SCALING NEW HEIGHTS

VERITAS FINANCE

THIRD ANNUAL REPORT 2017-18

BUSINESS HIGHLIGHTS

(Rs. in Lakhs)

PARTICULARS	2017-18	2016-17	2015-16
Branch Network (Nos)	72	43	17
Loan Disbursements	31,549	10,474	619
Loan Assets Under Management	33,503	9,231	612
Net worth	16,570	4,009	4,168
Borrowings	29,589	7,086	-
Total Revenue	5,495	1,267	72
Net Interest Income	2,785	540	17
Profit Before Tax	650	(284)	(192)
Profit After Tax	606	(284)	(192)

KEY RATIOS

PARTICULARS	2017-18	2016-17	2015-16
Gross NPA (%)	0.74	0.95	0.00
Net NPA (%)	0.53	0.71	0.00
Capital Adequacy Ratio (%)	48.02	42.15	594.49
Return on Total Asset (ROTA) (%)	2.59	(4.39)	(43.14)
Return on Equity (ROE) (%)	7.35	(6.90)	(7.19)
Basic Earnings Per share (Rs.)	2.50	(1.86)	(2.90)
Diluted Earnings Per share (Rs.)	1.14	(1.86)	(2.43)

Lakshmi Mess, a tiny eatery, operating out of a small rented space, though well known for its authentic taste and quality, was finding it difficult to grow its business for lack of adequate financial support like million other businesses in the services industry.

Veritas helped this small enterprise which was struggling to build it big and grow the business significantly. Over the last two years, Veritas has been able to support more than fifteen thousand such small businesses across the sector, in their journey to become large and attain scale and size.

MISSION STATEMENT

"Make a difference and create positive impact in the lives of a million informal customers and micro, small and medium enterprises in India through sustainable financing solutions."

VISION STATEMENT

"To be recognized by our fairness, responsible approach, and service quality as the most admired company in the inclusive financing space by all stakeholders."

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BOARD OF DIRECTORS
D. Arulmany, Managing Director & Chief Executive Officer
Abhijit Sen, Independent Director
M. Sivaraman, Independent Director
N. Mohanraj, Independent Director
Venkatesh Natarajan, Nominee Director

STRATEGIC ADVISOR
P. Surendra Pai

CHIEF OPERATING OFFICER
J. Prakash Rayen

CHIEF FINANCIAL OFFICER
V.G. Suchindran

BANKERS/ LENDERS
Yes Bank Limited
RBL Bank Limited
AXIS Bank Limited
ICICI Bank Limited
HDFC Bank Limited
AU Small Finance Bank Limited
Equitas Small Finance Bank Limited
Utkarsh Small Finance Bank Limited

NON-BANK LENDERS
HDFC Limited
Capital First Limited
Hero Fincorp Limited
Sundaram Finance Limited
Avanse Financial Services Limited
AK Capital Finance Private Limited
Reliance Commercial Finance Limited
Micro Housing Finance Corporation Limited
Caspian Impact Investments Private Limited
Mahindra & Mahindra Financial Services Limited
Maanaveeya Development & Finance Private Limited

DEBENTURE HOLDERS
Aav Sarl
CDC Emerging Markets Ltd.
Incofin CVBA (Cpp-Incofin)
Microfinance Initiative for Asia (MIFA)

DEBENTURE TRUSTEE
Catalyst Trusteeship Limited
(Formerly GDA Trusteeship Limited)
GDA House, Plot No.85,
Bhusari Colony (Right), Paud Road,
Pune - 411 038

CREDIT RATING AGENCY
CARE Ratings Limited
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Mumbai - 400 022

REGISTRAR & TRANSFER AGENT
Karvy Computershare Private Limited
Karvy Selenium Tower, Plot No.31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032,

STATUTORY AUDITORS
M/s BSR & Co. LLP
Chennai

INTERNAL AUDITORS
M/s Kumbhat & Co.
Chennai

TAX AUDITORS
M/s C. Ramasamy & B. Srinivasan
Chennai

REGISTERED OFFICE
SKCL Central Square 1,
South Wing, 1st Floor,
Unit C28-C35, CIPET Road,
Thiru Vi Ka Industrial Estate, Guindy,
Chennai – 600 032,
CIN: U65923TN2015PTC100328
RBI Regn No: N-07.00810

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Phone: +91 44 4615 0011
Toll Free: 1800 599 5500
Email: corporate@veritasfin.in
Website: www.veritasfin.in

PROFILE OF STRATEGIC ADVISOR

P. Surendra Pai

P. Surendra Pai, a highly respected thought leader in business and marketing strategy, brings extensive experience and expertise from the Indian corporate sector to Veritas Finance.

Mr. Pai was the Executive Chairman of the Murugappa Group from 2002-2006, contributing significantly to the group's growth and profitability. A visionary with high octane energy, he made every organization in the group to constantly break boundaries, innovate and execute. Under his sagacious stewardship, many diverse businesses of the group scaled new peaks and went on to become market leaders in their realm. Prior to this, he was Vice Chairman of Wipro group, in charge of CCLG businesses and part of the corporate board from 1997-2002.

Mr. Pai holds a Degree in Electrical Engineering from Mysore University and a Post Graduate Degree in Industrial Engineering from IIT, Madras.

He is Strategic Advisor and Significant Investor in Veritas Finance.

MESSAGE FROM STRATEGIC ADVISOR

I'm happy to note Veritas has achieved significant milestones during the year 2017-18. The company has shown impressive growth on many of the parameters, including loan book, income and PBT. I also see a tight leash on expenses and costs contained. I see the growth in distribution reach that matches the ambition to spread across. I see demonstrated ability to raise capital and debt. I see the focus on quality resulting in a healthy loan book with NPAs which are less than 0.75%. Overall the year has been good. Very good, indeed.

As Veritas looks ahead to scale new heights, expand horizons, add products, explore new geographies, I would like to remind the team that **'Good is the enemy of Great'**. The challenges of building a great organization would be entirely different and being good is never good enough.

The team needs to be aware of the changing time. Needs to raise the bar. Needs to build a culture of discipline. Needs to focus on constant and continuous improvement in the productivity and resist the temptation to show growth by adding unproductive manpower. Need to put in the right checks and balances in every process. Build benchmarks that are better than the best in the industry. Thriving In an environment where technology is revolutionizing the financial services, ability of Veritas to embrace the technology to improve the credit delivery, productivity and processes would become the key differentiator.

My interaction with the team makes me believe that the team is aware. That the team is prepared. That the team is disciplined. And that makes me confident of seeing another year of impressive performance.

I wish the team, that is swelling with pride of good performance, all the very best as they begin their journey to greatness!

LETTER FROM MD & CEO

The year 2017-18 was an exciting and eventful year, in every sense.

It was a year of significant achievements. We had very good progress on most of the critical parameters: capital, disbursements, income, customer base, profitability and loan book. The capital base grew with new investors coming in, to Rs. 166 Crores. The monthly average disbursement which was under Rs. 10 Crores when we began the year, more than tripled and crossed Rs. 35 Crores by March 2018. From a modest Rs. 92 Crores in March 2017, the loan book grew more than threefold to Rs. 335 Crores. The customer base crossed 15000.

It was a year of challenges, as well. Some of the micro enterprises and small enterprises in the informal business segment, which had suffered the most from demonetization earlier had to learn to align their businesses, to another disruptive change in the form of GST. In certain specific markets, the enterprises had significant impact on their businesses and are still struggling to re-align their businesses.

It was a year of more. More States. More branches. More touch points. More people. We expanded the distribution reach to Karnataka and West Bengal. We set foot on Odisha. We penetrated deeper and grew the physical presence across Tamilnadu.

It was a year of new partnerships. We had the privilege of associating with new shareholders, who understand us and share the vision and are committed to make an impact on the millions of micro enterprises in India. CDC, the investment arm of UK Government and Lok Capital Growth Fund became our proud partners.

All in all, thus, it has been an exciting journey, so far. We have grown on all parameters. We have demonstrated our resilience and ability to borrow, improved our efficiency in operations and turnaround time. Kept our obsession with quality intact, resulting in NPAs at less than 1%. We have cumulatively broken-even, wiping out the entire losses and turned profitable during the year.

Today, as we embark on our next phase of growth, we are aware of the enormity of the task. We are aware that the journey ahead would be far more challenging. The team, sitting together, have identified three key focus areas where we would unleash flurry of initiatives to get the organization ready to face these immense challenges that lie ahead. **People, Processes and Productivity** would form the core of every initiative that we plan to drive during the next 1000 days.

People: While the leadership could effectively articulate a vision and a brand for the organization, the real brand image, the image that the customer forms about us in his mind, especially in a services business likes ours, would largely depend on the experience that the customer undergoes each time he or she interacts with us. Therefore, almost always it is the quality of the communication of the field executive that largely impacts the image of the organization. With a plan to have more than 200 branches over the next few years and thousands of employees across different cultures and background joining us, our ability to ensure that the interaction and experience of the customer is the same across geographies, locations and branches would be an integral part of scaling up. We therefore plan to launch lot of initiatives and focus on training aimed at building a strong committed and talented team.

Processes: With this realization, Veritas would also be embarking on a series of initiatives in the area of its operations and information technology to improve every process. Focused on the journey to build a vibrant organizational culture, these initiatives would be aimed at ensuring uniform customer experience, process improvements to reduce turnaround time, guarantee transparent communication and minimize manual intervention on key impact and decision points while ensuring flexibility across levels. Veritas would be investing significantly on technology with an objective to enhance the customer experience.

Technology is changing the way businesses are carried out in every industry and sector. Digital disruption in financial services has made many business practices irrelevant, while opening up many avenues and opportunities for exponential growth. Therefore, as we build scale and put in robust controls, checks and balances to enable faster growth, we have passionately embraced the digital revolution and have put out a road map for a large number of digital intervention initiatives, all of which would unfold over the next thousand days and would help Veritas in its journey to greatness.

Productivity: Despite the flurry of activity seen in the MSME segment over the last couple of years, the combined impact in the large underserved segment is next to nothing. In the huge underserved market, with virtually no competition and a bit of disproportionally higher return compared to the perceived risk in the segment, organizations could manage to grow by simply expanding geographical presence or adding people. The key to success however, doesn't lie either in the higher returns which may be a temporary luxury or in lesser competition, which could soon become intense in a segment which is already attracting more players. We firmly believe it lies in the ability to build a sustainable business model, robust processes, offer best in class services. We therefore remain obsessed with efficiency in operations, improvement in productivity and focused on building a sustainable operation which would help us stay ahead of time and be ready for disruption, when it happens. Which, in our mind could happen sooner than later.

I take this opportunity to thank all those who have partnered with us in this journey, investors who have reposed immense confidence in what we do, a passionate senior team, which truly is the pride of Veritas,committed team of employees who have made it possible, bankers and lenders who continue to support us, the auditors, our regulator RBI and most of all thousands of customers who have trusted us to support them and shown impeccable repayment behavior, making us feel even more responsible and committed to do what we have set out to do.

I commit, as we expand the horizon, build scale, reach out to more locations that we would keep our feet firmly on ground, eyes on productivity, hands on efficiency and heart and soul in everything we do.

D. Arulmany

PROFILE OF DIRECTORS

D. Arulmany
MD & CEO

D. Arulmany, is the Managing Director & CEO of Veritas Finance.

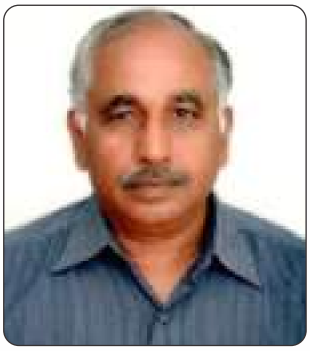
He has more than two decades of experience most of which is in the financial services industry. Before starting Veritas, he was associated with Aptus Value Housing Finance as President & CEO since inception.

He is a Post Graduate in Rural Management Programme from (PGDRM) IRMA with graduation in Bachelor of Business Administration (BBA), Madurai Kamaraj University. He has also done his GMP from University of Michigan.

M. Sivaraman is an Independent Director of Veritas Finance.

He is the former Managing Director of GIC Housing Finance Ltd. and a veteran in the financial services with more than three decades of experience spreading across Corporate Finance, Accounting and Secretarial functions.

He is a Fellow Chartered Accountant (FCA) and a Company Secretary (ACS) by profession. He is also a FIII (Fellow Member of the Federation of Insurance Institutes in India).



