 alone, 113 employees were elevated to higher roles, marking one of the highest internal promotion rates in the company's history. This was made possible through leadership development initiative which systematically identifies and nurtures high-potential employees.

To ensure fairness and transparency in career progression, Vistaar has implemented a fully objective appraisal system based on the proprietary "V Score." This performance metric, calculated monthly, provides employees with clear visibility into their performance and growth trajectory. By eliminating subjective bias, the V Score reinforces a meritocratic culture where recognition is earned and deserved.

Capacity Building and Continuous Learning

Recognizing the importance of skill development, Vistaar has prioritized capacity building across all zones. The company has invested in dedicated training centers at strategic branch locations, ensuring that every zone has access to at least one facility. These centers host regular training programs tailored to enhance technical, managerial, and leadership capabilities, fostering a culture of continuous learning.

Health and Well-Being Initiatives

Employee health remains a top priority. Vistaar provides free annual health checkups , with expanded coverage for a wide range of medical procedures. The company has also enhanced maternity benefits and introduced comprehensive term insurance for all employees, ensuring financial security and peace of mind.

Employee Ownership and Wealth Creation

In a landmark initiative, Vistaar granted Employee Stock Ownership Plans (ESOPs) to 310 employees during the year, covering a broad spectrum of supervisory roles. This move empowers employees to become stakeholders in the company's success and in wealth creation, fostering a sense of ownership and long-term commitment. Recognising the contribution made by the employees' liquidity was provided to 46 current and former Vistaar employees, enabling them to realize tangible financial benefits from their ESOPs.

Vistaar's journey is defined by its unwavering belief in people. Through thoughtful policies, transparent practices, and a relentless focus on employee welfare, the company continues to build a workplace where individuals thrive, communities prosper, and collective success is celebrated.

Adequately capitalised book with strong liability profile:

Capital Strength and Strategic Equity Infusion

Over the years, the Company has demonstrated a disciplined and forward-looking approach to capital management, consistently maintaining a capital adequacy ratio (CAR) significantly above the regulatory thresholds prescribed by the Reserve Bank of India (RBI). This prudent capital strategy reflects the Company's strong balance sheet, conservative risk appetite, and long-term commitment to financial resilience.

As of March 31, 2025, the Company's overall capital adequacy ratio stood at a robust 51.27%, underscoring its ability to absorb potential shocks, support future growth, and maintain stakeholder confidence. This level of capitalization provides a substantial buffer over the minimum regulatory requirement and positions the Company well to pursue strategic opportunities.

Further strengthening its capital base, the Company successfully secured an equity infusion of ₹840 crore during the final quarter of FY25. This investment came from a distinguished group of institutional investors, including Motilal Oswal, ABC Impact, Fearing Capital, and True North, each recognized for their long-term investment philosophy and deep expertise in financial services. Their participation is a strong endorsement of the Company's business model, governance standards, and growth trajectory.

Aqua Lagoon Investments Limited, an affiliate of Warburg Pincus LLC, continues to be the Company's majority shareholder, holding an 81.82% equity stake. Warburg Pincus's continued support reflects its confidence in the Company's strategic direction and long-term value creation potential.

Together, these developments reinforce the Company's strong capital position and its ability to scale sustainably while delivering value to all stakeholders.

Credit Rating Upgrade: A Testament to Financial Strength

In FY25, the Company achieved a significant milestone in its credit profile, receiving rating upgrades from all the credit rating agencies it engages with—ICRA, CareEdge, and India Ratings. Each agency revised the Company's rating from "A" with a Positive Outlook in the previous year to "A+" with a Stable Outlook, reflecting growing confidence in the Company's financial and operational fundamentals.

Considering the good performance in FY25 inspite of difficult times, India Rating has changed the outlook form Stable to Positive which shows strong fundamentals of the organisation.

This upgrade and change in outlook is a strong endorsement of the Company's strategic progress and disciplined execution. The rating rationales cited key improvements across several dimensions:

- Enhanced Asset Quality: Continued focus on prudent underwriting and effective risk management has led to a healthier loan book with lower delinquencies.
- Strengthened Earnings Profile: Improved profitability, driven by operational efficiencies and sustainable growth, has contributed to a more resilient earnings base.
- Robust Capital Position: A strong capital adequacy ratio and recent equity infusion have fortified the Company's balance sheet, providing ample headroom for future expansion.

The upgrade to "A+" with a stable outlook not only reflects the Company's current financial strength but also signals its ability to navigate evolving market conditions with confidence. It enhances the Company's credibility with lenders and investors, potentially lowering the cost of capital and supporting long-term growth ambitions.

Borrowings

The objective of the Company's debt and treasury operations is to ensure diversified sources of funds at competitive rates that match the asset tenures of the Company. This while keeping in focus appropriate risk management strategies.
During the current year, the Company has borrowed Rs. 1,348 crs from banks, financial institutions and markets. In line with the vision to diversify borrowings, the Company has borrowed Rs. 417 crs, 31% through external commercial borrowings (ECBs), Rs 140 crs, 10 % through non-Convertible debentures (NCDs) and balance from Banks and Financial institutions. Further, in order to improve the ALM mismatches, the Company further borrowed through Direct Assignments of Rs. 265 crs. The weighted average tenure of borrowings during the year was 84 months as compared to weighted average tenure of outstanding borrowings of 58 months.

The total outstanding debt including direct assignment stands at Rs. 3,415 crs from 45 banks and financial institutions including foreign DFIs. Of these, five were new lenders onboarded during the year ensuring further diversification of sources of funds. The composition of the outstanding debt by sources of funds is as follows;

Funding Type	Proportion
Bank's	73%
Domestic FI's	10%
Mutual Fund's	4%
International FI's	13%
Grand Total	**100%**

Robust Asset-Liability Management (ALM) Framework

The Company has instituted a comprehensive and well-defined Asset-Liability Management (ALM) policy designed to proactively manage mismatches between assets and liabilities arising from liquidity gaps or interest rate fluctuations. This policy forms a critical component of the Company's risk management architecture and is aligned with regulatory guidelines and industry best practices.

Oversight of the ALM function is entrusted to the Asset-Liability Management Committee (ALCO), which plays a pivotal role in monitoring and managing the Company's balance sheet dynamics. The ALCO meets at regular intervals to review key parameters including:

- The maturity profile of assets and liabilities
- Cost and composition of funding
- Liquidity position and contingency buffers
- Capital planning and deployment strategies

Based on these reviews, the ALCO recommends timely and appropriate corrective measures to address any emerging mismatches or funding risks.

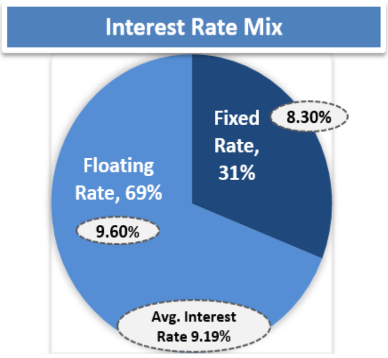
The Company follows a conservative and prudent ALM approach, ensuring that there are no cumulative mismatches across all time buckets reflecting its strong liquidity management practices.

In the event of any short-term liquidity gaps, the Company leverages its unutilized cash credit (CC) and overdraft (OD) limits to ensure uninterrupted operations and financial stability. Company does stress testing at periodic intervals to test the strength of the ALM position and accordingly readjust its lending and borrowing strategy.

This disciplined ALM strategy is a cornerstone of the Company's structural strength, enabling it to navigate market volatility, maintain investor confidence, and support sustainable growth.

As of the reporting period, the Company's outstanding borrowings reflect a strategic mix of fixed and floating interest rate instruments, designed to balance cost efficiency with interest rate risk management. Approximately 30% of the borrowings are structured with fixed interest rates, providing stability and predictability in debt servicing costs, particularly in a rising interest rate environment.

The remaining 70% of the borrowings are linked to floating interest rates, which offer flexibility and potential cost advantages in a declining rate scenario. These floating-rate borrowings are predominantly benchmarked to the Marginal Cost of Funds-based Lending Rate (MCLR) of respective lending institutions. Since MCLR is subject to periodic revisions based on changes in banks' cost of funds, repo rate movements, and other macroeconomic factors, this portion of the borrowing portfolio remains sensitive to interest rate fluctuations.
This composition reflects the Company's calibrated approach to managing its interest rate exposure—leveraging fixed-rate borrowings for stability while maintaining a significant floating-rate component to benefit from favorable market conditions. The ALM Committee (ALCO) continuously monitors this mix to ensure alignment with the Company's risk appetite, liquidity profile, and market outlook.



Financial Performance of FY25 vis-à-vis FY24

During fiscal year 2024-25, the Company achieved an ROA (Return on Assets) of 4.9% as against 4.2% in FY 24. The Return on Equity (ROE) improved from 13.1% to 14.8% YoY.

Risk management and Internal controls

Overview of the Risk Management Framework

The Company has established a comprehensive and integrated Risk Management Framework designed to systematically identify, evaluate, and mitigate risks that may impact its strategic objectives, operational efficiency, financial stability, and reputation. This framework is underpinned by a formally articulated Risk Appetite Statement, which defines the boundaries of acceptable risk across various dimensions of the business. It is further supported by a suite of Risk Policies, process-level controls, and threshold-based monitoring systems.

Risk management is not treated as a standalone function but is embedded into the Company's core decision-making processes, including strategic planning, capital allocation, budgeting, product development, and customer engagement strategies. This integration ensures that risk considerations are factored into every critical business decision, thereby enhancing organizational resilience, enabling sustainable growth, and protecting stakeholder interests in a dynamic and competitive environment.

The risk function is led by the Chief Risk Officer (CRO), who operates independently and reports directly to the Chairperson of the Board's Risk Committee. The CRO plays a pivotal role in advising senior management and the Board on emerging risks, strategic alignment of risk responses, and ensuring that risk mitigation efforts are consistent with the Company's long-term goals. The Risk Committee of the Board provides governance oversight and ensures that risk management practices are robust, transparent, and continuously improved.

Identification, Evaluation, and Monitoring of Key Risks

The Company's risk taxonomy includes a broad spectrum of risk categories, each of which is monitored through a structured and data-driven approach. The key risks identified include Credit Risk, Market Risk, Reputation and Fraud Risk, Regulatory and Compliance Risk, Operational Risk, Information Technology (IT) Risk, Human Capital Risk and Liquidity Risk. Each risk category is assessed using a Risk Scorecard, which incorporates multiple quantitative and qualitative parameters. These parameters are assigned weightages based on their materiality and impact potential. The aggregated risk scores are reviewed quarterly by the Risk Committee to ensure timely identification of risk build-up and to facilitate proactive mitigation.

Credit Risk Management

Credit risk is managed entirely in-house, with no outsourcing of underwriting activities. The credit assessment process includes personal discussions conducted by credit managers, which serve as a critical input in evaluating borrower intent and repayment capacity. The portfolio is analysed across geographic regions, industry sectors, and product categories to detect granular risk concentrations. Additionally, recovery trends are monitored to assess the effectiveness of collection strategies and to identify early signs of stress.

Market Risk Management

Market risk arises from macroeconomic fluctuations and competitive pressures. The Company conducts regular reviews of economic indicators, interest rate movements, and sectoral trends to recalibrate its credit and collection policies. A competitive landscape analysis is presented to the Board periodically, enabling strategic benchmarking and positioning.

Reputation and Fraud Risk

Reputation and fraud risks are monitored through multiple channels, including:

- Customer complaints (internal and regulatory)
- Internal audit findings
- Regulatory feedback
- Risk containment unit reviews

The risk containment unit performs sample-based reviews of onboarding cases to detect potential fraud or misrepresentation. All incidents are tracked, analysed, and reported to the Risk Committee, ensuring that reputational risks are addressed promptly and effectively.

Regulatory and Compliance Risk

The Company maintains a zero-tolerance policy towards regulatory non-compliance. Compliance is monitored through a dedicated function that ensures adherence to all applicable laws, regulations, and guidelines. Any deviations are reported to both the Audit Committee and Risk Committee, and corrective actions are implemented immediately. The Company has a strong compliance track record, with full resolution and reporting of all observations raised by the Reserve Bank of India (RBI) during inspections.

Operational Risk Management

Operational risk is managed through a self-assessment framework and an error logging system. Any deviations from standard operating procedures or process failures are internally reported, investigated, and rectified. This mechanism ensures continuous improvement and operational integrity.

Information Technology Risk

Technology is a cornerstone of the Company's operations. The IT security architecture is built on principles of reducing complexity, mitigating risk, and enhancing security efficiency. Key measures include:

- Deployment of CrowdStrike Falcon Complete for endpoint and server protection
- 24x7 monitoring of IT infrastructure
- Use of ManageEngine for patch prioritization and threat mitigation
- Annual Vulnerability Assessment and Penetration Testing (VAPT) across all applications
- Use of CrowdStrike Incidents Workbench to streamline alert management and prioritize actionable incidents

Human Capital Risk

Given the manpower-intensive nature of the business, employee attrition is a significant operational risk. The Company monitors attrition trends across all levels and implements targeted retention strategies, including employee engagement programs, career development initiatives, and performance-linked incentives.

Liquidity Risk

Liquidity management is critical to the Company's ability to meet disbursement obligations and maintain financial stability. The Company ensures access to funds from diversified sources, with a focus on optimizing tenure and cost of capital. Liquidity risk is reviewed periodically by the Asset-Liability Committee (ALCO) and reported to the Risk Committee. The Company's borrowing strategy, detailed in the relevant section of this report, reflects its commitment to prudent liquidity management.

Internal Controls

The Company has implemented a robust internal control system that is commensurate with the size, scale, and complexity of its operations. The Internal Audit Department operates under a Board-approved Internal Audit Charter, which defines its scope, authority, and independence. The Audit Committee of the Board oversees the internal audit function, ensuring its effectiveness and impartiality.

The internal audit team conducts regular audits of:

- Branches and regional offices
- Centralized operations
- Business processes and support functions

Audit findings are compiled into detailed reports, with recommendations submitted to management for corrective action. Significant observations and follow-up actions are presented to the Audit Committee for review and oversight.

The risk management process has played a pivotal role in:

- Rationalizing controls
- Enhancing process owner accountability
- Fostering a culture of control consciousness

The Company has also undertaken automation of critical processes to reduce manual interventions, minimize compliance risks, and prevent fraud. This strategic focus on control enhancement has ensured that the Company has not experienced material losses due to operational inefficiencies, control failures, or fraudulent activities.

VISTAAR FINANCE
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Corporate Social Responsibility Report

At the core of the Company's values lies a steadfast commitment to inclusive and sustainable development. This commitment is embodied in our CSR program, **'AAKAAR'**, which translates to *"To give shape."* Through AAKAAR, we aim to shape lives, communities, and their future by investing in initiatives that promote healthcare, education, and community development—the foundational pillars of societal progress.

Governance and Strategic Approach

Our CSR initiatives are governed by the CSR Committee of the Board, which provides strategic direction and oversight. All projects are subject to a rigorous approval process, including comprehensive due diligence on both the project scope and the implementing partners. This ensures that our CSR activities are not only compliant with statutory requirements but also aligned with our broader vision of creating long-term, measurable impact.

In FY 2024–25, the Company earmarked ₹286 lakhs for CSR activities, in accordance with applicable regulations. As of the fiscal year-end, ₹133.25 lakhs had been deployed across key initiatives, with the remaining funds committed to ongoing and future projects. The year's efforts were primarily focused on education and healthcare, reflecting our belief that access to knowledge and well-being are critical enablers of social transformation.

Key CSR Initiatives in FY 2024–25

1. Education Initiatives

A. SSLC Top-Up Coaching Program

Partner: Samarpaka Seva Trust (SST)

In many government schools, students face significant academic challenges due to limited access to quality instruction and learning resources. To address this gap, the Company partnered with SST to implement a supplementary coaching program for SSLC (10th grade) students. This initiative was designed to enhance academic performance and build confidence among students from economically disadvantaged backgrounds.

Scope and Reach:

- Beneficiaries: ~3,100 students across multiple government schools.
- Focus Areas: Mathematics, Science, and English.

Key Objectives:

- Improve conceptual understanding and exam preparedness.
- Foster holistic development and self-confidence.
- Support students from marginalized communities.

Outcomes:

- Eight students achieved state-level ranks, a testament to the program's effectiveness.
- Participating students recorded a 10% higher pass percentage compared to the state average, demonstrating tangible academic improvement.

B. Urban Fellows Programme (UFP)

Partner: Indian Institute of Human Settlements (IIHS)

To support the development of future urban leaders, the Company contributed ₹24 lakhs to the Urban Fellows Programme (UFP) at IIHS, Bengaluru. This prestigious, ten-month, full-time interdisciplinary program equips young professionals with the skills and perspectives needed to address India's complex urban challenges.

Fellowship Support:
- Beneficiaries: Three fellows—Meher Ali P, Jyoti, and Mohammed Suhail.
- Selection: Competitive, need-blind process ensuring diversity across socio-economic, regional, and gender lines.

Post-Fellowship Impact: The fellows are now contributing to:
- Enhancing urban governance and service delivery.
- Addressing intersections of caste, gender, and urbanization.
- Advocating for social justice and inclusive development.

With India expected to add 300 million urban residents by 2050, the UFP plays a critical role in preparing a new generation of urban practitioners capable of navigating the challenges of rapid urbanization, inequality, and environmental sustainability.

2. Healthcare Initiatives

Mobile Medical Units (MMUs)

Partners: Samarpaka Seva Trust and Seva Bharati Tamil Nadu

In alignment with our commitment to improving healthcare access, the Company approved ₹216 lakhs for the deployment and operation of Mobile Medical Units (MMUs) in underserved regions of Tamil Nadu and Karnataka. These MMUs are designed to deliver essential healthcare services directly to communities with limited access to medical infrastructure.

Operational Footprint:

- Locations: Erode, Dharmapuri, Raichur, Bangalore Rural, and Vellore.
- Beneficiaries: Over 9,000 individuals served within the initial months of operation.

Services Provided:

- Primary healthcare consultations.
- Preventive care and health awareness.
- Referral services for specialized treatment.

The MMU initiative has been designated as a flagship healthcare program, reflecting the Company's long-term commitment to community health. By bridging the healthcare accessibility gap, the MMUs are playing a vital role in improving health outcomes and enhancing quality of life in remote and rural areas.

Through its CSR initiatives under the AAKAAR banner, the Company continues to demonstrate a strategic, impact-driven approach to social responsibility. By investing in education and healthcare, we are not only fulfilling our statutory obligations but also contributing to the empowerment of communities, the development of human capital, and the creation of a more equitable and sustainable society.

As we move forward, we remain committed to expanding the scope and depth of our CSR efforts, guided by the belief that corporate success is intrinsically linked to societal well-being.

VISTAAR FINANCE
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Board's Report

Dear Members,

Your Board of Directors is pleased to present the 34th Annual Report of Vistaar Financial Service Private Limited ("Company") along with the Audited Financial Statements for the financial year ended March 31, 2025.

Company Overview:

Your Company is a non-deposit taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India and categorized as a NBFC – Investment and Credit Company (NBFC-ICC). The Company is presently classified as a NBFC - Middle Layer under the Reserve Bank of India (Non- Banking Financial Company - Scale Based Regulation) Directions, 2023.

1. Company Specific Information: -

1.1. Financial Summary and Highlights:

The financial statements of your Company for the year ended March 31, 2025, have been prepared in accordance with the Indian Accounting Standards notified under section 133 and schedule III to the Companies Act, 2013.

The highlights of the financial performance of the Company for the financial years 2024-25 and 2023-24 are as under:

Particulars	FY 2024-25 (Rs. in crores)	FY 2023-24 (Rs. in crores)
Revenue from Operations	923.57	684.32
Other Income	0.47	0.39
Total Income	**924.04**	**684.71**
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	700.31	479.89
Less: Depreciation/ Amortisation/ Impairment	(99.30)	(39.07)
Profit /loss before Finance Costs, Exceptional items and Tax Expense	601.01	440.83
Less: Finance Costs	(309.66)	(245.06)
Profit /(loss) before Exceptional items and Tax Expense	291.35	195.75
Add/(Less): Exceptional items	-	-
Profit /(loss) before Tax Expense	291.35	195.75
Less: Tax Expense (Current & Deferred)	(70.32)	(48.65)
Profit for the year (1)	**221.03**	**147.10**
Other Comprehensive Income/(loss) (2)	(14.84)	(3.38)
Total Comprehensive Income/(loss)(1+2)	**206.19**	**143.72**
Balance of profit/ (loss) for the earlier years	**432.93**	**313.03**
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Reserves	(44.21)	(29.42)
Less: Transfer from share options reserve	8.07	2.62
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Less: Others (Remeasurement gains on defined benefit plans, net of tax)	(0.24)	(0.40)
Balance carried forward	**618.06**	**432.93**

Your Company witnessed continuous growth and consistent performance in FY 2024-25. The key financial performance indicators for the year are as follows:

- Balance sheet size grew to Rs. 5588.54 Crores as on March 31, 2025 vis-à-vis Rs. 4327.62 Crores as on March 31, 2024 with y-o-y growth of 23%.
- The Assets under Management (AUM), including the managed portfolio, increased to INR 4929.83 crores as compared to INR 4,054.52 crores in the previous financial year 2023–24, reflecting the Company's continued growth momentum.
- Net Interest Income grew to Rs. 504.21 Crores for FY 2024-25 as compared to Rs. 372.95 Crores for previous financial year, with y-o-y growth of 35%
- Gross income stood at Rs. 923.57 Crores as compared to Rs. 684.32 Crores in the previous year showing the growth of 35 %.;
- The Profit Before Tax increased to Rs. 291.35 Crores for FY 2024-25 vis-à-vis Rs. 195.75 Crores for the FY 2023-24 indicating year-on-year (y-o-y) growth of 49 %;
- Net Profit grew to Rs. 221.03 Crores for FY 2024-25 as compared to Rs. 147.11 Crores for previous financial year indicating year-on-year (y-o-y) growth of 50 %;

A detailed review of the Company's operating and financial performance along with the industry structure and developments, is provided in the Management Discussion and Analysis Report, which forms part of the Annual Report.

Capital Adequacy:

Capital Adequacy Ratio of your Company as at March 31, 2025 stood at 50.98 % as against the minimum requirement of 15% stipulated by the Reserve Bank of India. The Company has raised a total of INR 840 Crore of Equity Capital in the FY 2024-25

1.2. Transfer to Reserves

Under section 45-IC (1) of Reserve Bank of India ('RBI') Act, 1934, non-banking financial companies ('NBFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, the Company has transferred a sum of Rs. 44.21 crores to its reserve fund.

Other than the mandatory transfer to the reserve fund as required by statute above, the Board of Directors has not recommended any further appropriation to reserves for the year under review.

Pursuant to the Reserve Bank of India's notification no. RBI/2019-20/170 DOR(NBFC). CC.PD.No.109/ 22.10.106/2019-20 dated March 13, 2020, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve when the impairment allowances made under Ind AS 109 are lower than the provisions prescribed under the Income Recognition, Asset Classification and Provisioning (IRACP) norms, including those for standard assets. As on March 31, 2025, the impairment allowances computed by the Company under Ind AS 109 exceeds the total provisions required under the IRACP framework. Accordingly, no amount is required to be transferred to the impairment reserve.

Pursuant to provisions of Companies Act, 2013 (the 'Act') read with relevant rules thereunder, the Company, being a NBFC, is exempt from creating debenture redemption reserve in respect of privately placed debentures including the requirement to invest up to 15% of the amount of debentures maturing during the next financial year. However, the Company maintains sufficient liquidity buffer to fulfil its obligations arising out of debentures. In case of secured debentures, an asset cover of at least 100% is maintained at all times.

1.3. Dividend

Equity shares:

In order to augment the capital requirements for supporting the growth of business of the Company, through retention of internal accruals, the board of directors has not recommended any dividend on equity shares for the financial year 2024-25.

Preference shares:

The Board, at its meeting held on 09th August 2024, in accordance with the provisions of the Articles of Association of the Company, declared dividend at the rate of 0.0001% on Class A Compulsorily Convertible Preference Shares (Class A CCPS) and Class B Compulsorily Convertible Preference Shares (Class B CCPS) respectively.

1.4. Major events occurred during the year

(a) State of the Company's affairs

Nature of Business of the Company

Your Company focuses on delivering secured financial solutions to a critical yet often underrepresented segment—micro-entrepreneurs, small business owners, and self-employed individuals. These borrowers typically have limited or no access to formal financial institutions and often rely on informal channels such as moneylenders, friends, or family to meet their personal and business financing needs.

Understanding the inherent challenges in assessing the income of such borrowers, your Company has developed an underwriting model tailored to this segment. This model evaluates borrower cash flows with the support of robust monitoring systems and strong recovery mechanisms, enabling the Company to effectively assess creditworthiness and extend appropriate financial support.

By bridging the gap between informal and formal finance, your Company empowers its customers to transition into the formal financial ecosystem. This transition provides borrowers with access to structured loan products, potentially lower interest rates, and manageable repayment terms.

Your Company remains firmly committed to ethical, fair, and transparent lending and collection practices. It emphasizes long-term engagement with its customers, supporting them throughout their credit journey and fostering financial inclusion and resilience.

The Company offers different types of loans as below:

- Business Loan: Tailored business loan solutions to meet the diverse financial needs of entrepreneurs, traders, manufacturers, and service providers. Our flexible financing supports growth, expansion, and working capital requirements at every stage of the business journey.
- Home Loan: This product is designed to make homeownership accessible and achievable for a wide range of individuals and families.
- Personal Loan: To support customers' diverse financial needs, with competitive rates and flexible repayment options.

The Company is in the process of launching Gold Loans to provide customers with quick access to funds by leveraging the value of their gold holdings, catering to both personal and business needs.

Mission and Vision of the Company

<u>Mission:</u>

Your Growth, Our Pride

- We are committed to being fair and transparent with our customers.
- We aim to provide equal opportunities for the growth and development of our employees.
- We strive to ensure our shareholders derive maximum value from their investment.
- We believe in building win-win relationships with our partners.
- We shall continue to uphold and follow all regulatory requirements in their true spirit.

Vision:

To become the most preferred NBFC of choice for all our stakeholders.

Disbursement Performance

Your Company recorded growth in loan disbursements during the financial year ended March 31, 2025, with total disbursements amounting to Rs. 1818 crores, as compared to Rs.1687 crores in the previous financial year reflecting a year-on-year (YoY) growth of 8%. The average ticket size as on March 31, 2025, stood at Rs. 10 lakhs, up from Rs. 9.5 lakhs for disbursals made during the financial year ended March 31, 2024.

Branch Network

The Company continues to pursue a contiguous branch expansion strategy to deepen its presence in existing markets and enhance accessibility for target customer segments. This strategic approach was sustained during the financial year ended March 31, 2025, with the addition of 55 new branches. As a result, the total branch network increased to 265 branches, up from 212 branches in the previous financial year.

As on March 31, 2025, the Company operates across 12 states and one Union Territory, namely: Karnataka, Uttar Pradesh, Gujarat, Maharashtra, Rajasthan, Tamil Nadu, Madhya Pradesh, Odisha, Andhra Pradesh, Telangana, Haryana and Delhi. The details of the branch network as of March 31, 2025, along with a comparative view of the previous year, are provided below:

States	No. of Branches	
	March 31, 2025	March 31, 2024
Karnataka	50	44
Uttar Pradesh	05	4
Gujarat	07	7
Maharashtra	22	22
Rajasthan	15	9
Tamil Nadu	75	62
Madhya Pradesh	15	13
Odisha	11	5
Andhra Pradesh	41	29
Haryana	04	4
Delhi	03	3
Telangana	17	10
Total	**265**	**212**

Funding and Treasury Management

During the financial year ended March 31, 2025, the Company continued to follow a prudent and well-balanced funding strategy, leveraging an optimal mix of equity and debt to support its operational requirements and growth trajectory. In alignment with its long-standing approach to diversifying funding sources, the Company further expanded its lender base, adding six (6) new lenders, including domestic banks, financial institutions, and overseas development finance institutions. As on date, the Company has active funding relationships with 44 lenders.

The Company's borrowings are managed through an Asset-Liability Management (ALM) framework. This includes diversification of funding sources, careful optimisation of loan tenors, and strategic timing of borrowings to ensure cost efficiency and liquidity management.

During the year, the Company raised funds through a mix of External commercial borrowings from DFI, term loans from banks, private placement of secured Non-Convertible Debentures (NCDs) from Mutual Funds and FIs. These initiatives were undertaken with a dual focus on maintaining funding diversification and reducing the overall cost of funds.

This strategic approach has yielded tangible benefits. The weighted average cost of the borrowing book, declined to 9.19% as of March 31, 2025, compared to 9.70% in the previous financial year. As of the same date, the funding mix comprised term loans from banks and financial institutions 65%, securitisation 13%, NCDs 9%, and External Commercial Borrowings 13%.

Human Resource Development

Various strategic interventions were launched during the year in our people processes, to better align the organization structure with the branch expansion, improve employee productivity, reduce attrition, increase employee engagement and Vistaar's employer branding Your company now has an employee strength of 3179 in FY25 vs 2465 in FY24.

Organization Structure

In FY2024-25, the Company increased its number of branches from 212 to 265 pan India. To support the new structure, we divided the distribution network into four mega zones, seventeen zones and fifty-four regions. Vertically each mega zone, zone and region would be headed by leaders in sales, credit and collections. At an employee level we reviewed our current grading and designation system to align it to the new organization structure, growth requirements of the Company and to make them more market facing.

Driving a High-Performance Culture

In FY2024-25 we introduced the V (Vistaar) Score framework for capturing the performance of the branch teams in an unbiased objective manner. The appraisal cycle was accordingly aligned to the new 'Vistaar Financial Year' of July to June. Building a high-performance culture which recognizes and celebrates high performers (like Lakhpati Customer Relationship Officers every month) was another key goal. The year also saw the launch of a new career development policy with new location transfer benefits coupled with a 'talent hunt' to identify the potential leaders of tomorrow.

Capability Building

During the year, storytelling was adopted as a core approach to enhance learning effectiveness and knowledge retention. A new sales effectiveness program for new joiners "Abhishek" was introduced incorporating the narrative 'The Prince and the Four Wise Owls' to convey key concepts. A buddy program titled Saathi was also launched across branches to support front-line sales staff. The program provides guidance to new employees during their first 60 days, facilitating smoother onboarding. For mid- and senior-level leadership, retreats were conducted featuring structured interventions focused on leadership development.

Engaged and Connected

Your Company continued its focus on building a compelling Employee Value Proposition, emphasizing the reasons for employees to join, remain with, and advocate for Vistaar Finance among their networks. The new tagline, "Your Growth, Our Pride," was introduced to communicate this commitment internally. To enhance engagement across the branch network, the regional Human Resources team implemented a structured format for regular branch visits, enabling direct connection with employees. A dedicated communication channel, MyVoice2CEO (email), was launched to provide employees with a platform to share suggestions and grievances directly with the leadership. Additionally, quarterly organization-wide events were held to celebrate national and regional festivals, supported by zonal-level budgets aimed at maintaining motivation and team cohesion.

(i) Segment wise position of business and its operations;	The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates in Republic of India and there are no other geographical segments.
(ii) Change in status of the Company;	During the period under review, the Company continued to be a Private company under the Companies Act, 2013. Further the Company continued to be a Non-Deposit taking NBFC under section 45-IA of the RBI Act, 1934
(iii) Key business developments;	The Company broadened its product portfolio during the year with the introduction of Affordable Housing Loans vertical, and Personal Loans. Additionally, it secured a total equity investment of ₹840 crores, further strengthening its capital base to support future growth initiatives.

(iv) Change in the financial year;	The Company follows financial year beginning April 1st and ending with March 31st. There is no change in the financial year.
(v) Capital expenditure programmes;	During the year under review, the Company has spent Rs. 9.52 crores on Capex growth, which includes Rs. 3.75 Crores on Information Technology.
(vi) Details and status of acquisition, merger expansion, modernisation and diversification;	The Company has neither acquired any other entity nor there had been any merger, expansion or modernization.
(vii) Developments, acquisition and assignment of material intellectual property rights;	There were no Developments, Acquisitions and Assignments of material Intellectual Property Rights during the entire year under review.
(viii) Any other material event having an impact on the affairs of the Company.	Nil

(b) Change in nature of business

During the year under review, the Company neither commenced any new business nor discontinued, sold, or disposed-off its existing business. Further, there was no change in the nature of the Company's business.

(c) Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the year and till the date of the Report

There have been no occurrence of material changes and commitments since the end of the year and till the date of this report, affecting the financial position of the Company.

1.5. Details of revision of financial statement or the Report

During the three preceding financial years, your Company has not revised the financial statements and the Board's Report.

2. General Information

In accordance with the applicable provisions of the Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, issued by the Reserve Bank of India, a detailed analysis of the Company's performance, including overview of the industry, important changes in the industry during the last year, external environment and economic outlook, induction of the strategic and financial partners during the year, growth of the Company vis-a-vis industry growth and outlook, are discussed in the Management Discussion and Analysis Report, which forms part of Annual Report.