M. Sivaraman
Independent Director

N. Mohanraj
Independent Director

N. Mohanraj is an Independent Director of Veritas Finance.

He is the former Director & Chief Executive Officer of LIC Nomura Mutual Fund and Executive Director of Life Insurance Corporation. He is a seasoned professional with rich experience spanning over three decades in financial services cutting across insurance, mutual fund and investments.

As a Nominee of LIC, he served on Boards of many companies including Punjab Tractors Ltd, HEG, Larsen & Toubro, Grasim Industries Ltd and Venture Funds like UTI VF, India Value Fund and IDFC Fund.

He holds a Masters in Economics from Loyola College, Chennai.

Abhijit Sen
Independent Director

Abhijit Sen is an Independent Director of Veritas Finance.

He had served in Citi India as Chief Financial Officer – India Subcontinent for over 18 years. On retirement from Citi, Mr. Sen is associated with E&Y as an External Advisor, for their activities in the Banking and Financial Services Sector. He currently serves on several Boards including IDFC Bank, Iindiafirst Life Insurance, Kalyani Forge Ltd, Trent Ltd. and Ujjivan Micro-Finance Ltd. In the past, he has served on the Board of National Securities Depository Ltd. and has also been an External Advisor to General Atlantic. As Chief Financial Officer, India Subcontinent – Citi, he was responsible for the Finance function in India, Bangladesh and Sri Lanka for the entire Citi franchise including Controllership, Corporate Treasury, Financial Planning, Product Control and Tax.

He holds a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.

Venkatesh Natarajan
Nominee Director

Venkatesh Natarajan is the Nominee Director of Sarva Capital LLC, Mauritius.

He is the Managing Partner of Lok Advisory Services and has been involved in microfinance and impact investing for 10+ years. He had served as a director on the boards of many financial services companies including Ujjivan, Suryoday and Equitas Finance.

He holds an MBA from Cornell University and an M.S. in Electrical Engineering from Arizona State in Tempe.

PROFILE OF SENIOR MANAGEMENT TEAM

J. Prakash Rayen
Chief Operating Officer

J. Prakash Rayen is the Chief Operating Officer at Veritas Finance. He has over 20 years of experience in the BFSI segment, spearheading the Technology initiatives of the retail assets division across organizations like DCB Bank, Cholamandalam etc.

Prior to Veritas, he was at Aptus Value Housing, where he had been responsible for setting up the entire IT platform of the organization from scratch, identifying and putting in place right solutions for the lending product and managing the technological challenges coinciding with the growth of the organization and leading the many IT innovations.

He is a post graduate in computer applications (MCA) from St. Joseph's College, Trichy. He is also a qualified oracle database administrator.

V.G. Suchindran is the Chief Financial Officer at Veritas Finance. He has experience of more than 14 years in capital markets and development finance industry across organizations like Equitas, Citibank, Cholamandalam etc.

Prior to Veritas, he was the CEO of IFMR Investment Adviser Services Private Limited, the fund management and investment advisory arm of IFMR Trust, where he successfully launched the fund platform in the alternative investment fund space.

He is a qualified Chartered Accountant (FCA), Cost & Management Accountant (Grad. CMA), and Company Secretary (ACS).

V.G. Suchindran
Chief Financial Officer

S. Sheik Abdullah
Senior Vice President - Mortgages - South

S. Sheik Abdullah heads the vertical on mortgage based loans at Veritas Finance. He has more than a decade of experience in financial services with organisations including Shriram Transport Finance, Cholamandalam Investments and Finance etc. in areas of lending loans towards commercial vehicles and in the mortgage lending space. Prior to joining Veritas, Sheik was working in Aptus Value Housing.

He has Bachelor's Degree in Engineering and has undergone Management Training in IIM Kozhikode.

Sekhar Vikas will spearhead Veritas foray into the Eastern States - Odisha, West Bengal, Jharkhand and Chhattisgarh. Sekhar has more than fifteen years of experience in financial services with focus on housing, mortgage & unsecured lending space. Sekhar brings with him an ability to build and manage a large team of sales people for range of financial products. Apart from directly managing a large team of field executives, he has also handled channel partners and has developed and trained large no of DSAs apart from direct sales teams.

He has also been responsible for setting up new branches and vast distribution networks across the eastern states like West Bengal, Odisha, Jharkhand and has excelled in every organization he has been part of. Prior to joining Veritas, Sekhar was working in organizations including Shriram City Union, Cholamandalam Investments and Finance, HDB, CBOP, HSBC.

He has done his Post Graduation Degree in Management from Devi Ahilyabai University, Indore.

Sekhar Vikas
Vice President - Mortgages - East

R. Krishnaraj
Senior Vice President - Credit - Mortgage Loans

R. Krishnaraj heads the Credit function at Veritas Finance. He has rich experience of over two decades cutting across credit, operations, risk management, recovery and collections.

Before joining Veritas, he was with Cholamandalam as DGM Credit / Operations – Vehicle Finance. He is credited with introduction of many new innovations and first to adapt and put in place any new initiatives including Risk Scoring Model, Lean Cell Concept etc. in the Vehicle Finance vertical.

He is an MBA graduate from PSG Institute of Technology.

Nicholes Antony comes with more than two decades of experience in housing finance industry. Prior to joining Veritas Finance, Nicholes was with Mahindra Rural Housing Finance as DGM (Operations) where he was overseeing the business, credit and collection verticals. He set up the operations for Mahindra in South. Commencing the business in 2008 with a six member team, Nicholes built a strong distribution network of 100 branches with over 600 employees in a span of six years.

He was earlier with Dewan Housing for more than a decade, handling the housing finance business in various capacities including Branch Manager, Area Manager and as Head of Special Initiatives.

A deeply committed individual, with in-depth knowledge of the semi urban and rural markets in south, strong leadership qualities, successful in managing and motivating large teams, Nicholes has a huge passion to contribute in making inclusive financing a great success.

Nicholes Antony
Senior Vice President - Credit - Working Capital Loans

D. Kanchana Srikanth
Senior Vice President - Legal

D. Kanchana Srikanth heads the Legal function at Veritas Finance. She has more than 19 years of experience in Legal, Litigation, Documentation issues with specific reference to Mortgages. She has rich experience in banking and financial services sectors and has worked in several organizations including Vijaya Bank, Lakshmi Vilas Bank, Cholamandalam etc.

Prior to Veritas, she was with Aptus Value Housing spearheading the several legal recovery actions through arbitration, Sec.138 of NI Act, Civil and Criminal cases against willful default customers.

She is a legal graduate and holds the professional Degree in Law (B.A, B.L) from Dr. Ambedkar Law College, Chennai.

Kumareshan Sivam is a post graduate in Personnel Management from Pune University. As a HR professional he has more than 20 years of experience spanning across industries, large part of which is in the financial services industry. He has handled all functions of HR , including Recruitment, HR operations, Employee Engagement , Training, PMS etc. He is well versed in operations of asset based lending – Vehicle Finance, Home equity and Home loans and is extremely adept at managing employee issues, conflicts and grievances. He has experience of mobilizing and managing large teams in financial services industry and proven skills in implementing end to end HR processes, sourcing leadership talent, knowledge of latest technologies, emerging trends and ability to deploy them across HR functions.

Prior to joining Veritas Finance he was associated with Equitas small finance bank and Cholamandalam Finance Ltd.

Kumareshan Sivam
Vice President -
Human Resources

Priyanka I Misser
Company Secretary

Priyanka I Misser is the Company Secretary at Veritas. Priyanka, a School Topper, holds a Bachelor's Degree in Accounting and Finance from MOP Vaishnav College and is a Qualified Company Secretary (ACS) from the Institute of Company Secretaries of India. Adjudged as the best participant in the MSOP training which she underwent as part of the CS curriculum, Priyanka has always excelled in all her academic pursuits.

Apart from studies, she has also won several prizes for Extempore, Writing, Quiz Competition and Singing. An avid Blogger, Priyanka is also passionate about writing poetries and short stories.

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have immense pleasure in presenting the third annual report of your Company together with the audited financial statements for the financial year ended 31 March 2018 which is the second full year of operations of the company.

Financial Results

The highlights of the Financial Statements of the Company for the Financial Years 2017-18 and 2016-17 are as under:

Amount in INR Crores

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Income from Operations	54.95	12.67
Less: Employee cost	19.83	7.92
Finance Cost	17.90	3.30
Other Operating Cost	9.50	3.87
Profit / (Loss) before Depreciation & Tax	7.72	(2.42)
Less: Depreciation	1.22	0.42
Profit / (Loss) Before Tax	6.50	(2.84)
Less: Tax Expenses	0.44	-
Profit / (Loss) After Tax	6.06	(2.84)
Add: Brought forward Profit / (Loss)	(4.76)	(1.92)
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	1.21	-
Balance Carried Forward	0.09	(4.76)

The Company is focused on providing loans to MSMEs, including medium term loans secured by property, business loans, and working capital loans.

During the year under review, the Company has successfully grown its outstanding loan assets under management from Rs.92.31 Crores to Rs.335.03 Crores, the net worth increased from Rs.40 Crores to Rs.166 Crores backed by infusion of Rs.120 Crores of additional capital, the Interest Income increased from Rs.8.70 Crores to Rs.45.76 Crores, the customer base increased from 7,432 customers to 14,635 customers.

The Company cumulatively broke even during the year wiping out the losses of earlier years with profit after tax of Rs.6.06 Crores.

Share Capital

The paid up equity share capital of the company as at 31 March 2018 is Rs.28.25 Crores including the increase due to conversion of Compulsory Convertible Preference Shares on 1:1 basis.

The paid up preference share capital of the company as at 31 March 2018 also increased to Rs.23.65 Crores due to the fresh issuance of shares amounting to Rs.120 Crores during the year and reduced due to conversion of Compulsory Convertible Preference Shares on 1:1 basis.

Dividend

Your Directors do not recommend for any dividend for the year under review.

Transfer to Reserves

Since the Company made its first year of profits, there was a transfer of Rs.1.21 Crores to statutory reserves as required by Reserve Bank of India during the period under review.

Deposits

Your Company is registered as NBFC-ND and does not accept any deposits. Hence, no deposit was accepted from the public for the year ended 31 March 2018.

Capital Adequacy Ratio

Your Company had a Capital to Risk Adjusted Assets Ratio of 48.02% against the statutory requirement of 15% due to higher capital base and lower leverage. The above ratio includes Tier 2 capital of 0.96% towards 1% provision made on standard assets against the requirement of 0.25% prescribed by RBI.

Operational Highlights

Some of the highlights for the year ended 31 March 2018 are:

1) The Company disbursed Rs.315 Crores during the period resulting in the assets under management of Rs.335.03 Crores.

2) The Company increased the branch network to 72 branches across four states of Tamil Nadu, West Bengal, Karnataka, Odisha and union territory of Puducherry.

Future outlook

Veritas has built a significant presence with Tamil Nadu and has already expanded its presence to other states namely West Bengal, Karnataka and Odisha during FY 2017-18. During the FY 2018-19, Veritas will be commencing business in the states of Andhra Pradesh, Telangana and Madhya Pradesh.

While the latent potential in market segment Veritas plans to operate is well known, Veritas is also well aware of the challenges in the business. Lending in an extremely unorganized segment where assessment of the credit worthiness of the customer, understanding their business and earning model, background of the customer and their living style, indebtedness, repayment culture etc., calls for strong credit appraisal skills. Veritas backed by people who have decades of experience in the informal segment, are aware that this unique ability to assess the segment, in the long run, would differentiate Veritas from other NBFCs and give Veritas sustained growth.

Capital Infusion & Change in Ownership Structure:

During the year, Rs.120 Crores was raised from existing as well as new investors.

RBI Guidelines

The Company has complied with all applicable regulations of the Reserve Bank of India.

Compliance

The Company has complied with all the mandatory regulatory compliances as required under the Companies Act, various tax statutes and other regulatory bodies.

Board of Directors

During the year ended 31 March 2018, Mr. Abhijit Sen, was appointed as an Independent Director with effect from 9 November 2017.

There was no other change in the composition of the Board of Directors.

An application is pending for approval before RBI, for appointment of two Nominee Directors, of investors, CDC Group Plc. and Lok Capital Growth Fund.

Key Management Personnel

Pursuant to the provisions of section 203 of the Act read with the rules made there under, the following employees are the whole-time key managerial personnel of the company:

1. Mr. D. Arulmany, Managing Director & CEO
2. Mr. J. Prakash Rayen, Chief Operating Officer
3. Mr. V.G. Suchindran, Chief Financial Officer
4. Ms. Priyanka I. Misser, Company Secretary

There were no other changes in the composition of 'Key Managerial Personnel' during the year.

Statutory Auditors

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013, M/s B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office up to the financial year 2020-21, subject to the ratification by the members at every Annual General Meeting to be held during their term. The Board hereby recommends the ratification of M/s B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the company for financial year 2018-19, to the Shareholders at the ensuing Annual General Meeting.

Subsidiary / Joint Ventures / Associate Companies

As on 31 March 2018, the Company does not have any subsidiaries, joint ventures or associate companies.

Material changes and commitments

There are no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

The Company had during the above mentioned period, raised Rs.60,00,00,030/- by issue of Equity Shares and Series C Compulsory Convertible Preference Shares (CCPS) by way of Private Placement to its existing shareholders.

Corporate Governance Report

A report on Corporate Governance is attached and forms part of the Directors' Report.

Committees

Details on composition of various Committees of the Board and number of Meetings of Board & Committees are given in the Corporate Governance Report.

Internal Financial controls

The Company's resources are directed and monitored in a properly controlled manner. Procedures are set so as to detect and prevent frauds and to protect the Company's resources. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company.

Extract of the Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in Form No. MGT-9 is annexed with this report as 'Annexure-I'.

Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013

The Company being a Non-Banking Financial Company, provisions of Section 186 of the Companies Act, 2013, is not applicable.

Particulars of Contracts or Arrangements with Related Parties under Section 188(1) of Companies Act, 2013

The Company has not entered into any transaction with the related parties in terms of Section 188 of the Companies Act, 2013, during the period under review.

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

The Company has no activity relating to conservation of energy and technology absorption and the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 does not arise. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there were foreign exchange earnings and expenditure in the Company as mentioned in Note 37 of the audited financial statements for the year ended 31 March 2018.

Particulars of Employees

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(1), 5(2) and 5(3), of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. However, as per provisions of Section 136(1) of the Companies Act, 2016, read with relevant proviso of the Companies Act, 2013 the Annual Report is being sent to members excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company and the same will be furnished without any fee and free of cost.

Dematerialization of Shares

The Equity Shares and Compulsory Convertible Preference Shares of the Company have been admitted for dematerialization by National Securities Depository Limited (NSDL) with ISIN Nos.INE448U01011, INE448U03017 and INE448U03025.

Board Meetings held during the period

During the period, eleven meetings of the Board of Directors was held on 13 April 2017, 29 April 2017, 28 June 2017, 18 July 2017, 8 September 2017, 16 October 2017, 30 October 2017, 9 November 2017, 30 November 2017, 29 January 2018 and 22 March 2018 and the gap between two meetings were not more than 120 days.

Directors Responsibility Statement

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors confirm the following in terms of Section 134(3)(c) of the Companies Act, 2013:

a. that in preparation of the annual financial statements for the year ended 31 March 2018, the Generally Accepted Accounting Principles (GAAP) of India and applicable accounting standards issued by Institute of Chartered Accountants of India have been followed along with proper explanations to material departures, if any;

b. that appropriate accounting policies have been selected by Directors and are applied consistently and judgments and estimates that are reasonable and prudent have been made 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 year ended 31 March 2018;

c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. that the Directors had prepared annual accounts on a going concern basis.

e. that the Directors have established internal control systems over financial reporting and operating controls, for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by an independent firm conducting internal audits. Based on the periodical testing, the framework is strengthened from time to time, to ensure adequacy and effectiveness of internal financial controls;

f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Declaration given by Independent Directors

Mr. Abhijit Sen, Mr. M. Sivaraman and Mr. N. Mohanraj appointed as Non-Executive and Independent Director, have given the necessary declaration under Section 149, Section 164 and Section 184 of the Companies Act, 2013. These declaration have been placed before the Board and is duly taken on record.

Vigil Mechanism / Whistle Blower Policy

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with unethical behaviour, mismanagement, instances of actual or suspected, fraud, if any and provides safeguards against victimization of employees who avail the mechanism. The Whistle Blower Policy has been placed on the website of the Company. During the year under review, no whistle blower complaint was received.

Policy on Prevention of Sexual Harassment

Policy on Prevention and Redressal of Sexual Harassment at Workplace is in place as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is uploaded on the website of the Company. During the year under review, no complaint of harassment was received.

Disclosure of Orders passed by Regulators or Courts or Tribunal

No significant and material orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

Employee Stock Option Scheme

The information pertaining to ESOS in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is annexed with this report as 'Annexure-II'.

Employees Relationship

The employees at all ranks of the Company have extended their whole-hearted cooperation to the Company for the smooth conduct of the affairs of the Company and the employee relations of the Company have been cordial. Your Directors wish to place on record their deep sense of appreciation for all the employees whose commitment, cooperation, active participation, dedication and professionalism has made the organization's significant growth possible.

Acknowledgement

Your Directors take this opportunity to thank the shareholders, customers, employees, bankers, non-bank lenders, mutual funds, financial institutions, auditors, Reserve Bank of India, other Regulatory authorities for their co-operation and continued support to the Company. We look forward to their continued patronage and encouragement in all our future endeavours.

On behalf of the Board of Directors,
For Veritas Finance Private Limited,

M. Sivaraman **Director**	**N. Mohanraj** **Director**	**D. Arulmany** **Managing Director & CEO**

Date : 27 April 2018
Place: Chennai

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the commitment of an organization to follow ethics, fair practices and transparency in all its dealings with its various stakeholders such as Customers, Employees, Lenders, Investors, Government and the Community at large. Sound corporate governance is the result of external market place commitment and legislation plus a healthy board culture which directs the policies and philosophy of the organization. Your Company is committed to good Corporate Governance in all its activities and investment advisory processes.

Corporate Governance Philosophy

Veritas Finance Private Limited's philosophy on corporate governance envisages adherence to the highest levels of accountability, transparency and fairness, in all areas of its operations and in all interactions with its stakeholders. The Board shall work to ensure the success and continuity of the Company's business through the appointment of qualified management and through on-going monitoring to assure the Company's activities are conducted in a responsible, ethical and transparent manner.

Board of Directors

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders. The Board currently consists of five Directors. There are three Independent Directors, one Nominee Director of the Investor apart from the Managing Director and CEO. The Company is in the process of inducting two more Nominee directors of Investors upon receipt of Prior approval from RBI.

During the financial year ended 31 March 2018, eleven (11) Board Meetings were held with a gap of not more than 120 days between any two meetings. Particulars of the Directors' attendance to the Board Meeting and particulars of their other company directorships are given below:

Name (Date of Appointment)	Nature of Directorship	No. of directorships excluding the Company	Board Meetings attended (Meetings held after the appointment as Director till Resignation, wherever applicable)
D. Arulmany (30 April 2015)	Managing Director & CEO (First Director)	Nil	11 (11)
M. Sivaraman (28 May 2015)	Independent Director	1	10 (11)
N. Mohanraj Nair (1 December 2015)	Independent Director	2	11 (11)
Venkatesh Natarajan (18 March 2016)	Director (Nominee of Sarva Capital LLC)	5	11 (11)
Abhijit Sen (9 November 2017)	Independent Director	6	3 (3)

The independent directors of the company provide an annual certificate of independence in accordance with section 149(7) of the Act, to the company which is taken on record by the board.

Changes in Board Constitution

During the year ended 31 March 2018, the following change took place in the constitution of the Board:

At the Board Meeting of the Company held on 9 November 2017, Mr. Abhijit Sen was appointed as Additional and Independent Director. His appointment was regularised as Independent Director in the Shareholder's Extra Ordinary General Meeting held on 27 December 2017.

Mr. M. Sivaraman and Mr. N. Mohanraj were re-appointed as Independent Directors in the AGM held on 30 May 2017 upto the date of next Annual General Meeting (AGM). They shall be reappointed in the ensuing AGM of the Company.

Committees of the Board

The board has constituted various committees to support the board in discharging its responsibilities. As at 31 March 2018, the Company has Three (3) Committees of the Board, constituted in accordance with the provisions of the Act viz.,

I. Audit and Risk Management Committee
II. Nomination and Remuneration Committee
III. Business Impact Committee

The board at the time of constitution of each committee fixes the terms of reference and also delegates powers from time to time. Various recommendations of the committees are submitted to the board for approval.

I. Audit and Risk Management Committee

The Audit and Risk Management Committee was constituted in the Board Meeting held on 28 March 2016.

The Audit & Risk Management Committee shall provide advice and overall guidance to the Company regarding the audit, accounting policies, implementation and monitoring of risk management and internal control practices of the Company.

Terms of reference

The role and responsibilities of the Committee shall include, but not be restricted to:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the audit fees for the same
3. Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with accounting and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report.

4. Reviewing, with the management, performance of statutory and Internal Auditors, adequacy of the internal control systems.
5. Reviewing the adequacy of 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.
6. Discussion with internal auditors any on any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Laying down and review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
10. Credit and portfolio risk management.
11. Operational and process risk management.
12. Laying down guidelines on KYC norms
13. Review on quarterly basis the securitization / bilateral assignment transactions and investment activities of the Company.
14. Annual review of the Company's policies framed pursuant to RBI Guidelines and suggests changes, if any required, to the Board for adoption.

The Audit & Risk Management Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit & Risk Management Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses.

Composition & Meetings

The Committee currently has three members who have extensive experience across investments, insurance, mutual funds and housing finance:

1. Mr. N. Mohanraj - Chairman of the Committee
2. Mr. M. Sivaraman - Independent Director
3. Mr. Venkatesh Natarajan - Independent Director

During the year ended 31 March 2018, Four (4) meetings of the Committee were held on 29 April 2017, 18 July 2017, 9 November 2017 and 29 January 2018.

Name of the Member	Committee Meetings attended (Meetings held)
N. Mohanraj	4 (4)
M. Sivaraman	4 (4)
Venkatesh Natarajan	4 (4)

II. Nomination and Remuneration Committee

The Nomination & Remuneration Committee was constituted in the Board Meeting held on 28 March 2016.

The Nomination & Remuneration Committee shall provide advice and overall guidance to the Company regarding the nomination of Directors, implementation and monitoring of ESOP Schemes and remuneration practices of the Company.

Terms of reference

The role and responsibilities of the Committee shall include, but not be restricted to:

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships;
3. To assess the independence of Independent Non-Executive Directors;
4. To review the results of the Board performance evaluation process that relate to the composition of the Board;
5. 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.
6. To recommend remuneration payable to Non-Executive Directors of the Company from time to time.
7. Annual appraisal of the performance of the Managing Director and fixing his terms of remuneration.
8. Administration of ESOPs to employees as per the ESOP Scheme as approved from time to time.

Composition & Meetings

The Committee currently has three members including the Nominee Director and two independent members who have extensive experience across investments, insurance, mutual funds and housing finance:

1. Mr. Venkatesh Natarajan - Chairman of the Committee
2. Mr. N. Mohanraj - Independent Director
3. Mr. M. Sivaraman - Independent Director

During the year ended 31 March 2018, Five (5) meetings of the Committee were held on 29 April 2017, 9 November 2017, 30 November 2017, 29 January 2018 and 15 March 2018.

Name of the Member	Committee Meetings attended (Meetings held)
Venkatesh Natarajan	5 (5)
N. Mohanraj	5 (5)
M. Sivaraman	5 (5)

III. Business Impact Committee

The Business Impact Committee was constituted in the Board Meeting held on 29 January 2018.