3. Capital and Debt Structure

3.1. Changes in the capital structure of the Company

(a) Authorised Share capital

During the year under review, at the Extra-Ordinary General Meeting No. 01/2024-25 held on September 23, 2024, the shareholders approved the increase in Authorised Share Capital of the Company from Rs. 85,50,00,000 (Rupees Eighty-Five Crores Fifty Lakhs Only) to Rs. 1,10,00,00,000/- (Rupees One Hundred and Ten Crores Only) by increasing the number of equity shares from 8,16,05,860 (Eight Crores Sixteen Lakhs Five Thousand Eight Hundred Sixty Only) Equity Shares of Rs. 10/- (Rupees Ten only) each to 10,61,05,860 (Ten Crores Sixty-One Lakhs Five Thousand Eight Hundred and Sixty Only) Equity Shares of Rs. 10/- (Rupees Ten only) each.

As on March 31, 2025, the Authorised Share Capital of your Company stood at Rs. 1,10,00,00,000/- (Rupees One Hundred and Ten Crores Only) divided into 10,84,11,220* (Ten Crores Eighty-Four Lakhs Eleven Thousand Two Hundred and Twenty Only) Equity Shares of Rs. 10/- (Rupees Ten only) each, and

15,88,780 (Fifteen Lakhs Eighty-Eight Thousand Seven Hundred and Eighty) Class B Compulsorily Convertible Preference Shares of Rs. 10/- (Rupees Ten only) each.
**After considering reclassification as detailed in point (b) below.*

(b) Reclassification of Authorised Share Capital:

During the year under review, the authorised share capital of the Company was reclassified to streamline the capital structure and align with the evolving capital requirements of the business.

At the Extra-Ordinary General Meetings No. 02/2024-25 and No. 03/2024-25 held on October 07, 2024 and October 23, 2024 respectively, the shareholders approved the cancellation of unissued Compulsorily Convertible Preference Shares (CCPS); Class A CCPS; Class B CCPS and Class A Equity Shares and increase in the Equity Authorised Share Capital to the extent as detailed below

Meeting Date	Class of Shares Cancelled*	No. of Shares	Face Value (₹)	Reclassified Into	No. of Shares
October 07, 2024	Compulsorily Convertible Preference Shares	8,93,700	10	Equity Shares	8,93,700
	Class A Compulsorily Convertible Preference Shares	3,30,000	10	Equity Shares	3,30,000
	Class B Compulsorily Convertible Preference Shares	10,81,160	10	Equity Shares	10,81,160
October 23, 2024	Class A Equity Shares	500	10	Equity Shares	500
Total		**23,05,360**			**23,05,360**

**These changes did not impact the overall authorised share capital of the Company but entailed a reallocation from various classes of shares to equity share capital, thereby enhancing flexibility for future equity issuances and capital structuring initiatives.*

(c) Issued, subscribed and paid-up capital

During the year under review, your Company has allotted the Equity shares as detailed below

Sl No.	Date of Issue	Date of allotment	Method of Allotment	Number of shares	Issue Price (in Rs.)
1.	NA*	05-10-24	Conversion of Class A CCPS into Equity shares	1,61,647 fully paid-up Equity shares of face value Rs. 10/- each	NA
				80, 824 fully paid-up Equity shares of face value Rs. 10/- each	NA
				80,824 fully paid-up Equity shares of face value Rs. 10/- each	NA
2	NA	05-10-24	Conversion of Class B CCPS into Equity shares	5,38,345 fully paid-up Equity shares of face value Rs. 10/- each	NA
				2,69,171 fully paid-up Equity shares of face value Rs. 10/- each	NA
				2,69,173 fully paid-up Equity shares of face value Rs. 10/- each	NA
3	NA	05-10-24	Conversion of CCPS into Equity Shares	7,00,000 fully paid-up Equity shares of face value Rs. 10/- each	NA
4	NA	23-10-24	Reclassification of Class A Equity Shares into Equity Shares	60 fully paid-up Equity shares of face value Rs. 10/- each	NA

Sl No.	Date of Issue	Date of allotment	Method of Allotment	Number of shares	Issue Price (in Rs.)
5.	17-02-25	18-02-25	Preferential offer on a private placement basis	42,67,085 fully paid-up Equity shares of face value Rs. 10/- each	585.88/-
6	28-02-25	28-02-25	Preferential offer on a private placement basis	58,03,237 fully paid-up Equity shares of face value Rs. 10/-	585.88/-
7	28-02-25	07-03-25	Preferential offer on a private placement basis	20,37,261 fully paid-up Equity shares of face value Rs. 10/-	585.88/-
8	28-02-25	07-03-25	Preferential offer on a private placement basis	10,35,040 fully paid-up Equity shares of face value Rs. 10/-	585.88/-
9	28-02-25	17-03-25	Preferential offer on a private placement basis	11,94,784 Equity shares of face value Rs. 10/-	585.88/-

* *Allotment was pursuant to conversion*

Further, during the year under review, your Company has not issued any convertible securities.

The Issued, subscribed and paid-up capital of the Company as on 31 March, 2025, was as below

Class of Shares	Issued Capital		Subscribed Capital		Paid up Capital	
	No. of Shares	Total Amount (in Rs.)	No. of Shares	Total Amount (in Rs.)	No. of Shares	Total Amount (in Rs.)
Equity Shares of Rs. 10/- each fully paid up	9,64,45,105	96,44,51,050	9,64,45,105	96,44,51,050	9,64,45,105*	96,44,51,050 *
Class B Compulsorily Convertible Preference Shares (Class B CCPS) of Rs. 10/- each partly paid up	15,88,780	15,88,780	15,88,780	15,88,780	15,88,780	15,88,780

**Note: Your 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 various employee stock option schemes. The Company has issued over the years 2,163,637 equity shares to the ESOP Trust. These shares were issued at fair value. 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.*

(d) Reduction of share capital or buy back of shares

During the year under review, there was no reduction of share capital or buy-back of shares.

(e) change in the capital structure resulting from restructuring

There was no restructuring of share capital during the year under review.

(f) Change in Voting rights

During the year under review, there was no change in the voting rights.

3.2. Issue of equity shares with differential voting rights

During the year under review, your Company has not issued any shares with differential rights and hence no information as per the provisions of Section 43(a)(ii) of the Companies Act, 2013 read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

3.3. Issue of Sweat Equity Shares

Your Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

3.4. Issue of Bonus Shares

Your Company has not issued any Bonus shares during the year under review.

3.5. Details of Employee Stock Option Scheme (Rule 12(9) of the Companies [Share capital and Debentures) Rules, 2014] for the year 2024-25

The Company has three 'Employee Stock Option Plans namely 'Employee Stock Option Plan 2010', 'Employee Stock Option Plan 2016' and 'Employee Stock Option Plan 2024'. The 'Employee Stock Option Plan 2010' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 2 July 2010. An 'Employee Stock Option Plan 2016' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 23 May 2016. An 'Employee Stock Option Plan 2024' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 18 March 2024.

The total options issuable under the Plans are 7,248,682 options. The Plan provides for the issuance of stock options to eligible employees based on Company's Nomination and Remuneration 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). These options issued under ESOP scheme 2024 contains both time based and performance based vesting conditions.

The details of ESOPs as on March 31, 2025 are as follows:

Particulars	ESOP Scheme 2010	ESOP Scheme 2016	ESOP Scheme 2024
	No. of options		
Options granted during the year	0	0	18,07,750
Options vested during the year	1,25,375	1,26,375	2,66,076
Options exercised during the year	4,82,191	1,83,177	12,500
Total number of shares arising as a result of exercise of option	4,82,191	1,83,177	12,500
Options lapsed during the year	97,500	1,48,375	1,72,750
Exercise price	227.3 to 250.80	227.3 to 250.80	275.1 to 344.6
Variation of terms of options	-	-	-
Money realized by exercise of options	8,57,93,289	4,16,24,139	42,25,000
Total number of options in force under the Scheme	3,54,957	4,14,273	37,51,106

<table>
<tr><th rowspan="2">Particulars</th><th>ESOP Scheme 2010</th><th>ESOP Scheme 2016</th><th>ESOP Scheme 2024</th></tr>
<tr><th colspan="3">No. of options</th></tr>
<tr><td colspan="4">Employee wise details of options granted to:</td></tr>
<tr><td>A) Key Managerial Personnel</td><td colspan="2">No options were granted to KMP under the said scheme</td><td>Details of options granted to KMP are as follows:
<table>
<tr><th>Employee Name</th><th>No. Of Options granted</th></tr>
<tr><td>Mr. Prashant Kani</td><td>65,000</td></tr>
<tr><td>Ms. Shivani Agarwal</td><td>20,000</td></tr>
</table></td></tr>
<tr><td>B) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year</td><td colspan="3">No employee has been granted stock options amounting to five percent or more of the total options granted during the current financial year</td></tr>
<tr><td>C) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant</td><td colspan="3">No identified employee has been granted stock options during any single year equal to or exceeding one percent of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of the grant</td></tr>
</table>

3.6. Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the employees

The voting rights are exercised directly by the employees in respect of equity shares allotted under the Employee Stock Option Schemes of the Company. Thus, the disclosure requirements pursuant to Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

3.7. Issue of Debentures, bonds or any other Non-Convertible Securities

During the year under review, the Company has issued and allotted Non-Convertible Debentures ("NCDs") on private placement basis as disclosed below:

Name of Instrument	Date of Issue	Date of Allotment	Number of NCDs	Issue Price (in Rs.) (per NCDs)	Coupon rate	Maturity Date	Amount of Debentures (in Rs.)
Senior, secured, rated, listed redeemable, non-convertible debentures	27-03-2024	19-04-2024	3,000	1,00,000/-	9.65% p.a.	19-04-2027	30,00,00,000/-
Senior, secured, rated, listed, redeemable, transferrable non-convertible debentures	10-06-2024	18-06-2024	5,000	1,00,000/-	9.65% p.a.	18-06-2026	50,00,00,000/-

Name of Instrument	Date of Issue	Date of Allotment	Number of NCDs	Issue Price (in Rs.) (per NCDs)	Coupon rate	Maturity Date	Amount of Debentures (in Rs.)
Senior Secured Rated, Listed, Partly Paid, Redeemable, Transferable, Non-Convertible Debentures	21-06-2024	27-06-2024	20,000	1,00,000/-	9.65% p.a.	27-12-2026	60,00,00,000/- *

**NCDs were initially partly paid to the extent of Rs. 25,000/- per debenture. Subsequently, on March 08, 2025, NCDs were modification in the balance subscription payment terms and repayment schedule. In accordance with the modified terms, the balance subscription amount of Rs. 5,000/- per debenture was received against NCDs on March 13, 2025. Remaining amount of Rs. 70,000/- per debenture to be received as per modified terms.*

3.8. Issue of Warrants

During the year under review, no warrants was issued by your Company.

3.9. Terms Loans

During the financial year under review, your Company has availed fresh Sanctions of borrowings aggregating to INR 1,356 Crores. The outstanding total borrowings as at March 31, 2025 were INR 3,027 Crores.

3.10. External Commercial Borrowings

During the financial year under review, your Company has availed External Commercial Borrowings (ECBs) aggregating to INR 417 Crores from overseas lenders. These borrowings were raised to diversify funding sources and optimize borrowing costs. The outstanding ECBs as at March 31, 2025 stood at INR 475 Crores.

3.11. Securitisation/ Assignments of Loan Portfolio

During the financial year under review, your Company has actively tapped the Securitization/ Assignments market, which has enabled it to create liquidity, reduce cost of funds and minimize asset liability mismatches. During the year, your Company has securitised receivables worth INR 304 crores for a sale consideration of INR 265 crores. These Securitisation/ assignments transactions were carried out in line with RBI guidelines on Securitization of Standard Assets and accounted in line with Indian Accounting Standards.

3.12. Commercial Paper

Your Company has not issued any Commercial Paper and Short-Term Instruments during the financial year ended March 31, 2025.

4. Credit Rating

The details of credit ratings obtained during the year, are as below

Type of Security for which Credit Rating was obtained	Name of the Rating Agency	Date on which credit rating was obtained/ upgraded/ revised	Fresh rating/ Revision/ Enhancement	Reason provided by rating agency for downward revision, if any
Bank Loans Non- Convertible Debentures	India Ratings & Research Limited	May 03, 2024	Upgradation of rating from “IND A” to “IND A+”. The outlook is stable.	Not Applicable

Type of Security for which Credit Rating was obtained	Name of the Rating Agency	Date on which credit rating was obtained/ upgraded/ revised	Fresh rating/ Revision/ Enhancement	Reason provided by rating agency for downward revision, if any
Non- Convertible Debentures	ICRA Limited	December 30, 2024	[ICRA]A+ (Stable); reaffirmed	Not Applicable.
Long – term fund based – Term Loan			[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount*	
Short – term fund based – Overdraft			[ICRA]A1+; reaffirmed	
Non- Convertible Debentures	CARE Ratings Limited	January 03, 2025	Ratings reaffirmed. CARE A+; Stable	Not Applicable

**Rated amount enhanced from Rs. 1461 crore to Rs. 2061 crore.*

5. Investor Education and Protection Fund (IEPF):

Unclaimed Dividend

Pursuant to sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to the Investor Education and Protection Fund ('IEPF'). Since there was no amount lying w.r.t unpaid/unclaimed dividend, no transfer was made to IEPF during the year under review.

Unclaimed Interest/Redemption amount

Pursuant to Regulation 61A (2) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 ('Listing Regulations') read with SEBI Circular on Procedural Framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors dated November 08, 2023, there was no amount due to be transferred to Escrow Account/to IEPF in respect to Non-Convertible Securities.

6. Management

6.1. Board of Directors

Your Company has a well-diversified and professionally experienced Board that brings together a wide range of skills and expertise in the areas of finance, risk management, strategy, and governance. The Directors uphold the highest standards of integrity and professionalism and actively contribute their time and insights towards the effective functioning of the Board.

As on March 31, 2025, the Board of Directors comprised six (6) members, consisting of:

- Three (3) Independent Directors, one of whom is a woman Director;
- Two (2) Non-Executive Directors; and
- One (1) Executive Director, who is the Managing Director & Chief Executive Officer.

The composition of the Board and committee is in compliance with the provisions of the Companies Act, 2013, and the Reserve Bank of India (RBI) Master Directions governing Non-Banking Financial Companies (NBFCs).

Changes in Directors during FY 2024-25

There were no appointments or changes in the designation of Directors during the financial year ended March 31, 2025.

Directors as on the date of this Report

The Directors of the Company, as on the date of this Report, are as follows

Sl no.	Name	Designation	DIN/PAN
1.	Mr. Chandrashekhar Bhaskar Bhave	Non-Executive Chairman & Independent Director	00059856
2.	Mr. James Varghese Abraham*	Independent Director	02559000
3.	Mrs. Manju Agarwal	Independent Director	06921105
4.	Mr. Narendra Ostawal	Nominee Director	06530414
5.	Mr. Hemant Omprakash Mundra	Nominee Director	08192978
6.	Mr. Avijit Saha	Managing Director & Chief Executive Officer	05102009
7.	Ms. Amrita Gangotra**	Additional Director (Non-executive & Independent)	08333492

** The tenure of Mr. James Varghese Abraham as Independent Director concludes at the end of the day on May 28, 2025, upon completion of his second term.*
*** Ms. Amrita Gangotra was appointed by Board of Directors at their meeting held on May 28 2025, as Additional Director (Non-executive & Independent).*

Directors Retiring by Rotation

The provisions of Section 152(6) of the Companies Act, 2013, relating to retirement of Directors by rotation, are not applicable to your Company as it is a private limited company.

Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013 read with applicable rules, the following officials were designated as Whole-time Key Managerial Personnel (KMP) of the Company as on March 31, 2025

Sl no.	Name	Designation	DIN/PAN
1.	Mr. Avijit Saha	Managing Director & Chief Executive Officer	05102009
2.	Mr. Prashant Kani	Chief Financial Officer	APKPK4388L
3.	Ms. Shivani Agarwal	Chief Compliance Officer and Company Secretary	AXTPA7267K

There were no changes in the composition of Key Managerial Personnel between the financial year ended March 31, 2025, and the date of this Report.

6.2. Independent Director

Declaration of Independence and Compliance with Code of Conduct

Pursuant to the provisions of Section 149(7) of the Companies Act, 2013, read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, your Company has received necessary declarations from its Independent Directors, confirming that they meet the criteria of independence as laid down under Section 149(6) of the Act.

The Independent Directors have also affirmed compliance with the Code for Independent Directors as prescribed in Schedule IV of the Companies Act, 2013.
Further, in accordance with the amended Rule 6 of the said Rules, each Independent Director has confirmed that they are registered with the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs (IICA), and have complied with the applicable requirements relating to the proficiency self-assessment test, where required under Section 150(1) of the Act.

In the opinion of the Board, all Independent Directors of Your Company possess the requisite integrity, qualifications, experience, and proficiency, and fulfill the conditions for independence as prescribed under the Companies Act, 2013. They continue to bring valuable perspectives and independent judgment to the Board's deliberations, thereby contributing effectively to the overall governance of Your Company.

Fit and Proper Criteria & Disclosures under RBI Regulations

Pursuant to the Master Direction – Non-Banking Financial Company (Scale Based Regulation) Directions, 2023, Your Company has obtained declarations and undertakings from all Directors, including Independent Directors, confirming their compliance with the 'fit and proper' criteria as prescribed by the Reserve Bank of India (RBI).

The Non-Executive Directors, including Independent Directors, do not have any pecuniary relationship or transactions with Your Company, except for the receipt of sitting fees and commission for attending the meetings of the Board and its Committees, as approved by the Board in accordance with applicable laws.

6.3. Meetings

During the Financial Year under review, the board met 13 (Thirteen) times on May 09, 2024, August 09, 2024, September 28, 2024, October 5, 2024, October 23, 2024, November 12, 2024, February 12, 2025, February 17, 2025, February 18, 2025, February 27, 2025, February 28, 2025, March 17, 2025 and March 24, 2025, with the interval between any two consecutive meetings not exceeding one hundred and twenty days, in compliance with the applicable provisions of the Companies Act, 2013.

6.4. Committees

In compliance with various regulatory requirements, several Board-level Committees have been constituted to delegate matters that require greater and more focused attention.

As of March 31, 2025, the Company has the following committees of the Board of Directors

Name of the Committee	Composition of Committee
Audit Committee	Mrs. Manju Agarwal (Chairperson), Mr. James Varghese Abraham, Mr. Chandrashekhar Bhave and Mr. Hemant Omprakash Mundra
Risk Committee	Mr. James Varghese Abraham (Chairperson), Mrs. Manju Agarwal, Mr. Hemant Omprakash Mundra and Mr. Avijit Saha
Nomination and Remuneration Committee	Mr. James Varghese Abraham (Chairperson), Mr. Chandrashekhar Bhaskar Bhave, and Mr. Narendra Ostawal
IT Strategy Committee	Mrs. Manju Agarwal (Chairperson), Mr. James Varghese Abraham, Mr. Hemant Omprakash Mundra and Mr. Avijit Saha
Corporate Social Responsibility Committee	Mr. Chandrashekhar Bhaskar Bhave (Chairperson), Mr. Hemant Omprakash Mundra and Mr. Avijit Saha
Review Committee (willful Defaulter)	Mr. Avijit Saha (Chairperson), Mr. James Varghese Abraham and Mr. Hemant Omprakash Mundra
Asset Liability Management Committee	Mr. Avijit Saha (Chairperson), Chief Financial Officer, Chief Risk Officer and Chief Information Officer.
Finance and Stakeholders Relationship Committee	Mr. Avijit Saha (Chairperson), Chief Financial Officer and Chief Risk Officer

Details on the constitution, brief terms of reference, meetings held and attendance of all the Board-level Committees are provided in Corporate Governance Report at **Annexure I.**

6.5. Recommendations of Audit Committees

During the year under review, all recommendations made by the Audit Committee were approved by the Board.

6.6. Company's Policy on Directors' Appointment and Remuneration

In accordance with the provisions of section 178(3) of the Companies Act, 2013 read with rules made thereunder, the Board on recommendation of the Nomination and Remuneration Committee, has adopted the Nomination & Remuneration Policy ("NR Policy"), which inter alia, includes the criteria for appointment and remuneration of Directors, Key Managerial personnel (KMPs) and Senior Management of the Company.

The NR Policy also captures the terms & conditions for appointment of Independent Directors to formulate the criteria for determining qualifications, positive attributes and independence of a director and determining whether to extend or continue the terms of appointment of independent director on the basis of the report of performance evaluation. The NR Policy is available on the Company's website at Vistaar.

Further, pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 the Company has adopted the policy on 'Fit And Proper' Criteria for Directors to bring uniformity in the process of due diligence while appointing directors, and the Compensation Policy outlining terms pertaining to the remuneration for the Directors, Key Managerial Personnel and other employees, with the approval of Board of directors based on the recommendation of the Nomination and Remuneration committee of the Board.

6.7. Annual Performance Evaluation of Board, Committee and Individual Directors

In accordance with the provisions of the Companies Act, 2013, the Company undertook a formal annual evaluation of the performance of the Board, its committees, and individual Directors for the financial year 2024–25. The outcome of the evaluation process was discussed by the Nomination and Remuneration Committee ("NRC") as well as the Board of Directors at their respective meetings held on 12th February 2025.

A confidential questionnaire-cum-rating sheet conducted in a secured digital mode, enabling Directors to evaluate the performance of the Board, various Committees, the Chairperson, and their fellow Directors (excluding self-assessment). The framework provided for both quantitative ratings and qualitative feedback, thus allowing for a well-rounded assessment.

The evaluation outcome reflected a high level of satisfaction with the functioning of the Board and its Committees, particularly in areas such as strategic direction, governance practices, and oversight responsibilities. Each Director brings unique expertise, leadership experience, and strategic insight, all of which contribute significantly to the robust governance and effective functioning of the Board and its Committees.

6.8. Meeting of Independent Directors

In accordance with the provisions of Schedule IV to the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on February 11, 2025, without the presence of Non-Independent Directors or members of the management.

The meeting provided an opportunity for the Independent Directors to deliberate in a free and constructive manner on key governance matters, and to discharge their responsibilities as outlined under the Act and applicable regulations. The agenda of the meeting included the following:

- Reviewing the performance of Non-Independent Directors and the Board as a whole;
- Evaluating the performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors;
- Assessing the quality, quantity, and timeliness of information flow between the management and the Board, which is essential for the Board to function effectively and discharge its responsibilities efficiently.

All Independent Directors of the Company were present at the meeting and actively participated in the discussions.

6.9. Directors Responsibility Statement

In compliance with Section 134(3) (c) of the Companies Act, 2013 ("the Act"), your Directors confirm and state as follows:

a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
b) That your Directors had selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review.
c) That your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
d) That the annual accounts have been prepared on a going concern basis.
e) That your directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
f) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively – Not applicable.

6.10. Details of Internal Financial Control

Financial controls are critical to ensure financial statements provide a high degree of reliability and assurance. Internal financial controls (IFC) are designed keeping in view the size and nature of each activity and process impacting the IFC. The Company has adequate internal financial controls commensurate with its size and nature of operations. The internal financial controls have been designed to provide a high degree of assurance regarding the financial information that has been published or shared with various stakeholders and in compliance with applicable laws and regulations. The IFCs are tested periodically through internal self - assessments by the management, independent review by the Risk team, external audits and statutory audits. Further the Statutory Auditors have also certified that the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31st March, 2025.

6.11. Fraud Reported by Auditor

During the year under review, there were no instances of fraud reported by the statutory auditors, branch auditors and secretarial auditor under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors.

7. Subsidiaries, Joint Ventures, Associate Companies

During the financial year ended 31st March, 2025, Your Company did not have any subsidiary, associate, or joint venture company. Additionally, Your Company was not involved in any joint ventures during the year.

8. Details of Deposits

Your Company is registered with the Reserve Bank of India (RBI) as a Non-Deposit Accepting Non-Banking Financial Company (NBFC) under Section 45-IA of the RBI Act, 1934, and is classified as an NBFC-Investment and Credit Company (NBFC-ICC). During the financial year ended 31st March, 2025, Your Company has not accepted any public deposits, in accordance with the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, and the Companies Act, 2013.

9.Particulars of Loans, Guarantees or Investments under Section 186

The loans were provided in the ordinary course of business and hence providing the details of the same is not applicable. The Company has not provided any guarantee during the year.

The details of Investments made by the Company are available in financial statements.

10.Particulars of Contracts or Arrangements with Related Parties

There were no related party transactions during the financial year under review, other than the remuneration paid to Directors and Key Managerial Personnel. The details of such transactions during FY 2024–25 are provided in the note no. 34 to the Financial Statements.

There were no contracts or arrangements with related parties requiring disclosure in Form AOC–2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Accordingly, form AOC–2 does not form part of this Report.

The Policy on Related Party Transactions, as approved by the Board of Directors, is available on Your Company's website and can be accessed at the following link: Related Party Transactions Policy

11.Corporate Social Responsibility (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013, Your Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board. The Committee is entrusted with the responsibility of formulating and recommending the CSR Policy to the Board and monitoring its effective implementation.

The CSR Policy, approved by the Board, defines Your Company's strategic approach to CSR, focus areas, governance, fund allocation, implementation and monitoring mechanisms. CSR initiatives are undertaken in line with Schedule VII of the Companies Act, 2013, either directly or through eligible implementing agencies.

The CSR Policy is available on Your Company's website and can be accessed at the following link- CSR Policy

A detailed report on CSR activities undertaken during the financial year 2024–25, in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is annexed to this Report as **Annexure II.**

12.Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The provisions related to conservation of energy and technology absorption under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014 do not apply to your Company as your Company is not a manufacturing entity. However, Your Company is committed to increasing the use of information technology and promoting resource conservation in its operations.

During the financial year ended March 31, 2025, the Company incurred foreign currency expenditure, details of the same are furnished in note no. 53 of the financial statements

13.Risk Management

Risk management is a fundamental pillar for the sustainability and growth of any Non-Banking Financial Company (NBFC). Effective lending practices necessitate the prompt identification, thorough assessment, and diligent management and monitoring of a variety of risks, including credit, operational, market (interest-rate and liquidity), and reputational risks.

To further strengthen the Company's risk management framework, the Chief Risk Officer (CRO) has been made independent of all business-related functions. This structural change reinforces the objectivity and integrity of risk oversight and aligns with regulatory expectations and best practices in governance.
In alignment with the above, your Company has placed strong emphasis on strengthening its risk management model. Key initiatives undertaken during the year include the adoption of a risk-based audit approach, adoption of technology-driven and analytical tools for improved risk identification and mitigation, a focused thrust on promoting cashless collections, and the continued development of internal capabilities to manage the complexities of credit and operational risks. Additionally, efforts have been made

to build risk culture with the line management through structured risk management training programs, aimed at deepening awareness and preparedness at all levels.

The risk management function is overseen by the Risk Management Committee, which is responsible for defining the Company's risk appetite, and reviewing the quality, integrity, and effectiveness of the risk management systems in place. It also ensures that policies and strategies are implemented effectively. The Audit Committee provides additional oversight with regard to internal controls and risk-related matters. The Risk Management Department, headed by the Chief Risk Officer, conducts periodic assessments of key risk exposures against the thresholds defined by the Risk Management Committee.

Your Company has adopted a comprehensive Risk Management Framework and Policy aimed at systematically identifying, evaluating, monitoring, and mitigating risks across the Company. Recognizing that risk is inherent to all business activities, the policy serves as a strategic tool to manage key risks such as credit risk, market risk, operational risk, liquidity risk, regulatory risk, and other emerging risks. Your Company has established a sound and scalable risk management infrastructure to effectively address these areas.

14. Compliance

14.1. Compliance culture

Your Company continues to uphold a strong compliance-oriented environment, treating compliance as an integral part of corporate governance rather than a reactive obligation. The Board and Senior Management place strong emphasis on adherence to the Fair Practice Code, regulatory discipline, and timely reporting.

Your Company believes in fostering a culture where compliance is a shared responsibility and a core organizational value, essential for sustainable growth and continued stakeholder confidence.

14.2. Regulation implementation

During the year, your Company proactively aligned its policies with the evolving regulatory landscape applicable to NBFCs. Regulatory circulars and notifications issued by authorities are systematically reviewed on a regular basis. Actionable items identified from these circulars are promptly tracked, and their implementation status is closely monitored. Progress on such matters is reported to the Board of Directors quarterly, ensuring robust oversight and timely regulatory compliance.

Furthermore, the Company prepares a detailed internal compliance report every quarter, consolidating information on compliance activities across all applicable laws. This report is presented to the Board to support informed decision-making and strengthen governance on compliance matters.

14.3. Compliance audit

As part of its commitment the Company undertakes compliance audits, These audits are conducted to evaluate adherence to applicable laws, identify potential compliance gaps, and recommend improvements.

14.4. Technology adoption in compliance

The Company has established a structured compliance framework, supported by a robust compliance management software that automates and streamlines key processes through real-time tracking, automated alerts, and a maker-checker control mechanism. This system is anchored in a comprehensive and regularly updated inventory of applicable laws and regulations, enabling effective monitoring and timely identification of compliance requirements. A consolidated compliance dashboard generated by the system is regularly presented to Senior Management and the Managing Director & CEO, facilitating oversight and prompt decision-making.

15.Details Of Establishment of Vigil Mechanism

Your Company has established a Vigil Mechanism and adopted a Whistle Blower Policy in compliance with Section 177(9) of the Companies Act, 2013. The Policy provides a secure framework for employees and directors to report concerns relating to unethical conduct, fraud, or legal and policy violations, while ensuring confidentiality and protection against retaliation. The mechanism is overseen by the Audit Committee and includes adequate safeguards against victimization, with provision for direct access to the Chairperson of the Audit Committee in exceptional cases.
The Whistle Blower Policy is available on the website of your Company at Whistle-blower policy

During the financial year, no complaints were received under the Policy and no complaints were pending as on March 31, 2025.

16. Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals

During the financial year ended March 31, 2025, no significant or material orders were passed by any regulator, court, tribunal, statutory or quasi-judicial authority which could impact the going concern status of your Company or its future operations.

17. Auditors

17.1. Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 read with RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22), the members of the Company, at the 33rd Annual General Meeting (AGM) held on September 30, 2024 had appointed M/s Narayan Bhat & Co., bearing firm registration number 05011S, as the Statutory Auditors of the Company for a period of 03 (three) years to hold office from the conclusion of 33rd AGM till the conclusion of 36th AGM.

Further, at the Extra-Ordinary General Meeting No. 03/2024-25 held on October 23, 2024, the Company appointed M/s B S R & Co., LLP (Firm Registration number:101248W/W-100022), as Joint Statutory Auditors of the Company for a period of 03 (three) years to hold office till the conclusion of 36th Annual General Meeting.

The Joint Statutory Auditors have confirmed that they are eligible to continue as Statutory Auditors.

Statutory Auditors Report on Financial Statements

The Statutory Audit Report issued by M/s Narayan Bhat & Co (FRN: 05011S) and M/s B S R & Co., LLP. (FRN: 101248W/W-100022), Joint Statutory Auditors of the Company, on the financial statements of the Company for the financial year ended March 31, 2025 forms part of the Annual Report.

The report indicates a clean audit with no qualifications, reservations, adverse remarks, or disclaimers.

Audit Trail Reporting

Effective April 1, 2023, Sections 128 and 143(3)(j) of the Companies Act, 2013 rule 3(1) of Companies (Accounts) Rules, 2014 and rule 11(g) of Companies (Audit and Auditors) Rules, 2011 require the auditor of a Company to report whether the accounting software used by the Company to maintain books of account has an audit trail feature.

During the statutory audit for FY 2024–25, the auditors reviewed the Company's various software systems, including Microsoft Navision, EPIK (Loan Origination System), EbixCash (Loan Management System), Credit Nirvana (Collection Software), Zing HR (Payroll), and Happay (Expense Management). It was confirmed that all systems had effective application-level audit trails in place, and the regulatory requirements related to data backup were duly complied with.

However, the auditors noted that the database-level audit trail in Microsoft Navision has been enabled till 13th September 2024, further it has been on re-enabled on 16th April 2025 due to technical issues. Additionally, for systems operated by third-party vendors—specifically EPIK, Credit Nirvana, and Happay—the auditors could not confirm full compliance with audit trail retention requirements. This was due to limited coverage in the SOC 1 Type 2 reports provided by the vendors.

In response, the Management is actively engaging with the respective service providers to ensure continuous enablement and retention of audit trail features at the database level. Discussions are also underway to include specific audit trail-related disclosures in future SOC reports. Notably, for the periods during which the audit trail features were active, the auditors confirmed that there was no evidence of tampering.

17.2. Secretarial Auditors

M/s. JKS & Co., Company Secretaries (firm unique code no.: P2015KR040800) was appointed as Secretarial Auditors of the Company for the financial year 2024-25, pursuant to Section 204 of the Companies Act, 2013 and Rules made thereunder.

The secretarial audit report for the financial year ended March 31, 2025, forms part of this report as Annexure-III and does not contain any qualification, reservation or adverse remarks.

The Board proposes to appoint M/s. JKS & Co., Company Secretaries (firm unique code no.: P2015KR040800), as Secretarial Auditors of the Company for a period of 1 (One) year from April 01, 2025 to March 31, 2026.

17.3. Cost Auditor and Maintenance of Cost Records

Since your Company is a Non-Banking Financial Company (NBFC), the provisions relating to the maintenance of cost records and conduct of cost audit under Section 148(1) of the Companies Act, 2013 are not applicable.