Terms of reference

The role and responsibilities of the Committee shall include, but not be restricted to:

1. Oversight of the development and implementation of the developmental impact action plan of the Company hereinafter referred to as “DI Action Plan”.
2. Oversight of the development and implementation of the Environmental, Social and Governance action plan defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the Environmental, Social and Governance (ESG) Requirements in the business activities of the Company hereinafter to as “E&S Action Plan”.
3. Oversight of the establishment of the the overall management system of the Company dedicated to the systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in both the Company's activities and in the loan and investment appraisal and management processes, integrated in the Company's organizational structure, planning activities, responsibilities, practices, procedures, processes and resources, which is referred to as ESG Management System which shall include compliance with the ESG requirements namely:
    a. examining ESG policies and procedures and their implementation and making recommendations for their improvement to the Board;
    b. providing half-yearly reports to the Board on any material issue that has arisen as a result of the operation of the ESG Management System since the last meeting and an explanation as to how it is being dealt with;
    c. considering half-yearly reports from the management on implementation of the E&S Action Plan;
    d. reviewing and recommending a report on annual basis to the Board on matters in relation to ESG;
    e. considering ESG assessment reports, action points arising out of any social and environmental impact assessments and project specific action plans;
    f. vetting new projects where there is deemed to be a material risk of violation of the ESG Requirements;
    g. recommending appointment of consultants to Board to investigate alleged breaches of ESG Requirements, ESG policies and procedures;
    h. ensuring that the Company has put in place adequate systems and resources (including employees of sufficient expertise and seniority) to understand and determine the applicability of the ESG Requirements to the Company and monitor the underlying ESG Laws, IFC Performance Standards as updated by IFC in their webpage http://www.ifc.org/Performance Standards and the convention of the International Labour Organisation (ILO), the tripartite United Nations agency, whose conventions are available in their website http://www.ilo.org/global/standards/lang--en/index.htm

i. monitoring compliance of Clients with the ESG Standards

j. Committee shall meet atleast twice a year, to provide strategic guidance to deliver maximum impact and recommend development impact related initiatives to the Board.

Composition & Meetings

The Committee currently has three members:

1. Mr. D. Arulmany - MD & CEO, Chairman of the Committee
2. Mr. J. Prakash Rayen - COO
3. Mr. Nikhil Balaraman – Nominee of CDC Group Plc.

The Committee currently has two E&S Managers:

1. Mr. Kumareshan Sivam - HR
2. Ms. Priyanka I Misser - CS

During the year ended 31 March 2018, One (1) meeting of the Committee was held on 29 January 2018.

Name of the Members	Committee Meetings attended (Meetings held)
D. Arulmany	1 (1)
J. Prakash Rayen	1 (1)
Nikhil Balaraman	1 (1)

Name of the E&S Managers	Committee Meetings attended (Meetings held)
Kumareshan Sivam	1 (1)
Priyanka I Misser	1 (1)

Remuneration of Non-Executive Directors

As a policy, the Company pays sitting fees of Rs.25,000/- for every meeting to Independent Directors for attending Board or Committees constituted of the Board as decided, in Board Meeting held on 18 January 2016.

General Body Meetings

During the period from 01 April 2017 to 31 March 2018, Four Extraordinary General Meetings (EGM) were held as per details given below:

Date	Type of meeting	Time	Venue
17 April 2017	EGM	10.00 A.M.	Registered office of the Company
8 November 2017	EGM	10.00 A.M.	Registered office of the Company
27 December 2017	EGM	10.00 A.M.	Registered office of the Company
26 February 2018	EGM	10.00 A.M.	Registered office of the Company

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

Compliance Report

The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

Risk Management

The Company keeps the Board informed periodically of the significant risks associated with the business of the company and the various risk identification and mitigation processes put in place by the management.

Disclosures

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements. There were no material transactions with related parties i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

General Shareholder Information

Financial year: April 1st to March 31st

Shareholding pattern as on 31 March 2018

Equity:

Category	Number of Shares	% of total
Promoter & Relatives	50,00,000	17.70%
Resident Individual Investors	74,00,539	26.20%
Employees & their Relatives	38,50,000	13.63%
Institutional Investors	1,20,00,200	42.48%
Total	**2,82,50,739**	**100.00%**

Preference:

Category	Number of Shares	% of total
Institutional Investors	2,36,55,716	100.00%
Total	**2,36,55,716**	**100.00%**

Address for Correspondence:
Veritas Finance Private Limited
SKCL Central Square 1, South Wing,
1st Floor, Unit # C28-C35, CIPET Road,
Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600032
Tel.: +91 44 4615 0011
E-mail: corporate@veritasfin.in
Website:http://www.veritasfin.in

On behalf of the Board of Directors,
For Veritas Finance Private Limited,

M. Sivaraman
Director

N. Mohanraj
Director

D. Arulmany
Managing Director & CEO

Date : 27 April 2018
Place: Chennai

RAJASHREE SANTHANAM
Company Secretary

Flat No.6, Old No. 20
New No.8, Ramakrishna Street
T.Nagar, Chennai 600 017
Ph: 044 28142544 Cell: 95001 75971
Mail ID: rajashrees66@gmail.com

FORM NO. MGT-8
[Pursuant to section 92(2) of the Companies Act, 2013 and rule 11(2) of Companies (Management and Administration) Rules, 2014]

CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

I have examined the registers, records and books and papers of M/s Veritas Finance Private Limited (the Company) as required to be maintained under the Companies Act, 2013 (the Act) and the rules made thereunder for the financial year ended on 31 March 2018. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, and wherever applicable, I certify that:

A. the Annual Return states the facts as at the close of the aforesaid financial year correctly and adequately.

B. during the aforesaid financial year the Company has complied with provisions of the Act & Rules made there under in respect of:

1. its status under the Act;
2. maintenance of registers/records & making entries therein within the time prescribed thereof;
3. the company has, in general, filed the forms and returns with the Registrar of Companies and Regional Director within the prescribed time;
4. calling/ convening/ holding meetings of Board of Directors and the meetings of the members of the company on due dates as stated in the annual return in respect of which meetings, proper notices were given and the proceedings have been properly recorded in the Minute Book/registers maintained for the purpose and the same have been signed;
5. being Private Limited Company, Closure of Register of Members / Security holders is not applicable to the Company.
6. no advances/loans to its directors and/or persons or firms or companies referred in section 185 of the Act were given by the Company during the period under review;
7. no contracts/arrangements were entered with related parties as specified in section 188 of the Act;
8. issue or allotment or transfer or alteration of share capital and issue of security certificates in all instances;
9. there was no instance of keeping in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the period under review;
10. the company has not declared dividend during the period under review; there was no amount pending for transfer of unpaid/ unclaimed dividend/other amounts as applicable to the Investor Education and Protection Fund in accordance with section 125 of the Act;

11. signing of audited financial statement as per the provisions of section 134 of the Act and report of directors is as per sub - sections (3), (4) and (5) thereof;
12. the constitution / appointment / re-appointments / retirement / filling up casual vacancies / disclosure of the Directors, Key Managerial Personnel and the remuneration paid to them;
13. appointment/ reappointment/ filling up of casual vacancies of auditors as per the provisions of section 139 of the Act;
14. approvals required to be taken from the Central Government, Tribunal, Regional Director, Registrar, Court or such other authorities under the various provisions of the Act;
15. the Company, being a non-deposit taking Non-Banking Finance Company (NBFC-ND), the provisions of Section 73 to 76 of Companies Act, 2013 with respect to acceptance / renewal / repayment of deposit is not applicable.
16. borrowings from public financial institutions, banks and others and creation / modification / satisfaction of charges in that respect, wherever applicable;
17. the company has not provided loans, investments or guarantees or provided securities to other bodies corporate or persons falling under the provisions of section 186 of the Act ;
18. alteration of the provisions of the Memorandum and/ or Articles of Association of the Company;

Rajee

Rajashree Santhanam
Company Secretary
C.P. No. :10096

Place : Chennai
Date : 27 April 2018

ANNEXURE I

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
For the financial year ended 31.03.2018
[Pursuant to Section 92(3) of the Companies Act, 2013, and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

S.No.	Particulars	Details
(i)	CIN	U65923TN2015PTC100328
(ii)	Registration Date	30.04.2015
(iii)	Name of the Company	VERITAS FINANCE PRIVATE LIMITED
(iv)	Category / Sub-category of the Company	Company Limited by Shares / Non - Govt Company
(v)	Address of the Registered office and contact details	SKCL Central Square 1, South Wing, 1st Floor, Unit # C28-C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600032. Tel: +91 - 44 - 4615 0011 Email: corporate@veritasfin.in
(vi)	Whether Listed Company	No
(vii)	Name and Address of Registrar & Transfer Agents (RTA)	Karvy Computershare Private Limited Karvy Selenium Tower, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Telangana, India

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Extending credit to micro and small enterprises typically self-employed small business.	K-64-64920	96.93% of Gross Income

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate
NOT APPLICABLE			

IV. SHAREHOLDING PATTERN (EQUITY)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	50,00,000	50,00,000	32.68	-	50,00,000	50,00,000	17.70	(14.98)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(I) Relatives of Directors	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	**-**	**50,00,000**	**50,00,000**	**32.68**	**-**	**50,00,000**	**50,00,000**	**17.70**	**(14.98)**
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total share holding of Promoter (A)= (A)(1) + (A)(2)	**-**	**50,00,000**	**50,00,000**	**32.68**	**-**	**50,00,000**	**50,00,000**	**17.70**	**(14.98)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub Total (B)(1)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	12,00,000	-	12,00,000	7.84	12,00,100	-	12,00,100	4.25	(3.59)
ii) Overseas	100	-	100	0.00	1,08,00,100	-	1,08,00,100	38.23	38.23
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	76,50,000	14,50,000	91,00,000	59.48	1,12,50,539	-	1,12,50,539	39.82	(19.66)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub Total (B)(2)	**88,50,100**	**14,50,000**	**1,03,00,100**	**67.32**	**2,32,50,739**	-	**2,32,50,739**	**82.30**	**14.98**
Total share holding of Promoter (B)= (B)(1) + (B)(2)	**88,50,100**	**14,50,000**	**1,03,00,100**	**67.32**	**2,32,50,739**	**-**	**2,32,50,739**	**100**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**88,50,100**	**64,50,000**	**1,53,00,100**	**100**	**2,32,50,739**	**50,00,000**	**2,82,50,739**	**100**	**-**

(a) SHAREHOLDINGS OF PROMOTERS

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	D. Arulmany	45,00,000	29.41	-	45,00,000	15.93	-	(13.48)
2	Vidya Arulmany	5,00,000	3.27	-	5,00,000	1.77	-	(1.50)

(b) CHANGE IN PROMOTERS' SHAREHOLDING: NIL

(c) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	**SARVA CAPITAL LLC**				
	At the beginning of the year	100	0.00	100	0.00
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	Conversion from Series A CCPS to Equity Shares	-	-	1,07,99,900	38.23
	At the end of the year	100	0.00	1,08,00,000	38.23
2	**SAVITA S PAI**				
	At the beginning of the year	17,50,000	11.44	17,50,000	11.44
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	Conversion from Series B CCPS to Equity Shares	-	-	15,05,377	-
	At the end of the year	17,50,000	11.44	32,55,377	11.52
3	**P SURENDRA PAI**				
	At the beginning of the year	22,50,000	14.71	22,50,000	14.71
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	Conversion from Series B CCPS to Equity Shares	-	-	6,45,162	-
	At the end of the year	22,50,000	14.71	28,95,162	10.25
4	**J PRAKASH RAYEN**				
	At the beginning of the year	15,00,000	9.80	15,00,000	9.80
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	15,00,000	5.31	15,00,000	5.31
5	**V G SUCHINDRAN**				
	At the beginning of the year	12,50,000	8.17	12,50,000	8.17
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	12,50,000	4.42	12,50,000	4.42
6	**CASPIAN IMPACT INVESTMENT ADVISER PRIVATE LIMITED**				
	At the beginning of the year	12,00,000	7.84	12,00,000	7.84
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	12,00,000	4.25	12,00,000	4.25
7	**SYLVIA PRAKASH**				
	At the beginning of the year	5,00,000	3.27	5,00,000	3.27
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5,00,000	1.77	5,00,000	1.77

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
8	**V C KUMANAN**				
	At the beginning of the year	5,00,000	3.27	5,00,000	3.27
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5,00,000	1.77	5,00,000	1.77
9	**K VENKATESH**				
	At the beginning of the year	5,00,000	3.27	5,00,000	3.27
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5,00,000	1.77	5,00,000	1.77
10	**SHEIK ABDULLAH**				
	At the beginning of the year	2,50,000	1.63	2,50,000	1.63
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	2,50,000	0.88	2,50,000	0.88

(d) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**D. ARULMANY**				
	At the beginning of the year	45,00,000	29.41	45,00,000	29.41
	Date wise Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
	At the end of the year	45,00,000	15.93	45,00,000	15.93
2	**J. PRAKASH RAYEN**				
	At the beginning of the year	15,00,000	9.80	15,00,000	9.80
	Date wise Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
	At the end of the year	15,00,000	5.31	15,00,000	5.31
3	**V. G. Suchindran**				
	At the beginning of the year	12,50,000	8.17	12,50,000	8.17
	Date wise Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
	At the end of the year	12,50,000	4.42	12,50,000	4.42