17.4. Internal Audit

Your Company has established a robust internal audit framework to provide an independent and objective assurance to the Board of Directors and the Audit Committee regarding the adequacy and effectiveness of its internal controls, risk management, and governance processes. This framework aligns with the Risk-Based Internal Audit (RBIA) guidelines issued by the Reserve Bank of India (RBI). An annual internal audit plan, approved by the Audit Committee, is developed based on a comprehensive risk assessment of the Company's operations. The internal audit function evaluates the efficacy of internal control systems, compliance with applicable laws and regulations, and the robustness of internal processes and policies. Significant audit observations and the corresponding corrective actions are presented to the Audit Committee on a quarterly basis for review and monitoring. The internal audit function operates independently and reports directly to the Audit Committee, ensuring transparency and accountability in the Company's operations.

18.Secretarial Audit Report:

The Secretarial Audit Report issued by the M/s JKS & Co., Company Secretaries (firm unique code no.: P2015KR040800) for FY 2024-25 is annexed to this report as **Annexure III** and does not contain any qualifications, observations or adverse remarks.

19.Statutory and Regulatory Compliances:

Your Company is committed to adhering and complying with all applicable directions, regulations, provisions, guidelines and prudential norms set forth by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) under the SEBI (Listing Obligations and Disclosure Requirement)

Regulations, 2015, Companies Act, 2013, Foreign Exchange Management Act (FEMA), 1999, Income Tax Act, 1961 and the rules and regulations framed thereunder.

During the financial year ended March 31, 2025, your Company has complied with all the applicable provisions of Secretarial Standards issued by Institute of Company Secretaries of India in respect of meetings of the Board of Directors and General Meetings. Your Company has also ensured compliance with the Secretarial Standards in the preparation and presentation of the Report of the Board of Directors.

Your Company has started with the regulatory requirement of maintaining Liquidity Coverage Ratio ('LCR') as prescribed by the RBI.

In compliance with regulatory guidelines, your Company has appointed Mr. Raghuram Shetty as an Internal Ombudsman for a period of 3 (three) years with effect from December 18, 2024, pursuant to the Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023, dated 29th December 2023.

Further, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, your Company has adopted the Code on Prohibition of Insider Trading to ensure transparency and fairness in dealing with unpublished price-sensitive information.

Your Company has not defaulted in repayment of loans from banks and financial institutions. There were no delays or defaults in payment of interest/principal of any of its debt securities.

20.Details regarding any Corporate Insolvency Resolution Process Pending Under Insolvency and Bankruptcy Code, 2016

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the financial year ended March 31, 2025.

21.Corporate Action

During the year under review, your Company has completed all Corporate Actions within the required timelines.

22.Annual Return

Pursuant to the provisions of section 134(3)(a) and section 92(3) of the Act read with rule 12(1) of The Companies (Management and Administration) Rules, 2014 and regulation 62(1)(k) of the Listing Regulations, the Annual Return of the Company as on March 31, 2024 in the prescribed form MGT–7 is hosted on the website of the Company and can be accessed at Vistaar.

23.Other Disclosures

22.1 The Standalone financial statements for the financial year 2024-25, forms part of the Annual report of the Company

22.2 Key initiatives with respect to Stakeholder Relationship, Customer Relationship, Environment, Sustainability, Health and Safety:

During the year under review, your Company remained focused on fostering responsible business practices through a range of initiatives aimed at enhancing stakeholder engagement, strengthening customer relationships, promoting environmental responsibility, supporting sustainable operations, and ensuring the health and safety of employees. The Company maintained active and transparent communication with its stakeholders— including shareholders, investors, lenders, debenture holders, debenture trustees and regulatory authorities—through timely disclosures and continuous compliance with applicable regulatory requirements.

To enhance customer satisfaction, the Company continued to digitize key services, streamline customer interactions, and reinforce grievance redressal mechanisms, thereby improving accessibility and responsiveness. Sustainability remained an integral part of the Company's strategy, with ESG principles embedded in key decision-making areas and a continued focus on responsible lending practices.

Additionally, the Company upheld a strong commitment to employee welfare by organizing fire safety drills and implementing wellness initiatives to support both physical and mental well-being. These initiatives underscore the Company's dedication to sustainable growth, operational excellence, and stakeholder value creation.

22.3 Your Company convened its 33rd Annual General Meeting on September 30, 2024, in a timely manner, with no delay in compliance with the statutory timeline.

22.4 Changes to the constitutional documents

Memorandum of Association:

During the year under review, your Company amended its Memorandum of Association at the following Extra-Ordinary General Meetings (EGMs) of the members:

a) EGM No. 01/2024–25 held on September 23, 2024: The members approved an increase in the Authorised Share Capital of the Company by Rs. 24,50,00,000/- (Rupees Twenty-Four Crores Fifty Lakhs only), thereby revising it from Rs. 85,50,00,000/- (Rupees Eighty-Five Crores Fifty Lakhs only) to Rs. 1,10,00,00,000/- (Rupees One Hundred and Ten Crores only).
b) EGM No. 02/2024–25 held on October 07, 2024: The members approved the cancellation of unissued shares of Compulsorily Convertible Preference Shares (CCPS), Class A CCPS, and Class B CCPS and reclassified the share capital to increase the Equity Share Capital accordingly. The members also adopted the revised Memorandum of Association in line with Table A of Schedule I of the Companies Act, 2013.
c) EGM No. 03/2024–25 held on October 23, 2024: The members approved the reclassification of the Authorised Share Capital by cancelling unissued Class A Equity Shares and increasing the Equity Share Capital, thereby further amending the Authorised Share Capital of the Company.

Articles of Association:

During the year under review, your Company amended its Articles of Association pursuant to the resolutions passed at the following Extra-Ordinary General Meetings (EGMs) of the members:

a) EGM No. 02/2024–25 held on October 07, 2024: The members approved amendment to the Articles of Association by deleting the definition of Class A CCPS and Schedule I and by amending the definition of Class B CCPS along with Schedule II and Schedule III.
b) EGM No. 03/2024–25 held on October 23, 2024: The members approved the insertion of new clause 1A - Exclusion of Section 43 of the Companies Act, 2013. Further, the members approved the deletion of clause 2 - definition of Class A Equity Shares, clause 14.2 and Schedule II – Terms of Class A Equity Shares. Additionally, the liquidation preference clause in Schedule I was amended.
c) EGM No. 05/2024–25 held on February 18, 2025: The members has approved and adopted the restated Articles of Association, incorporating the terms of Shareholders Agreement dated February 18, 2025 executed amongst the Company, Aqua Lagoon Investment Ltd, Motilal Oswal Finvest Limited and Motilal Oswal Wealth Limited.
d) EGM No. 07/2024–25 held on March 17, 2025: The members has approved and adopted the restated Articles of Association, incorporating the terms of Shareholders Agreement dated February 28, 2025 executed amongst the Company, Aqua Lagoon Investment Ltd, Motilal Oswal Finvest Limited, Motilal Oswal Wealth Limited, Faering Capital Growth Fund III, Faering Capital International Growth Fund III, IMP2 Catalyst Pte Ltd and True North Fund VII (acting through its investment manager, True North Managers LLP).

24.Additional Disclosures Under Listing Regulations

24.1 Statement of Deviation or Variation

Your Company, being a debt-listed entity, submits a statement on a quarterly basis in compliance with regulations 52(7) and 52(7A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This includes details regarding the utilization of proceeds raised through the issuance of Non-Convertible Debentures (NCDs) and a statement indicating any material deviation(s), if any, in the use of such proceeds from the stated objects of the issue. For the financial year ended March 31, 2025, your Company confirms that there has been no deviation in the utilization of the NCD proceeds and that the funds have been applied strictly for the purposes as mentioned in the offer document.

24.2 Management Discussion and Analysis Report (MDAR)

The Management Discussion and Analysis Report (MDAR) forms part of the Annual Report of your Company.

25. Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment and is committed to provide a safe environment for all, which is achieved through well-established robust mechanism for redressal of complaints reported under it.

The Company has in place a policy for Prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the same is available on the website of the Company at POSH Policy

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committees (ICC) under POSH Act. ICC has been set up to redress complaints received regarding sexual harassment.

During the period under review, we have conducted various training sessions to educate and create awareness amongst employees and eventually establish a positive and safe working environment for them.

Details of cases reported to Internal Complaints Committee during the financial year 2024-25 are as under:

Number of complaints pending at the beginning of the financial year 2024-25	0
Number of complaints filed during the financial year 2024-25	1
Number of complaints disposed of during the financial year 2024-25	0
Number of complaints pending as on end of the financial year 2024-25	1

26.Statement/ Details Relating to Details of Difference Between Amount of the Valuation Done at the Time of One Time Settlement and the Valuation Done While Taking Loan from The Banks or Financial Institutions Along with The Reasons Thereof

Your Company has not entered into any one-time settlement with its lenders during the financial year ended March 31, 2025, and therefore the requirements of clause (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014 are not applicable.

27.Corporate Governance Report

Your Company has complied with the Corporate Governance norms as stipulated under the Master Direction – Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023, the detailed report on Corporate Governance report forms part of this Boards Report as **Annexure I.**

28.Details of Auctions Conducted During the Financial Year

The Company auctioned 40 loan accounts (March 31, 2024: 33 loan accounts) during the financial year and the outstanding dues on these loan accounts were Rs. 7.93 crores (March 31, 2024: Rs. 8.6 Crores) till the respective dates of auction. The Company realised Rs. 2.63 crores (March 31, 2024: Rs. 3.10 Crores) on auctioning of 12 properties (March 31, 2024: 15 properties) taken as security on these loans.

29.Information Technology

Information Technology Initiatives:

During the year under review, your Company continued to strengthen its technology backbone to enhance operational efficiency, customer experience, and regulatory compliance. Strategic IT initiatives focused on modernization, cloud adoption, data-driven decision-making, and security enhancements. Recognizing the strategic role of technology in the rapidly evolving business dynamics, the Company made significant investments in digitization and automation.

Key highlights of the Company's IT initiatives during the year include:

(i) Core System Upgrades and Digitization:
During the year, your Company upgraded our General Ledger system from Microsoft Navision to Microsoft Dynamics 365 Business Central, enhancing financial accuracy, integration, and real-time reporting capabilities. Our Loan Origination System (LOS) was also upgraded to its latest version, providing better scalability, automation, and user experience across loan processing workflows.

To streamline collections, a new collection system was introduced, enabling more efficient tracking, various digital payment modes, 360-degree account view to tele callers, settlement & legal workflow.

(ii) Cloud and Data Infrastructure:
We completed a major infrastructure transformation by migrating all our systems to the AWS cloud, ensuring improved scalability, resilience, and cost efficiency. A centralized Data Lake on AWS was also implemented to consolidate data across all system, providing a foundation for advanced analytics and real-time decision-making. Furthermore, we migrated to Microsoft Office 365 (O365) to enhance productivity, communication, and collaboration across teams.

(iii) Business Intelligence and Reporting:
To empower data-driven insights, Tableau was adopted for MIS reporting. This enabled dynamic dashboards, visual analytics, and improved visibility into operational and financial KPIs for management and key stakeholders. This has empowered business leaders with near real-time data for improved monitoring and insights.

(iv) Customer Experience and Support:
As part of our customer-centric digital strategy, an online Customer Complaint Management System launched on our website, providing users with a transparent, efficient, and trackable grievance redressal mechanism. eSign functionality was introduced, enabling customers to securely sign documents digitally, reducing turnaround time and enhancing convenience. Additionally, we introduced loan agreements and Key Fact Statements (KFS) in vernacular languages, improving transparency and accessibility for a diverse customer base.

(v) Regulatory Technology (Reg-Tech) and Compliance:
Anti-Money Laundering (AML) capabilities was integrated into our systems, automating monitoring and ensuring adherence to regulatory standards. The implementation of KFS in regional languages also aligns with regulatory expectations, reinforcing our focus on compliance and customer education.

(vi) Company Outlook:
Looking ahead, your Company plans to implement a new Loan Management System (LMS) to further enhance lifecycle automation, scalability, and borrower servicing.

Your Company remain committed to leveraging advanced technologies and cloud-first strategies to drive innovation, operational excellence, and regulatory alignment. In the coming year, we aim to further harness AI/ML for credit decisioning and expand customer-facing digital capabilities. Additionally, we are preparing to align with the upcoming Digital Personal Data Protection (DPDP) framework, reinforcing our commitment to data privacy, customer trust, and regulatory adherence.

30.Cyber Security and DPDP preparedness

Recognizing the importance of cybersecurity, your Company has implemented 2FA and Privilege Access Management tool, we have also deployed CrowdStrike Falcon Complete with Managed Detection and Response (MDR), providing 24/7 endpoint protection and proactive threat hunting. Additionally, we implemented the Asset Management tool, enhancing our IT asset tracking, patch management, lifecycle management, and compliance. Notably, the Company has commenced the implementation of the Digital Personal Data Protection (DPDP) Act, underscoring its commitment to data privacy and responsible data management practices.

31.Listing On Stock Exchange

The non-convertible debentures issued by the Company are listed on the Wholesale Debt Market ("WDM") of BSE Limited.

32.Statement Of Particulars of Employees Pursuant to Provisions of Section 197(12) of the Companies Act, 2013 Read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Company being a Private company, the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is not applicable.

33.Acknowledgement

Your directors express sincere appreciation and gratitude to the Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Rating Agencies, Stock Exchanges, depositories, Insurance Regulatory Development Authority of India, Debenture Trustees, Registrar and Transfer Agent(s), and the statutory bodies for the support, guidance and co-operation.

Your directors wish to thank the Customers, Investors, Shareholders, Debenture holders, Bankers, Auditors and financial institutions and other stakeholders for the wholehearted support and confidence reposed on the Company. Your directors would also like to take this opportunity to expresses its heartfelt appreciation and gratitude to each employee of the Company at all levels for their dedicated service and commitments, who by demonstrating strong work ethics, professionalism, teamwork, and initiatives helped the Company continue to serve its customers and reinforce its customer centric image despite the challenging environment.

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

Sd/-	**Sd/-**
Chandrashekhar Bhaskar Bhave	**Avijit Saha**
Non-Executive Chairman	**Managing Director & Chief Executive Officer**
DIN: 00059856	**DIN: 05102009**

Date: 28.05.2025
Place: Bengaluru

ANNEXURE I

Corporate Governance Report

Corporate Governance Objective:

The fundamental objective of good corporate governance and ethics is to establish a framework that promotes legal compliance, transparency, and integrity in the Company's operations. It reflects the organization's commitment to responsible management practices that create sustainable, long-term value for all stakeholders, including shareholders, customers, employees, and business partners.

Corporate Governance Philosophy:

At Vistaar Financial Services Private Limited, our philosophy on corporate governance reflects a deep-rooted commitment to integrity, transparency, accountability, fairness, and ethical conduct across all aspects of our operations and stakeholder engagements. We believe that robust governance is the cornerstone for building long-term value and sustaining the confidence of our investors and other stakeholders.

Your Company has consistently practiced high standards of governance, guided by principles that ensure fairness and responsibility in decision-making. This commitment is driven by the unwavering support of the Board and Management, who lead by example in fostering a culture of ethical excellence.

We believe that strong corporate governance is essential not only for compliance with laws and regulations but also for upholding the trust placed in us by our stakeholders. Our approach is grounded in clear communication, responsible risk management, and a continuous focus on delivering sustainable value to shareholders.

Our governance philosophy is more than just regulatory adherence—it is a reflection of our core values. We strive to cultivate an ecosystem that addresses customer needs while achieving business objectives, ensuring long-term sustainability and responsible growth.

Aligned with this philosophy is our **Vision—to be the most preferred NBFC of choice for all our stakeholders**, guided by the belief: *"Your Growth, Our Pride"*. The **Mission** of the Company drives our commitment to fairness and transparency in customer interactions, equal opportunities for our employees, maximum value creation for our shareholders, and mutually beneficial relationships with our partners. Above all, we uphold regulatory compliance in both letter and spirit, reinforcing the trust placed in us by all stakeholders.

Corporate Governance Framework:

The active participation of the Board and management in the development and implementation of strong governance and compliance frameworks plays a pivotal role in ensuring the organization operates with integrity, transparency, and accountability. By working closely together, the Board and management ensure that the company's policies, processes, and practices are aligned with the highest standards of corporate governance, regulatory requirements, and ethical conduct. This collaboration fosters an environment where risks are effectively managed, and decisions are made with the best interests of all stakeholders in mind.

Moreover, the Board's oversight and the management's commitment to compliance ensure that the company adheres to applicable laws, regulations, and industry standards. This not only promotes long-term value creation but also reinforces the company's reputation as a responsible and trustworthy entity. The clear alignment between the Board and management ensures a culture of accountability, where each decision and action is scrutinized, and the responsibilities of both parties are well defined. Ultimately, this collaboration strengthens the organization's resilience, enhances stakeholder confidence, and supports sustainable growth.

A. Board of Directors:

The Board of Directors consists of qualified individuals whose diverse knowledge, background, expertise, insights, and sound judgment add strategic value to the Company. Their active engagement ensures effective oversight and guidance on matters of policy, setting up of goals, performance, and long-term business strategy. The Board is committed to representing the best interests of all stakeholders and upholding strong governance standards through regular meetings and informed decision-making.

The day-to-day management of the Company is entrusted to the Managing Director & Chief Executive Officer (MD & CEO) and a capable senior management team, who are designated as Key Managerial Personnel, operating under the overall supervision of the Board. To enable efficient operations and governance, the Board has constituted various committees and delegated appropriate authority to them, as well as to the MD & CEO and Key Managerial Personnel.

The Company has adopted a structured governance and risk management framework that keeps the Board well-informed, independent, and actively involved in strategic oversight. This framework includes a robust risk management system that is periodically reviewed by the Board and its Committees to address evolving risks and ensure business continuity. A shared commitment to ethical conduct, transparency, and regulatory compliance is deeply embedded in the culture of the Board, senior management, and employees, reinforcing trust and accountability at all levels.

A. 1. Composition of Board:

In compliance with the provisions of the Companies Act, 2013, the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in conformity with the provisions of the Companies Act, 2013 and Reserve Bank of India. As on the date of this report, your Board of Directors consists of 6 (Six) Directors, including 3 (Three) Independent Directors, 2 (Two) Nominee Directors and 1 (One) Executive Director (MD & CEO).

Sl no.	Name of Director	Original Date of Appointment	Category	No. of Shares held in the Company	No. of Directorship including Vistaar Finance	No. of Committee membership including Vistaar Finance	No. of Committee were the Director is Chairperson including Vistaar Finance
1	Mr. Chandrashekhar Bhaskar Bhave (DIN: 00059856)	17/11/2016	Non-Executive Chairman & Independent Director	0	4	8	3
2	Mrs. Manju Agarwal (DIN: 06921105)	24/01/2019	Non-Executive Director & Independent Director	0	9	26	11

Sl no.	Name of Director	Original Date of Appointment	Category	No. of Shares held in the Company	No. of Directorship including Vistaar Finance	No. of Committee membership including Vistaar Finance	No. of Committee were the Director is Chairperson including Vistaar Finance
3	Mr. James Varghese Abraham (DIN: 02559000)	29/05/2015	Non-Executive Director & Independent Director	0	7	5	2
4	Mr. Narendra Ostawal (DIN: 06530414)	19/05/2023	Non-Executive Director & Nominee Director Representing M/s Aqua Lagoon Investment Ltd (Equity Investor)	0	7	13	1
5	Mr. Hemant Omprakash Mundra (DIN: 08192978)	19/05/2023	Non-Executive Director & Nominee Director Representing M/s Aqua Lagoon Investment Ltd (Equity Investor)	0	6	18	0
6	Mr. Avijit Saha (DIN: 05102009)	23/09/2023	Executive Director, Managing Director & Chief Executive Officer	7,27,008	1	7	4

The names of the other listed entities where the directors are holding directorship as at March 31, 2025 are given below:

Sl no.	Name of Director	Category	Names of the listed entities where person is a director and the category of directorship
1	Mr. Chandrashekhar Bhaskar Bhave	Non-Executive Chairman & Independent Director	Independent Director: 1) Avenue Supermarts Limited 2) Niva Bupa Health Insurance Company Limited
2	Mrs. Manju Agarwal	Non-Executive Director & Independent Director	Independent Director: 1) GOCL Corporation Limited 2) Hinduja Housing Finance Limited 3) Polycab India Limited 4) Alivus Life Sciences Limited (formerly known as Glenmark Life Sciences Limited) 5) Hinduja Leyland Finance Limited 6) Gulf Oil lubricants India Limited
3	Mr. James Varghese Abraham	Non-Executive Director & Independent Director	Independent Director: 1) Ltimindtree Limited
4	Mr. Narendra Ostawal	Non-Executive Director & Nominee Director Representing M/s Aqua Lagoon Investment Ltd (Equity Investor)	Nominee Director: 1) India First Life Insurance Company Limited (NCDs are listed) 2) Fusion Micro Finance Limited 3) Home First Finance Company India Limited Non- Executive Director: 1) Avanse Financial Services Limited (NCDs are listed)
5	Mr. Hemant Omprakash Mundra	Non-Executive Director & Nominee Director Representing M/s Aqua Lagoon Investment Ltd (Equity Investor)	Nominee Director: 1) Avanse Financial Services Limited (High debt value listed entity) 2) Truhome Finance Limited (formerly known as Shriram Housing Finance Limited) (High debt value listed entity)
6	Mr. Avijit Saha	Executive Director, Managing Director & Chief Executive Officer	-

A. 2. Women Director:

The Company has Mrs. Manju Agarwal an Independent Woman Director on the Board.

A. 3. Independent Directors:

Pursuant to Section 149(7) of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013, the Company has received declarations from each of the Independent Director confirming that he/she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013. Additionally, they have confirmed that there are no material, financial and/or commercial transactions with the Company that could potentially result in a conflict of interest. Each Independent Director has also confirmed their valid registration in the Independent Directors' databank, as mandated.

None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and do not hold any shares in the Company.

In accordance with the provisions of the RBI Master Directions, the Company has formulated and adopted a policy on Fit & Proper Criteria for Directors. All the Directors have confirmed their compliance with these criteria both at the time of appointment or reappointment, and on a continuing basis.

Further, in accordance with section 149(8) read with Schedule IV of the Act, the Independent Directors had a separate meeting on February 11, 2025, to: (i) review the performance of Non-Independent Directors and the Board as a whole; (ii) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and (iii) assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The meeting was held without the presence of the non-independent directors and management team.

Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and the Independent of the management:

As your Company is not classified as a high-value debt listed entity (the outstanding NCDs of the Company as on March 31, 2025 are less than Rs. 1,000/- crores), the provisions of Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015 are not applicable.

A. 4. Details of Change (appointment/ Change in Designation/ Cessation) in Composition of the Board during the current and previous financial year:

During the financial year under review (FY 2024-25), there was no change in the composition of the Board of Directors, and the existing Directors continued to serve in their respective roles, ensuring continuity and stability in governance.

During the Current Financial Year (FY 2025–26) covering the period from April 01, 2025, to the date of signing the report, Mr. James Varghese Abraham, Independent Director, upon completion of his tenure will retire with effect from May 28, 2025, as per the provisions of the Companies Act, 2013 and Ms. Amrita Gangotra is appointed as an Additional Director in the category of Independent and Non-Executive Director.

A. 5. Where an Independent Director resigns before expiry of her/his term, the reasons for resignation as given by her/him shall be disclosed:

During the year under review, no Independent Director has resigned before the completion of their respective term.

A. 6. Details of any relationship amongst the directors inter-se shall be disclosed:

During the year under review, no inter-se relationships exists amongst the Directors.

A. 7. Board and Committee Meeting Procedure:

The Board and Committee meets at regular intervals with an annual calendar and a formal schedule of matters specifically reserved for its attention to ensure that it is able to oversee significant strategic, financial, operational and compliance matters. The Board and Committee is regularly briefed and updated on the key activities of the business and is provided with comprehensive briefings and presentations on operations, asset liability management, risk & IT framework, fraud control, quarterly financial statements and other matters concerning the Company. The Board at every meeting also reviews the important regulatory changes and correspondence between two meetings.

The notes on Agenda setting out the business to be transacted at the Board Meeting, were sent to each Director seven days before the date of the Board Meeting except for the meetings which were convened at a shorter notice. All the information required for decision making are incorporated in the agenda and those that could not be included in the agenda are tabled at the meeting. The management submits to the Board Action Taken Report on status of implementation of important matters reviewed at the previous Board Meeting. The calendar of the quarterly Board meetings was finalized in advance. Video-conferencing facility is made available to facilitate Director(s) present at other locations to participate in the meetings. The same is conducted in compliance with the applicable laws. The Management Team attends the Board and Committee meetings upon invitation on need basis.

The Board periodically reviews the matters required to be placed before it and inter-alia reviews and approves the quarterly financial statements, business model, annual budgets and revisions to the same, if any. It monitors the overall performance and reviews other matters which require the Board's attention.

The Board also takes on record the declarations and confirmations made by the Executive Director, Chief Financial Officer, and Company Secretary, regarding compliances of all laws.

A. 8. Board & Committee Meetings:

During the year under review, thirteen meetings of the board of directors were held. The maximum gap between any two meetings was not more than 120 days.

The details of Board & Committee meetings during the financial year 2024-25 are as follows:

Board/Committee Meetings	No. of Meetings held during FY 2024-25
Board Meetings	13
Audit Committee	09
Risk Committee	05
Nomination and Remuneration Committee	02
Corporate Social Responsibility Committee	02
Finance & Stakeholders Relationship Committee	40
IT Strategy Committee	04

A.8.1) Particulars of Board meetings:

Particulars	Dates of Meetings held
Meeting of Board of Directors	May 09, 2024 August 09, 2024 September 28, 2024 October 05, 2024 October 23, 2024 November 12, 2024 February 12, 2025 February 17, 2025 February 18, 2025 February 27, 2024 February 28, 2025 March 17, 2025 March 24, 2025

A.8.2) Particulars of Committee meetings:

Name of Committee	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	IT Strategy Committee	Review Committee
Dates of Meetings held	May 8, 2024	May 08, 2024	May 09,2024	May 09,2024	May 8,2024	-
	August 9, 2024	August 08, 2024	February 12,2025	February 11,2025	August 8,2024	
	September 28, 2024	November 11, 2024	-	-	November 11,2024	
	October 23, 2024	February 11, 2025			February 11,2025	
	November 11, 2024	March 24,2025			-	
	February 11, 2025	-				
	February 17, 2025					
	February 27, 2025					
	February 28, 2025					

A.8.3) Finance & Stakeholders Relationship Committee:

Quarter: 01	Quarter: 02	Quarter: 03	Quarter: 04
April 10, 2024	July 01, 2024	October 01, 2024	January 01, 2025
April 15, 2024	July 25, 2024	October 17, 2024	January 15, 2025
April 16, 2024	August 05, 2024	October 22, 2024	January 24, 2025
April 19, 2024	August 27, 2024	October 30, 2024 (10:15 AM)	January 28, 2025
April 20, 2024	August 28, 2024	October 30, 2024 (08:00 PM)	February 11, 2025
April 29, 2024	August 29, 2024	November 13, 2024	February 12, 2025
May 21, 2024	August 31, 2024	November 26, 2024	February 15, 2025
May 28, 2024	September 04, 2024	December 02, 2024	February 21, 2025
June 10, 2024	September 06, 2024	December 09, 2024	February 27, 2025
June 11, 2024	September 17, 2024	December 21, 2024	March 03, 2025
June 18, 2024	September 28,2024	December 30, 2024	March 21, 2024
June 21, 2024	September 30, 2024	-	March 27, 2024
June 27, 2024	-	-	-

A. 9. Attendance at Board & Committee meetings:

Name	Attendance			
	Board	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee
Mr. Chandrashekhar Bhaskar Bhave	13/13	9/9	NA	2/2

Name	Attendance			
	Board	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee
Mrs. Manju Agarwal	13/13	9/9	5/5	NA
Mr. James Varghese Abraham	13/13	9/9	5/5	2/2
Mr. Narendra Ostawal	07/13	NA	NA	2/2
Mr. Hemant Omprakash Mundra	13/13	9/9	5/5	NA
Mr. Avijit Saha	13/13	NA	5/5	NA
Mr. Prashant Kani (CFO)	NA	NA	NA	NA
Mr. Amit Mukherjee (CRO)	NA	NA	NA	NA

Name	Attendance			
	IT Strategy Committee	CSR Committee	Finance & Stakeholders Relationship Committee	Review Committee
Mr. Chandrashekhar Bhaskar Bhave	NA	2/2	NA	NA
Mrs. Manju Agarwal	4/4	NA	NA	NA
Mr. James Varghese Abraham	4/4	NA	NA	0/0
Mr. Narendra Ostawal	NA	NA	NA	NA
Mr. Hemant Omprakash Mundra	4/4	2/2	NA	0/0
Mr. Avijit Saha	4/4	2/2	48/48	0/0
Mr. Prashant Kani (CFO)	NA	NA	48/48	NA
Mr. Amit Mukherjee (CRO)	NA	NA	41/42	NA

A. 10. Attendance of directors at last Annual General Meeting (AGM):

Sl no.	Name of Directors on Board on the date of AGM	Attendance at 33rd AGM held on 30th September 2024 (Yes/No)
1.	Mr. Chandrashekhar Bhaskar Bhave	No
2.	Mrs. Manju Agarwal	Yes
3.	Mr. James Abraham	Yes
4.	Mr. Hemant Omprakash Mundra	No
5.	Mr. Narendra Ostawal	No
6.	Mr. Avijit Saha	Yes

A. 11. Web link where details of familiarisation programmes imparted to Independent Directors is Disclosed: As the Company is not classified as a high-value debt listed entity (the outstanding NCDs of the Company as on March 31, 2025 are less than Rs. 1,000/- crores), the provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") are not applicable. Accordingly, disclosure of familiarisation programmes is not required.

A. 12. Matrix setting out the core skills/expertise/competence of the board of directors:
A brief profile of the Directors is available on the website of the Company at Vistaar.

The Board of directors of your company has identified the following skills/expertise competencies that are required in the context of the business of the Company:

- Knowledge of Company's business and the industry in which the company operates
- Finance, management and administration skills;
- Technical/ professional knowledge in functional areas like sales, marketing, administration, research, governance, strategy, operations etc.

Area of Skills	Mr. Chandrashekhar Bhaskar Bhave	Mrs. Manju Agarwal	Mr. James Varghese Abraham	Mr. Avijit Saha	Mr. Hemant Omprakash Mundra	Mr. Narendra Ostawal
Business Knowledge	✓	✓	✓	✓	✓	✓
Strategy and planning	✓	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	✓	✓
Financial & Management Skills	✓	✓	✓	✓	✓	✓
Development skills	✓	✓	✓	✓	✓	✓

A. 13. Number of other board of directors or committees in which a director is a member or a chairperson:

Number of other directorships and committee positions of directors as on date of this report, is given below:

			Directorships		
Sl no.	**Name of Director**	**No. of Directorships**	**In equity listed companies**	**In unlisted public companies**	**In private companies**
1.	Mr. Chandrashekhar Bhaskar Bhave	04	02	01	01
2.	Mrs. Manju Agarwal	07	03	04	00
3.	Mr. James Varghese Abraham	07	01	00	06
4.	Mr. Hemant Omprakash Mundra	04	00	01	03
5.	Mr. Narendra Ostawal	09	04	03	02
6.	Mr. Avijit Saha	00	00	00	00

B. Annual General Meetings:

Details of the last three Annual General Meetings (AGM) and special resolutions passed thereat are given below:

Year	AGM	Location	Date & time	Details of Special Resolutions passed
2024	33rd AGM	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout IIND Stage, Bengaluru-560076	September 30, 2024 at 04:30 PM	a) Approval of borrowing powers of the Company pursuant to section 180(1)(A) & 120(1)(C) of the Companies Act, 2013; b) Approval for insurance of Non-Convertible Debentures for limit upto Rs.800 Crores; c) Approval for insurance of commercial paper upto Rs.200 Crores; d) Approval for borrowing through external commercial borrowings of an amount upto $150MN; e) Approval for payment of commission to independent directors of the company for financial year 2023-24; f) Approval for grant of options to Managing Director & Chief Executive Officer; g) Approval for ratification of Employee Stock Option Pool ("ESOP POOL")- ESOP POOL 2010, 2016, 2024;
2023	32nd AGM	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout IIND Stage, Bengaluru-560076	July 31, 2023 at 04.00 PM	a) Approval of borrowing powers of the Company pursuant to section 180(1)(A) & 180(1)(c) of the Companies Act, 2013; b) Approval for issuance of Non-Convertible Debentures for limit upto Rs. 500 Crores;

Year	AGM	Location	Date & time	Details of Special Resolutions passed
				c) Approval for issuance of Commercial papers upto Rs. 100 Crores; d) Approval for borrowings through External Commercial Borrowings for an amount upto $100MN; e) Approval for payment of commission to Independent Directors of the Company for the financial year 2022-23.
2022	31st AGM	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout IIND Stage, Bengaluru-560076	June 30, 2022 at 11.00 AM	a) Approval of borrowing powers of the Company pursuant to section 180(1)(A) & 180(1)(c) of the Companies Act, 2013; b) Approval for issuance of Non-Convertible Debentures for limit upto Rs. 500 Crores; c) Approval for issuance of Commercial papers upto Rs. 100 Crores; d) Approval for borrowings through External Commercial Borrowings for an amount upto $100MN; e) Approval for payment of commission to Independent Directors of the Company for the financial year 2021-22.