V. INDEBTEDNESS

Rs. in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,086.24	-	-	7,086.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.80	-	-	8.80
Total (i+ii+iii)	**7,095.04**	-	-	**7,095.04**
Change in Indebtedness during the financial year				
* Addition	30,998.50	-	-	30,998.50
* Reduction	8,495.87	-	-	8,495.87
Net Change	**22,502.63**	-	-	**22,502.63**
Indebtedness at the end of the financial year				
i) Principal Amount	29,588.87	-	-	29,588.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	79.03	-	-	79.03
Total (i+ii+iii)	**29,667.91**	-	-	**29,667.91**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Rs. in lakhs

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. D Arulmany (MD & CEO)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.22	63.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others, please specify	-	-
	Total (A)=(1+4+5)	**63.22**	**63.22**
	Ceiling as per the Act	NA	

B. Remuneration to other Directors

Rs. in lakhs

S.No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. M Sivaraman	Mr. N Mohanraj	Mr. Abhijit Sen	
1	Independent Directors				
	Fee for attending board & committee meetings	4.25	4.50	0.75	9.50
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	**4.25**	**4.50**	**0.75**	**9.50**
2	Independent Directors	-	-	-	-
	Fee for attending board & committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	**4.25**	**4.50**	**0.75**	**9.50**
	Total Managerial Remuneration				**72.72**
	Overall Ceiling as per the Act				NA

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Rs. in lakhs

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total
		Mr. J Prakash Rayen (COO)	Mr. V.G. Suchindran (CFO)	Ms. Priyanka I. Misser (CS)	
1	Gross salary (in Rs.)				
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	47.92	49.41	7.18	104.51
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Employee Stock Options (in nos.)	15.00	5.00	-	20.00
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (C) (1+4+5)	**47.92**	**49.41**	**7.18**	**104.51**
	Ceiling as per the Act	NA			

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

On behalf of the Board of Directors,
For Veritas Finance Private Limited,

M. Sivaraman
Director
DIN : 02045100

N. Mohanraj
Director
DIN: 00181969

D. Arulmany
Managing Director &
Chief Executive Officer
DIN : 00009981

Date : 27 April 2018
Place: Chennai

ANNEXURE II

VERITAS Employees Stock Option Scheme (VERITAS ESOS), 2016

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	30,00,000
b. Options Granted	30,00,000
c. Options Vested	18,10,000
d. Options Exercised	Nil
e. The total no. of shares arising as a result of exercise of option	Nil
f. Options Lapsed / Surrendered	35,000
g. Variation of terms of option	Nil
h. Total number of options in force	29,65,000
i. Money realized by exercise of options	Nil
j.	
(a) Details of options granted to Key Managerial Personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2018	Nil
(c) Identified employees who were granted Options, during the period ended 31.03.2018, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard – 20	NA
l. The exercise price of Options	Exercise Price was Rs.10 for 26,00,000 Options (Batch 1 granted on 18.01.2016)
	Exercise Price was Rs.20 for 3,00,000 Options (Batch 2 granted on 10.11.2016)
	Exercise Price was Rs.20 for 1,00,000 Options (Batch 3 granted on 20.03.2017)

VERITAS Employees Stock Option Scheme (VERITAS ESOS), 2018

<table>
<tr><th>Nature of Disclosures</th><th>Particulars</th></tr>
<tr><td>a. Options approved to be issued as ESOPs</td><td>10,00,000</td></tr>
<tr><td>b. Options Granted</td><td>9,30,000</td></tr>
<tr><td>c. Options Vested</td><td>Nil</td></tr>
<tr><td>d. Options Exercised</td><td>Nil</td></tr>
<tr><td>e. The total no. of shares arising as a result of exercise of option</td><td>Nil</td></tr>
<tr><td>f. Options Lapsed / Surrendered</td><td>Nil</td></tr>
<tr><td>g. Variation of terms of option</td><td>Nil</td></tr>
<tr><td>h. Total number of options in force</td><td>9,30,000</td></tr>
<tr><td>i. Money realized by exercise of options</td><td>Nil</td></tr>
<tr><td>j.
(a) Details of options granted to Key Managerial Personnel</td><td>Nil</td></tr>
<tr><td>(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2018</td><td>Options granted on 22.03.2018:
<table>
<tr><td>SUDHARSAN T.E</td><td>100,000</td><td>10.75%</td></tr>
<tr><td>PARTHIBAN .S</td><td>100,000</td><td>10.75%</td></tr>
<tr><td>KUMARESHAN SIVAM .P</td><td>100,000</td><td>10.75%</td></tr>
<tr><td>MOHANASUNDARAM .C</td><td>50,000</td><td>5.38%</td></tr>
<tr><td>RAMESH .R</td><td>50,000</td><td>5.38%</td></tr>
<tr><td>SATHISH BABUJI</td><td>50,000</td><td>5.38%</td></tr>
<tr><td>SRINIVAS</td><td>50,000</td><td>5.38%</td></tr>
<tr><td>SATISH .K</td><td>50,000</td><td>5.38%</td></tr>
<tr><td>MAHESH .M</td><td>50,000</td><td>5.38%</td></tr>
</table></td></tr>
<tr><td>(c) Identified employees who were granted Options, during the period ended 31.03.2018, equal or exceeding 1% of the issued capital of the Company at the time of grant</td><td>Nil</td></tr>
<tr><td>k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard – 20</td><td>NA</td></tr>
<tr><td>l. The exercise price of Options</td><td>Exercise Price was Rs.40 for 9,30,000 Options granted on 22.03.2018.</td></tr>
</table>

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Overview

In India, Micro Small and Medium Enterprises (MSMEs) account for more than 80 percent of total industrial enterprises, produce over 8000 value added products and employ an estimated 60 million people. MSMEs in India contribute around 45 per cent to manufacturing output and about 40 percent to exports, both directly and indirectly. In addition, over 50 percent of MSMEs are rural enterprises and widely distributed across low-income states making them an important sector for promoting inclusive economic growth and poverty reduction. With one million people entering the labour force every month in India, MSMEs have the potential to be an important source of wage employment and entrepreneurship. They can also foster innovation as well as be the cradle for the Government's `Make in India' vision, which encourages companies to manufacture their products in India. For these ideas to take shape, addressing the key constraint that inhibit MSMEs from accessing finance is of utmost importance.

Company Overview

Veritas Finance Private Limited is Non-Banking Financial Company (“NBFC”) registered with Reserve Bank of India (“RBI”) presence across union territory of Puducherry and States of Tamil Nadu, West Bengal, Karnataka and Odisha. The Company commenced operations in April, 2015 with a focus on lending to Micro, Small and Medium Enterprises (“MSME”) segments primarily in the rural and semi-urban areas.

Veritas Funding Methodology

As an organisation that operates in providing loans to MSME segment, veritas has developed unique credit methodologies for different customer segments. This is used to study our customers' enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability and credit behavior are subjected to scrutiny through traditional and non-traditional methods.

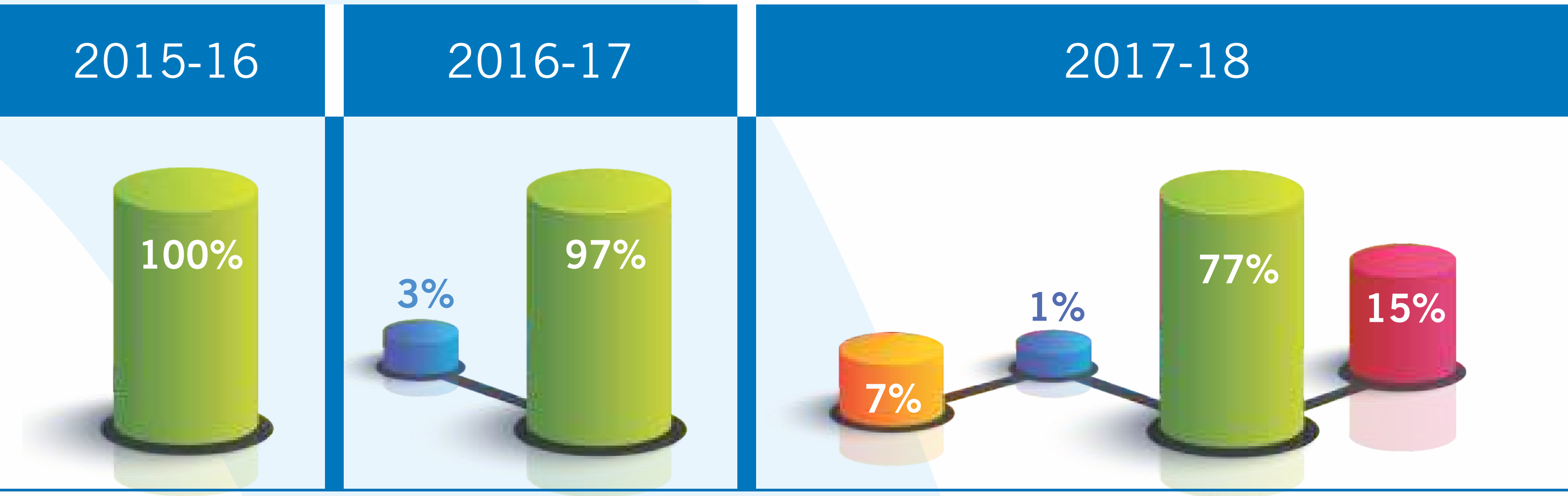
The former includes income document checks and various kinds of credit bureau checks, the latter deals with non-traditional income documents and reference checks. The database of references is maintained segment-wise and updated regularly. The segments are continuously monitored and studied and the changes are incorporated in the credit assessment accordingly. The credit assessment gets additional strength from the collateral, which is taken for moral suasion.

Portfolio Performance - FY 18

As on 31 March 2018, Veritas catering to 14,635 small business entrepreneurs. The gross loan portfolio was up by 263% to Rs.335.03 Crores as of 31 March 2018 compared to Rs.92.31 crores as of 31 March 2017. The share of secured loan portfolio, i.e., Mortgage Lending increased to 96% from 90% and unsecured loan portfolio, i.e., Working Capital loans decreased to 4% from 10% last year.

GEOGRAPHICAL DIVERSIFICATION

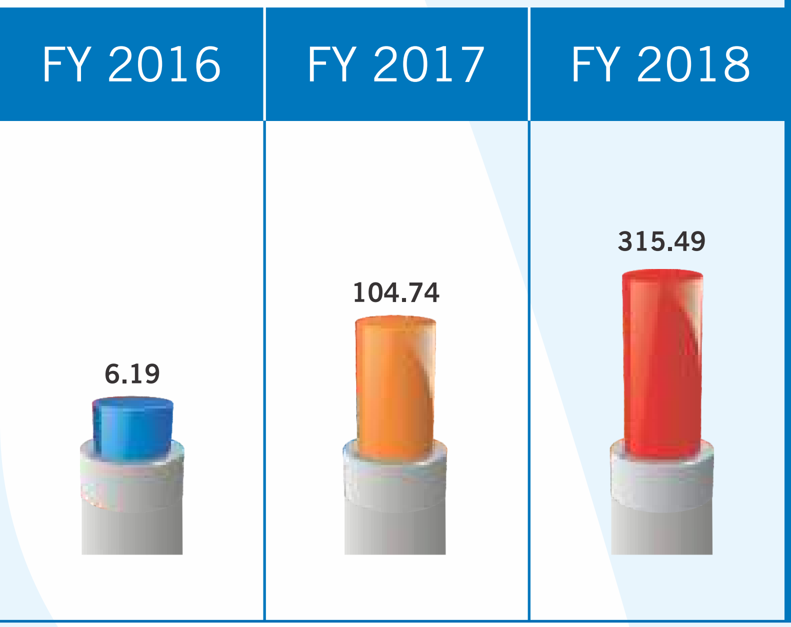
TAMIL NADU   KARNATAKA   PUDUCHERRY   WEST BENGAL   ODISHA



During the year, the Company rolled-out new branches taking the total count of branches to 72 spread across 4 States and 1 Union Territory as of 31 March 2018. The Company registered 201% growth in terms of loan disbursements from Rs. 104.74 Crores in FY17 to Rs.315.49 Crores in FY18. The percentage of gross non-performing assets (GNPA) on the loan portfolio as of 31 March 2018, was at 0.74% compared to 0.95% as of 31 March 2017.