B.1 Postal Ballot: Pursuant to Rule 22 of the Companies (Management and Administration) Rules, 2014, the provisions relating to the conduct of postal ballot are not applicable to the Company.

C. EXTRA-ORDINARY GENERAL MEETINGS:

Details of the Extra-Ordinary General Meetings (EGM) held in financial year 2024-25 and special resolutions passed thereat are given below:

EGM	Location	Date & time	Details of Special Resolutions passed
EGM No. 1/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2ND Stage, Bengaluru-560076	September 23, 2024 at 02:00 PM	a) Approval for increase in authorised share capital of the company and alteration of capital clause of the Memorandum of Association of the Company.
EGM No. 2/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2nd Stage, Bengaluru-560076	October 07, 2024 at 10:00 AM	a) Reclassification of authorised share capital and subsequent amendment in Clause V of the Memorandum of Association of the Company; b) Alteration in Articles of Association of the Company
EGM No. 3/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2nd Stage, Bengaluru-560076	October 23, 2024 at 05:00 PM	a) Appointment of M/s B S R & Co., LLP (firm registration no.: 101248W/W-100022), Chartered Accountants, as Joint Statutory Auditors of the Company; b) Approval for amendment in Articles of Association of the Company for excluding the applicability of Section 43 of the companies act, 2013; c) Amendment in Articles of Association of the Company; d) Re-classification of authorised share capital and subsequent amendment in Clause V of the Memorandum of Association of the Company

EGM	Location	Date & time	Details of Special Resolutions passed
EGM No. 4/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2nd Stage, Bengaluru-560076	February 18, 2025 at 09:00 AM	a) Approval for offer and issuance of 42,67,085 Equity Shares of the Company by way of preferential offer on private placement basis;
EGM No. 5/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2nd Stage, Bengaluru-560076	February 18, 2025 at 04:00 PM	a) Approval and adoption of Restated Articles of Association of the Company; b) Ratification of loan amount granted to Mr. Avijit Aaha, Managing Director and Chief Executive Officer of the Company.
EGM No. 6/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2nd Stage, Bengaluru-560076	February 28, 2025 at 11:00 AM	a) Approval for offer and issuance of 1,05,82,372 Equity Shares to the Investors (as defined below) of the company by way of preferential offer on private placement basis.
EGM No. 7/2024-25	Plot No. 59 & 60-23, 22nd Cross, 29th Main, BTM Layout 2nd Stage, Bengaluru-560076	March 17, 2025 at 08:00 PM	a) Approval and adoption of the Restated Articles of Association of the company

D. Board Committees

In order to have a more focused attention on the affairs of the Company, the Board has formed various committees. As of March 31, 2025, the Company has the following committees of the Board of Directors:

Audit Committee: *Mrs. Manju Agarwal (Chairperson), Mr. James Varghese Abraham, Mr. Chandrashekhar Bhaskar Bhave and Mr. Hemant Omprakash Mundra;*
Risk Committee: *Mr. James Varghese Abraham (Chairperson), Mrs. Manju Agarwal, Mr. Hemant Omprakash Mundra and Mr. Avijit Saha;*
Nomination and Remuneration Committee: *Mr. James Varghese Abraham (Chairperson),Mr. Chandrashekhar Bhaskar Bhave and Mr. Narendra Ostawal;*
IT Strategy Committee: *Mrs. Manju Agarwal (Chairperson), Mr. James Varghese Abraham, Mr. Hemant Omprakash Mundra and Mr. Avijit Saha;*
Corporate Social Responsibility Committee: *Mr. Chandrashekhar Bhaskar Bhave (Chairperson), Mr. Hemant Omprakash Mundra and Mr. Avijit Saha;*
Finance & Stakeholders Relationship Committee: *Mr. Avijit Saha (Chairperson), Chief Financial Officer and Chief Risk Officer;*
Review Committee: *Mr. Avijit Saha (Chairperson); Mr. James Varghese Abraham and Mr. Hemant Omprakash Mundra.*

D.1) Audit Committee

This Committee provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (i) the Company's compliance with legal and regulatory requirements; (ii) the integrity of the Company's financial statements; (iii) the independent auditor's qualifications, independence and performance; (iv) the Company's internal accounting and financial controls; and (v) Internal Controls over Financial Reporting (ICFR).

Members:

i) Mrs. Manju Agarwal, Chairperson;
ii) Mr. Chandrashekhar Bhaskar Bhave, Member;
iii) Mr. James Varghese Abraham, Member; and
iv) Mr. Hemant Omprakash Mundra, Member.

Terms of reference:

- Recommend appointment, reappointment and, if required, the replacement or removal of the statutory auditor and internal auditors and remuneration and terms of appointment of auditors of the Company.

- Review the work of external auditors and internal auditors.
- Review and monitor the auditor's independence and performance, and effectiveness of the audit process.
- Review and recommend changes in audit policies of the Company from time to time.
- Reviewing internal audit reports and taking appropriate actions on key audit findings.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Review and comment on accounting policies and weakness in processes, the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and report to the Board on key observations and findings.
- Review the Company's regulatory compliance with respect to ROC, RBI and other regulatory bodies and take suitable steps to ensure full compliance with all the relevant statutes and regulations.
- Reviewing, with the management, financial statements and auditor's report before submission to the Board for approval, with particular reference to:
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
- Significant adjustments made in the financial statements arising out of the audit findings.
- Compliance with accounting and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.

D.2) Risk Committee:

The Risk Committee is responsible for managing risk at an overall level. It will be accountable to the Board for managing risk parameters within expectations across time horizons.

Further, this Committee shall also supervise the Asset Liability gap and interest rate structures to address liquidity and interest rate risks. The Committee is also responsible for supervising and directing the Asset/Liability Management policies and procedures and to decide the business strategy of the Company (on assets and liabilities sides) in line with the company's budget and decided risk management objectives.

Members:

i) Mr. James Varghese Abraham, Chairperson;
ii) Mrs. Manju Agarwal;
iii) Mr. Hemant Omprakash Mundra; and
iv) Mr. Avijit Saha.

Terms of reference:

- Frame, review and recommend changes in risk policies of the Company from time to time.
- Update the Board and the management on likely risks in the business and changing market forces which are likely to impact the Company and the business.
- Credit and Portfolio Risk Management.
- Operational and Process Risk Management including people risk.
- Review of the Company's policies framed pursuant to RBI guidelines and suggest changes, if any, to the Board for adoption and ensure that all the activities are in compliance with the Prudential Regulations and also within the framework of the policies and controls established.
- Laying down guidelines on KYC norms.
- Review of existing product policies and approval of new product policies.
- Liquidity Risk Management.

- Management of market (interest rate) risk.
- Funding and capital planning.
- Approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model and also in line with such regulations as may be in force from time to time.
- Review the asset liability management reports submitted periodically to RBI.
- Monitor and review the risk arising from movement in exchange rates or foreign currency risks.
- Risk management of timely and diversified sources of funding.
- Monitor and review the financial risk, human capital risk, vendor management risk, reputation risk, technology risk and compliance risk.

D.3) Nomination and Remuneration Committee:

This Committee identifies and formulates criteria for determining qualifications, positive attributes for the Board, and independence of a Director. The Committee recommends to the Board, the appointment and removal of the Director. The Committee also reviews the compensation of executive directors, key managerial personnel and other employees of the Company and frames the ESOP scheme, recommends grant of ESOPs to various eligible employees of the Company. Further, the Committee supervises the administration of the ESOP scheme based on the Board's approval.

Members:

i) Mr. James Varghese Abraham (Chairperson);
ii) Mr. Chandrashekhar Bhaskar Bhave; and
iii) Mr. Narendra Ostawal

Terms of reference:

- Identify individuals suitably qualified to become Board members and recommend to Board for their appointment.
- Assess independence of Independent Non-Executive Directors.
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
- To recommend remuneration and commission payable to Non-executive Directors of the Company from time to time.
- Review the compensation of the CEO and COO (Executive Directors) of the Company and make recommendations to the Board.
- Review and approve the employee compensation and recommend guidelines to the Board for changes in the compensation.
- Conduct periodic benchmarking studies of the Company's compensation vis-a-vis other companies in the sector and recommend appropriate changes in compensation to the Board.
- Design the ESOP scheme of the Company including all key decisions relating to structure, vesting, valuation etc. and recommend grant of ESOPs to various eligible employees.
- Oversee the administration of the ESOP scheme based on the Board's approval.
- To oversee the matters related to the Trusts formed by the Company including change of Trustees.

Performance evaluation criteria for Independent Directors: Details are covered in Board's Report.

D.4) IT Strategy Committee:

This committee has been formed in compliance with the Reserve Bank of India's Master Direction on Information Technology (IT) framework for Non-Banking Financial Companies (NBFCs) vide Master Direction no. DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017. This Committee is required to frame an IT policy to ensuring that the management has put an effective strategic planning process in place.

Members:

i) Mrs. Manju Agarwal ,Chairperson;
ii) Mr. James Varghese Abraham;
iii) Mr. Hemant Omprakash Mundra;

iv) Mr. Avijit Saha; and
v) Chief Information Officer;
vi) Chief Risk Officer.

Terms of reference:

- The IT Strategy Committee shall deliberate on the IT strategy and technology master policy documents and place them before the Board Approval
- Ensure that the Management has put an effective Strategic planning process in place.
- Ascertaining that the management has implemented the process and practices that ensure the IT delivers value to the business
- Ensuring IT investments represent a balance of risks and benefits and that the budgets are acceptable
- Monitoring the method that the Management uses to determine the IT resources needed to achieve strategic goals and provide high level direction for sourcing and use of IT resources.
- Ensuring proper balance of IT investments for sustaining Vistaar's growth and becoming aware about exposure towards IT risks and controls.

D.5) Corporate Social Responsibility (CSR) Committee:

As per Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of the Board was constituted to monitor the CSR activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013. The Committee recommends the amount of expenditure to be incurred on the CSR activities, approves and recommends the annual plan and monitors the CSR activities of the company in accordance with the CSR policy of the Company from time to time.

Members:

i) Mr. Chandrashekhar Bhaskar Bhave (Chairperson);
ii) Mr. Hemant Omprakash Mundra; and
iii) Mr. Avijit Saha.

Terms of reference:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the activities referred to in Schedule VII of the Companies Act, 2013;
- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects;
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting;
- Creating opportunities for employees to participate in socially responsible initiatives;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

D.6) Finance and Stakeholders Relationship Committee:

This Committee oversees borrowing funds activity and availing any credit facilities from any Banks, financial institutions or other lenders including but not limited to securitization transactions, assignment of receivables or such other transactions as may be considered necessary from time to time. This Committee also reviews & approves transfer and transmission of securities of the Company, deletion of names from share certificates, consolidation of share certificates, change of name of member on share certificates, issue of duplicate share certificates and to review dematerialisation of shares.

Members:

i) Mr. Avijit Saha (Chairperson);
ii) Chief Financial Officer; and
iii) Chief Risk Officer.

Terms of reference:

Stakeholder related

- To address stakeholders grievances and related matters;
- Consider and resolve the grievances of the stakeholders;
- Resolve complaints related to transfer of shares, non-receipt of annual report and other related matters;
- Deal with matters relating to the dematerialise and rematerialise of securities;
- Approve, register and refuse transfer/transmission of shares and other securities;
- Consider and approve the allotment of shares pursuant to the exercise of ESOP by employee;
- Allot securities and maintain relationship with stakeholders of the company;
- Review & approve the issue of duplicate certificate & change of name of the member on share certificate.
- To oversee the establishment and efficient functioning of a complaint redressal process, ensuring prompt resolution of consumer grievances in accordance with the Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025, dated January 6, 2025 as amended from time to time.

Borrowings related:

- Review & approve the borrowings from banks, financial institutions & others including securitization;
- Review & approve the opening of Current, CC, CMS & other accounts with banks;
- Delegation of powers to the officers of the company to execute necessary documents;
- Review and recommend funding strategy of the Company;
- Decide on taking loans from any of the financial institution, banks etc. for the purpose of business of the Company;
- Decide on securitisation of portfolio or bilateral arrangement or portfolio assignments or buyout deals or sale of portfolio with any of the financial institutions, banks etc. for the purpose of business of the Company;
- Decide on giving corporate guarantee for taking loans;
- Guarantee for taking loans, employees to execute transactions on behalf of the Company;
- Approve the opening of current and other accounts with various banks upon such terms and conditions as may be agreed upon with the said bank;
- Approve the changes in persons authorized to operate current and other accounts and their signing limits for operating such accounts and also for mutual fund operations;
- Approve the closure of current and other accounts of the Company established with various banks;
- Provide security & create charge on the assets of the Company as per the limits fixed by the Board of Directors & Shareholders;
- Forward Rate Agreements;
- Interest Rate Swaps;
- Rupee & Cross Currency Options;
- Rupee - Other Currency, Currency Swaps;
- Cross Currency Swaps;
- Coupon Only Swaps;
- Principal Only Swaps;
- Structured Products;
- To issue derivatives for the Company;
- This would include derivatives, which may be used by the company for hedging its long term / short liabilities and receivables (FCNR (B) loan, PCFC, ECB, Term Loans, Export receivables, Buyers Credit, Imports, etc) Perform cost reduction structures on own balance sheet liability and hedging to manage the risk and manage the interest cost;
- To update the addition or deletion of authorize users in accordance with the requirements of the Electronic National Automated Clearing House (e-NACH); and
- To designate individuals from time to time, as deemed necessary, to submit financial information on behalf of the entity to National E-Governance Services Limited (NeSL) in compliance with applicable laws and regulations.

Name and Designation of the Compliance Officer: The Board of Directors in their meeting held on August 09, 2023, has appointed Ms. Shivani Agarwal as the Compliance Officer of the Company, under SEBI (LODR) Regulations, 2015.

The following are the details of Complaints received from the Shareholder of the Company:

Number of shareholders complaints received during the financial year	0
Number of complaints not solved to the satisfaction of shareholders	0
Number of pending complaints	0

D.7) Review Committee:

The Committee has been formed pursuant to the Master Direction on treatment of Wilful Defaulters and Large Defaulters dated July 30, 2024, issued by RBI, with the Managing Director & Chief Executive Officer as chairperson and two independent directors or non-executive directors or equivalent officials serving as members. The Review Committee would be responsible to review the proposal of Identification Committee for identifying wilful defaulters, by following the process set out in the above Master Directions.

Members:

i) Mr. Avijit Saha (Chairperson);
ii) Mr. James Varghese Abraham; and
iii) Mr. Hemant Omprakash Mundra.

Terms of reference:

- To examine the proposals given by the Identification Committee;
- To provide opportunity to borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of the entity for making a written representation to the Committee within 15 days of proposal being received from the Identification Committee. Thereafter, opportunity shall also be provided for personal hearing;
- To pass a reasoned order and to communicate the same to the wilful defaulter.

E. Particulars of Senior Management:

The following are the details of Senior Management:

Sl no.	Name	Designation
1	Mr. Prashant Kani	Chief Financial Officer
2	Ms. Shivani Agarwal	Chief Compliance Officer and Company Secretary
3	Mr. Nirbhay Kumar Singh	Chief Information Officer
4	Mr. Kapil S Bharatan	Chief Human Resource Officer
5	Mr. Amit Mukherjee	Chief Risk Officer
6	Mr. Vishal Jain	Chief Debt Servicing Officer
7	Mr. Chandrashekar Natraj	Head Alliance & Partnership
8	Mr. Soumyajyoti Roy Choudhury	Chief Operating Officer
9	Mr. Mayank Vajpeyee	Head – Central Operations
10	Mr. Maria Thomas Raj	Head – Internal Audit
11	Mr. Thupalli Ravindra Reddy	Business Head – Home Loans
12	Mr. Anil K. Lahane	Digital Head
13	Mr. Mitulkumar Dilipbhai Patel	National Portfolio Head – Credit

E.1 Changes in Senior Management Position:

a) Mr. Vinod Kumar V has resigned from the position of Chief Risk Officer with effect from April 15, 2024 and the Board appointed Mr. Amit Mukherjee as the Chief Risk Officer in the Board Meeting held on May 09, 2025.

b) Dr. Ashok Kumar Nagpal has resigned from the position of Head – Products with effect from March 31, 2025; Mr. Sanjay Shakar has resigned from the position of Chief Information Security Officer (CISO) with effect from May 12, 2025.

F. Remuneration to Directors:

The Company has in place a Compensation policy which is guided by the principles and objectives as enumerated in the Guidelines issued by Reserve Bank of India on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 vide its notification no. RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23.
The compensation paid to the directors is within the statutory ceiling and the scale approved by the board and shareholders. The non-executive directors are paid sitting fees and Commission subject to the statutory ceiling for all board and committee meetings attended by them.

F.1 Pecuniary relationship/transaction with non-executive directors:
During the year under review, there were no pecuniary relationship/transactions of any non-executive directors with the Company, other than receiving remuneration and commission (only to Independent Directors) as directors.

F.2 Criteria of making payments to non-executive directors:
The Independent Directors of the Company are paid a sitting fee of Rs. 1,00,000 for each meeting of the Board and Rs. 50,000 for each Committee meeting attended by them.
The Company continues to benefit significantly from the rich expertise, strategic insights, and professional advice provided by its Independent Directors. They devote considerable time and attention to deliberating on critical and strategic matters during Board and Committee meetings and actively contribute by offering valuable guidance and recommendations to the management from time to time.
In recognition of their contributions, a commission is also paid to all Independent Directors for the FY-24, as recommended by the Board of Directors and approved by the shareholders at the 33rd Annual General Meeting of the Company held on September 30, 2024.

F.3 Details of remuneration of directors:

a) The details of remuneration paid to directors during the financial year 2024-25 are given below. No stock options were granted to any of the Independent Directors.

(in Rupees)

Name of the Director	Avijit Saha	Chandrasekhar Bhaskar Bhave	Manju Agarwal	James Abraham	Narendra Ostawal	Hemant Omprakash Mundra
Salary	3,04,13,168	-	-	-	-	-
Allowances	-	-	-	-	-	-
Commission/ Incentives/Variable Pay	1,50,00,000	21,00,000	15,00,000	15,00,000	-	-
Other annual compensation	7,86,000	-	-	-	-	-
Sitting Fees	-	19,50,000	22,25,000	23,25,000	-	-
Total	**4,61,99,168**	**40,50,000**	**37,25,000**	**38,25,000**	**-**	**-**
Stock Options granted (along with period over which accrued and exercisable)	4,99,36,018	-	-	-	-	-
Service Contracts	-	-	-	-	-	-
Notice Period	-	-	-	-	-	-
Severance fees	-	-	-	-	-	-
Total	**9,61,35,186**	**40,50,000**	**37,25,000**	**38,25,000**	**-**	**-**

b. Service contracts, notice period, severance fees: **Not Applicable**

G. Means of Communication:

Your Company employs a range of communication channels to ensure that stakeholders are kept well-informed about the financial performance, key developments, and significant corporate events. Recognising the importance of transparent and two-way communication, your company remains committed to providing timely, accurate, and consistent updates to stakeholders and to addressing their queries and concerns effectively. This includes the dissemination of audited financial statements, as well as quarterly and half-yearly results, which are promptly made available on the Company's official website: Vistaar and are also published in *The Financial Express* newspaper, in compliance with regulatory requirements.

In addition, material updates and notices to stakeholders are also published on the website and shared with the stock exchanges as per applicable regulatory requirements. This ensures that stakeholders have easy and equal access to information that is critical for informed decision-making.

Since the Equity shares of your Company are not listed, therefore, the News release and Presentations to Institutional Investor or to Analysts are not applicable on the Company.

H. Fair Practices Code

The Company has adopted the Fair Practices Code pursuant to the Reserve Bank of India guidelines issued in this regard.

I. Regular Updates

The Company sends regular updates and MIS to various stakeholders and keeps them updated on the important developments on a regular basis.

J. General Shareholder Information:

Particulars	Details
Annual General Meeting (AGM)– Date, time and venue	33rd AGM Date: September 30, 2024 Time: 04:30 PM (IST) Venue: Plot No.59 & 60-23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru, Karnataka - 560076
Financial year	FY 2023-24
Dividend Payment Date	Your Company has paid dividend to the shareholders of Class A Compulsorily Convertible Preference Share (Class A CCPS and Class B Compulsorily Convertible Preference Share (Class B CCPS) on August 22, 2024.
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)	BSE Limited P J Towers, Dalal Street, Mumbai – 400 001. Your Company has paid the annual listing fees for the financial year 2024-25 to BSE.
Stock Code/Company Code	10383
Market price data- high, low during each month in last financial year	Not Applicable
Performance in comparison to broad-based indices such as BSE SENSEX, CRISIL Index etc;	Not Applicable
In case the securities are suspended from trading, the directors report shall explain there as on thereof;	Not Applicable
Type of Securities listed at Stock Exchange	Non-Convertible Debentures
Registrar and Share Transfer Agents	Link Intime India Private Limited
Share Transfer System	Not Applicable, as the shares are not listed to the stock exchange

Particulars	Details
Dematerialization of shares and liquidity	All the shares of the Company are in Demat mode
Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any convertible instruments, conversion date and likely impact on equity	Your Company has not issued any GDRs/ ADRs/ Warrants or any Convertible Instruments
Commodity price risk or foreign exchange risk and hedging activities	Your Company does not deal in any commodity and hence is not directly exposed to any hedging activities commodity price risk.
Plant locations	The Company's registered office is in Bangalore, Karnataka
Address for correspondence	Vistaar Financial Services Private Limited Plot No 59 & 60 - 23, 22nd Cross, 29th Main BTM Layout, 2nd Stage, Bangalore, Bengaluru, Karnataka, India, 560076
Credit Rating details	Details are covered in Board Report
Distribution of shareholding	The shares of your Company are held by the Promoter; Body Corporate; Institutional Investors, Directors and relatives, Indian Public, and Others.

K. Other Disclosures:

1) Related Party Transactions:

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements. The policy on dealing with related party transactions is available on website at Related Party Transactions Policy

2) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

The details of fines levied by the Bombay Stock Exchange over the last three financial years are provided below, all of which have been duly paid by the Company within the prescribed timelines.

Sr. No.	FY	Particulars	Amount (in Rs.)
1	2023-24	Regulation 52(4) for period ended September 2022	35,400
2		Regulation 53(2) for period ended September 2022	1,06,200
3		Regulation 57(5) for period ended September 2022	3,540
4		Regulation 50(1) for period ended June 2022	5,900
5		Regulation 57(4) for period ended June 2022	1,180
6	2024-25	Regulation 53(2) (Annual Report) for FY 2022-23	44,000
7		Regulation 53(2) (Annual Report) for FY 2021-22	2,18,000
	Total		**4,14,220**

Apart from this, no other penalty or stricture has been imposed on the Company by any of the stock exchanges, SEBI or any other statutory authority in any matter related to capital markets, during the last three years.

3) Details of establishment of Vigil Mechanism, Whistle Blower Policy, and affirmation that no personnel has been denied access to the Audit Committee:

The Company has put in place a Whistle Blower Policy pursuant to which both the employees as well as customers of the Company can raise their concerns relating to unethical and improper practices or any other wrongful conduct in the Company or among its employees. No complaints have been received during the year under review. No personnel has been denied access to the Audit Committee.

4) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

Details are covered in Board Report.

5) Web link where policy for determining 'Material' subsidiaries is disclosed:

During the financial year ended March 31, 2025, your Company does not have a subsidiary / Associate / Joint Venture Company. Also, the Company did not become a part of any Joint Venture during the year.

6) Web link where policy on dealing with related party transactions:

The policy on dealing with related party transactions is available on website at Related Party Transactions Policy.

7) Disclosure of Commodity Price Risks and Commodity Hedging Activities:

Your Company does not deal in any commodity and hence is not directly exposed to any hedging activities commodity price risk.

8) Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7a).

During the year, your Company has allotted the Non-Convertible Debentures through preferential allotment and the funds were utilized for the purpose of onward lending to MSME.

9) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

As the equity shares of your Company are not listed, therefore, the **certificate from a company secretary in practice is** not applicable

10) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:

The Board has accepted all the recommendations from the Committee.

11) Fees paid to Statutory Auditors:

The total fees for all services paid to the statutory auditor is mentioned in the Note No. 31(a) of Notes to financial statements for the year ended March 31, 2025.

12) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of Board's Report.

13) Disclosure by listed entity and its subsidiaries of 'loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:

No loans and advances were given to any firms/companies in which Directors are interested.

14) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:

Your Company has no subsidiary company.

15) Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reason thereof shall be disclosed:

Your Company has complied with the requirement of corporate governance report.

16) The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in PART E of Schedule II have been adopted:

As your Company is not classified as a high-value debt listed entity (the outstanding NCDs of the Company as on March 31, 2025 are less than Rs. 1,000/- crores), the provisions of Regulation 27 of SEBI (LODR) Regulations, 2015 read with PART E of Schedule II are not applicable.

17) The disclosure of the compliance with corporate governance requirements specified in Regulation 46 shall be made in the section on corporate governance of the annual report:

As your Company is not classified as a high-value debt listed entity (the outstanding NCDs of the Company as on March 31, 2025 are less than Rs. 1,000/- crores), the provisions of Regulation 46 of SEBI (LODR) Regulations, 2015 are not applicable. However, the Company has complied with the requirements of Regulation 62 of the SEBI (LODR) Regulations, 2015.

18) Details of penalties and strictures imposed by Reserve Bank of India or any other Statutory Authority or Regulators:

There were no penalties and strictures imposed by the Reserve Bank of India or any other statutory authority or regulators.

19) Directors And Officers Liability Insurance ("D & O Policy"):

The Company has in place a D&O policy which is renewed every year. It covers directors (including independent directors) of the Company. The Board is of the opinion that quantum and risk presently covered is adequate.

20) Breach of covenant:

During the period under review, there were no instances of breach of covenant of loan availed or debt securities issued.

21) Divergence in asset classification and provisioning:

There had been no divergence in asset classification and provisioning during the year under review.

22) Disclosure with respect to demat suspense account/unclaimed suspense account:

The equity shares of your Company are not listed, therefore the disclosures with respect to demat suspense account/unclaimed suspense account are not applicable.

23) Disclosure of certain type of agreements binding listed entities:

As your Company is not classified as a high-value debt listed entity (the outstanding NCDs of the Company as on March 31, 2025 are less than Rs. 1,000/- crores), the provisions of Regulation 30 of SEBI (LODR) Regulations, 2015 read with Part A of Schedule III are not applicable.

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

Sd/-	***Sd/-***
Chandrashekhar Bhaskar Bhave	**Avijit Saha**
Non-Executive Chairman	**Managing Director & Chief Executive Officer**
DIN: 00059856	**DIN: 05102009**

Date: May 28, 2025
Place: Bengaluru

ANNEXURE-II

Annual Report on CSR Activities for FY 2024-25

1. Brief outline on CSR Policy of the Company: The CSR Policy is designed to support initiatives aimed at:
   a) Ensuring socio-economic development of the community through different participatory and need-based initiatives in the best interest of the poor and deprived sections of the society;
   b) Training, providing and supporting educational needs of the underprivileged segments of society; and
   c) Such other activities as may be permitted under Schedule VII of the Companies Act, 2013 and the relevant rules.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Chandrashekhar Bhaskar Bhave	Chairman & Independent Director	02	02
2	Mr. Avijit Saha	Managing Director and CEO	02	02
3	Mr. Hemant Mundra	Nominee Director	02	02

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: **Web- link to the CSR policy:** CSR Policy

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub – rule (3) of Rule 8, if applicable: **Not applicable**

5. (a) Average net profit of the company as per sub-section 5 of section 135 is as follows: **₹ 14,301 lakhs**
   (b) Two percent of average net profit of the company as per sub-section 5 of section 135 is ₹**286.00 lakhs**
   (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
   (d) Amount required to be set off for the financial year, if any: Nil
   (e) Total CSR obligation for the financial year (5b+5c- 5d): ₹**286.00 lakhs**

6. (a) Amount spent on projects (both Ongoing Project and other than Ongoing Project): ₹**133.25 lakhs**
   (b) Amount spent in Administrative Overheads: Nil
   (c) Amount spent on Impact Assessment, if applicable: Nil
   (d) Total amount spent for the Financial Year (6a+6b+6c): **₹133.25 lakhs**
   (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹ lakhs)	Amount Unspent (in ₹ lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (Rs. Lakhs)	Date of transfer	Fund	Amount (in Rs.)	Date of transfer
133.25	152.75	April 07, 2024	Not applicable	Not applicable	Not applicable

(f) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in ₹ Lakhs)
(1)	**(2)**	**(3)**
(i)	Two percent of average net profit of the company as per section 135(5)	286.00
(ii)	Total amount spent for the Financial Year	133.25
(iii)	Excess amount spent for the financial year [(ii)-(i)]*	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ lakhs)	Balance amount in Unspent CSR account under sub section (6) of section 135 (in ₹ Lakhs)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial year (in ₹ Lakhs)	Deficiency, if any
				Amount (in ₹ Lakhs)	Date of transfer		
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**
1	FY-1	NIL					
2	FY-2	NIL					
3	FY-3	NIL					

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Yes**

   If Yes, enter the number of Capital assets created/ acquired: **1**

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (Rs. In Lakhs)	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

1	Mobile Medical Units (5 vehicles) Location of these vehicles are as follows;
	• Karnataka
	  • Bangalore south
	  • Raichur
	• Tamilnadu
	  • Vellore
	  • Erode
	  • Dharmapuri
		560011	April 2024-March 2025	5.7	CSR00002834	Samarpaka Seva Trust	2nd Floor, Maruthi Elegance, 11th Main Road, 5th Block, Jayanagar, Bangalore, 560011

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):
   The unspent amount pertains to approved projects and would be spent within the timelines for each of the projects.

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

Sd/-
Chandrashekhar Bhaskar Bhave
Chairman - CSR Committee
DIN: 00059856

Sd/-
Avijit Saha
Managing Director and CEO
DIN: 05102009

Date: May 28, 2025
Place: Bengaluru

JKS & Co.
Company Secretaries
E-003, Victoria Haven Patel Ram Reddy Road
Domlur 1st Stage Bangalore-560071
GSTIN/UIN: 29AALFJ1836A1ZI

Secretarial Audit Report

To,
The Members
Vistaar Financial Services Private Limited
Regd. Office: Plot No 59 & 60 - 23, 22nd Cross,
29th Main BTM Layout, 2nd Stage,
Bangalore-560076

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the further viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **JKS & Co.**
Company Secretaries
Karthick Varadarajan
Digitally signed by Karthick Varadarajan
Date: 2025.05.27 19:24:08 +05'30'
Karthick V.
Partner
Membership No. ACS – 11910
C.P. No. – 4680
Firm Unique No. P2015KR040800
PR – 1143/2021

Place : Bengaluru
Date : 27th May, 2025
UDIN : **A011910G000454880**

Form No. MR-3
Secretarial Audit Report
for the financial year ended March 31, 2025

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

To,
The Members
Vistaar Financial Services Private Limited
Regd. Office: Plot No 59 & 60 - 23, 22nd Cross,
29th Main BTM Layout, 2nd Stage,
Bangalore-560076

We have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Vistaar Financial Services Private Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in the manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2025, generally complied with the statutory provisions listed hereunder and also that the Company has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2025 according to the provisions of:

(i.) The Companies Act, 2013 (the 'Act') and the rules made thereunder, subject to our comments appearing hereinafter;

(ii.) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

(iv.) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings; There was no Overseas Direct Investment during the period under review.

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. [the Company being an exclusively debt-listed Company, this Regulation is not applicable];

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [the Company being an exclusively debt-listed Company, this Regulation is not applicable];

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [the Company being an exclusively debt-listed Company, this Regulation is not applicable];

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent];

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 [the Company being an exclusively debt-listed Company, this Regulation is not applicable]; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [the Company being an exclusively debt-listed Company, this Regulation is not applicable];

(vi) Other laws specifically applicable to the Company are:

a) Reserve Bank of India Act, 1934;
b) Master Direction – Reserve Bank of India (Non-Banking Financial Company – (Scale Based Regulation) Directions, 2023;
c) Monitoring of Frauds in NBFCs (Reserve Bank) Directions 2016
d) Master Direction - Know Your Customer (KYC) Direction, 2016
e) Insurance Regulatory and Development Authority of India, Registration of Corporate Agents - Regulations, 2015

vii) As explained to us by the Company's officers, the Company has proper systems and processes in place to comply with the general applicable laws like Tax Laws and Employee Welfare Laws.

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,

and report that during the year under review, ***except as stated here under***, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

a. The Company has paid the fine of Rs. 51,920 including GST to BSE, imposed by them, on 13th June, 2024 for non-submission of Annual Report for FY 2022-23 to the stock exchange/ Debenture Trustees and publishing on Website under Regulation 53(2) of SEBI LODR Regulations.

We further report

The compliance of applicable Financial Laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

Subject to the report as stated above, the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there was no change in the composition of the Board of Directors that took place during the audit period.

Adequate notice with shorter consent where applicable is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As represented by the Company, all decisions at the Meetings of the Board of Directors and Board Committees are carried out unanimously or with requisite majority as recorded in the Minutes of the respective meetings as the case may be and no dissenting views were recorded.

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

We further report that during the audit period:

1. Necessary General Meeting, Board and Finance & Stakeholders Relationship Committee Resolutions were passed to enable the Company for issuing and allotment of the Non-Convertible Debentures (NCDs) as per the table below. All the said NCDs are listed on the BSE Stock Exchange.