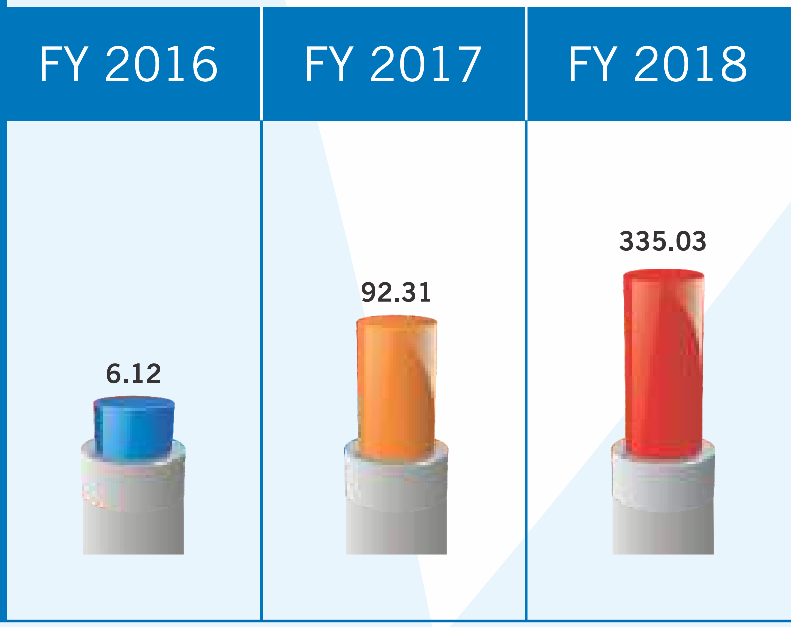
DISBURSEMENT

(Rs. in Crores)



GROWTH IN LOAN BOOK

(Rs. in Crores)



Capital

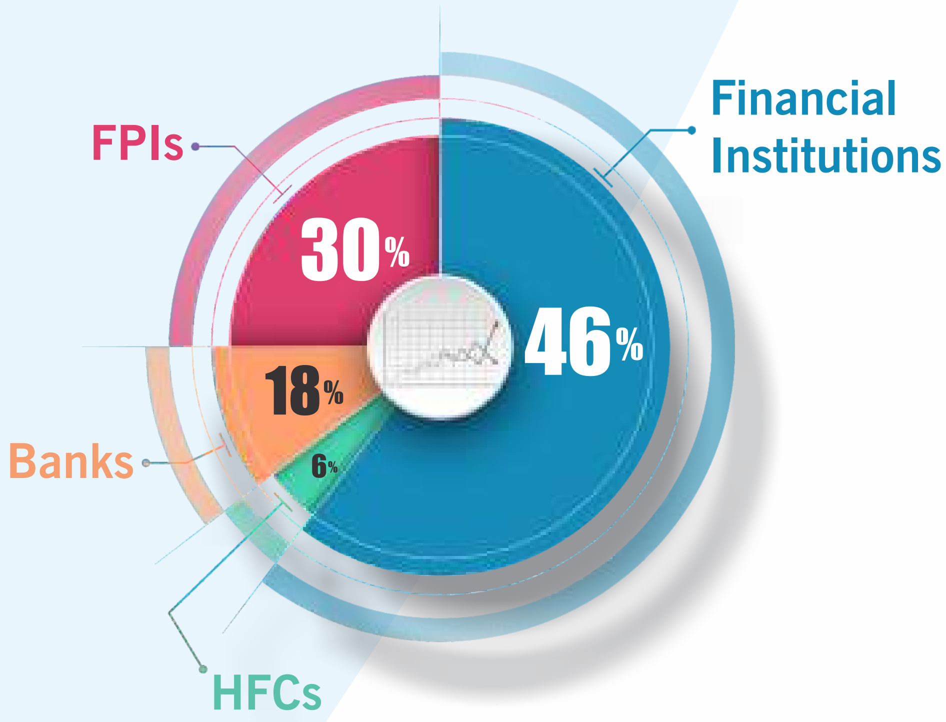
The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs.45 Crores on 31 March 2017 to Rs.164 Crores as of 31 March 2018. In the year FY18, the company has raised an amount of Rs.120 Crores as fresh equity capital from CDC Group Plc. and Lok Capital Growth Fund apart from the existing investors. This will help the Company to continue its future growth plans on a strong capital base. The company has maintained a healthy capital adequacy ratio, well above the levels directed by the RBI. As of 31 March 2018, the overall capital adequacy ratio of the Company is 48.02% with Tier-I capital adequacy at 47.06%.

Diversified Funding Profile

The company has successfully diversified its liability portfolio with an array of 20 different lenders including banks, housing finance companies, NBFCs & Foreign Portfolio Investors in FY18. During the last financial year, the Company has successfully opened up new avenues of funding and raised significant amounts of funds through Non-Convertible Debentures (NCDs) from FPIs based in Europe.

During the year, rating agency CARE Ratings has assigned investment grade rating of “CARE BBB- (CARE Triple BBB minus)” for the long term bank borrowings and NCDs of the company.

LENDERS MIX



Asset Liability Management

The Company has a conservative and prudent policy for matching funding to assets which translates to a robust Asset-Liability stability. As a key strategy to manage healthy cash flows, the Company maintains two months of cash requirements in the form of un-drawn limits or in cash equivalents.The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis. The company has mix of fixed /floating rate borrowings. The company lends on fixed rate basis and borrowings on both fixed and floating rates. This ensure maintenance of net interest spread at optimum levels.

Internal Control Systems

Internal control systems at Veritas is adequate and commensurate with its size and the nature of its operations. The Company's system of internal controls is designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. To ensure that assets are safeguarded against losses that may arise due to unauthorised use or disposition, company has in place adequate systems to ensure that assets and transactions are authorised, recorded and reported. By implementing robust loan management systems it has further strengthened its system controls.

The external Internal Auditor reports to the Audit & Risk Management Committee of the Board of Directors of the Company. The Internal Auditor conducts comprehensive audits of functional areas and operations of the Company to examine the adequacy of and compliance with policies, plans and statutory requirements. Any significant observations from the audit are reported to the Audit Committee and follow-up actions are taken accordingly. The Audit & Risk Management Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

During the year Internal Financial Control audit was also carried out by the independent audit firm.

Information Technology

Veritas has made significant strides in the area of technology during last year by continuously investing into systems taking into account the future growth of the Company. The Company recognises the need for a robust information security overlay in a connected world and has invested significantly in globally accepted platforms and solutions for enterprise security solutions.

Risk Management

The company is committed to creating value for its stakeholders through sustainable business growth and with that intent has put in place a robust risk management framework to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. Given the nature of the business, the Company acknowledges that these are vital elements for mitigating various risks posed by the environment.

Credit Risk Management: The Company has established detailed procedures and policies for underwriting across various product categories. The Company underwrites loans on the basis of assessed cash flows of customers in terms of monthly instalments to income ratio or other such credit evaluation tools as it deems necessary, including inputs from credit bureau information reports as required. While it does lay emphasis on detailed credit underwriting processes, it also considers various other factors like the underlying collateral and the loan to value ratios approved for the customer. These policies are regularly monitored against desired outcomes for the organisation and revised as necessary.

Interest rate volatility: Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector. Further, the Company ensures that it maintains an appropriate proportion of liabilities at floating rate to avoid interest rate mismatches across buckets as its lending is on fixed rate basis.

Competition: The financial services space in India is quite competitive. The Company is of the belief that from the country's point of view India needs an ever-growing number of players to address the gaps in the market place. There is scope for sustained business growth despite competition. Further, being a Company which has high governance standards, robust internal controls and advanced IT & Risk management systems, the Company is comfortable and confident to grow from the current level.

Changes in policies towards NBFC: There is a growing trend towards more stringent regulation in the NBFC sector. The Company is of the view that these changes are structurally beneficial for the financial services industry.

Operational Risk Management: Towards minimising operational risks, the Company has put in place a mechanism with system based 'maker-checker' processes for critical controls.

Human Resource

People remain the most valuable asset of the company. Company is professionally managed by the MD & CEO with senior management personnel having rich experience. The company follows a policy of building strong teams of talented professionals. Veritas encourages, appreciates and facilitates long term careers. The company continues to build on its capabilities in getting the right talent to support different products & geographies and is taking effective steps to retain the talent. As on 31 March 2018, the company had 719 employees.

Result of Operations

Balance sheet

The company's balance sheet has significantly grown compared to the previous year. The summarised version of the same is given below:

Rs. in Crores

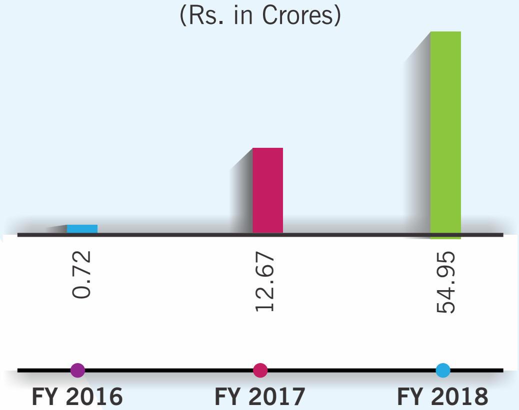
Particulars	March 2018	%	March 2017	%	YOY Growth %
Assets					
Loan Assets	335.03	71%	92.31	80%	263%
Other Assets	137.51	29%	22.33	20%	516%
Total	**472.54**	**100%**	**114.63**	**100%**	**312%**
Liabilities					
Networth	165.70	35%	40.09	35%	313%
Borrowings	295.89	63%	70.86	62%	318%
Other Liabilities	10.95	2%	3.68	3%	198%
Total	**472.54**	**100%**	**114.63**	**100%**	**312%**

Statement of Profit & Loss

During the year, the company's total income by 334% from Rs. 12.67 Crores to Rs.54.95 Crores and PBT was Rs.6.50 Crores when compared to Loss before Tax of Rs. 2.84 Crores and PAT grew to Rs.6.06 Crores against a loss of Rs.2.84 Crores.

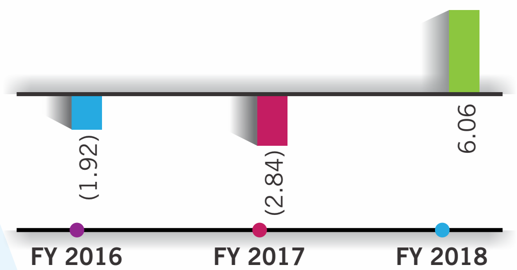
TOTAL REVENUE

(Rs. in Crores)



PAT

(Rs. in Crores)



The summary of financials years for the last two financials years is as follows:

Rs. in Crores

Particulars	March 2018	%	March 2017	%	YOY Growth %
Revenue from operations	53.69	98%	11.69	92%	359%
Other Income	1.26	2%	0.98	8%	28%
Total Income (A)	**54.95**	**100%**	**12.67**	**100%**	**334%**
Finance Cost	17.90	37%	3.30	21%	442%
Other Operating Cost	27.23	56%	11.12	72%	145%
Provisions & Losses	3.32	7%	1.08	7%	208%
Total Expense (B)	**48.45**	**100%**	**15.51**	**100%**	**212%**
Profit Before Tax (PBT) (A-B)	6.50	-	(2.84)	-	-
Current and Deferred Tax	0.44	-	-	-	-
Profit After Tax (PAT)	**6.06**	**-**	**(2.84)**	**-**	**-**

For and on behalf of the Board of Directors,

D. Arulmany
Managing Director and CEO

Place: Chennai
Date : 27 April 2018

BUSINESS RESPONSIBILITY REPORT

(Even though, Regulation 34 (2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is not applicable, Veritas Finance Private Limited ***("Veritas")*** *is disclosing this report on voluntary basis)*

Introduction

Veritas Finance Private Limited **("Veritas")** is Non-Banking Finance Company Registered with Reserve Bank of India. The disclosures in this report are aligned to the Principles of Business Responsibility as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, Government of India. This report provides transparent and relevant information on Veritas efforts and its performance against the nine principles of Business Responsibility **("BP")**.

Section A: General Information about the Company

S.No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	U65923TN2015PTC100328
2.	Name of the Company	Veritas Finance Private Limited
3.	Registered address	SKCL Central Square 1, South Wing, 1st Floor, Unit # C28-C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600032.
4.	Website	http://www.veritasfin.in
5.	Email id	corporate@veritasfin.in
6.	Financial year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code: 64920
8.	Three key products/services of the Company (as in balance sheet)	Lending to Micro, Small and Medium sized Enterprises (MSME)
9.	Number of international locations	Nil
10.	Number of national locations	72 Branches spread across 4 States & 1 Union Territory
11.	Markets served by the Company - Local / State / National / International	The company serves Local / State level markets with focus on providing loans primarily for small business in these locations.