Date of Issue	Number of NCDs	Face Value (Rs.)	Issue Price (Rs.)	Total Issue Price (Rs. in Crore)	Date of Listing, if any
19.04.2024	3000	100000	100000	30.00	22.04.2024
18.06.2024	5000	100000	100000	50.00	19.06.2024
27.06.2024	20,000	100000	100000	200.00	28.06.2024
Total	**28,000**			**280.00**	

2. Special Resolutions under section 180 (1) (a) & 180 (1) (c) of the Act by the Shareholders in the Annual General Meeting held on September 30, 2024 wherein the resolution to fix the borrowing limits upto Rs. 5,000 Crores or four times the Net Worth of the Company whichever is less and resolution to provide the security for the said borrowings were passed.
3. Special Resolution under section 42, 71, 179, 180 of the Act, by the Shareholders in the Annual General Meeting held on September 30, 2024 wherein the resolution approving the issuance of Non-Convertible Debentures for Limit upto Rs. 800 Crores was passed.
4. Special Resolution under section 179 of the Act, by the Shareholders in the Annual General Meeting held on September 30, 2024 wherein the resolution approving the
    a. issuance of Commercial Papers upto Rs. 200 Crores was passed.
    b. borrowings through External Commercial borrowings of an amount upto $ 150 Mn was passed.
5. Special Resolution under the Act, by the Shareholders in the Annual General Meeting held on September 30, 2024 wherein the resolution approving for payment of Commission to Independent Directors of the Company for the Financial Year 2023-2024 was passed.
6. Special Resolution under section 62 of the Act, by the Shareholders in the Annual General Meeting held on September 30, 2024 wherein the resolution approving grant of options to Managing Director & Chief Executive Officer was passed.

7. Special Resolution under section 62 (1) (b) of the Act, by the Shareholders in the Annual General Meeting held on September 30, 2024 wherein the resolution approving ratification of Employee Stock Option Pool 2010, 2016 and 2024 was passed.
8. Board in its Meeting held on 9th August 2024 approved payment of dividend to the Class A and Class B Preference Shareholders as per the respective agreed terms.
9. Ordinary Resolution under section 61 (1), 64 of the Act by the Shareholders in the Extra Ordinary General Meeting held on September 23, 2024 for increase in the authorised share capital of the Company, from ₹. 85,50,00,000/- (Rupees Eighty Five Crores Fifty Lakhs) to ₹. 1,10,00,00,000/- (Rupees One Hundred and Ten Crores) divided into:
   10,61,05,860 Equity Shares of ₹. 10/- each,
   500 Class A Equity Shares of ₹. 10/- each,
   8,93,700 Compulsorily Convertible Preference Shares of ₹. 10/- each,
   3,30,000 Class A Compulsorily Convertible Preference Shares of ₹. 10/- each and 26,69,940 Class B Compulsorily Convertible Preference Shares of ₹. 10/- each.
10. Board in its Meeting held on 5th October 2024 approved conversion of 3,23,295 Class A CCPS, 10,76,689 Class B CCPS and 7,00,000 fully paid-up CCPS into 20,99,984 Equity Shares of Rs. 10/- per share as per agreed terms.
11. Special Resolution was passed under section 14, 64 of the Act, by the Shareholders in the Extraordinary General Meeting held on October 7, 2024 approving alteration of Alteration of Association of the Company.
12. Special Resolution is being passed under section 13, 61(e) and (a), 64 of the Act by the Shareholders in the Extraordinary General Meeting held on October 7, 2024 approving reclassification of authorized share capital and subsequent amendment in clause V of the Memorandum of Association of the Company.
13. Special Resolutions under section 5 and 14 of the Act by the Shareholders in the Extraordinary General Meeting held on October 23, 2024 approving alteration of Articles of Association of the Company.
14. Resolution has been passed under section 13, 16(1) (e) (a) and 64 of the Act, by the Shareholders in the Extraordinary General Meeting held on October 23, 2024 approving reclassification of Authorized Share Capital and subsequent amendment in Clause V of Memorandum of Association of the Company.
15. Special Resolution passed under section 23, 42, 62 of the Act by the Shareholders in the Extraordinary General Meeting held on February 18, 2025 approving offer and issuance of 42,67,085 Equity Shares on preferential basis under private placement and allotted the said shares on the same day.
16. Special Resolution passed under section 5 and 14 of the Act by the Shareholders in the Extraordinary General Meeting held on February 18, 2025 approving alteration of Articles of Association of the Company by restating the same.
17. Special Resolution passed under section 23, 42, 62 of the Act, by the Shareholders in the Extraordinary General Meeting held on February 28, 2025 approving offer and issuance of 1,05,82,372 Equity Shares on preferential basis under private placement and allotted 58,03,237 Equity shares on the same day, 30,72,301 Equity shares were allotted on March 7, 2025 and 11,94,784 Equity shares were allotted on March 17, 2025.

18. The Board in their Meeting held on March 24, 2025 approved the transfer of stressed loan exposure to an Asset reconstruction company.
19. The Board in their Meeting held on March 24, 2025 approved the amendments to accounting policy.

For **JKS & Co.**
Company Secretaries

Karthick Varadarajan Digitally signed by Karthick Varadarajan Date: 2025.05.27 19:24:56 +05'30'

Karthick V.
Partner
Membership No. ACS – 11910
C.P. No. – 4680
Firm Unique No. P2015KR040800
PR – 1143/2021

Place : Bengaluru
Date : 27th May, 2025
UDIN : **A011910G000454880**

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing
Nesco IT Park 4, Nesco Center
Western Express Highway
Goregaon (East), Mumbai – 400 063, India
Telephone: +91 (22) 6257 1000
Fax: +91 (22) 6257 1010

M/s. Narayan Bhat & Co.
Chartered Accountants

#201 & 202, 2nd floor,
Shresta Bhumi No. 87 K.R Road,
Shankarapuram, Bengalru-560 004,
Karnataka.

INDEPENDENT AUDITOR'S REPORT

To the Members of Vistaar Financial Services Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vistaar Financial Services Private Limited (the "Company"), which comprise the balance sheet as at 31 March 2025, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, , the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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Key Audit Matters

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

Description of Key Audit Matter

Impairment of Loans to customers.
Refer to the accounting policies in "Note 4(j) to the financial statements: Impairment of financial assets". "Note 4(b) to the financial statements: Material Accounting Policies - use of estimates", "Note 7 to the financial statements: Loans.

The key audit matter	How the matter was addressed in our audit
Charge:Rs. 9,225 lakhs for the year ended 31 March 2025 Provision: Rs. 9,826 lakh as at 31 March 2025 Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: a) Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data used to create assumptions in the model. b) Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in EGL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. c) Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant judgement is applied in determining the economic scenarios used and the probability weights applied to them.	**Testing of design and operating effectiveness of controls:** a) Performing end to end process walkthroughs to identify the key systems, applications and controls used in computation of ECL. Testing the relevant manual control, general IT and application controls over information used in the computation of ECL. Key aspects of our controls testing involved the following: b) Tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. c) Tested the 'Governance Framework' controls over evaluation, implementation and model monitoring in line with the guidelines issued by Reserve Bank of India. d) Tested the design and operating effectiveness of the key controls over the application of the staging criteria. e) Tested key controls relating to selection and implementation of key macro-economic variables and the controls over the scenario selection and application of probability weights. f) Tested key controls operating over the information used in the computation of ECL including system access, change management, program development and computer operations.

d) Qualitative adjustments in management overlays - Adjustments to the model-driven ECL results as overlays are recorded by the Company to address risks not captured by models for specific exposures. e) The disclosures regarding the Company's application of Ind AS 109 are important in explaining the key judgements and key inputs to the Ind AS 109 ECL results The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements. we have considered this as a key audit matter.	g) Tested the Company's controls over authorisation and calculation of post model adjustments and management overlays. **Test of details:** Key aspects of our testing included: a) Sample testing over key inputs, data and assumptions impacting ECL computations to assess the completeness, accuracy and relevance of data, economic forecasts, weights, and model assumptions applied. b) Test of details of post model adjustments, considering the size and complexity of overlays recorded by the Company, in order to assess the adjustments by challenging key assumptions, methodology and tracing a sample of the data used back to source data. **Involvement of specialists** We had involved financial risk modelling specialists for the following: a) Evaluated the Company's Ind AS 109 impairment methodologies and assumptions used. b) Evaluated the relevance of inputs used in the model for computation of ECL.
Information Technology	
The key audit matter	**How the matter was addressed in our audit**
The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls in these systems. There exists a risk in the IT control environment which could result in the financial accounting and reporting records being misstated. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation and the complexity of the IT architecture. Further, it impacts overall financial reporting process and the regulatory expectation on automation.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient audit evidence for scoped in application: a) Evaluated and tested the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system computation, and the consistency of data transmission. b) Evaluated and tested the design, implementation and operating effectiveness of key General IT Controls of the in-scope IT systems, including system access and system change management, and computer operations. c) Tested the design, implementation and operating effectiveness of key controls over user access

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	management. Access management includes granting access rights, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. d) Tested change management control for information technology application / General IT controls which were changed during the year. e) Tested key automated controls operating over the information technology systems in relation to financial accounting and reporting systems. f) Tested the audit trail (edit log) facility and data backup for accounting software used for maintaining its books of account and its operating effectiveness. g) Assessed other areas including password policies, system configurations, controls over changes to applications, privileged access to applications and operating system or databases is restricted to authorized personnel, approvals required to deploy the changes, segregation of environment and segregation of duties in change management. h) Placed reliance on System and Organisation Controls Report of service organisation, where applicable. i) Based on procedures performed above, wherever required, we extended our audit procedures over other IT application automated controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and auditor's report(s) thereon.

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

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BANGALORE

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

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

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

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

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

Other Matter

(a) The financial statements of the Company for the year ended 31 March 2024 were audited by the predecessor auditor who had expressed an unmodified opinion on 9 May 2024.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014..

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

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d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors on various dates ranging from 1 April 2025 to 23 April 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

f) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2B(f) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014.

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a) The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its financial statements - Refer Note 46 to the financial statements.

b) Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 14 to the financial statements.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d) (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 44(l) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 44(l) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

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e) The final dividend paid by the Company during the year, in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

f) Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility, and the same has been operated throughout the year for all relevant transactions recorded in the respective softwares and has been preserved by the Company as per the statutory requirement for record retention. Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting softwares, we did not come across any instance of audit trail feature being tampered with.

(i) The feature of recording audit trail (edit log) facility was not enabled at the database level from 14 September 2024 onwards for the accounting software used for maintaining general ledger to log any direct data changes.

(ii) the Company has used softwares for loan origination system and collection system for maintaining its books of account. We are unable to comment on the date of enablement of audit trail for database layer due to non-retention of logs.

(iii) the Company has used expense management system which is operated by a third-party software service provider, for maintaining its books of account. We are unable to comment on the date of enablement of audit trail for database layer as per the statutory requirements for record retention based on the SOC 2 Type 2 reports provided by the company.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us

For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Rohit Alexander
Partner
Membership No : 222515
UDIN: 25222515BMJHVS1199

For Narayan Bhat & Co.
Chartered Accountants
Firm Registration No : 05011S

Shripad Hulgol Narayan
Partner
Membership No : 237768
UDIN: 25237768BMOURL1693

Place : Bengaluru
Date : 28 May 2025

BSR & Co. LLP

NARAYAN BHAT & CO. Chartered Accountants BANGALORE

Annexure A to the Independent Auditor's Report on the Financial Statements of Vistaar Financial Services Private Limited for the year ended 31 March 2025
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering financial services by providing loans towards small and medium segment in India. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted advances in the nature of loans, provided any guarantee or security to companies, firms, limited liability partnerships or any other parties during the year, made investments to companies, limited liability partnerships and other parties. The Company has granted loans, secured or unsecured to other parties in respect of which the requisite information is as below:,

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans and advances in the nature of loans during the ~~year are~~, not prejudicial to the interest of the Company. Further, the Company has not provided any guarantee or security, made investments to companies, firms, limited liability partnership, or other parties during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following 5017 count of loans:

Amount (Rs Lakhs) (Principal & Interest)	Due Date	Extent of delay	Remarks, if any
11,344	Various due dates	1 to 30 days	Stage 1 loans
12,258	Various due dates	31 to 90 days	Stage 2 loans
15,775	Various due dates	91 days and above	Stage 3 loans

For the following case, where there is no stipulation of schedule of repayment of interest, we are unable to comment on the regularity of principal;

Name of Entity	Amount as at 31 March 2025 (Rs lakhs)	Remarks
Vistaar Employee Welfare Trust	811	There is no stipulation of schedule of repayment of principal.

Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans (and advance in the nature of loan) given except an amount of Rs. 13,997/- Lakhs (principal amount) and Rs 1,778 Lakhs (interest) overdue for more than ninety days as at 31 March 2025. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest. Further, the Company has not given any advance in the nature of loan to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company's principal business is to give loans. Accordingly, clause 3(iii)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

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NARAYAN BHAT & CO. Chartered Accountants BANGALORE

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been delays in professional tax ranging from 1 day to 1096 days . The Company does not have any dues related to Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax and other statutory dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.,

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Service tax and Income-Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Finance Act, 1994	Service Tax and Interest thereon	18,469,066	FY 2011-12 to FY 2015-16	Commissioner of Service Tax	None
Income Tax, Act, 1961	Income Tax	25,111,576	FY 2021-22	Commissioner of Income Tax (Appeals)	None
Goods and Service Tax Act, 2017	Goods and Service Tax	18,887,004	FY 2017-18 FY 2018-19 FY 2019-20 FY 2020-21	Appellant Authority - JCCT	None

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

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(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2015. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2025. Accordingly clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any private placement of shares or fully or partly convertible debentures during the year. In our opinion, in respect of preferential allotment of equity shares made during the year, the Company has duly complied with the requirements of Section 42 and Section 62 of the Act. The proceeds from issue of equity shares have been used for the purposes for which the funds were raised.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except that management identified three instances, wherein in one instance the branch personnel were involved in cash misappropriation activities amounting to Rs 44.13 Lakhs. In the other two instances, the branch personnel had used the cash in vault for personal purposes amounting to Rs 3.36 Lakhs and 1.16 Lakhs.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) (a)According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

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(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business

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

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) In our opinion and according to the information and explanation provided to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act, except in respect of the following:

Financial Year	Amount unspent on Corporate Social Responsibility activities for "Ongoing Projects"	Amount Transferred to Special Account within 30 days from the end of the Financial Year	Amount Transferred after the due date (specify the date of transfer)
2024-25	Rs 153 Lakhs	Rs 153 Lakhs	Nil

For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Rohit Alexander
Partner
Membership No : 222515
UDIN: 25222515BMJHVS1199

For Narayan Bhat & Co.
Chartered Accountants
Firm Registration No : 05011S

Shripad Hulgol Narayan
Partner
Membership No : 237768
UDIN: 25237768BMOURL1693

Place : Bengaluru
Date : 28 May 2025

Annexure B to the Independent Auditor's report on the financial statements of Vistaar Financial Services Private Limited for the year ended 31 March 2025

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Vistaar Financial Services Private Limited ("the Company") as of 31 March 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion , the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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NARAYAN BHAT & CO.
Chartered Accountants
BANGALORE

We believe that the audit evidence we have obtained and the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration No : 101248W/W-100022

Rohit Alexander
Partner
Membership No : 222515
UDIN: 25222515BMJHVS1199

For Narayan Bhat & Co.
Chartered Accountants
Firm Registration No : 05011S

Shripad Hulgol Narayan
Partner
Membership No : 237768
UDIN: 25237768BMOURL1693

Place : Bengaluru
Date : 28 May 2025

BSR & Co. LLP

NARAYAN BHAT & CO.
Chartered Accountants
BANGALORE

Vistaar Financial Services Private Limited
Balance Sheet as at 31 March 2025
CIN - U67120KA1991PTC059126
Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076
(All amounts in Rs. lakhs unless otherwise stated)

	Notes	As at 31 March 2025	As at 31 March 2024
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	5	68,956	37,250
(b) Bank balances other than (a) above	6	24,092	6,429
(c) Derivative financial instruments	14	748	1,365
(d) Loans	7	4,44,123	3,75,962
(e) Investments	8.1	2,468	-
(f) Other financial assets	8.2	7,895	4,116
Total financial assets		**5,48,282**	**4,25,122**
2 Non-financial assets			
(a) Current tax assets (net)		1,931	2,671
(b) Deferred tax assets (net)	9	3,892	2,562
(c) Property, plant and equipment	10	668	572
(d) Right of use asset	38	1,429	957
(e) Intangible asset under development	11	378	74
(f) Other intangible assets	12	1,324	151
(g) Other non-financial assets	13	950	652
Total non-financial assets		**10,572**	**7,639**
Total assets		**5,58,854**	**4,32,761**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Derivative financial instruments	14	938	20
(b) Trade payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		66	2
(ii) total outstanding dues other than micro enterprises and small enterprises		1,490	1,391
(c) Debt securities	16	29,494	19,266
(d) Borrowings (other than debt securities)	17	2,73,155	2,68,929
(e) Other financial liabilities	18	7,667	5,392
Total financial liabilities		**3,12,810**	**2,95,000**
2 Non-financial liabilities			
(a) Provisions	19	470	352
(b) Other non-financial liabilities	20	992	644
Total non-financial liabilities		**1,462**	**996**
3 Equity			
(a) Equity share capital	21	9,555	7,895
(b) Instruments entirely equity in nature	21	16	129
(c) Other equity	22	2,35,011	1,28,741
Total equity		**2,44,582**	**1,36,765**
Total liabilities and equity		**5,58,854**	**4,32,761**

Summary of material accounting policies 4
The accompanying notes 1 - 55 form an integral part of these financial statements.

As our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rohit Alexander
Partner
Membership No: 222515

Place: Bengaluru
Date: 28 May 2025

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

Manju Agarwal
Independent Director
DIN : 06921105

Place: Bengaluru
Date: 28 May 2025

Avijit Saha
Managing Director and CEO
DIN : 05102009

Place: Bengaluru
Date: 28 May 2025

For **Narayan Bhat & Co**
Chartered Accountants
ICAI Firm registration number: 05011S

Shripad Hulgol Narayan
Partner
Membership No: 237768

Place: Bengaluru
Date: 28 May 2025

Prashant Kani
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2025

Shivani Agarwal

Shivani Agarwal
Company Secretary
Membership No. A42303

Place: Bengaluru
Date: 28 May 2025

BSR & Co. LLP

NARAYAN BHAT & CO. Chartered Accountants BANGALORE

VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

Vistaar Financial Services Private Limited
Statement of Profit and Loss for the year ended 31 March 2025
CIN - U67120KA1991PTC059126
Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076
(All amounts in Rs. lakhs unless otherwise stated)

		Notes	Year ended 31 March 2025	Year ended 31 March 2024
1	**Revenue from operations**			
(i)	Interest income	23	81,387	61,802
(ii)	Fees and commission income	24	3,992	3,368
(iii)	Net gain on fair value changes	25	1,628	1,137
(iv)	Net gain on derecognition of financial instruments under amortised cost category		5,350	2,125
	Total revenue from operations		**92,357**	**68,432**
2	Other income	26	47	39
3	**Total income (1+2)**		**92,404**	**68,471**
4	**Expenses**			
(i)	Finance costs	27	30,964	24,506
(ii)	Fee and commission expense	28	978	843
(iii)	Impairment of financial instruments	29	8,211	2,961
(iv)	Employee benefits expense	30	17,625	16,743
(v)	Depreciation and amortisation expense	32	1,720	946
(vi)	Other expenses	31	3,769	2,897
	Total expenses		**63,267**	**48,896**
5	**Profit before tax (3-4)**		**29,137**	**19,575**
6	**Tax expense :**			
	(a) Current tax			
	- Earlier year	37	435	-
	- Current year	37	7,428	5,456
	(b) Deferred tax credit			
	- Earlier year	37	(782)	
	- Current year	37	(49)	(591)
			7,032	**4,865**
7	**Profit for the year (5-6)**		**22,105**	**14,710**
8	**Other comprehensive income, net of tax**			
(i)	Items that will not be reclassified to profit or loss			
	Remeasurement loss on defined benefit plans		32	(54)
	Income tax relating to items that will not be reclassified to profit or loss		(8)	14
(ii)	Items that will be reclassified to profit or loss			
	Effective portion of losses on hedging instruments in cash flow hedge		(2,015)	(398)
	Income tax relating to items that will be reclassified to profit or loss		507	100
	Other comprehensive income		**(1,484)**	**(338)**
9	**Total comprehensive income for the year (7+8)**		**20,621**	**14,372**
10	**Earnings per equity share (of Rs. 10 each):**	33		
	Basic (in Rs.)		26.46	18.69
	Diluted (in Rs.)		25.61	18.00

Summary of material accounting policies 4

The accompanying notes 1 - 55 form an integral part of the financial statements.

As our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rohit Alexander
Partner
Membership No: 222515

Place: Bengaluru
Date: 28 May 2025

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

Manju Agarwal
Independent Director
DIN : 06921105

Place: Bengaluru
Date: 28 May 2025

Avijit Saha
Managing Director and CEO
DIN : 05102009

Place: Bengaluru
Date: 28 May 2025

For **Narayan Bhat & Co**
Chartered Accountants

Shripad Hulgol Narayan
Partner
Membership No: 237768

Place: Bengaluru
Date: 28 May 2025

Prashant Kani
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2025

Shivani Agarwal

Shivani Agarwal
Company Secretary
Membership No. A42363

Place: Bengaluru
Date: 28 May 2025

BSR & Co. LLP

NARAYAN BHAT & CO. Chartered Accountants BANGALORE

VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

Vistaar Financial Services Private Limited
Statement of cash flows for the year ended 31 March 2025
CIN - U67120KA1991PTC059126
Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076
(All amounts in Rs. lakhs unless otherwise stated)

Particulars		Year ended 31 March 2025	Year ended 31 March 2024
Cash flows from operating activities			
Profit before tax		29,137	19,575
Adjustments for:			
Interest income		(80,085)	(60,995)
Interest expenses		30,608	24,323
Depreciation and amortisation expense		1,720	946
Impairment of loans		10,544	2,709
Loan assets written-off		735	252
Share-based payments to employees		771	648
Unrealised gain on derecognition of financial instruments under amortised cost category		(5,253)	(2,056)
Unrealised gain on derivative financial instruments		480	(363)
Unrealised foreign exchange loss on borrowings		(480)	363
Profit on sale of investments in mutual funds		(1,616)	(1,136)
Change in fair value of investments		(12)	-
Profit on sale of property, plant and equipment		(12)	(10)
Profit/(loss) on termination of lease assets		4	(2)
Interest income on fixed deposits		(1,301)	(807)
Interest expense on lease liabilities		151	107
Interest expense on other financial liabilities		206	-
Operating profit/(loss) before working capital changes		**(14,403)**	**(16,446)**
Adjustment for change in working capital:			
(Increase) / decrease in loans		(79,127)	(85,871)
(Increase) / decrease in other financial assets		1,476	1,578
(Increase) / decrease in other non financial assets		(298)	(992)
Increase / (decrease) in trade payables		163	97
Increase / (decrease) in other financial liabilities		(238)	350
Increase / (decrease) in provisions		150	1,016
Increase / (decrease) in non financial liabilities		347	(65)
Cash used in operating activities before adjustments for interest received and interest paid		**(91,930)**	**(1,00,333)**
Interest income received		79,772	60,995
Interest expense paid		(29,929)	(24,323)
Cash used in operating activities		**(42,087)**	**(63,661)**
Income tax paid, net		(7,123)	(5,835)
Net cash (used in) / generated from operating activities	**(A)**	**(49,210)**	**(69,496)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets (net of changes in capital work in progress)		(953)	(436)
Proceeds from sale of property, plant and equipment		44	15
Purchase of current investments		(3,24,329)	(2,07,140)
Proceeds from sale of current investments		3,23,489	2,08,277
Investment in fixed deposit, (net)		(16,361)	172
Net cash (used in) / generated from investing activities	**(B)**	**(18,110)**	**888**
Cash flows from financing activities			
Proceeds from issue of shares including securities premium, (net)		87,466	32,790
Debenture/Equity issue cost		(1,099)	(147)
Recovery of loan given to Employee Welfare Trust		57	592
Proceeds from term loans			
Proceeds of loan availed from banks		78,064	1,19,625
Proceeds of loan availed from others		1,000	9,000
Proceeds of loan availed from External commercial borrowings		41,735	-
Proceeds of loan availed from debt securities		14,000	17,500
Repayment of term loans			
Repayment of loan availed from banks		(1,02,146)	(69,803)
Repayment of loan availed from others		(9,644)	(8,085)
Repayment of loan availed from External commercial borrowings		(4,125)	(12,942)
Repayment of loan availed from debt securities		(5,588)	(5,588)
Proceeds of short-term borrowings, (net)		(0)	(579)
Principal payment of lease liabilities		(694)	(586)
Net cash generated from financing activities	**(C)**	**99,026**	**81,777**
Net increase/(decrease) in cash and cash equivalents during the year/period (A+B+C)		31,706	13,169
Cash and cash equivalents at the beginning of the year/ period		37,250	24,081
Cash and cash equivalents at the end of the year/period		**68,956**	**37,250**
Note 1:			
Cash and cash equivalents as per note 5		68,956	37,250
		68,956	37,250

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

As our report of even date.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rohit Alexander
Partner
Membership No: 222515

Place: Bengaluru
Date: 28 May 2025

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

Manju Agarwal
Independent Director
DIN : 06921105

Place: Bengaluru
Date: 28 May 2025

Avijit Saha
Managing Director and CEO
DIN : 05102009

Place: Bengaluru
Date: 28 May 2025

For Narayan Bhat & Co
Chartered Accountants

Shripad Halgoi Narayan
Partner
Membership No: 237768

Place: Bengaluru
Date: 28 May 2025

Prashant Kani
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2025

Shivani Agarwal
Company Secretary
Membership No. A42303

Place: Bengaluru
Date: 28 May 2025

Vistaar Financial Services Private Limited
Statement of Changes in Equity for the year ended 31 March 2025
CIN - U67120KA1991PTC059126
Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru – 560076
(All amounts in Rs. lakhs unless otherwise stated)

A. Equity share capital*

	Balance as at 31 March 2023	Changes in equity share capital during the year 2023-24	Balance as at 31 March 2024	Changes in equity share capital during the year 2024-25	Balance as at 31 March 2025
(a) Equity share capital					
Equity shares of Rs. 10 each, issued, subscribed and fully paid-up:	799	7,096	7,895	1,660	9,555
Class A equity shares of Rs. 10 each, issued, subscribed and fully paid-up:	0	-	0	(0)	-
(b) Instruments entirely equity in nature					
Compulsory Convertible Preference Shares of Rs. 10 each, issued, subscribed and fully paid-up:	5,931	(5,861)	70	(70)	-
Class A Compulsory Convertible Preference Shares of Rs. 10 each, issued, subscribed and fully paid-up (Previous year Rs. 1 each) :	32	-	32	(32)	-
Class B Compulsory Convertible Preference Shares of Rs. 10 each, issued, subscribed and fully paid-up:	-	27	27	(11)	16
Total	6,762	1,262	8,024	1,547	9,571

B. Other equity**

	Reserves and surplus				Other Comprehensive Income	
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Cash flow hedge reserve	Total
Balance at 01 April 2023	8,436	40,306	1,392	31,303	311	81,748
Profit for the year	-	-	-	14,710	-	14,710
Remeasurement gains on defined benefit plans, net of tax	-	-	-	(40)	-	(40)
Premium on issue of shares	-	31,600	-	-	-	31,600
Effective portion of losses on hedging instruments in cash flow hedge	-	-	-	-	(298)	(298)
Repayment of loan by Trust	-	520	-	-	-	520
Refund of cost of equity incurred in prior years	-	140	-	-	-	140
Cost of issue of Non convertible debentures	-	(287)	-	-	-	(287)
Share based compensation for the year	-	-	648	-	-	648
Transfer from Share Options outstanding account	-	-	(262)	262	-	-
Transfer from Statement of Profit and Loss to Statutory Reserve	2,942	-	-	(2,942)	-	-
Balance at 31 March 2024	11,378	72,279	1,778	43,293	13	1,28,741
Profit for the year	-	-	-	22,105	-	22,105
Remeasurement gains on defined benefit plans, net of tax	-	-	-	24	-	24
Premium on issue of shares	-	85,936	-	-	-	85,936
Effective portion of losses on hedging instruments in cash flow hedge	-	-	-	-	(1,508)	(1,508)
Repayment of loan by Trust	-	41	-	-	-	41
Cost of issue of Equity Shares	-	(1,099)	-	-	-	(1,099)
Cost of issue of Non convertible debentures	-	-	-	-	-	-
Share based compensation for the year	-	-	771	-	-	771
Transfer from Share Options outstanding account	-	-	(807)	807	-	-
Transfer from Statement of Profit and Loss to Statutory Reserve	4,421	-	-	(4,421)	-	-
Balance at 31 March 2025	15,799	1,57,157	1,742	61,808	(1,495)	2,35,011

* Refer note 21
** Refer note 22
The accompanying notes 1 - 55 form an integral part of the financial statements.

As our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rohit Alexander
Partner
Membership No: 222515
Place: Bengaluru
Date: 28 May 2025

For **Narayan Bhat & Co**
Chartered Accountants

Shripad Hulgol Narayan
Partner
Membership No: 237768
Place: Bengaluru
Date: 28 May 2025

BSR & Co. LLP

NARAYAN BHAT & CO. Chartered Accountants BANGALORE

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

Manju Agarwal
Independent Director
DIN : 06921105
Place: Bengaluru
Date: 28 May 2025

Avijit Saha
Managing Director and CEO
DIN : 05102009
Place: Bengaluru
Date: 28 May 2025

Prashant Kani
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2025

Shivani Agarwal

Shivani Agarwal
Company Secretary
Membership No. A42303
Place: Bengaluru
Date: 28 May 2025

VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

Vistaar Financial Services Private Limited

Summary of material accounting policies and other explanatory information for the year ended 31 March 2025

(All amounts in Rs. lakhs unless 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 (the 'RBI') to carry on the business of Systemically Important Non deposit taking Non-Banking Financial Company with registration No. B-02.00251.

The Company's registered office is at Plot No 59 & 60 - 23, 22nd Cross, 29th Main, BTM Layout, 2nd Stage, Bengaluru, Karnataka. Its non convertible debentures are registered in recognized stock exhange.

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

2 Note on significant events

No significant events during the period

3 Basis of preparation

a) Statement of compliance

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act, the updated Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification for Implementation of Indian Accounting Standard vide Circular number RBI/2019-20/170DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15DOR(NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020, Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 and other applicable circulars/notifications issued by RBI from time to time. The Company has uniformly applied the accounting policies for the periods presented in these financial statements except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements for the year ended 31 March 2025 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 28 May 2025.

4 Summary of material accounting policies

a) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Item Basis	Measurement
Derivate Financial Instruments	Fair Value
Investments	Fair Value
Net defined benefit (asset)/liability	Fair Value of plan assets less the present value of the defined benefit obligation.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of property, plant and equipment, deferred tax, accrual for employee benefits and impairment of loans under the expected credit loss model. 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.

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

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

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4 Summary of material accounting policies (cont'd)

b) Use of estimates (cont'd)

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases and fair value of plan assets. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models, Company's historical experience and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss to estimate ECL:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

Leases - The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

c) Income recognition

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

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.
The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Apportionment of amount collection from the customer will carried out based on below logic
For Regular loan accounts (0-90 days) – Amount collected will adjust in the order of interest due, principal due, any charges for each EMI and any excess amount will be placed in the customer excess amount will be adjusted on subsequent due dates based on above apportionment logic.

For NPA loan accounts (90+) - Amount collected will be adjust in the of order of all existing principal overdues, all existing interest overdues, charges.

For Written off loan accounts – Amount collected will adjust against all existing principal dues, future principal billings, all existing interest dues, and any other charges respectively and in the same order.

Commission income from insurance agency
Income from commission is recognised on accrual basis on assessment of certainty and measurement.

Other services
Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on cash basis since the probability of collecting such monies is established when the customer pays.

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4 Summary of material accounting policies (cont'd)

d) Borrowing costs

All ancillary borrowing cost are charged to the Statement of Profit and Loss on accrual basis as per the effective interest rate method.

e) Earnings per share

Basic earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and compulsorily convertible preference shareholders (after deducting attributable taxes) by the weighted average number of equity shares and compulsorily convertible preference shares outstanding during the period.

Diluted earnings per Share

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

f) Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. Intangible assets also include non-compete agreements, which are recorded at their present value, reflecting the discounted value of future cash flows. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company.

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

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates useful life of intangible assets to be 3 years.

Intangible assets under development

Expenditure incurred which are eligible for capitalisation under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benfits embodied in the specific asset to which it relates and the cost of the asset can be reliably measured. All other expenditure is recognised in the profit or loss as incurred.

g) Property, plant and equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

Other tangible assets

PPE other than land are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value and impairment)

The Company depreciates plant and equipment (other than service equipment) over their estimated useful lives using the straight-line method. Depreciation on Service Equipment and other items of Property, Plant and Equipments is provided on Written Down Value Method based on the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end.

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

*For these class of assets, based on internal assessment carried out and technical evaluation obtained, 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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4 Summary of material accounting policies (cont'd)

g) Property, plant and equipment (PPE) (cont'd)

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

PPE other than land are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Capital work-in-progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress'. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances'.

h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

<u>Company as a lessee</u>

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate. The Company uses the average cost of outstanding borrowings as the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
a) fixed payments, including payments which are substantively fixed;
b) variable lease payments that depend on a rate, initially measured using the rate as at the commencement.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

<u>Short-term leases and leases of low-value assets</u>

As permitted by IND AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

i) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

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VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

4 Summary of material accounting policies (cont'd)

i) Financial instruments (cont'd)

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:
a) Amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Amortised cost

A financial asset is measured at amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Company records investments in goverment securities at FVTPL.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss.

De-recognition of financial assets

<u>De-recognition of financial assets due to substantial modification of terms and conditions</u>

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

<u>De-recognition of financial assets other than due to substantial modification</u>

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Derecognition of financial liabilities

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

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VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

4 Summary of material accounting policies (cont'd)

i) Financial instruments (cont'd)

Derivative financial instruments and hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.
Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationships fixed rate debt issued and other borrowed funds.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedges
A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

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(All amounts in Rs. lakhs unless otherwise stated)

4 Summary of material accounting policies (cont'd)

i) Financial instruments (cont'd)

Cost of hedging
The Company also may separate forward element and the spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element of a forward contract. Similarly currency basis spread may be separated and excluded from the designation of a financial instrument as the hedging instrument.

When an entity separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument, such amount is recognised in OCI and accumulated as a separate component of equity under Cost of hedging reserve. These amounts are reclassified to the statement of profit or loss account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

j) Impairment of financial assets
Loan assets
The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

i) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date, i.e. 0 to 30 days past due.
ii) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, i.e. 30 to 90 days past due.
iii) Stage 3 includes loan assets that have objective evidence of impairment at the reporting date, i.e. more than 90 days past due.

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

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation. Refer note 43 for further explanation.

Loss Given Default (LGD) - LGD represents the Company's expectation of the extent of loss on a defaulted exposure.

Exposure at Default (EAD) - EAD is based on the amount of outstanding exposure as on the assessment date on which ECL is computed including amount guaranteed by way of letter of credit. Refer note 43 for further explanation.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.
In addition to above, the Company maintains provision coverage for stage 3 loans in accordance with Days pending due (DPD) as follows

Overdue Days	Provision coverage %
180-270 days	40%
270-455 days	50%
455-630 days	50%
630-820 days	72%
> 820 days	100%

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

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

Write-offs
Financial assets are written off when the days pending due exceeds 820 days. Financial assets are further written off either partially or in their entirety when there is no realistic prospect of recovery in the assessment of management. However, financial assets that are written-off are under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit and loss.

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4 Summary of material accounting policies (cont'd)

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

l) Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

Current Tax

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

m) Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Company has an obligation towards gratuity which is being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed 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 to statement of profit and loss in the period in which such gains or losses are determined.

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4 Summary of material accounting policies (cont'd)

n) Share based payments - Employee Stock Option Scheme ('ESOP')

The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. The Company has used the Black-Scholes Option Pricing Model to determine the fair value of the stock options based on which the compensation cost for the current period has been computed.

o) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

• Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or

• Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

p) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or

• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Financial assets and financial liabilities measured at fair value in the Statement of Balance Sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 2

Fair valuation of cross currency swaps is achieved by estimating forward exchange rates to calculate the present value of future net cash flows, adjusted for currency-specific risks. The fair value of INR interest rate swaps is determined by discounting future fixed and floating rate payments using the appropriate floating rates, reflecting the current market conditions and interest rate expectations. Treasury bills/Government securities are valued based on cost plus semi yeild interest applicable to the instrument.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

r) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

Vistaar Financial Services Private Limited
Notes to the Financial Statements as at 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

		As at 31 March 2025	As at 31 March 2024
5	**Cash and cash equivalents**		
	Cash on hand	191	209
	Balances with banks in current accounts	28,901	29,672
	Bank deposits with maturity of less than 3 months	39,864	7,369
	Total	**68,956**	**37,250**
6	**Other bank balances**		
	Fixed deposit with banks with original maturity more than three months	20,311	4,414
	Balances with bank to the extent held as margin money	3,781	2,015
		24,092	**6,429**
7	**Loans**		
	Secured, considered good (carried at amortised cost)		
	Loans to small business, net of deferral	4,47,089	3,78,686
	Interest accrued but not due on loans to small business	6,315	5,024
	Interest accrued and due on loans to small business	545	215
	Interest receivable on non performing assets	723	-
	Total	**4,54,672**	**3,83,925**
	Less: Impairment loss allowance	(9,826)	(7,963)
	Less: Impairment on interest receivable on non performing assets	(723)	-
	Total	**4,44,123**	**3,75,962**
	Notes:		
a)	The reconciliation of loans to small business is as below:		
	Secured, considered good	4,92,983	4,05,442
		4,92,983	**4,05,442**
	Less: Direct Assignment	(38,625)	(20,795)
	Own portfolio	**4,54,358**	**3,84,647**
	Less: Deferral of net income on origination of loans	(7,269)	(5,961)
	Less: Modification adjustment	-	-
	Loans to small business, net of deferral	**4,47,089**	**3,78,686**

Note: Secured loans are secured by way of tangible assets which constitutes land and building. All the loans are given to borrowers residing in India and no loans provided to outside India

		As at 31 March 2025	As at 31 March 2024
b)	Term Loans in India - at amortised cost		
	- Public Sector	-	-
	- Others		
	Secured, considered good	4,54,672	3,83,925
	Total	**4,54,672**	**3,83,925**
	Less: Impairment loss allowance	(10,549)	(7,963)
	Total	**4,44,123**	**3,75,962**
	Term Loans Outside India - at amortised cost	-	-
	Less: Impairment loss allowance	-	-
	Total	-	-
8.1	**Investments**		
	Recorded at Fair value through statement of profit and loss		
	Outside India	-	-
	Inside India		
	Treasury bills / G-Sec	2,468	-
	Total	**2,468**	-
8.2	**Other financial assets**		
	Unsecured, considered good		
	Security deposits	261	231
	Receivables on Direct assignment	6,721	3,229
	Loan to directors	889	805
	Others	372	55
	Total	**8,243**	**4,320**
	Less : Impairment loss allowance	348	204
	Total	**7,895**	**4,116**
9	**Deferred tax assets (net)**		
	Deferred tax asset arising on account of:		
	Employee benefits	225	42
	Loans - Impairment loss allowance	2,473	1,978
	Disallowance u/s 43B of Income-tax Act, 1961 and other provisions	234	34
	Amortisation of transaction cost / income on assets on finance as per EIR model	1,829	1,630
	Property, plant and equipment and Intangible assets	189	147
	Fair value on Debt instruments designated under FVOCI	503	(5)
	Financial instruments amortisation	3	-
	Lease liability	400	269
		5,856	**4,095**
	Deferred tax liability arising on account of:		
	Receivable on assigned loans	1,604	1,290
	Right of use asset	360	241
	Recognition of interest income of non-performing assets	-	2
		1,964	**1,533**
	Net deferred tax asset	**3,892**	**2,562**

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(All amounts in Rs. lakhs unless otherwise stated)

10 Property, plant and equipment (PPE)

	Land	Vehicles	Computers	Furniture and fixtures	Office equipment	Electrical equipment	Total PPE
Gross block							
Balance as at 1 April 2023	11	97	506	391	203	114	1,322
Additions	-	125	94	68	40	13	340
Disposals	-	68	109	16	8	2	203
Balance as at 31 March 2024	11	154	491	443	235	125	1,459
Additions	-	64	160	172	143	36	575
Disposals	-	42	48	9	2	0	101
Balance as at 31 March 2025	11	176	603	606	376	161	1,933
Accumulated depreciation							
As at 1 April 2023	-	75	176	314	115	89	769
Depreciation charge for the year	-	19	184	54	49	10	315
Disposals	-	64	109	16	7	2	198
Balance as at 31 March 2024	-	30	251	352	157	97	887
Depreciation charge for the year	-	44	208	96	80	18	446
Disposals	-	10	48	8	2	0	68
Balance as at 31 March 2025	-	64	411	440	235	115	1,265
Net block							
As at 31 March 2024	11	124	240	91	78	28	572
As at 31 March 2025	11	112	192	166	141	46	668

Note:

a **Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment.

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(All amounts in Rs. lakhs unless otherwise stated)

	As at 31 March 2025	As at 31 March 2024
11 Intangible asset under development		
Software development	378	74

The ageing schedule of intangible assets under development are as follows;

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
As at March 31, 2025					
Intangible assets under development	-	-	-	-	-
Projects in progress	378	-	-	-	378
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2024					
Intangible assets under development	-	-	-	-	-
Projects in progress	74	-	-	-	74
Projects temporarily suspended	-	-	-	-	-

There are no intangible assets under development where the completion is overdue or the costs have exceeded initial estimates.

12 Other intangible assets

	Computer Software	Non Compete Fees	Total
Gross block			
As at 31 March 2023	**959**	**-**	**959**
Additions	28	-	28
Disposals	-	-	-
As at 31 March 2024	**987**	**-**	**987**
Additions	72	1,782	1,854
Disposals	-	-	-
As at 31 March 2025	**1,059**	**1,782**	**2,841**
Amortisation			
As at 31 March 2023	707	-	707
Charge for the year	129	-	129
Disposals	-	-	-
As at 31 March 2024	**836**	**-**	**836**
Charge for the year	137	544	681
Adjustments	-	-	-
As at 31 March 2025	**973**	**544**	**1,517**
Net block			
As at 31 March 2024	**151**	**-**	**151**
As at 31 March 2025	**86**	**1,238**	**1,324**

	As at 31 March 2025	As at 31 March 2024
13 Other non-financial assets		
Unsecured, considered good		
Prepaid expenses	393	375
Capital advances	13	10
Gratuity (refer note 35)	137	182
Balance with government autorities	5	-
Other advances	402	85
Total	**950**	**652**

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Vistaar Financial Services Private Limited
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14 Derivative Financial Instruments

	As at 31 March 2025			As at 31 March 2024		
	Notional amounts	Fair value - Assets	Fair value - Liabilities	Notional amounts	Fair value - Assets	Fair value - Liabilities
Part I						
(i) **Currency derivatives:**						
Spot and forwards	-	-	-	-	-	-
Currency Futures	-	-	-	-	-	-
Currency swaps	55,682	748	574	15,504	1,365	20
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub total	55,682	748	574	15,504	1,365	20
(ii) **Interest rate derivatives**						
Interest Rate Swaps	15,000	-	364			-
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub total	**15,000**	-	364	-	-	-
(iii) **Credit derivatives**	-	-	-	-	-	-
(iv) **Equity linked derivatives**	-	-	-	-	-	-
(v) **Other derivatives (Please specify)**	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-
Financial instruments (i)+(ii)+(iii)+(iv)+(v)	**70,682**	**748**	**938**	**15,504**	**1,365**	**20**

Part II

Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:

(i) **Fair value hedging:**						
Currency derivatives	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-
Equity linked derivatives	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub total (i)	-	-	-	-	-	-
(ii) **Cash flow hedging:**						
Currency derivatives	55,682	748	574	15,504	1,365	20
Interest rate derivatives	15,000	-	364	-	-	-
Credit derivatives	-	-	-	-	-	-
Equity linked derivatives	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub total (ii)	**70,682**	**748**	**938**	**15,504**	**1,365**	**20**
(iii) **Net investment hedging**	-	-	-	-	-	-
(iv) **Undesignated Derivatives**	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+ (ii)+(iii)+(iv)	**70,682**	**748**	**938**	**15,504**	**1,365**	**20**

Vistaar Financial Services Private Limited
Notes to the Financial Statements as at 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

	As at 31 March 2025	As at 31 March 2024
15 Trade payables		
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	66	2
(ii) total outstanding dues other than micro enterprises and small enterprises	1,490	1,391
	1,556	**1,393**

The ageing of trade payables are as follows

Particulars	As at 31 March 2025	As at 31 March 2024
MSME		
Not due	-	-
Less than 1 year	66	2
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	**66**	**2**
Others		
Not due	1,303	1,206
Less than 1 year	158	182
1-2 years	29	2
2-3 years	-	-
More than 3 years	-	-
Total	**1,490**	**1,391**
Disputed dues - MSMEs		
Not due	-	-
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	-	-
Disputed dues - Others		
Not due	-	-
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	-	-
Grand total	**1,556**	**1,393**

15.1 : Dues to micro enterprises and small enterprises:

Particulars	As at 31 March 2025	As at 31 March 2024
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	66	2
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount offurther interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	**66**	**2**

Based on the information available with the Company, there were no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

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Vistaar Financial Services Private Limited
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16 Debt securities

At amortised cost, Secured		
Non-convertible debentures ('NCD') *	29,012	19,250
Interest accrued but not due on debentures	482	16
	29,494	**19,266**
Debt securities in India	29,494	19,266
Debt securities outside India	-	-
	29,494	**19,266**

^ Refer note 40 for terms of NCD. Summary for Note 43 and 47C is as follows :

Notes:

The reconciliation of debt securities is as below:

Non-convertible debentures ('NCD') *	29,125	19,250
Interest accrued but not due on debentures	482	16
Less: Unamortised Borrowing cost	(113)	-
	29,494	**19,266**

17 Borrowings (other than debt securities) ^

At amortised cost		
Secured		
Term loans		
- from banks	2,12,163	2,35,546
- from financial institutions	12,536	21,139
External Commercial Borrowings	47,242	11,120
Interest accrued but not due on borrowings	714	623
Unsecured		
Term loans from financial institutions	500	500
Working capital loans from banks		
	2,73,155	**2,68,928**
Borrowings in India	2,25,913	2,57,809
Borrowings outside India	47,242	11,120
	2,73,155	**2,68,928**

^ Refer note 40 for terms of borrowings from banks and financial institutions. Summary for Note 43 and 47C is as follows :

Notes:

The reconciliation of borrowings is as below:

Secured		
Term loans		
- from banks	2,13,109	2,37,034
- from financial institutions	12,567	21,212
External Commercial Borrowings	47,732	11,262
Unsecured		
Working capital loans from banks	500	500
	2,73,908	**2,70,008**
Interest accrued but not due on borrowings	714	623
Unamortised borrowing cost	(1,467)	(1,703)
	2,73,155	**2,68,928**

18 Other financial liabilities

Payable towards assignment/securitisation of loans	1,568	1,003
Employee dues	2,914	2,807
Lease liability	1,589	1,064
Other payables	1,596	518
	7,667	**5,392**

19 Provisions

Provision for employee benefits		
Compensated absences	470	352
	470	**352**

20 Other non-financial liabilities

Advance received from small business loans	532	268
Other statutory dues payable	460	376
	992	**644**

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Vistaar Financial Services Private Limited

Notes to the Financial Statements as at 31 March 2025

(All amounts in Rs. lakhs unless otherwise stated)

21 Share capital

	As at 31 March 2025	As at 31 March 2024
Authorised		
(i) 10,84,11,220 (31 March 2024: 81,605,860) equity shares of Rs. 10 each	10,841	8,161
(ii) Nil (31 March 2024: 500) class A equity shares of Rs. 10 each [Nil (31 March 2024: Rs. 5,000)]	-	0
(iii) Nil (31 March 2024: 8,93,700) compulsorily convertible preference shares of Rs. 10 each	-	89
(iv) Nil (31 March 2024: 330,000) class A compulsorily convertible preference shares of Rs. 10 each (Previous year Rs. 1 each)	-	33
(v) 15,88,780 (31 March 2024: 26,69,940) class B compulsorily convertible preference shares of Rs. 10 each	159	267
	11,000	**8,550**
Issued, subscribed and paid-up		
(i) 9,64,45,105 (31 March 2024: 8,00,07,654) equity shares of Rs. 10 each, fully paid-up	9,645	8,001
Less : Amount recoverable from the ESOP trust [face value of 8,97,400 shares (31 March 2024: 10,59,687 shares) allotted to the ESOP trust] [refer note 21(e)]	90	106
	9,555	**7,895**
(ii) Nil (31 March 2024: 60) Class A equity shares of Rs. 10 each, fully paid-up [Nil (31 March 2024: Rs. 600)]	-	0
Total Equity share capital	**9,555**	**7,895**
(iii) Nil (31 March 2024: 7,00,000) compulsorily convertible preference shares of Rs. 10 each, fully paid-up	-	70
(iv) Nil (31 March 2024: 323,295) class A compulsorily convertible preference shares of Rs. 10 each (Previous year Rs. 1 each), partly paid up (Previous year - fully paid-up)	-	32
(v) 15,88,780 (31 March 2024: 2,665,469) class B compulsorily convertible preference shares of Rs. 10 each, partly paid-up	16	27
Total Instruments entirely equity in nature	**16**	**129**
	9,571	**8,024**

	As at 31 March 2025		As at 31 March 2024	
	Number	Amount	Number	Amount
a) Reconciliation of share capital (equity)				
Balance at the beginning of the year	8,00,07,654	8,001	97,69,220	977
Add : Issued during the year	1,43,37,407	1,434	1,16,32,134	1,163
Add : conversion during the year	21,00,044	210	5,86,06,300	5,861
	9,64,45,105	**9,645**	**8,00,07,654**	**8,001**
Less : Amount recoverable from the ESOP trust [face value of 8,97,400 shares (31 March 2024: 10,59,687 shares) allotted to the ESOP trust]	8,97,400	90	10,59,687	106
Balance at the end of the year	**9,55,47,705**	**9,555**	**7,89,47,967**	**7,895**
Reconciliation of share capital (class A equity)				
Balance at the beginning of the year	60	0	60	0
Add : Issued during the year	-	-	-	-
Less : Converted to equity shares during the year	60	-	-	-
Balance at the end of the year	**-**	**0**	**60**	**0**
Reconciliation of share capital (compulsorily convertible preference shares)				
Balance at the beginning of the year	7,00,000	70	5,93,06,300	5,931
Add : Issued during the year	-	-	-	-
Less : Converted to equity shares during the year	7,00,000	70	5,86,06,300	5,861
Balance at the end of the year	**-**	**-**	**7,00,000**	**70**
Reconciliation of share capital (class A compulsorily convertible preference shares)*				
Balance at the beginning of the year	3,23,295	32	3,23,295	32
Add : Issued during the year	-	-	-	-
Less : Converted to equity shares during the year	3,23,295	32	-	-
Balance at the end of the year	**-**	**-**	**3,23,295**	**32**
* Converted from Rs. 1 Fully paid up to Rs. 10 partly paid up				
Reconciliation of share capital (class B compulsorily convertible preference shares)				
Balance at the beginning of the year	26,65,469	27	-	-
Add : Issued during the year	-	-	26,65,469	27
Add : Amount called up for 10,76,889 shares		97		
Less : Converted to equity shares during the year	10,76,689	108	-	-
Balance at the end of the year	**15,88,780**	**16**	26,65,469	27

b) Rights and preference of shareholders

Rights and preference of equity shareholders

The Company had two classes of equity shares namely equity shares and Class A equity shares having par value of Rs.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.

As of March 31, 2025, the Company had converted all the Class A Equity Shares into Equity Shares.

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(All amounts in Rs. lakhs unless otherwise stated)

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), except for interim dividend.

21 Share capital (Cont'd)

b) Rights and preference of shareholders (cont'd)

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') :

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, Class A CCPS shareholdersand Class B 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 Rs. 1 (one rupee) 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.

As of March 31, 2025, the CCPS were converted into Equity Shares.

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

The holders of Class A CCPS and Class B CCPS does not carry any voting rights. Further, Class A CCPS and Class B CCPS carry only a pre-determined non-cumulative dividend of 0.0001 percent per annum.

The holders of Class A CCPS and Class B 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' mean the occurrence of any of the following; (a) completion of 19 (nineteen) years from the date of issuance of the Class B CCPS; and (b) the Company's Board of Directors determining by resolution that it would be advisable that the Class B CCPS should be converted to Equity Shares to facilitate a listing of the Equity Shares.

In the event of liquidation of the Company, the holders of Class A CCPS and Class B 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 and Class B 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 and Class B CCPS shall not be entitled to participate in the surplus after payment of the subscription price unless the holders of Class A CCPS and Class B CCPS seek conversion and receive their pro-rata entitlement as equity shareholders of the Company.

c) The details of shareholder holding more than 5 percent shares

	As at 31 March 2025		As at 31 March 2024	
	Percent of shareholding	No. of shares	Percent of shareholding	No. of shares
Equity shares				
Aqua Lagoon Investment Ltd (Promoter)	83.17	8,02,14,673	97.30	7,78,45,833
IMP2 Catalyst Pte Ltd	6.02	58,03,237	0.00	-
Mr. Brahmanand Hegde	0.00	-	0.17	1,34,398
Mr. Ramakrishna Nishtala	0.00	-	0.17	1,34,398
Class A Equity shares				
Aqua Lagoon Investment Ltd	0.00	-	100.00	60
Compulsorily Convertible Preference Shares				
Aqua Lagoon Investment Ltd (Promoter)	0.00	-	100.00	7,00,000
Class A Compulsorily Convertible Preference Shares				
Mr. Brahmanand Hegde	0.00	-	50.00	1,61,647
Mr. Ramakrishna Nishtala	0.00	-	50.00	1,61,647
* Converted from Rs. 1 Fully paid up to Rs. 10 partly paid up				
Class B Compulsorily Convertible Preference Shares				
Mr. Brahmanand Hegde	50.00	7,94,390	50.00	13,32,735
M/s Aikyam Trust	25.00	3,97,195	0.00	-
M/s AnandamTrust	25.00	3,97,195	0.00	-
Mr. Ramakrishna Nishtala	0.00	-	50.00	13,32,735

21 Share capital (Cont'd)

d) The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2025. The Company has not bought back equity shares during five years immediately preceding 31 March 2025, nor has it issued any share for consideration other than cash.

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 various employee stock option schemes. The Company has issued over the years 2,163,637 equity shares to the ESOP Trust. These shares were issued at fair value. 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.

f) For details of equity shares reserved for issuance under the ESOP plan of the Company, refer note 36.
For details of shares reserved for issuance of conversion of CCPS, Class A CCPS and Class B CCPS, refer note 21(b) regarding terms of conversion of CCPS.

g) The shareholding of promoters of the Company is as follows;

Shareholding of promoters of the Company for the year ended 31 March 2025

Promoter Name	No. of shares	% of total shares for each class of shares	% Change during the year
Equity Shares			
Aqua Lagoon Investment Ltd	8,02,14,673	83.17	-14.13%
Class A Equity shares			
Aqua Lagoon Investment Ltd	-	-	-100%
Class B Compulsorily Convertible Preference Shares			
Aqua Lagoon Investment Ltd	-	-	-100%
Total	8,02,14,673		

The promoters do not hold any other class of shares other than above.

h) During the year ended March 31, 2025, the Company has converted 3,23,295 Class A CCPS, 500 Class A Equity shares, 700,000 CCPS and 1,076,689 Class B CCPS into Equity.
Additionally, the Company has infused fresh equity by allotting 42,67,085 equity shares of Rs. 10 each to Motilal Oswal Finvest Limited; 58,03,237 equity shares of Rs. 10 each to IMP2 Catalyst Pte Ltd; 20,37,261 equity shares of Rs. 10 each to Faering Capital Growth Fund III; 10,35,040 equity shares of Rs. 10 each to Faering Capital International Growth Fund III and 11,94,784 equity shares of Rs. 10 each to True North Fund VII.

22 Other equity*

	As at 31 March 2025	As at 31 March 2024
Statutory reserve u/s 45(IC) of the RBI Act, 1934	15,799	11,378
Securities premium	1,57,157	72,279
Share options outstanding account	1,742	1,778
Surplus in the Statement of Profit and Loss	61,808	43,293
Cash flow hedge reserve	(1,495)	13
	2,35,011	**1,28,741**

* Movement of Other equity is provided in Statement of changes in other equity

Nature and purpose of reserve

a) Statutory reserve u/s 45(IC) of the RBI Act, 1934
The Company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to/more than twenty per cent of its net profit of the year, before declaration of dividend.

b) Securities premium
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares and Non convertible debentures in accordance with the provisions of the Companies Act, 2013. The amount disclosed is net of amount recoverable from the ESOP Trust (to the extent of premium on shares) Rs. 721 lakhs (31 March 2024: Rs. 762 lakhs) [refer note 21(e)).

c) Share options outstanding account
The Company provide share based payment scheme to its employees. The share options outstanding account represents amount recognised over the vesting period and will be transferred to securities premium on allotment of equity shares. Also refer note 36.

d) Cash Flow Hedge Reserve
It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

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Vistaar Financial Services Private Limited

Notes to the Financial Statements for the year ended 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

		Year ended 31 March 2025	Year ended 31 March 2024
23	**Interest Income**		
	At amortised cost		
	Interest on loans to small businesses	80,085	60,995
	Interest on margin money deposits	225	141
	Interest on fixed deposits with banks	1,077	666
		81,387	**61,802**
24	**Fee and commission income**		
	Fee income from customers	3,458	2,926
	Commission income from insurance business	518	423
	Servicing fee on securitisation/ assignment	16	19
		3,992	**3,368**
25	**Net gain on fair value changes**		
	Net gain/loss on financial instruments through profit or loss	12	
	Profit on sale of investments in mutual funds	1,616	1,137
		1,628	**1,137**
	Fair value changes:		
	- Realised	1,616	1,137
	- Unrealised	12	-
		1,628	**1,137**
26	**Other income**		
	Profit on sale of fixed assets	12	10
	Others	35	29
		47	**39**
27	**Finance costs**		
	Interest expense on financial liabilities measured at amortised cost		
	- Banks	23,936	20,651
	- Financial institutions	4,250	2,837
	- NCDs	2,417	780
	- Overdraft facility	4	54
	Interest expense on lease liabilities	151	107
	Interest expense on other financial liabilities	206	77
		30,964	**24,506**
28	**Fees and commission expense**		
	Underwriting charges	848	724
	Other fees	130	119
		978	**843**
29	**Impairment of financial instruments**		
	Impairment of loans	9,225	2,709
	Loan assets written off (net of recovery)	(1,014)	252
		8,211	**2,961**
30	**Employee benefits expenses**		
	Salaries and wages	15,384	14,853
	Contributions to provident and other funds (refer note 35)	927	824
	Share based compensation (refer note 36)	771	648
	Gratuity expense (refer note 35)	77	2
	Insurance expenses	230	178
	Staff welfare expenses	236	238
		17,625	**16,743**

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Vistaar Financial Services Private Limited

Notes to the Financial Statements for the year ended 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

		Year ended 31 March 2025	Year ended 31 March 2024
31	**Other expenses**		
	Electricity and water	119	104
	Repairs and maintenance	288	201
	Rates and taxes	13	16
	Bank charges	41	34
	Travelling and conveyance	710	620
	Printing and stationery	78	57
	Postage and courier	87	73
	Information technology costs	745	481
	Legal and professional fees	891	587
	Remuneration to auditors [refer note 31 (a)]	121	39
	Contribution towards CSR [refer note 31 (b)]	286	214
	Communication	102	63
	Training and recruitment	161	300
	Branding and marketing	76	89
	Miscellaneous	51	19
		3,769	**2,897**
31(a)	**Payment to auditors (excluding taxes)**		
	- Audit fees	109	29
	- Tax audit fees	4	3
	- Certifications	1	3
	- Out of pocket expenses	7	4
		121	**39**

31(b) Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company.

	Year ended 31 March 2025	Year ended 31 March 2024
(a) Gross amount required to be spent by the Company during the year	286	213
(b) Amount spent during the year on construction/acquisition of any asset *	67	6
(c) Amount spent during the year on purposes other than construction/acquisition of any asset		
- Paid	66	125
- Amount transferred to CSR unspent account subsequent to the year end	153	82
	286	**213**
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
(d) Details of related party transactions		
Indian Institute of Human Settlements**	24	17
(e) Provision movement		
Opening Provision	82	16
Amount spent during the year on construction/acquisition of any asset *	(54)	(7)
Amount spent during the year on purposes other than construction/acquisition of any asset	(28)	(9)
Provision created	153	82
Closing provision	**153**	**82**

* Capital assets generated out of CSR spents are not capitalised in the books of the Company. These assets are held with respective CSR partners

** Indian Institute of Human Settlements is a related party as there is a common director.

Reason for shortfall

There is no shortfall of amount to be spent in the current year or the previous year. In respect of ongoing projects, the Company has transferred an amount of Rs. 152.75 lakhs (March 31, 2024 - Rs. 82.35 lakhs) to the Unspent CSR account subsequent to the year end.

Nature of CSR activities

The Company's CSR activities involve support towards education and healthcare. During the year, the Company has conducted special coaching to about 3500 students appearing for SSLC exams in various Government schools in Karnataka. Further, the Company operationalised Mobile Medical Units for the benefit of local communities in Tamilnadu and Karnataka.

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SERVICES PRIVATE LIMITED BENGALURU VISTAAR

(All amounts in Rs. lakhs unless otherwise stated)

		Year ended 31 March 2025	Year ended 31 March 2024
32	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment (refer note 10)	446	315
	Amortisation on intangible assets (refer note 12)	681	129
	Amortisation of right of use asset (refer note 38)	593	501
		1,720	**946**
33	**Earnings per equity share (EPS)**		
	Net profit attributable to equity shareholders	**22,105**	**14,710**
	Weighted average number of shares outstanding during the year for computing basic EPS (nos)	8,35,25,892	7,86,97,347
	Add: Effect of potential shares for conversion of ESOP (nos)	27,93,937	30,20,899
	Weighted average number of shares used to compute diluted EPS (nos)	**8,63,19,829**	**8,17,18,247**
	Profit per share :		
	Basic	26.46	18.69
	Diluted	25.61	18.00
	Nominal value per equity share	10	10

34 **Related party disclosures**

Description of relationship

i) Holding Company
Aqua Lagoon Investment Ltd

ii) Key management personnel (KMP)
Mr. Brahmanand Hegde, Executive Vice Chairman (till September 23, 2023)
Mr. Ramakrishna Nishtala, Managing Director (till September 23, 2023)
Mr. Avijit Saha, CEO and Managing director
Mr. Prashant Kani, Chief Financial Officer
Ms. Nisha Sharma, Company Secretary (till May 25, 2023)
Ms. Shivani Agarwal, Company Secretary

iii) Other related parties
Vistaar Employee Welfare Trust (Controlled trust)
Vistaar Gratutiy Trust (Controlled trust)
Vistaar Employee Benefit Fund Trust (Controlled trust)

iv) The transactions with related parties during the year :

Nature of transaction	31 March 2025	31 March 2024
Transactions with key management personnel		
- Managerial remuneration (refer note below)		
Mr. Brahmanand Hegde	-	272
Mr. Ramakrishna Nishtala*	-	272
Mr. Avijit Saha*	961	938
Mr. Prashant Kani	136	95
Ms. Nisha Sharma^	-	3
Ms. Shivani Agarwal^	27	11
- Directors sitting fee and commission		
Mr. Chandrasekhar Bhave	41	35
Mr. James Abraham	38	30
Ms. Manju Agarwal	37	29
- Equity share capital (including securities premium)		
Aqua Lagoon Investment Ltd	-	30,000
Mr. Avijit Saha	-	2,000
- CCPS class A share capital (including securities premium)		
Mr. Brahmanand Hegde	400	28
Mr. Ramakrishna Nishtala	400	28
- CCPS class B share capital (including securities premium)		
Mr. Brahmanand Hegde	1,333	367
Mr. Ramakrishna Nishtala	1,333	367
- Transaction with Controlled trust		
Repayment of Loan (Vistaar Employee Welfare Trust)	57	592
Contribution made to trust (Vistaar Gratutiy Trust)	-	448
Contribution made to trust (Vistaar Employee Benefit Fund Trust)	21	20

v) Closing balance of related parties receivables / (payables):

Nature of transaction	31 March 2025	31 March 2024
Loan towards purchase of shares		
Vistaar Employee Welfare Trust	811	868
Other Advances (Fair Value)		
Mr. Avijit Saha	889	805

Note:
The managerial remuneration disclosed above includes
- perquisites, including share based compensation
- the provision for gratuity and compensated absences made on the basis of actuarial valuation

^ The remuneration of Mr. Nisha Agarwal and Ms. Shivani Agarwal have been provided up to May 25, 2023 and from August 9, 2023 respectively for the financial year 2023-24.
* The remuneration of Mr. Mr. Ramakrishna Nishtala and Ms. Avijit Saha have been provided up to May 25, 2023 and from May 25, 2023 respectively for the financial year 2023-24.

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VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

Vistaar Financial Services Private Limited
Notes to the Financial Statements for the year ended 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

35 Employee benefits

A 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 30, Employee benefits expense. Details are as follows;

Particulars	31-Mar-25	31-Mar-24
Contribution to Provident Fund	857	746
Contribution to Employee state insurance scheme	70	78
Total	**927**	**824**

B Defined benefit plan

The Company provides for a gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payments to vested employees at retirement death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service up to a maximum of Rs. 20 lakhs. Vesting occurs on completion of 5 continuous years of service as per Payment of Gratuity Act 1972. However, no vesting condition applies in case of death. The weighted average duration of defined benefit obligation is 2 years (31 March 2024: 2 years).

The Company makes contribution to fund managed by insurer which is funded defined benefit plan for qualifying employees.