Section B: Financial Details of the Company

S.No.	Particulars	Details
1.	Paid up capital (Rs. in lakh)	Rs. 5,190
2.	Total turnover (Gross Revenue) (Rs. in lakh)	Rs. 5,494
3.	Total profit after taxes (Rs. in lakh)	Rs. 606
4.	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	Nil. The company was incorporated on 30th April 2015, Since the company has reported losses in the preceding two years, the company has not spent on CSR.
5.	List of activities in which expenditure in 4 above has been incurred	Not Applicable

Section C: Other details

S.No.	Particulars	Details
1.	Does the Company have any Subsidiary Company/Companies?	No
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary Company(s)	Not Applicable
3.	Do any other entity/entities (e.g. Suppliers, distributors etc.) that the company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [less than 30%, 30-60%, More than 60%	No

Section D: BR information

1. Details of Director(s) responsible for BR

(a) Details of the Director responsible for implementation of the BR policy(ies)

S.No.	Particulars	Details
1.	DIN	00009981
2.	Name	Mr. D. Arulmany
3.	Designation	MD & CEO

(b) Details of the BR head

S.No.	Particulars	Details
1.	DIN (if applicable)	00009981
2.	Name	Mr. D. Arulmany
3.	Designation	MD & CEO
4.	Telephone number	+91 44 4615 0011
5.	E-mail id	corporate@veritasfin.in

2. Principle-wise (as per National Voluntary Guidelines) BR Policy(ies)

The 9 principles outlined in the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well being of all employees
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy(ies) for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online	All Policies which are statutorily required be displayed on the website are available on www.veritasfin.in under Policies section.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The communication on policies covering all internal and external stakeholders is an on-going process.								
8.	Does the Company have in-house structure to implement the policy(ies)?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy(ies) to address stakeholders' grievances related to the policy(ies)?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of these policies by an internal or external agency?	Our management independently evaluates the workings of these policies								

* All Policies have been formulated after detailed deliberations on best practices adopted by various financial institutions and customized as per our requirements.

# Principle-wise policies		
P1	Ethics, Transparency & Accountability	The Company follow highest level of Corporate Governance and ethics. It has adopted internal Guidelines on Corporate Governance, Whistle Blower Policy & Vigil Mechanism, KYC & Anti Money Laundering Policy, Fair Practice Code.
P2	Sustainability in Life cycle of product	The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability. The Company is in the process of finalizing a Corporate Social Responsibility Policy. The Company has also formulated the Fair Practice Code and Policy on Interest Rate Model.
P3	Employee well being	In line with the general laws and regulations and sound ethical practices followed, the Company has adopted employee oriented policies covering areas such as employee benefits, leave, travel, relocation, staff loans, work schedule, work environment, dress code & grooming standard, insurance benefits and prevention of sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations. In addition to the above, the Company has also formulated Whistle Blower Policy / Vigil Mechanism of the Company which help the company in taking necessary action.
P4	Stakeholders Engagement	The Company uses multiple forums for stakeholder's engagements. The company has rolled out "V talk" app for employee engagement where among other features, they will a hot line to the MD & CEO. For Customers, the company has a toll free number apart from inbound and outbound call center to meet the service requirements. Investors have access to monthly information apart from quarterly meetings with the senior management.
P5	Promotion of Human Rights	The Company has policies like Employees Code of Conduct, Policy on Prevention of Sexual Harassment to promote equal rights and opportunities for all employees.
P6	Environment Protection	The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in e-waste regulations towards addressing environmental issues.
P7	Responsible public policy advocacy	While there is no specific policy outlined for this principle, the Company is in compliance with all applicable public policies.
P8	Inclusive growth	The company typically lends to first time borrowers, whose source of borrowings is traditional money lenders. By lending to the above segment, the company creates formal credit history for borrowers.
P9	Customer Value	The Fair Practice Code the Company and Policy on Interest Rate Model and Gradation of Risk, Policy on PLR (Prime Lending Rate) are available on website of the Company.

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).	The performance on aspects of BR is reviewed by MD &CEO on a periodical basis i.e., at least once a year.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report is made part of the Annual Report, which is available in www.veritasfin.in from FY 2017-18 onwards.

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   Veritas has put in place a Code of Conduct which covers all its employees including senior management. The Code articulates the ethical principles and acceptable behavior that the employees are expected to demonstrate and also to uphold the values ofVeritas. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. Veritas is in the process of adapting Code of Conduct for Directors to provide a framework to the Board members in ensuring adoption of highest ethical standards in managing the affairs of the company.. The company's commitment to ethics and accountability is emphasized upon in all interaction with the stakeholders, right from the time of association with the company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   Veritas has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns. The details of the stakeholder complaints are as below:

	Complaint received during 2017-18	% of complaints resolved
Customer complaints	28	78.57%
Investor complaints	Nil	Nil

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

   The Company empowers those who reside at the lower end of the social pyramid. These customers are largely ignored by the conventional banking system, or they are located in cities in non-banking or under-banked locations. While the Company empowers its customers, it also co-creates new opportunities for them to increase business through its products portfolio as shared below.

   - Mortgage backed Business Loans, Loans for acquisition of asset/investories
   - Working capital loans

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   (a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company is in the financial services sector, therefore this aspect does not relate to the nature of the business. However, the Company constantly strives to take steps in the area of conservation of energy by adopting energy efficiency methods, such as use of energy efficient lights in the offices, usage of video conferencing facility in its office and branches, thereby reducing carbon footprint though minimization of travel, sharing the Annual Report through electronic mode to the stakeholders, thereby reducing the usage of paper, etc.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

(a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Considering the nature of the Company's products, which is service-oriented and not material resource intensive, sustainable sourcing for the Company's products is not applicable. However, as a responsible corporate citizen, the Company endeavors to reduce the environmental impact of its operations. The Company has made conscious efforts to reduce the usage of paper through various digital initiatives, some of which have been outlined elsewhere in this document as well as initiated an e-waste management.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The business of company is service oriented and not material resource intensive. The human resources and other services required for our operations are generally sourced from within the local area to the extent feasible. The financial products offered by Veritas are aimed at encouraging entrepreneurship, innovation and capacity building among the financially vulnerable sections of the society as well as to enable them to scale up their business operations.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Considering the nature of the Company's products, which is service oriented and not material resource intensive, recycling of products is not applicable for the Company's products except for e-waste, which is done as per environmental norms.

Principle 3 - Businesses should promote the well-being of all employees

1.	Total Number of Employees	719
2.	Total number of employees hired on contractual basis	Nil
3.	Number of permanent women employees	50
4.	Number of permanent employees with disabilities	Nil
5.	Is there an employee association that is recognized by Management?	Veritas engages with employees through various forums to obtain constructive feedback.
6.	Percentage of your permanent employees who are members of this recognized employee association	While there is a structured employee grievance redressal mechanism in place, employees are also encouraged to directly approach MD / Audit & Risk Management Committee in case of serious grievances, misgivings or unethical practices.

6. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil

7. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

All employees are given periodical training on precautions and procedures to be followed in cases of emergencies such as fire, earthquake and other natural calamities.

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders?

Veritas engages with multiple stakeholders through formal and informal channels of communication. The key stakeholder groups are identified as follows:

i) Employees

ii) Customers

iii) Investors

iv) Lenders

v) Vendors / Service Providers

vi) Regulators

vii) Rating Agency

viii) Community

Veritas constantly strives to keep the channels of communication open and transparent with all its stakeholders, with a view to maximizing stakeholder satisfaction and value creation.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Not Applicable

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   The company is planning to through its CSR policy, which is in the process of being finalized.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   Veritas is committed to upholding the dignity of every individual engaged or associated with the Company. The Fair Practices Code as well as Employee Code of Conduct, lays down the acceptable employee behavior on various aspects including human rights. All employees with direct interface to customers including collection staff are trained to be polite and courteous to customers under all circumstances. This focus on human rights extends towards all its interactions with stakeholders with utmost importance placed on fairness and transparency.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaint was received for human rights violation during the reporting period

Principle 6: Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.**

   Veritas recognizes the need to respect, protect and make efforts to restore the environment in all its activities. Some of the initiatives taken in this regard have been outlined under Principle 2 - Question 2.

   The Company also endeavors to promote sound environmental, social and governance standards (ESG). The Company has a Policy on Environmental and Social Safeguards framework for Micro & Small Enterprises, integrating environmental and social safeguards into the appraisal process of loan applications for micro & small enterprises.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   Not Applicable

3. **Does the Company identify and assess potential environmental risks?**

   Not Applicable

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Not Applicable

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc., Y/N. If yes, please give hyperlink for web page etc.**

   Yes. The Company has a multi-pronged approach to managing its environmental impacts. Focus is placed on energy efficiency and to reduce environmental impacts. The Company also aims to leverage its digital and information technology strategy to reduce environmental impacts related to usage of paper and reduction of travel by customers to branches.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Not Applicable. The Company being a financial sector company is not engaged in any manufacturing activities that will lead to emissions. E-waste generated are disposed of as per the applicable regulations.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   None

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is a member of trade bodies and associations such as the Associated Chambers of Commerce of India (ASSOCHAM) and Finance Industry Development Council (FIDC),

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   No.

Principle 8: Businesses should support inclusive growth and equitable development

The Company's Vision is “To be recognized by our fairness, responsible approach, and service quality as the most admired company in the inclusive financing space by all stakeholders”Hence, the entire operations of the company are directed towards inclusive growth and equitable development.

1. **Does the Company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The company uses direct marketing activities to source the customers.

2. **Are the programmes / projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The company pursues its business activities through the in-house team.

3. **Have you done any impact assessment of your initiative?**

   No. We plan to do the same once the business cycle of the loans is completed.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   As the company was not making profits in the last two years, no direct contribution made for the community development projects. However, the company has engaged Indian Association for Blind which is fully operated by visually challenged people for the company's call center activities.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Not Applicable

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   Six customer complaints are pending out of twenty-eight complaints received and one complaint is pending in consumer court.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Yes. The company complies with disclosure requirements with regards to it's loan products and services as per applicable regulations.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so?**

   None.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   The Company is a customer centric business organization. It is done on an ongoing basis namely

   Call center: Call center helps resolve customer complaints in real time. It also tracks and monitor call flow pattern and performance.

   Email: Customers can also contact the Company through a dedicated email channel.

   Website: Customers can access the company's website www.veritasfin.in for providing feedback.

   Customer service executives: The branches have a customer service executive to service walk-in customers.

For and on behalf of the Board of Directors,

D. Arulmany
Managing Director and CEO

Place: Chennai
Date : 27 April 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Veritas Finance Private Limited

Report on the audit of the financial statements

We have audited the accompanying financial statements of **Veritas Finance Private Limited** ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

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

Auditor's responsibility

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

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

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

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

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Report on other legal and regulatory requirements

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

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

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

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

   c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of written representations received from the directors as on 31 March 2018, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018 - Refer note 40 to the financial statement.

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

K. Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : 27 April 2018

Annexure A to the Independent Auditor's Report to the members of Veritas Finance Private Limited for the year ended 31 March 2018

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties and accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company without accepting deposits (NBFC-ND) and primarily engaged in lending activities; accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) The Company does not have any loan, investment, guarantees and security which requires compliance under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) 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 accepted deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and services tax, cess and any other material statutory dues have been generally deposited regularly during the year by the Company with the appropriate authorities except for certain delays in remittance of income tax deducted at source ranging up to 12 days. As explained to us, the Company did not have any dues on account of sales tax, duty of customs, duty of excise and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and services tax, cess and any other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, service tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bankers, financial institutions or debenture holders. The Company did not have any outstanding loans or borrowings to government during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(x) According to the information and explanations given to us, no material fraud on or by the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company being a private Company, the provisions of section 197 read with schedule V to the Companies Act, 2013 is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, we were given to understand that there are no transactions that require approvals in accordance with section 188 of the companies Act, 2013. Related party transactions as required by the relevant accounting standards has been disclosed in the financial statements. The company is private limited company and hence the provisions of section 177 of the companies Act, 2013 is not the applicable.

(xiv) The Company has during the year offered shares for private placement and has complied with the provisions of Section 42, of the Companies Act, 2013. According to the information and explanations give to us and based on our examination of the records of the Company, the amount so raised has been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has obtained the registration, required under section 45-IA of the Reserve Bank of India Act 1934.