Description of risk exposures:
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

a) **Salary increases** - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
b) **Investment risk** - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
c) **Discount rate** - Reduction in discount rate in subsequent valuations can increase the plan's liability
d) **Mortality and disability** - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

e) **Withdrawals** - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

The following tables summarises the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet:

	31 March 2025	31 March 2024
1 The amounts recognised in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	498	560
Less: Fair value of plan assets as at the end of the year	636	742
Net liability/(Asset) recognised in the Balance Sheet	**(138)**	**(182)**
2 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	560	601
Service cost	84	89
Past Service cost	-	(103)
Interest cost	39	42
Actuarial losses/(gains)		
- change in financial assumptions	8	4
- change in demographic assumptions	-	-
- experience variance (i.e. actual experiences assumptions)	(36)	52
Benefits paid	(157)	(125)
Defined benefit obligation as at the end of the year	**498**	**560**
3 Change in the fair value of plan assets		
Fair value as at the start of the year	742	392
Total Contributions		
Contributions to the fund	-	448
Contributions by way of benefit payment	-	-
Benefits paid	(157)	(125)
Interest income on plan assets	46	25
Re-measurements		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	5	2
Fair value as at the end of the year	**636**	**742**
Assumptions used in the actuarial valuation for gratuity and compensated absences are as under:		
Discount rate	6.4% p.a.	6.9% p.a.
Salary escalation	10% p.a.	10% p.a.
Attrition rate:		
Head Office	20% p.a.	20% p.a.
Field staff	50% p.a.	50% p.a.
Retirement age	60 years	60 years
Mortality	Indian Assured Lives Mortality [2012-14] Ultimate	

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(All amounts in Rs. lakhs unless otherwise stated)

35 Employee benefits (cont'd)

	31 March 2025	31 March 2024
4 Net gratuity cost for the year ended 31 March 2025 and 31 March 2024 comprises of following components:		
Current service cost	84	89
Past Service cost	-	(103)
Net interest cost on the net defined benefit liability	39	42
Interest income on plan assets	(46)	(25)
Components of defined benefit costs recognized in Statement of Profit and Loss	77	3
5 Other comprehensive income		
Remeasurements on defined benefit obligations		
Change in financial assumptions	8	4
Change in demographic assumptions		
Experience variance (i.e. actual experience vs assumptions)	(36)	52
Remeasurements on plan assets		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	(5)	(2)
Components of defined benefit costs recognized in other comprehensive income	(33)	54

6 Maturity profile

The weighted average duration of obligation of the plan members is tabulated below;

	Weighted average duration of obligation
FY ended March 31, 2025	2 years
FY ended March 31, 2024	2 years

7 The major categories of plan assets (as a percentage of total plan assets)

	As at 31 March 2025	As at 31 March 2024
Funds managed by insurer	100%	100%

8 Quantitative sensitivity analysis for significant assumptions is as below

Assumption	**Change in assumption**		
Discount rate	Increase by 100 basis points	(15)	(18)
	Decrease by 100 basis points	16	20
Salary escalation rate	Increase by 100 basis points	15	19
	Decrease by 100 basis points	15	(19)
Withdrawal rate	Increase by 100 basis points	(5)	(4)
	Decrease by 100 basis points	5	5

Notes:

(i) Sensitivity due to mortality is not material, hence the impact of change is not calculated.

(ii) The actuarial valuation of plan assets and the present valuation of defined benefit obligation were computed at year end. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(iii) Discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

(iv) The salary escalation rate is computed after considering the seniority, the promotion and other relevant factors such as, demand and supply in employment market.

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36 Share-based payment

Under Employee Stock Option Scheme (ESOP) of the Company, share options of the Company are granted to the employees. The share based compensation plan in existence are as below:

a) Employee Stock Option Plans

The Company has three 'Employee Stock Option Plans namely 'Employee Stock Option Plan 2010', 'Employee Stock Option Plan 2016' and 'Employee Stock Option Plan 2024' . The 'Employee Stock Option Plan 2010' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 2 July 2010. An 'Employee Stock Option Plan 2016' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 23 May 2016. An 'Employee Stock Option Plan 2024' (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 18 March 2024.
The total options issuable under the plans are 7,248,682 options. The plan provides for the issuance of stock options to eligible employees based on Company's Nomination and Remuneration 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).

Option activity during the year is summarised below:

(i) Time based vesting

The below table pertains to time based vesting options issued under the ESOP Plan 2010, ESOP Plan 2016 and ESOP Plan 2024. Under ESOP Plan 2010 and 2016, options vest over a period of four years and can be exercised any time during employment or within one year from the date of resignation. In respect of ESOP plan 2024, options can be excersied at any time during the employment or within six months from the date of resignation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

	31 March 2025		31 March 2024	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	27,44,776	241.92	27,55,306	190.87
Granted during the year	10,21,500	339.39	10,97,303	275.10
Forfeited during the year	(3,47,125)	268.70	(3,50,825)	250.60
Exercised during the year	(6,77,868)	192.24	(7,57,008)	101.41
Options outstanding at the end	27,41,283	287.14	27,44,776	241.92
Options exercisable at year end	9,12,349	249.21	11,62,598	210.26

The options outstanding as at 31 March 2025 were with the exercise price of Rs. 224 to Rs. 344.6. With effect from May 25, 2023 (effective date), option given to employees to pay 25% of the exercise price in respect of vested options has been revoked. Further, exercise period has been increased from six months from the date of resignation to one year. There is no modification adjustment in this regard for FY 25.

(ii) Time based and performance based vesting

The below table pertains to time and performance based vesting under the ESOP Plan 2024. There are performance based and time based vesting conditions. Time based options vest over a period of four years and performance based options vest based on performance conditions. These options can be exercised any time during employment or within six months from the date of resignation. Upon vesting, the employee can acquire 1 (one) equity share for every stock option.

	31 March 2025		31 March 2024	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Options outstanding at the beginning of the year	10,64,303	275.10	-	-
Granted during the year	7,86,250	339.42	10,64,303	275.10
Forfeited during the year	(71,500)	338.00		-
Exercised during the year	-	-		-
Options outstanding at the end	17,79,053	301.00	10,64,303	275.10
Options exercisable at year end	-	-	-	-

The options outstanding as at 31 March 2025 were with the exercise price of Rs. 275.1 to Rs. 344.6.

The Employee Stock Option Plans have been granted over the years with different vesting dates. The following inputs were used to determine the fair value for options granted during the year:

	31 March 2025		31 March 2024	
	Performance based	Service based	Performance based	Service based
Expected life (in years)	5 years	1 to 4 years	Nil	5 to 8 years
Volatility (%)	42%	42%	25%	25%
Risk free rate (%)	6.70%	6.70%	7%	6.60% - 6.70%
Exercise price (Rs.)	275.1- 344.6	275.1- 344.6	275.10	275.10
Dividend yield	Nil	Nil	Nil	Nil
Option fair value	99.33 - 207.51	99.33 - 207.51	99.33	116.43

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

VEWT plan was approved in the Extraordinary General Meetings 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 up to two years subject to meeting certain performance criteria.

Option activity during the year is summarised below:

	31 March 2025		31 March 2024	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	31,37,097	112.22
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Exercised during the year*	-	-	31,37,097	112.22
Outstanding at the end	-	-	-	-
Exercisable at year end	-	-	-	-

There has been no grant under the scheme during the current year and the previous year.

*These options have been converted to Class A CCPS of Rs. 10 each.

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Notes to the Financial Statements for the year ended 31 March 2025
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37 Income tax expense	Year ended 31 March 2025	Year ended 31 March 2024
a) Income tax expense recognised in Statement of profit and loss		
Current tax for the year	7,428	5,456
Adjustment in respect of earlier years	435	-
Deferred tax (credit) / charge	(831)	(591)
	7,032	4,865
b) Income tax recognised in other comprehensive income		
Taxes on re-measurement of defined benefit plans	(8)	14
Taxes on effective portion of hedges	507	100
c) Reconciliation of income tax expense and the accounting profit for the year		
Profit before tax	29,137	19,575
Enacted tax rates	25.168%	25.168%
Income tax expense calculated on corporate tax rate	7,333	4,927
Tax effect of :		
Non - deductible expenses	73	54
Expense allowed under the provisions of Income tax Act, 1961	-	(72)
Tax incentives	(27)	(18)
Recognisition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	(782)	-
Recognisition of previously unrecognised tax losses	435	-
others	-	(26)
At the effective income tax rate of 25.168% (31 March 2024: 25.168%)	7,032	4,865

d) Movement in deferred tax assets (net)

Particulars	As at 31 March 2024	(Charged) / credit to statement of profit and loss	(Charged) / credit to other comprehensive income	As at 31 March 2025
Deferred tax assets				
Employee benefits expense	42	192	(8)	225
Impairment loss allowance	1,978	495	-	2,473
Disallowance u/s 43B and other provisions	34	200	-	234
Amortisation of transaction cost / income on assets on finance as per EIR model	1,631	198	-	1,829
Fair value on Debt instruments designated under FVOCI	(5)	1	507	503
Lease liability	268	132	-	400
Financial instruments amortisation	-	3	-	3
Depreciation and amortisation	147	42	-	189
Total deferred tax assets	4,095	1,263	499	5,856
Deferred tax liabilities				
Recognition of income on assignment transaction	1,290	314	-	1,604
Right of use asset	241	119	-	360
Recognition of interest income of non-performing assets	2	(2)	-	-
	1,533	431	-	1,964
Net deferred tax asset	2,562	832	499	3,892

	As at 31 March 2023	(Charged) / credit to statement of profit and loss	(Charged) / credit to other comprehensive income	As at 31 March 2024
Deferred tax assets				
Employee benefits	130	(102)	14	42
Impairment loss allowance	1,388	590	-	1,978
Disallowance u/s 43B and other provisions	34	-	-	34
Amortisation of transaction cost / income on assets on finance as per EI	1,274	357	-	1,631
Foreign exchange gain/loss in OCI	(105)	-	100	(5)
Lease Liability	244	24		268
Depreciation and amortisation	130	17	-	147
	3,095	885	114	4,095
Deferred tax liabilities				
Recognition of income on assignment transaction	998	292	-	1,290
Right of use asset	238	3	-	241
Recognition of interest income of non-performing assets	2	-	-	2
	1,238	295	-	1,533
	1,857	590	114	2,562

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(All amounts in Rs. lakhs unless otherwise stated)

38 The Company leases premises in its normal course of business. The lease term varies from one to six years. Some property leases contain extension options after the contract period.

As lessee

	As at 31 March 2025	As at 31 March 2024
Details of right-of-use assets are as follows:		
Opening Balance	957	914
Additions	1,064	540
Depreciation	(593)	(501)
Modifications	1	4
Closing Balance	1,429	957

Note: As permitted by the standard "IND AS 116-Leases", the Company has initially applied the modified retrospective approach under which comparative information is not restated. The effective interest rate for lease liabilities is 10%, with maturity between 2025-2030.

Lease liabilities (refer note 18)		
Opening balance	1,064	1,002
Additions	1,064	540
Interest expense	151	107
Rental payments	(694)	(586)
Modification of leases	4	1
Closing balance	1,589	1,064
Amounts recognised in statement of profit and loss		
Interest on lease liabilities	151	107
Depreciation on right to use asset	593	501
Gain/(loss) recognised on derecognition of leases	(3)	3
Cash flows		
Total cash outflow for leases	694	586
Maturity analysis of undiscounted lease liabilities		
Not later than one year	715	476
Later than one year and not later than five years	1,967	781
Later than five years	-	-

39 Change in liabilities arising from financing activities

Changes in fair values in respect of borrowings and debt securities are as follows;

Particulars	31-Mar-25	31-Mar-24
Opening balance	15,504	19,605
Cash flows	39,029	(3,738)
Changes in fair values	-	-
Exchange difference	1,148	(363)
Closing balance	55,681	15,504

There are no other financial assets/ liabilities to be disclosed in respect of fair value changes other than above.

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Notes to the Financial Statements for the year ended 31 March 2025

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40 Disclosure for Borrowings from Banks, Financial Institutions and Debentures

(a) Indian rupee loan from banks

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2025	Balance outstanding as at 31 March 2024	Due within 1 year		Due within 2-8 year		Total
					No of instalments	Amount	No of instalments	Amount	
Monthly repayment									
II. With moratorium of 1-3 months									
2-3 years	-	-	-	682	-	-	-	-	-
					(9)	(682)	-	-	(682)
3-5 years	9.00% - 11.10%	53,000	24,413	37,674	12	11,393	30	13,020	24,413
					(12)	(12,162)	(35)	(25,512)	(37,674)
>5 years	-	-	-	1,368	-	-	-	-	-
					(12)	(1,026)	(4)	(342)	(1,368)
IV. Without moratorium									
2-3 years	8.35%	26	14	995	12	9	7	5	14
					(12)	(841)	(19)	(154)	(995)
3-11 years	8.11% - 10.80%	2,49,244	1,38,038	1,38,291	12	45,272	98	92,766	1,38,038
					(12)	(42,255)	(71)	(96,036)	(1,38,291)
>11 years	9.85%	3,348	526	1,154	12	190	45	336	526
					(12)	(205)	(64)	(948)	(1,154)
Quarterly repayment									
I. With moratorium of 3 months									
2-7 years	9.05%	7,500	5,921	7,500	4	1,579	11	4,342	5,921
					(4)	(1,579)	(15)	(5,921)	(7,500)
II. Without moratorium									
2-7 years	9.35% - 10.95%	95,000	44,197	49,370	4	15,092	14	29,105	44,197
					(4)	(13,738)	(18)	(35,632)	(49,370)
Total			2,13,109	2,37,034		73,535	205	1,39,574	2,13,109

Notes:

a) Term loan from banks are secured by hypothecation of portfolio of the Company.

b) Fixed deposit amounting to Rs. 1,162 lakhs (31 March 2024: Rs. 2,018 lakhs) have been pledged towards availing term loan from banks.

c) There are no borrowings that are guaranteed by the directors or others.

d) There has been no default in repayments during the year.

e) Figures in brackets represent previous year numbers.

f) The Company has taken borrowings from banks and utilised them for the specific purpose for which they were taken as at the Balance sheet date. There are no Unutilised funds at the year end.

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(b) Indian rupee loan from financial institutions

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2025	Balance outstanding as at 31 March 2024	Due within 1 year		Due within 2-5 year		Total
					No of instalments	Amount	No of instalments	Amount	
Secured Loans **Monthly repayment**									
i. Without moratorium 3-7 years	9.25%-10.50%	17,500	9,748	14,541	12 (12)	4,673 (5,771)	35 (37)	5,075 (8,770)	9,748 (14,541)
ii. With moratorium of 6 months 1-5 years	9.15%	1,400	694	996	12 (12)	331 (302)	12 (24)	363 (694)	694 (996)
Quarterly repayment I. With moratorium of 2-3 months 3-6 years	9.30%- 9.79%	8,000	2,125	5,674	4 (4)	1,750 (3,150)	2 (6)	375 (2,524)	2,125 (5,674)
Total			**12,567**	**21,211**		**6,754**		**5,813**	**12,567**

Notes:

a) Term loan from banks are secured by hypothecation of portfolio of the Company.
b) Fixed deposit amounting to Rs. Nil (31 March 2024: Rs. Nil) have been pledged towards availing term loan from banks.
c) There are no borrowings that are guaranteed by the directors or others.
d) There has been no default in repayments during the year.
e) Figures in brackets represent previous year numbers.
f) The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. There are no Unutilised funds at the year end.

(c) External commercial borrowings

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2025	Balance outstanding as at 31 March 2024	Due within 1 year		Due within 2-5 year		Total
					No of instalments	Amount	No of instalments	Amount	
Quarterly repayment I. With moratorium of 12 months 2-5 years	6.35%-9.67%	64,085	47,732	11,262	3 (4)	4,191 (5,588)	32 (7)	43,541 (5,674)	47,732 (11,262)
			47,732	**11,262**		**4,191**		**43,541**	**47,732**

Notes:

a) External commercial borrowings are secured by hypothecation of loan portfolio of the Company.
b) Fixed deposit amounting to Rs. 2,310 (31 March 2024: Rs. Nil) have been pledged towards availing term loan from banks.
c) The above amounts are net of restatement gains/losses.
d) There are no borrowings that are guaranteed by the directors or others.
e) There has been no default in repayments during the year.
f) Figures in brackets represent previous year numbers.

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(All amounts in Rs. lakhs unless otherwise stated)

40 Disclosure for Borrowings from Banks, Financial Institutions and Debentures (cont'd)

(d) Debentures

ISIN	Date of allotment	Maturity date	Coupon rate	Sanction amount	Balance outstanding as at 31 Mar 2025	Balance outstanding as at 31 March 2024	Due within one year	Due within 2 - 3 years	Total	Redemption terms
INE016P07187	30-Mar-22	30-Mar-26	12.43%	3,500	875	1,750	875 (875)	- (875)	875 (1,750)	Quarterly Repayment
INE016P07195	06-Mar-24	05-Mar-27	9.75%	7,500	5,000	7,500	2,500 (2,500)	2,500 (5,000)	5,000 (7,500)	Quarterly Repayment
INE016P07203	26-Mar-24	26-Mar-26	9.75%	10,000	10,000	10,000	10,000 -	- (10,000)	10,000 (10,000)	Quarterly Repayment
INE016P07211	19-Apr-24	19-Apr-27	9.65%	3,000	2,250	-	1,000 -	1,250 -	2,250 -	Quarterly Repayment
INE016P07229	18-Jun-24	18-Jun-26	9.65%	5,000	5,000	-	3,750 -	1,250 -	5,000 -	Quarterly Repayment
INE016P07245	13-Mar-25	27-Dec-26	9.65%	20,000	6,000	-	- -	6,000 -	6,000 -	Quarterly Repayment
Total					**29,125**	**19,250**	**18,125**	**11,000**	**29,125**	

Notes:

a) Non-convertible debentures are secured by hypothecation of portfolio of the Company.
b) There are no borrowings that are guaranteed by the directors or others.
c) There has been no default in repayments during the year.
d) Figures in brackets represent previous year numbers.
e) Non-convertible debentures are listed in the BSE

(e) Working capital loans from banks

Original maturity of loan	Rate of interest	Sanction limit	Balance outstanding as at 31 March 2025	Balance outstanding as at 31 March 2024	Due within 1 year	
					No of instalments	Amount
I. Without moratorium Less than 1 year	10.35%	3,700	500	500	1 1	500 (500)
Total			**500**	**500**	**1**	**500**

a) There has been no default in repayments during the year.
b) Figures in brackets represent previous year numbers.

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Notes to the Financial Statements for the year ended 31 March 2025
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41 Capital management

The capital management objectives of the Company are:
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the risk weighted assets as prescribed by the Reserve Bank of India (RBI).

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes have been made to the objectives, policies and processes from the previous years.

Gearing Ratio	As at 31 March 2025	As at 31 March 2024
Debt securities	29,494	19,266
Borrowings (other than debt securities)	2,73,155	2,68,929
Total debt	**3,02,649**	**2,88,195**
Total equity	**2,44,582**	**1,36,765**
Net debt to equity ratio	**1.24**	**2.11**

42 Financial instruments and fair value disclosures

The carrying value and fair value of financial assets and liabilities are as follows :-

	Fair value through profit and loss	Fair value through OCI	Amortised cost	Total	Fair value
As at 31 March 2025					
Financial Assets					
Cash and cash equivalents	-	-	68,956	68,956	68,956
Bank balances other than above	-	-	24,092	24,092	24,092
Derivative financial instruments	-	748	-	748	748
Loans	-	-	4,44,123	4,44,123	4,44,123
Investments	2,468	-	-	2,468	2,468
Other financial assets	-	-	7,895	7,895	7,895
Total financial assets	2,468	**748**	**5,45,065**	**5,48,282**	**5,48,282**
Financial Liabilities					
Derivative financial instruments	-	938	-	938	938
Trade payables	-	-	1,556	1,556	1,556
Debt securities	-	-	29,494	29,494	29,494
Borrowings (other than debt securities)	-	-	2,73,155	2,73,155	2,73,155
Other financial liabilities	-	-	7,667	7,667	7,667
Total financial liabilities	-	**938**	**3,11,872**	**3,12,810**	**3,12,810**
As at 31 March 2024					
Financial Assets					
Cash and cash equivalents	-	-	37,250	37,250	37,250
Bank balances other than above	-	-	6,429	6,429	6,429
Derivative financial instruments	-	1,365	-	1,365	1,365
Loans	-	-	3,75,962	3,75,962	3,75,962
Other financial assets	-	-	4,116	4,116	4,116
Total financial assets	-	1,365	**4,23,757**	**4,25,122**	**4,25,122**
Derivative financial instruments	-	20	-	20	20
Trade payables	-	-	1,393	1,393	1,393
Debt securities	-	-	19,266	19,266	19,266
Borrowings (other than debt securities)	-	-	2,68,929	2,68,929	2,68,929
Other financial liabilities	-	-	5,392	5,392	5,392
Total financial liabilities	-	20	**2,94,980**	**2,95,000**	**2,95,000**

Fair value measurement of financial assets and liabilities

Financial assets and financial liabilities measured at fair value in the Statement of Balance Sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

	Valuation Technique	Significant unobservable inputs
Level 2		
Treasury bills/Government securities	Treasury bills/Government securities are valued based on cost plus semi yeild interest applicable to the instrument.	Not applicable
Cross Currency swaps	Fair valuation of cross currency swaps is achieved by estimating forward exchange rates to calculate the present value of future net cash flows, adjusted for currency-specific risks.	Not applicable
Interest rate swaps	The fair value of INR interest rate swaps is determined by discounting future fixed and floating rate payments using the appropriate floating rates, reflecting the current market conditions and interest rate expectations.	Not applicable

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The following table shows the levels within the hierarchy of financial assets measured at fair value as at March 31, 2025:

Particulars	Level 1	Level 2	Level 3	Total
March 31, 2025				
Investments - G-Sec & Treasury bills	-	2,468	-	2,468
Derivative instruments	-	(190)	-	(190)
March 31, 2024				
Derivative instruments	-	1,345	-	1,345

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

43 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, financial assets measured at amortised cost	Ageing analysis	Credit risk analysis, diversification of customers/asset base, credit limits, collateral and static pool analysis.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sufficient cash, cash credit and overdraft limits, committed credit lines and borrowing facilities
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Pass on the Interest rate increase/ decrease to customers
Market Risk - Security Price	Investments in securities	Sensitivity analysis	Portfolio diversification, exposure limits/ limits on equity exposure

The Board has the overall responsibility of risk management. There are committees of the Board which take care of managing overall risk in the organization. In accordance with the RBI guidelines to enable NBFCs to adopt best practices and greater transparency in their operations, the Board of Directors of the Company has constituted a Risk Management Committee to review risk management in relation to various risks, namely, market risk, credit risk, and operational risk.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, loan assets and other financial assets. The Company has a comprehensive framework for monitoring credit quality of its retail loans primarily based on number of days past due.

a) Credit risk management

Credit risk management policy provides for identification and assessment of credit risk, assessment and management of portfolio credit risk, and risk monitoring and control. The issues relating to the establishment of exposure limits for various categories, for example, based on geographical regions, product specific, industry and rating are covered as part of the policy. The adherence to the policy and various processes is monitored and appraised in the Risk Committee meetings on a quarterly basis. The policy is amended periodically to ensure compliance with the guidelines of the RBI as well as other regulatory bodies.

The Company has in place a well defined credit approval process which includes mandatory customer visit, business place visit and personal discussion. The approvals are defined based on the loan amount with appropriate segregation of duties in place. The process also involves independent verification by the risk containment unit, Hindsighting team and operations team for documentation before final disbursement.

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are overdue beyond 30 days. A default on a financial asset is when the counterparty fails to make contractual payments and is overdue for more than 90 days.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

i) Low credit risk on financial reporting date
ii) Moderate credit risk
iii) High credit risk

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The Company provides for expected credit loss based on the following:

Asset group	Basis for categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and other financial assets	Life time expected credit loss fully provided for

Financial assets that expose the entity to credit risk*

	As at 31 March 2025	As at 31 March 2024
Low credit risk on financial reporting date		
Cash and cash equivalents	68,956	37,250
Bank balances other than above	24,092	6,429
Loans and corresponding interest receivables *	4,53,293	3,81,658
Other financial assets	7,895	4,116
Moderate credit risk		
Loans *	656	2,267
High credit risk		
Loans *	-	-

* These represent gross carrying values of financial assets, without deduction for expected credit losses (refer note 7)

Cash and cash equivalents and Bank balances other than above
Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Loans
Credit risk related to borrower's are mitigated by considering collateral's from borrower's. The Company closely monitors the credit-worthiness of the borrower's through internal systems. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable more than 90 days past due.

Other financial assets measured at amortized cost
Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

b) Expected credit losses for financial assets other than loans

i) The Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.
- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though the reconciliation of expected credit loss for all sub categories of financial assets (other than loans) are disclosed further:

	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
31 March 2025				
Cash and cash equivalents	68,956	0%	-	68,956
Bank balances other than above	24,092	0%	-	24,092
Other financial assets	7,895	0%	-	7,895
31 March 2024				
Cash and cash equivalents	37,250	0%	-	37,250
Bank balances other than above	6,429	0%	-	6,429
Derivative financial instruments	1,365	0%	-	1,365
Other financial assets	4,116	0%	-	4,116

ii) Expected credit loss for loans

Credit risk

Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. It arises principally from the Company's loans and advances to customers, and investment in debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure, which are as follows:

Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation.

Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations. It may arise in the form of single geographic or sector concentration.

A1 Credit risk measurement

The Company classifies its risk based on geographies and the type of risk associated with the business of borrowers and accordingly classifies the loan assets as:

a) Low credit risk

b) Moderate credit risk

c) High credit risk

The Company considers qualitative factors that include past recoveries, historical default rates and macro-economic factors affecting a particular region.

A2 Expected credit loss measurement

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months.

Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

A2.1 Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when a set of portfolio experiences difficulties due to certain macro-economic factors. However, there is rebuttable presumption that there is significant increase in credit risk when days past due exceeds 30 days.

A2.2 Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficult. These are instances where:

- Inability to continue with his business on account of permanent incapacitation.
- Policy changes from the Government including instances such as demonetisation and introduction of new tax legislation such as 'Goods and Services Tax (GST).

A2.3 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

PD or default rate is an estimate of the likelihood of the default event (as defined in the previous step) occurring in future. Accordingly, a lower PD signifies lower credit risk. PD is estimated by using historical data and is done over a particular time horizon. It is done by performing roll rate analysis over the historical data of default to assess how default rates change over time, and compute the risk of default in the next 12 months and the entire lifetime of the loan.

Loss given default (LGD) computation model

LGD is the credit loss that will be incurred if the borrower defaults. It is calculated as the difference between the present value (using the EIR of the loan) of the amount that the entity expects to receive after the default event occurs and the contractual amounts due. Accordingly, the type of loan facility (secured/unsecured, type of security etc.) are important considerations while grouping loan assets into categories while determining LGD rates. All the alternative recovery options, including monetizing the security, debt restructuring etc. are considered while determining the expected credit losses after default. External costs of monetizing the collateral are also considered (if applicable).

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A.3 Credit risk exposure

	ECL Staging			
	Stage 1	Stage 2 ^	Stage 3	Total
31 March 2025				
Low credit risk	4,28,372	11,576	13,754	4,53,702
Moderate credit risk	-	413	243	656
High credit risk	-	-	-	-
Gross carrying amount	**4,28,372**	**11,989**	**13,997**	**4,54,358**
Less: Loss allowance	2,292	2,050	5,255	9,597
Carrying amount	**4,26,080**	**9,940**	**8,742**	**4,44,762**
31 March 2024				
Low credit risk	3,68,253	5,247	8,880	3,82,380
Moderate credit risk	-	757	1,510	2,267
High credit risk	-	-	-	-
Gross carrying amount	**3,68,253**	**6,004**	**10,390**	**3,84,647**
Less: Loss allowance	1,965	595	5,352	7,912
Carrying amount	**3,66,288**	**5,409**	**5,038**	**3,76,735**

Note: The above disclosure on loans relates to only own portfolio as disclosed in note 7. The above does not include interest accrued and receivable of Rs. 7,584 lakhs (31 March 2024 :Rs. 5,239 lakhs) and provision thereon of Rs. 853 lakhs (31 March 2024: Rs. 51 lakhs) and provision for operational risk Rs. 100 lakhs made in accordance with Board approved policy.

^ As at 31 March 2025 and 31 March 2024, the amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition on account of COVID-19 pandemic and consequent impact on their economic activity. These assets are not credit impaired. Assets with DPD less than thirty days is as below:

Credit risk exposure	As at 31 March 2025	As at 31 March 2024
Low credit risk	-	-
Moderate credit risk	143	263
High credit risk	-	-
Gross carrying amount	**143**	**263**
Less: Loss allowance	73	134
Carrying amount	**70**	**129**

A.4 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:
- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Balance as at 31 March 2023	1,178	368	4,047	5,594
Transfer to 12 months ECL	22	(8)	(112)	(97)
Transfer to life time ECL not credit impaired	(163)	320	(60)	97
Transfer to Lifetime ECL credit impaired	(1,184)	(366)	1,551	0
Net remeasurement of loss allowance	1,352	281	243	1,875
New financial assets originated or purchased	790	-	-	790
Financial assets that have been derecognised	(30)	(0)	53	23
Write offs	-	-	(370)	(370)
Balance as at 31 March 2024	**1,965**	**595**	**5,352**	**7,912**
Transfer to 12 months ECL	4	(3)	(1)	0
Transfer to life time ECL not credit impaired *	(1,656)	1,685	(29)	(0)
Transfer to Lifetime ECL credit impaired	(4,544)	(982)	5,526	-
Net remeasurement of loss allowance	5,383	755	1,002	7,140
New financial assets originated or purchased	1,242	-	-	1,242
Financial assets that have been derecognised	(102)	(0)	(2,491)	(2,593)
Write offs	-	-	(4,104)	(4,104)
Balance as at 31 March 2025	**2,292**	**2,050**	**5,255**	**9,597**

* The amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition and not credit impaired.

Loss allowance of Rs. 853 lakhs (31 March 2023: Rs. 51 lakhs) pertaining to outstanding interest dues has not been included in the above.

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The following table further explains changes in the gross carrying amount of the Loan portfolio (own portfolio as per note 7) to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

	Stage 1	Stage 2	Stage 3	
	12 months ECL	Lifetime ECL	Lifetime ECL	Total
Loans and advances to customers at amortised cost				
Balance as at 31 March 2023	2,83,584	4,484	11,187	2,99,255
Transfer to 12 months ECL	1,447	(687)	(761)	(1)
Transfer to life time ECL not credit impaired	(3,927)	4,403	(476)	(0)
Transfer to Lifetime ECL credit impaired	(3,374)	(946)	4,320	(0)
New financial assets originated or purchased	1,64,890	-	-	1,64,890
Financial assets that have been derecognised/ repaid	(74,367)	(1,250)	(3,510)	(79,127)
Write offs			(370)	(370)
Balance as at 31 March 2024	**3,68,253**	**6,004**	**10,390**	**3,84,647**
% to total portfolio as at 31 March 2024	95.7%	1.6%	2.7%	
Transfer to 12 months ECL	652	(492)	(160)	(0)
Transfer to life time ECL not credit impaired *	(10,235)	10,317	(82)	0
Transfer to Lifetime ECL credit impaired	(12,019)	(2,082)	14,101	-
New financial assets originated or purchased	1,79,482			1,79,482
Financial assets that have been derecognised/ repaid	(97,761)	(1,758)	(6,148)	(1,05,667)
Write offs			(4,104)	(4,104)
Balance as at 31 March 2025	**4,28,372**	**11,989**	**13,997**	**4,54,358**
% to total portfolio as at 31 March 2025	94.3%	2.6%	3.1%	

* The amounts in Stage 2 includes assets with days past due ('DPD') less than thirty days but are transferred to Stage 2 on account of significant increase in credit risk since initial recognition and not credit impaired.

A.5 Concentration of credit risk

The Company monitors concentration of credit risk by type of industry in which the borrower operates

	As at 31 March 2025	As at 31 March 2024
Gross carrying amount of loans (refer note 7, own portfolio)	4,54,358	3,84,647
Concentration by industry		
Agri and allied sectors	4,272	3,609
Others	4,50,086	3,81,038
	4,54,358	**3,84,647**

A.6 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The outstanding contractual amounts of such assets written off during the year ended March 31, 2025 was Rs. 4,104 lakhs (March 31, 2024 Rs. 370 lakhs). The Company however continues with the recovery efforts in respect of these loans.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

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The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2025	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	85,031	1,25,690	36,642	26,545	2,73,908
Debt securities	18,125	11,000	-	-	29,125
Interest on debt securities and borrowings	23,593	21,880	6,149	3,494	55,116
Trade payable	1,556	-	-	-	1,556
Lease Liability	715	911	1,056	-	2,682
Bank overdraft	-	-	-	-	-
Other financial liabilities at amortised cost	6,078	-	-	-	6,078
Total	**1,35,098**	**1,59,481**	**43,847**	**30,039**	**3,68,465**

31 March 2024	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings	87,801	1,35,535	44,255	2,417	2,70,008
Debt securities	3,375	15,875	-	-	19,250
Interest on debt securities and borrowings	24,726	23,740	3,822	375	52,663
Trade payable	187	-	-	-	187
Lease Liability	476	470	311	-	1,257
Bank overdraft	-	-	-	-	-
Other financial liabilities at amortised cost	3,537	-	-	-	3,537
Total	**1,20,101**	**1,75,621**	**48,388**	**2,792**	**3,46,902**

C) Market Risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. The policy on foreign exchange risk management covers the management of foreign exchange risk related to existing and future foreign currency loans or any other foreign exchange risks derived from borrowing and lending. The objective of the policy is to serve as a guideline for transactions to be undertaken for hedging of foreign exchange related risks. It also provides guiding parameters within which the Risk Committee can take decisions for managing the above mentioned risks. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. The Company as per its overall strategy uses derivative contracts to mitigate its risks associated with fluctuations in foreign currency and interest rates on borrowings. The Company does not use derivative contracts for speculative purposes.

Foreign currency risk exposure:

The exposure to foreign currency risk at the end of the reporting period, translated to INR at closing rate, is as follows

Particulars	As at 31 March 2025	As at 31 March 2024
Financial liabilities (USD)		
Foreign currency loan	55,681	15,504
Net exposure to foreign currency risk (liabilities)	**55,681**	**15,504**

The above numbers are restated at spot rate as at the reporting date.

Sensitivity

The sensitivity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	As at 31 March 2025	As at 31 March 2024
Profit befor tax - USD sensitivity*		
INR/USD- increase by 100 bp (31 March 2025 100 bp)	(557)	(155)
INR/USD- decrease by 100 bp (31 March 2025 100 bp)	557	155
Equity - USD sensitivity*		
INR/USD- increase by 100 bp (31 March 2025 100 bp)	(417)	(116)
INR/USD- decrease by 100 bp (31 March 2025 100 bp)	417	116

* Holding all other variables constant

b) Hedge accounting

The Company enters into foreign exchange forward contracts and option contracts to hedge its future payables. The Company has taken foreign exchange forward contracts for currencies primarily denominated in the US Dollar pertaining to External Commercial Borrowings.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding :

Particulars	Currency	As at 31 March 2025	As at 31 March 2024
Designated derivative instruments			
Cross currency interest rate swaps	USD		
Contract Value in USD Mio		65	19

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The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2025	As at 31 March 2024
Balance as at the beginning of the year	18	416
Changes in the FV of effective portion of derivatives	-	-
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	-	-
Ineffective portion of Derivatives charged to profit and loss account	-	-
(Loss) / gain on cash flow hedging derivatives	(2,015)	(398)
Balance as at year end	(1,997)	18
Deferred tax thereon	502	(5)
Balance as at the end of the year, net of deferred tax	(1,495)	13

The related hedge transactions for balance is cash flow hedging reserves as of March 31, 2025 are expected to occur and be re-classified to the statement of profit and loss over a period of 1 year.

As of March 31, 2025 and March 31, 2024, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

Sensitivity of the Hedge Instrument
Currency Swaps

31-Mar-25

Particulars	31-Mar-25	Spot Increase 5%	Spot Reduction 5%
Net swap value INR	322	3,064	(2,418)
Change in value		2,742	(2,740)
Net value of cashflow of hedged item in INR	(322)	(3,064)	2,418
Change in value		(2,742)	2,740
Percentage of effectiveness		-100%	100%
Profit or Loss		(2,742)	2,740
Equity		(2,052)	2,050

31-Mar-24

Particulars	31-Mar-24	Spot Increase 5%	Spot Reduction 5%
Net swap value INR	1,345	2,140	551
Change in value		795	(794)
Net value of cashflow of hedged item in INR	(1,345)	(2,140)	(551)
Change in value		(795)	794
Percentage of effectiveness		-100%	100%
Profit or Loss		(795)	794
Equity		(595)	594

Interest rate swaps

Start Date	Maturity Date - Swap	Swap Value	Cash flow of Hedged item	Change in swap value	Cash flow of hedged item	Effectiveness
50 basis points up						
30-Sep-24	30-Sep-29	(275)	275	89	(89)	-100%
50 basis points down						
30-Sep-24	30-Sep-29	(454)	454	(90)	90	-100%

As at 31 March 2025

	Maturity		
Cash flow hedge	**1-6 Months**	**6-12 Months**	**More than 1 year**
Interest rate swaps	-	-	(364)
Cross currency swaps	-	-	174

As at 31 March 2024

	Maturity		
Cash flow hedge	**1-6 Months**	**6-12 Months**	**More than 1 year**
Interest rate swaps	-	-	-
Cross currency swaps	-	-	1,345

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c) Interest rate risk

i) Liabilities

The policy of the Company is to minimise interest rate cash flow risk exposures on long-term loans and borrowings. The Company is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

Interest rate risk exposure

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

	As at 31 March 2025	As at 31 March 2024
Variable rate borrowing	1,94,143	2,30,008
Fixed rate borrowing	1,08,891	59,250
Total borrowings	**3,03,034**	**2,89,258**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

	31 March 2025	31 March 2024
Interest sensitivity*		
Interest rates – increase by 100 basis points	1,941	2,300
Interest rates – decrease by 100 basis points	(1,941)	(2,300)

* Holding all other variables constant

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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44 Additional regulatory information as per Division III Schedule III of the Companies Act 2013

a) **Title deeds of Immovable Properties not held in name of the Company**
There are no immovable properties which are not held in the name of the Company.

b) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) during the year.

c) The Company has not revalued its Intangible assets during the current year.

d) There are no loans or advances in the nature of loans granted to promoters, Directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly.

e) **Capital work in progress**
There are no amounts lying in Capital work in progress in respect of Property, Plant and Equipment.

f) **Details of Benami Property held**
There are no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

g) **Wilful Defaulter**
The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

h) **Relationship with Struck off Companies**
The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

i) **Registration of charges or satisfaction with Registrar of Companies (ROC)**
There are no charges or satisfaction yet to be registered with ROC beyond the statutory period other than those mentioned below

Brief Description of Charge	Location of ROC	Due Date for Registration	Actual Date of Filing	Delay Period	Reason for Delay
Charge creation on Receivables – includes all and any monies accruing from the clients of the Borrower, including but not limited to amounts owing to, received and/or receivable by the Borrower or any person on its behalf, in connection with such clients. Minimum asset cover of 1.10x on the principal amount during the loan tenure.	ROC Bangalore	29-02-2025	11-04-2025	41 days	Delay due to administrative reasons

j) **Compliance with number of layers of companies**
The Company does not have any subsidiary companies. Further, Companies (Restriction on number of Layers) Rules, 2017 do not apply to the Company in terms of Subrule 2 of Rule 2 of the said rules.

k) **Compliance with approved Scheme(s) of Arrangements**
The Company has not entered into any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

l) **Utilisation of Borrowed funds and share premium**
No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

m) **Undisclosed income**
There are no transactions that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 which have not been recorded in the books of accounts.

n) **Details of Crypto Currency or Virtual Currency**
The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

o) The Company has borrowings from banks and financial institutions on the basis of security of receivables and current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters with no material discrepancies.

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

46 Contingent Liabilities and commitments (to the extent not provided for)

a) **Commitments**
Commitment towards purchase of various assets including software Rs. 363 lakhs (31 March 2024: Rs. 104 lakhs) and towards to CSR expenditure of Rs. 152.75 lakhs (March 31, 2024 - Rs. 82.35 lakhs)

b) **Contingent liabilities**
The Company has certain litigations pending with service tax authorities amounting to Rs. 190 lakhs which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

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 made the payment of bonus as per the Act amounting to Rs. 68 lakhs 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 Rs. 41 lakhs 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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47 Additional disclosure pursuant to the Master Direction - Reserve Bank of India (Non-Banking Financial Company -Scale Based regulation) - Directions, 2023 (Updated as on February 27, 2025) issued by the RBI.

a Schedule to the Balance Sheet

Liabilities side :	**Amount outstanding**	**Amount overdue**
a. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures(other than falling within the meaning of public deposits)		
Secured	29,607	-
Unsecured		-
(b) Deferred credits		-
(c) Term loans (secured)	2,74,122	-
(d) Inter-corporate loans and borrowing		-
(e) Commercial paper		-
(f) Other loans (Overdraft facilities and working capital loans)	500	-
	3,04,229	**-**

Assets side:	**Amount outstanding**
b. Break-up of loans and advances:	
(a) Secured	4,54,358
(b) Unsecured	-
	4,54,358
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	2,468
(v) Others (please specify)	-
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long term investments	
1. Quoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	2,468
(v) Others (please specify)	-

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47 Additional disclosure pursuant to the Master Direction - Reserve Bank of India (Non-Banking Financial Company -Scale Based regulation) - Directions, 2023 (Updated as on February 27, 2025) issued by the RBI.

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	4,54,358	-	4,54,358
	4,54,358	-	4,54,358

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	2,468	-

g. Other information

Particulars	31 March 2025
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	13,997
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	8,742
iii) Assets acquired in satisfaction of debt	-

47B Disclosure on accounts subjected to restructuring for the year ended March 31 2025

The Company has restructured certain loan accounts in accordance with the RBI circular dated August 06, 2020. The number of accounts outstanding and the outstanding balance in respect of such accounts is as follows;

Particulars	No. of accounts restructured	Amount (Rs. Lakhs)
As at March 31, 2025	71	656
As at March 31, 2024	352	2,268

47C Additional disclosure required by RBI

(i) Capital Risk Asset Ratio

Sl.No.	Items	As at 31 March 2025	As at 31 March 2024
(a)	Capital risk Asset Ratio (%)	51.37%	33.37%
(b)	Capital risk Asset Ratio (%) - Tier I Capital (%)	50.80%	33.12%
(c)	Capital risk Asset Ratio (%) - Tier II Capital (%)	0.57%	0.25%
(e)	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
(f)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

(ii) Derivatives:

The Company has the following transaction/exposure in derivatives. The Company has no unhedged foreign currency exposure as on 31 March 2025 (31 March 2024: Nil)

Disclosure with respect to outstanding Cross Currency Interest Rate Swap (CCIRS)

a Cross Currency Interest Rate Swap

Particulars	31 March 2025	31 March 2024
i) The notional principal of swap agreements	15,000	-
ii) Losses /(Gains) which would be incurred if counter parties failed to fulfil their obligation under the agreements	-	-
iii) collateral required by the Bank upon entering into swaps	-	-
iv) concentration of credit risk arising from the swaps	-	-
v) fair value of the swap book	-	-

The nature and terms of the Cross Currency Interest Rate Swap

Nature	Terms	Benchmark
Hedging	Fixed payable vs floating payable	USD SOFR

b Exchange Traded Interest Rate Derivatives - Not applicable

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Notes to the Financial Statements for the year ended 31 March 2025
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47C Additional disclosure required by RBI (cont'd)

c Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

The Company's treasury function is responsible for company's access to financial markets. Further, treasury function monitors and manages various risks relating to treasury operations of the company including currency risk, market risk and liquidity risk. In course of managing these risks, the company may use various market instruments as permissible for the company based on RBI guidelines and internal approvals. Further, compliance with various policies and exposure limits is reviewed by the management. The Company does not enter into any trade in financial instruments including derivative financial instruments for speculative purposes. The existing exposure is hedged exposure which is towards external commercial borrowings borrowed.

Quantitative Disclosure

Sr No.	Particulars	31-Mar-25		31-Mar-24	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging*	55,682	15,000	15,504	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	748		1,365	-
	b) Liability (-)	574	364	20	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposure	-	-	-	-

* Pertains to cross currency interest rate swap

(iii) Exposure to real estate

Particulars	As at 31 March 2025	As at 31 March 2024
a. Direct exposures		
i **Residential mortgages** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	4,54,358	3,84,647
ii **Commercial real estate** Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	-	-
iii **Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
a. Residential	-	-
a. Commercial real estate	-	-
b. Indirect exposures		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total exposure to real estate sector	**4,54,358**	**3,84,647**

(iv) Maturity pattern of certain items of assets and liabilities

Maturity pattern of certain assets and liabilities as on 31 March 2025

	Assets		Liabilities	
	Advances*^	Investments	Borrowings from Banks/ financial institutions*	Market Borrowings *
1 day to 7 days	5,086	-	2,474	
8 to 14 days	-	-	814	
15 days to 30/31 days	-	-	7,600	250
Over one month to 2 months	5,171	-	6,875	-
Over 2 months up to 3 months	5,206	-	6,767	3,344
Over 3 months to 6 months	15,821	-	21,567	4,844
Over 6 months to 1 year	32,499	-	38,934	9,687
Over 1 year to 3 years	1,41,054	-	1,25,690	11,000
Over 3 years to 5 years	70,472	-	36,642	-
Over 5 years	1,79,049	-	26,545	-
Total	**4,54,358**	**-**	**2,73,908**	**29,125**

Maturity pattern of certain assets and liabilities as on 31 March 2024

	Assets		Liabilities	
	Advances^	Investments	Borrowings from Banks/ financial institutions*	Market Borrowings
1 day to 7 days	4,715	-	2,689	
8 to 14 days	-	-	108	
15 days to 30/31 days	-	-	6,134	-
Over one month to 2 months	4,834	-	6,110	-
Over 2 months up to 3 months	4,860	-	6,933	844
Over 3 months to 6 months	14,721	-	22,257	844
Over 6 months to 1 year	29,877	-	43,569	1,687
Over 1 year to 3 years	1,27,058	-	1,35,535	15,875
Over 3 years to 5 years	55,029	-	44,255	-
Over 5 years	1,43,553	-	2,417	-
Total	**3,84,647**	**-**	**2,70,007**	**19,250**

^ Provisions on NPA has not been reduced in the above
The above advances maturity pattern is based on behavioural maturity.

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47C Additional disclosure required by RBI (cont'd)

(v) Disclosures relating to securitisation:

Particulars	As at 31 March 2025	As at 31 March 2024
	No./Amount	No./Amount
1. No. of SPVs sponsored by the NBFC for securitisation transactions	3	5
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	4,033	10,216
3. Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a) Off-balance sheet exposures		
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures		
* First loss	1,042	1,162
* Others	1,941	2,129
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	-	-

(vi) Assignment

The Company has undertaken assignment transactions during the current year and disclosure relating to the same is as follows;

Particulars	As at 31 March 2025	As at 31 March 2024
No. of accounts	2,720	1,853
Aggregate value (net of provisions) of accounts sold	30,380	16,623
Aggregate consideration	26,462	15,000
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

(vii) Details of financial assets sold to securitisation / reconstruction company for asset reconstruction:

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

(viii) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the year related to Single Borrower Limit /Group Borrower Limit.

(ix) Details of financing of parent company products:

This Company has not financed parent company products in the current year and previous year.

(x) Unsecured advances

The Company has not given any advances against any rights, licenses, authorisations, etc.

(xi) Registration obtained from other financial regulators

The Company has obtained registration having license no. CA0146 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) for procuring or soliciting insurance business for life, general and health insurers. The license is valid up to 31 March 2025.

(xii) Disclosure of penalties imposed by RBI and other regulators

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

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

The overall rating of the Company by ICRA Limited is "A+ (Stable outlook)" and by India rating is "A+ (Stable outlook)" as at March 31, 2025. The ratings obtained for the various transactions are provided below:

Deposit instrument	Outstanding amount	Date of rating	Rating assigned	Valid up to
Non-Convertible Debentures	875	03-May-24	IND A+/ Stable	30-Mar-26
Non-Convertible Debentures	6,000	03-Jan-25	CARE A+; Stable	27-Dec-26
Non-Convertible Debentures	5,000	30-Dec-24	[ICRA]A+ (Stable)	05-Mar-27
Non-Convertible Debentures	10,000	03-Jan-25	CARE A+; Stable	26-Mar-26
Non-Convertible Debentures	2,250	03-Jan-25	CARE A+; Stable	19-Apr-27
Non-Convertible Debentures	5,000	03-Jan-25	CARE A+; Stable	18-Jun-26
Term loans	80,830	03-May-24	IND A+ /Stable	31-Aug-34
Term loans	1,36,085	30-Dec-24	[ICRA]A+ (Stable)	30-Sep-30
Securitisation transaction	456	20-Mar-25	IND AA+(SO)/ Stable	17-Jan-36
Securitisation transaction	817	27-Nov-24	[ICRA]AA+(SO)	15-Jan-37
Securitisation transaction	2,760	05-Jun-24	IND AA(SO)/ Stable	17-Mar-32

Notes:

The rating is subject to annual surveillance till final repayment/redemption of rated facilities. CC/ OD limits are rated A1+ by ICRA. The above balances do not include external commercial borrowings of Rs. 47,732 lakhs and borrowing from financial institutions and DA transactions of Rs. 38,555 lakhs which are unrated.

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47C Additional disclosure required by RBI (cont'd)

(xiv) Draw down from reserves

There has been no draw down from reserves during the year ended 31 March 2025 (31 March 2024: Nil).

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

	31 March 2025	31 March 2024
Impairment of loans	9,225	2,709
Provision for current tax (including prior year taxes)	7,863	5,456
Provision for leave encashment	315	197
Provision for gratuity (refer note 19 and 35)	77	2

(xvi) Concentration of Deposits, Advances, Exposures and NPAs

	As at 31 March 2025	As at 31 March 2024
Concentration of Deposits		
Total advances to twenty largest depositors	-	-
Percentage of advances to twenty largest depositors to total deposits of the Company	-	-
Concentration of Advances		
Total advances to twenty largest borrowers	1,000	1,000
Percentage of advances to twenty largest borrowers to total advances of the Company	0.55%	0.60%
Concentration of Exposures		
Total exposures to twenty largest borrowers/customers	1,034	1,000
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/ customers	0.23%	0.26%
Concentration of NPAs		
Total exposures to top four NPA accounts	191	192

(xvii) Sector-wise NPAs

Sector	As at 31 March 2025 Percentage of gross NPAs to total advances in that sector	As at 31 March 2024 Percentage of gross NPAs to total advances in that sector
Agriculture & allied activities	3.34%	3.71%
MSME	3.21%	2.81%
Corporate borrowers	-	-
Services	2.28%	2.36%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

(xviii) Sectoral exposure

Sectors	Current year			Previous year		
	Total Exposure (On balance sheet and Off balance sheet (Rs lakhs)	Gross NPA (Rs lakhs)	Percentage of gross NPAs to total advances in that sector	Total Exposure (On balance sheet and Off balance sheet (Rs lakhs)	Gross NPA (Rs lakhs)	Percentage of gross NPAs to total advances in that sector
1. Agriculture and allied activities	4,272	143	3.3%	3,704	174	4.7%
2. Industry						
i. Manufacturing	42,021	1,547	3.7%	37,624	1,394	3.7%
ii.Textiles and allied	13,929	721	5.2%	15,212	892	5.9%
iii.Trading	2,82,313	8,497	3.0%	2,45,300	6,041	2.5%
Total Industry	**3,38,263**	**10,765**	**3.2%**	**2,98,136**	**8,327**	**2.8%**
3. Services	1,44,232	3,441	2.4%	95,835	2,321	2.4%
4. Personal loans	-	-		-	-	
5. Others	6,216	129	2.1%	7,767	147	1.9%
Total	**4,92,983**	**14,478**	**2.9%**	**4,05,442**	**10,969**	**2.7%**

(xix) The Company does not have any intra group exposures as at March 31, 2025 and March 31, 2024

(xx) Related party transactions

Aggregate amount of loans and advances granted during the year

Particulars	31 March 2025	31 March 2024
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	-	1,000

The related party disclosure pursuant to scale based regulations guidelines issued by RBI has been disclosed under Note 34.

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47C Additional disclosure required by RBI (cont'd)

(xviii) Movement of NPAs

Sl No		Particulars	31 March 2025	31 March 2024
i		Net NPAs to Net Advances (%)	1.95%	1.33%
ii		Movement of NPAs (Gross)		
	i)	Opening balance	10,390	11,189
	ii)	Additions during the year	14,101	4,319
	iii)	Reductions during the year	(10,494)	(5,118)
	iv)	Closing balance	13,997	10,390
iii		Movement of Net NPAs		
	i)	Opening balance	5,038	7,142
	ii)	Additions during the year	7,958	935
	iii)	Reductions during the year	(4,254)	(3,039)
	iv)	Closing balance	8,742	5,038
iv		Movement of provisions for NPAs (excluding provision on standard assets)		
	i)	Opening balance	5,352	4,047
	ii)	Provisions made during the year	6,143	3,384
	iii)	Write-off during the year	(3,690)	(369)
	iv)	Write-back of excess provisions	(2,550)	(1,710)
	v)	Closing balance	5,255	5,352

(xix) Customer complaints

	Complaints received by the NBFC from its customers	31 March 2025	31 March 2024
1	No. of complaints pending at the beginning of the year	3	-
2	No. of complaints received during the year	717	458
3	No. of complaints redressed during the year	718	455
3.1	Of which, number of complaints rejected by the NBFC		
4	No. of complaints pending at the end of the year	2	3
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	135	71
5,1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	133	69
5,2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5,3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	2	2
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current year					
Loan closure	-	377	155%	-	-
Payments and Fines	-	91	-50%	1	1
CIBIL	-	54	238%	-	-
Communication	1	35	21%	-	-
Others	2	160	93%	1	1
Total	3	717	57%	2	2
Previous year					
Loan Closure	-	148	-42%	-	-
Payments and Fines	-	182	304%	-	-
CIBIL	-	16	7%	-	-
Communication	-	29	107%	1	-
Others	-	83	246%	2	1
Total	-	458	30%	3	1

(xx) Details of investments

Particulars	As at 31 March 2025	As at 31 March 2024
Value of Investments		
(i) Gross value of investments		
(a) In India	2,468	-
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	2,468	-
(b) Outside India	-	-

(xxi) **Exposure to capital markets**

This disclosure is not applicable as the Company does not have any exposure to capital markets.

(xxii) **Breach of Covenants**

There are no breach of lender covenants as at March 31, 2025 and March 31, 2024. The Company has received waivers from lenders where there were breaches of covenants.

(xxiii) **Divergence in Asset Classification and Provisioning**

The Reserve Bank of India (RBI) has not assessed additional GNPAs for the reporting period or the earlier period which is higher than 5% of reported GNPAs. Further, no additional provisioning requirements were identified by the RBI for the current and previous years exceeding 5% of the profit before tax.

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(All amounts in Rs. lakhs unless otherwise stated)

48 Disclosure of frauds as per Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. circular no. RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 dated 29 September 2016

Particulars	Less than Rs. 1 lakhs		More than Rs. 1 lakhs and Less than Rs. 1 crore		Total	
	No. of instances	Rs. in lakhs	No. of instances	Rs. in lakhs	No. of instances	Rs. in lakhs
	Current Year					
Person involved						
Staff	-	-	3	48.67	3	48.67
Outsiders	2	1.15	-	-	2	1.15
Total	**2**	**1.15**	**3**	**48.67**	**5**	**49.82**
Type of Fraud						
Cash mishandling	-	-	3	48.67	3	48.67
Others	2	1.15	-	-	2	1.15
Total	**2**	**1.15**	**3**	**48.67**	**5**	**49.82**
	Previous year					
Person involved						
Staff	1	0.50	2	26.79	3	27.29
Outsiders	1	0.07	2	23.12	3	23.19
Total	**2**	**1**	**4**	**49.91**	**6**	**50.48**
Type of Fraud						
Cash mishandling	1	0.50	2	26.79	3	27.29
Others	1	0.07	2	23.12	3	23.19
Total	**2**	**1**	**4**	**49.91**	**6**	**50.48**

49 Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated 13 March 2020

As at March 31, 2025

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS 109	Net carrying amount	Provisions as required under IRACP norms	Difference between Ind AS and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Performing assets						
Standard	Stage 1	4,28,372	2,292	4,26,080	1,753	539
Standard	Stage 2	11,989	2,050	9,940	75	1,974
Subtotal		**4,40,361**	**4,342**	**4,36,020**	**1,828**	**2,513**
Non performing assets (NPA)						
Sub standard	Stage 3	**13,997**	**5,255**	**8,742**	**1,414**	**3,841**
Doubtful						
Up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**13,997**	**5,255**	**8,742**	**1,414**	**3,841**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not						
		4,54,358	**9,597**	**4,44,761**	**3,242**	**6,355**

As at March 31, 2024

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS 109	Net carrying amount	Provisions as required under IRACP norms	Difference between Ind AS and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Performing assets						
Standard	Stage 1	3,68,253	1,965	3,66,288	1,474	491
Standard	Stage 2	6,004	595	5,409	69	526
Subtotal		**3,74,257**	**2,560**	**3,71,697**	**1,543**	**1,017**
Non performing assets (NPA)						
Sub standard	Stage 3	**6,290**	**2,366**	**3,924**	**671**	**1,695**
Doubtful						
Up to 1 year	Stage 3	2,798	1,685	1,113	597	1,088
1 to 3 years	Stage 3	1,302	1,301	1	397	904
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**4,100**	**2,986**	**1,114**	**994**	**1,992**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**10,390**	**5,352**	**5,038**	**1,665**	**3,687**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
		3,84,647	**7,912**	**3,76,735**	**3,208**	**4,704**

* The amounts disclosed above in stage 1, stage 2 and stage 3 are in accordance with days pending due. Stage 1 assets is up to 30 days DPD, Stage 2 assets from 31 days up to 90 days and Stage 3 assets beyond 90 days. For the purpose of ECL provisioning, the Company has considered certain loan categories as having higher credit risk and consequently provided life time losses.

^ Loss allowance of Rs. 853 lakhs (31 March 2023: Rs. 51 lakhs) pertaining to outstanding interest dues has not been included in the above.

Vistaar Financial Services Private Limited

Notes to the Financial Statements for the year ended 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

50 Public Disclosure on Liquidity Risk pursuant to RBI circular dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies

(i) Funding Concentration based on significant counterparty (both deposits and borrowings) for the year ended March 31, 2025

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
26	2,74,142	N/A	87%

(ii) Top 20 large deposits (amount in Rs. crore and % of total deposits):
Not Applicable. The Company, being a Systemically Important Non-Banking Financial (non-deposit accepting or holding) companies registered with Reserve Bank of India, does not accept public deposits.

(iii) Top Ten Borrowings as a % of Total Borrowings

Particulars	Amount	% of Total deposits	% of Total Liabilities
10	1,92,548	N/A	64%

(iv)Funding Concentration based on significant instrument/product:

Name of the instrument/product	Amount	% of Total Liabilities
NCD	30,216	10%
Bank Borrowings	2,12,550	68%
FI/NBFC	60,000	19%

(v) Stock Ratios

(a) Commercial papers as a % of total public funds, total liabilities and total assets: **NIL**
(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total asset: **Nil**
Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

Particulars	Weightage
Other short-term liabilities as % of Total Public Funds	NA
Other short-term liabilities as % of Total Liabilities	36.10%
Other short-term liabilities as % of Total Assets	20.30%

(vi) Institutional set-up for liquidity risk management:

The Company has well defined policy to address the risk of mismatch between assets and liabilities either due to liquidity or changes in interest rate.

The Company periodically reviews the assets and liability positions, cost of funds, sources and mix of funding along with capital planning. The Company has conservative and prudent ALM policy that helps to provide adequate liquidity at all times. As on March 31, 2025, the Company has liquidity buffer of Rs. 944 crore. The Company strives to maintain a diversified source of borrowings viz. term loans, securitization, NCD, ECBs etc. and short term borrowings through CC/OD. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis.

51 DISCLOSURE ON LIQUIDITY RISK MANAGEMENT FRAMEWORK PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR. FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2025 is given below:

S. No.	Particulars	Total Unweighted value(Average)	Total Weighted value (Average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets	31,050	31,050
Cash Outflows			
2	Deposits(for Deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	20,478	23,550
5	Additional requirement, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and Liquidity facilities	-	-
6	Other contractual funding obligations	3,080	3,542
7	Other contingent funding obligations	-	-
8	**Total Cash Outflows**	**23,558**	**27,092**
Cash Inflows			
9	Secured Lending	-	-
10	Inflows from fully performing exposures	-	-
11	Other Cash Inflows	15,505	11,629
a)	Unencumbered FDs maturing within next 30 days	18,244	13,683
b)	Mutual Funds	-	-
12	**Total Cash Inflows**	**33,749**	**25,312**
13	**Total HQLA**		**31,050**
14	**Total Net Cash Outflows**		**6,773**
15	**Liquidity Coverage Ratio (%)**		458%

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BSR & Co. LLP

NARAYAN BHAT & CO. Chartered Accountants BANGALORE

Qualitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2025 is given below:

High quality liquid assets (HQLA) is maintained by the Company comprises cash balance maintained in current account and government securities. Cash Inflows include receivables from advances, mutual funds and fixed deposits maturing within 30 days. Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows Disclosure pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow "Other cash inflows").

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.
The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. The above is periodically monitored and reviewed by ALCO.

52 DISCLOSURE OF TRANSFER OR ACQUIRE OF FINANCIAL ASSETS COMPANY PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2021-22/86 DOR.STR.REC. 51/21.04.048/2021-22 DATED SEPTEMBER 24, 2021.

(a) Details of NPA loans transferred during the year

Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts	963	-	-
Aggregate principal outstanding of loanstransferred	4,583	-	-
Weighted average residual tenor of the loans transferred	59	-	-
Net book value of loans transferred (at the time of transfer)	1,908	-	-
Aggregate consideration	1,319	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

(b) Details of transfer through direct assignment in respect of loans not in default:

Particulars	31-Mar-25
Number of loans	2,720
Aggregate amount (Rs. in lakhs)	30,380
Sale consideration (Rs. in lakhs)	26,462
Number of transactions	8
Weighted average remaining maturity (in months)	90
Weighted average holding period after origination (in months)	21
Retention of beneficial economic interest	12.90%
Coverage of tangible security coverage	100%
Rating wise distribution of rated loans	NA
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NA
Number of transferred loans replaced	NA

(c) Details of loans acquired in respect of loans not in default:

Particulars	From Lenders listed in Clause 3	From ARCs
Aggregate principal outstanding of loans acquired	1,289	-
aggregate consideration paid	1,160	-
Weighted average residual tenor of the loan acquired (months)	57	-

53 During the year, following comparative figures have been regrouped/ reclassified to confirm to the current financial period figures.

1. The Company has reclassified Gratutity from other financial asset to other non financial asset to appropriately reflect nature of asset and accordingly the comparative amount of previous year of Rs. 182 lakhs has also been reclassified
2. The Company has reclassified Unamortised borrowing cost from other non financial asset to Borrowings to appropriately reflect nature of asset and accordingly the comparative amount of previous year of Rs. 1703 lakhs has also been reclassified
3. The Company has reclassified Interest accrued but not due on borrowings from other financial liabilities to Borrowings and debt securitised to appropriately reflect nature of asset and accordingly the comparative amount of previous year of Rs. 639 lakhs has also been reclassified
4. The Company has reclassified Accrued expenses from other financial liabilities to trade payables to appropriately reflect nature of liabilities and accordingly the comparative amount of previous year of Rs. 1206 lakhs has also been reclassified
5. The Company has reclassified Employee incentives from provisions to other financial liabilities to appropriately reflect nature of liabilities and accordingly the comparative amount of previous year of Rs. 2607 lakhs has also been reclassified
6. The Company has reclassified Loan to director from other non financial asset to other financial asset to appropriately reflect nature of asset and accordingly the comparative amount of previous year of Rs. 805 lakhs has also been reclassified
7. The Company has reclassified Bank charges from finance cost to other expenses to appropriately reflect nature of expense and accordingly the comparative amount of previous year of Rs. 34 lakhs has also been reclassified
8. The Company has reclassified Derivate financial asset of Rs. 20 lakhs of previous year to Derivate financial liabiltiy appropriately reflect nature.

VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

BSR & Co. LLP

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Vistaar Financial Services Private Limited

Notes to the Financial Statements for the year ended 31 March 2025
(All amounts in Rs. lakhs unless otherwise stated)

54 There have been no events after the reporting date that require disclosure in the financial statements.

55 Standards not yet effective

(i) Ind AS 117 Insurance Contracts The Ministry of corporate Affairs (MCA) notified the IndAS 117 , Insurance Contracts , vide notification dated August 12 ,2024 ,under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after April 01, 2024 . Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement , presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts . Ind AS 117applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for short-duration contracts The application of Ind AS 117 had no impact on the Standalone Financial Statements as the Company has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

(ii) Amendment to Ind AS 116 Leases – Lease Liability in a Sale and Lease back The MCA notified the Companies (Indian Accounting Standards)Second Amendment Rules ,2024 , which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback. The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and lease back transaction,to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.The amendment is effective for annual reporting periods beginning on or after April 01,2024 and must be applied retrospectively to sale and lease back transactions entered in to after the date of initial application of Ind AS 116.The amendment does not have a material impact on the Standalone Financial Statements

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rohit Alexander
Partner
Membership No: 222515

Place: Bengaluru
Date: 28 May 2025

BSR & Co. LLP

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

Manju Agarwal
Independent Director
DIN : 06921105

Place: Bengaluru
Date: 28 May 2025

Ayijit Saha
Managing Director and CEO
DIN : 05102009

Place: Bengaluru
Date: 28 May 2025

For Narayan Bhat & Co
Chartered Accountants

Shripad Hulgol Narayan
Partner
Membership No: 237768

Place: Bengaluru
Date: 28 May 2025

Prashant Kani
Chief Financial Officer

Place: Bengaluru
Date: 28 May 2025

Shivani Agarwal

Shivani Agarwal
Company Secretary
Membership No. A42303

Place: Bengaluru
Date: 28 May 2025

VISTAAR FINANCIAL SERVICES PRIVATE LIMITED BENGALURU

NARAYAN BHAT & CO Chartered Accountants BANGALORE