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

K. Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : 27 April 2018

Annexure B to the Independent Auditor's Report to the members of Veritas Finance Private Limited for the year ended 31 March 2018

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

We have audited the internal financial controls with reference to the financial statement of **Veritas Financial Private Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

K. Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : 27 April 2018

BALANCE SHEET AS AT 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

	Particulars	Note	As at 31 March 2018	As at 31 March 2017
A	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
	Share capital	3	5,190.64	2,610.00
	Reserves and surplus	4	11,379.40	1,399.09
			16,570.04	**4,009.09**
	Non-Current Liabilities			
	Long-term borrowings	5	20,024.84	3,077.38
	Long-term provisions	6	303.30	94.08
			20,328.14	**3,171.46**
	Current Liabilities			
	Short-term borrowings	7	900.87	1,683.34
	Trade payables			
	- dues to micro and small enterprises		-	-
	- dues to others	8	39.92	9.24
	Other current liabilities	9	9,293.97	2,556.72
	Short-term provisions	6	121.40	33.56
			10,356.16	**4,282.86**
	Total		**47,254.34**	**11,463.41**
B	**ASSETS**			
	Non-current assets			
	Fixed assets			
	- Property, plant and equipment	10.1	331.98	140.17
	- Intangible fixed assets	10.2	165.86	37.70
	- Intangible fixed assets under development	10.3	0.51	85.74
	Deferred tax asset (net)	11	126.29	-
	Long-term loans and advances			
	- Receivables under financing activities	12	26,953.86	7,592.37
	- Other loans and advances	13	227.79	54.47
	Other non-current assets	14	107.61	68.84
			27,913.90	**7,979.29**
	Current assets			
	Short-term loans and advances			
	- Receivables under financing activities	12	6,549.16	1,638.19
	- Other loans and advances	13	108.48	39.41
	Cash and bank balances	15	12,129.44	1,673.92
	Other current assets	16	553.36	132.60
			19,340.44	**3,484.12**
	Total		**47,254.34**	**11,463.41**
	Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

for and on behalf of the board of directors of
Veritas Finance Private Limited,

M. Sivaraman
Director
DIN : 02045100

N. Mohanraj
Director
DIN: 00181969

D. Arulmany
Managing Director and Chief Executive Officer
DIN : 00009981

V.G. Suchindran
Chief Financial Officer

Priyanka I Misser
Company Secretary

Place : Chennai
Date : 27 April 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
REVENUE			
Revenue from operations	17	5,369.14	1,168.60
Other income	18	125.56	98.42
Total Revenue		**5,494.70**	**1,267.02**
EXPENSES			
Employee benefits expense	19	1,982.25	791.82
Finance costs	20	1,790.43	330.33
Depreciation and amortization	21	122.46	41.76
Other expenses	22	617.77	278.88
Provision and loan losses	23	331.85	107.80
Total Expenses		**4,844.76**	**1,550.59**
Profit / (Loss) before tax		**649.94**	**(283.57)**
Tax expense:			
- Current tax			
MAT for the year		187.78	-
Less: MAT Credit entitlement		(17.74)	-
- Deferred tax		(126.29)	-
Net tax expense		43.75	-
Profit / (Loss) after tax for the year		**606.19**	**(283.57)**
Earnings per equity share of Rs. 10 each	28		
- Basic		2.50	(1.86)
- Diluted		1.14	(1.86)
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

Place : Chennai
Date : 27 April 2018

for and on behalf of the board of directors of
Veritas Finance Private Limited,

M. Sivaraman
Director
DIN : 02045100

N. Mohanraj
Director
DIN: 00181969

D. Arulmany
Managing Director and Chief Executive Officer
DIN : 00009981

V.G. Suchindran

V.G. Suchindran
Chief Financial Officer

Priyanka

Priyanka I Misser
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Particulars		For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities			
Profit / (Loss) before tax		649.94	(283.57)
Adjustments for:			
Depreciation and amortization		122.46	41.76
Contingent provision for standard assets		241.12	85.31
Provision for non-performing assets		49.21	22.42
Finance costs		1,790.43	330.33
Loss assets written off		41.52	0.07
Loss on sale of fixed assets (net)		-	0.38
Gain on sale of current investments		(115.58)	(98.35)
Operating cash flow before working capital changes		**2,779.10**	**98.35**
Changes in working capital			
Increase in receivables under financing activities		(24,313.98)	(8,619.50)
Increase in loans and advances		(171.03)	(50.92)
Increase in other assets		(422.23)	(125.10)
Increase in trade payables		30.68	6.88
Increase in other current liabilities		329.38	211.19
Increase in other provisions		6.73	12.87
Cash used by operations		**(21,761.35)**	**(8,466.23)**
Finance costs paid		(1,720.20)	(321.53)
Direct taxes paid (net)		(241.40)	(5.40)
Net cash used by operations	**(A)**	**(23,722.95)**	**(8,793.16)**
Cash flows from investing activities			
Purchase of fixed assets		(357.20)	(202.84)
Proceeds from sale of fixed assets		-	0.22
Fixed deposits with banks and others (net)		(53.40)	800.00
Purchase of current investments		(93,130.00)	(47,675.00)
Proceeds from sale of current investments		93,245.58	47,773.35
Net cash (used) in / provided by investing activities	**(B)**	**(295.02)**	**695.73**
Cash flows from financing Activities			
Proceeds from issue of preference shares		11,954.67	-
Proceeds from issue of equity shares (net)		0.09	125.00
Proceeds from long term borrowings		30,998.50	6,000.00
Repayment of long term borrowings		(7,713.40)	(597.10)
Short term borrowings during the year (net)		(782.47)	1,683.34
Net cash provided by financing activities	**(C)**	**34,457.39**	**7,211.24**

Contd.

	Particulars	As at 31 March 2018	As at 31 March 2017
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	**10,439.42**	**(886.19)**
	Cash and cash equivalents at the beginning of the year	1,643.42	2,529.61
	Cash and cash equivalents at the end of the year	**12,082.84**	**1,643.42**
	Notes to cash flow statement		
1	**Components of cash and cash equivalents:**		
	(excluding deposits under lien)		
	Cash on hand	8.55	0.43
	Balances with banks		
	- Current accounts	2,474.29	1,642.99
	- Deposit accounts with original maturity of 3 months or less	9,600.00	-
		12,082.84	**1,643.42**

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

Place : Chennai
Date : 27 April 2018

for and on behalf of the board of directors of
Veritas Finance Private Limited,

M. Sivaraman
Director
DIN : 02045100

N. Mohanraj
Director
DIN: 00181969

D. Arulmany
Managing Director and
Chief Executive Officer
DIN : 00009981

V.G. Suchindran

V.G. Suchindran
Chief Financial Officer

Priyanka

Priyanka I Misser
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

1 Company overview

Veritas Finance Private Limited (CIN:U65923TN2015PTC100328) ('the Company') was incorporated on 30 April 2015.

The Company has received the Certificate of Registration dated 15 October 2015 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND").

The Company is engaged in extending credit to micro and small enterprises typically self-employed business. The Company follows the cash flow based credit assessment with suitable adaptations for each type of business, where the loans are given for business expansion, working capital, purchase of assets, construction of houses etc.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India (Indian GAAP) and conform to the statutory requirements, circulars, regulations and guidelines issued by Reserve Bank of India (RBI) from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material aspects with the Accounting Standards ("AS") notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the RBI for Non-deposit taking Non-Banking Finance Companies (NBFC-ND).

2.2 Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, reported balance of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

2.3 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

2.4 Revenue recognition

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

(i) Interest income is recognized in the statement of profit and loss on an accrual basis. Interest income on Non-Performing Assets (NPA) is recognised as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed in the month in which the loan is classified as NPA.

(ii) Processing fees are recovered and recognised at the time of disbursement of loan / receipt.

(iii) Interest income on other deposits are recognised on a time proportion basis. Income from dividend is recognized in the statement of profit and loss when the right to receive is established.

(iv) Profit / Loss on disposal of an investment is recognised at the time of such sale / redemption and is computed based on weighted average cost.

2.5 Property, plant and equipment and Intangible fixed assets

Property, Plant and Equipment [PPE]

PPE are stated at cost less accumulated depreciation and impairment losses, if any. The cost of PPE includes non-refundable taxes, duties, freight and other incidental expenses incurred directly related to the acquisition and installation of the asset. Subsequent expenditure on PPE after their purchase / completion is capitalized, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Cost of assets not ready for intended use, as on balance sheet date, is shown as capital work in progress. Advance given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as long terms loans and advances.

Intangible fixed assets

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible fixed assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The cost of intangible fixed assets not ready for the intended use at each balance sheet date is disclosed as intangible fixed assets under development.

2.6 Impairment

The Company determines periodically whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.7 Depreciation and amortization

Depreciation on PPE is provided on pro-rata basis (i.e. from the date on which the asset is ready to use) on straight-line method. Depreciation on PPE is provided over the useful lives of the asset, as estimated by the management based on internal technical assessment. If the management's estimate of the useful life of a PPE at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, the estimated useful life of assets are as follows:

PPE description	Management estimate of useful life	Useful life as per schedule II
Computers and accessories	3 Years	3 Years
Office equipments	5 Years	5 Years
Furniture and fittings	5 Years	10 Years

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Improvements to leasehold premises are depreciated over the primary lease period or 5 years, whichever is lower.

Intangible fixed assets are amortized over their estimated useful life on straight line method as follows:

Intangible fixed assets description	Management estimate of useful life
Intangible fixed assets - Computer softwares	License period or 3 years, whichever is lower

2.8 Borrowing costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the loan unless it is incurred on periodic basis.

Loan acquisition costs represents ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed and is charged to the Statement of profit and loss.

2.9 Foreign currency transactions

Foreign currency transactions are recorded into Indian rupees using the actual exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

2.10 Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as “current portion of long term investments”.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.11 Employee Benefits

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Stock based compensation

The Company measures compensation cost relating to employee stock options using intrinsic value method, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India. The excess of fair value of shares on the date of grant over the exercise prices is regarded as the compensation cost and is amortized over the vesting period of the respective options on a straight line basis.

2.12 Operating leases

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

2.13 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share is computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.14 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

2.15 Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is charged to the Statement of Profit and Loss.

2.16 Provisions, contingent liabilities and contingent assets

A provision is recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc., are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.17 Classification and provisioning on receivables from financing activities

(a) Receivable from financing activities are recognised on disbursement of loan to customers. The details of the policy are given below:

(b) **Asset Classification:**

Receivable from financing activities are classified as standard, sub - standard and doubtful assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

Asset Classification	Secured loan product	Unsecured - 180 days loan product	Unsecured - 100 days loan product
Standard Assets	Not Overdue or Overdue for less than 90 days	Not Overdue or Overdue for less than 90 days	Not Overdue or Overdue for less than 30 days
Non Performing Assets (NPA)			
Sub-Standard Assets	Overdue for 90 days and more but up to one year	Overdue for 90 days and more but up to 180 days	Overdue for 30 days and more but up to 120 days
Doubtful Assets	Overdue for more than one year	Overdue for more than 180 days	Overdue for more than 120 days
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

(c) Provisioning norms for loans:

Asset Classification	Secured loan product	Unsecured - 180 days loan product	Unsecured - 100 days loan product
Standard Assets (disclosed under Contingent provision against standard assets)	1%	1%	1%
Non Performing Assets (NPA)			
Sub-Standard Assets	10%	10% to 50%	10% to 50%
Doubtful Assets	20% to 50%	100%	100%
Loss Assets	100%	100%	100%

(d) Under exceptional circumstances, management may renegotiate loans by rescheduling repayment terms for customers who have defaulted in repayment but who appear willing and able to repay their loans under a longer term agreement. Rescheduled Standard Assets are classified / provided for as Sub-Standard Assets as per (b) above which classification / provisioning is retained for a period of 1 year of satisfactory performance. Rescheduled Non Performing Assets are not upgraded but are retained at the original classification / provisioning for a period of 1 year of satisfactory performance.

2.18 Operating cycle

Assets and liabilities are classified as current and non-current based on the operating cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realized and settled within a period of 12 months from the date of Balance sheet have been classified as current and other assets and liabilities are classified as non-current.

3 Share Capital

Particulars	As at 31 March 2018 No. of Shares	As at 31 March 2018 Amount	As at 31 March 2017 No. of Shares	As at 31 March 2017 Amount
a) Authorized				
Equity shares of Rs.10 each	30,000,000	3,000.00	30,000,000	3,000.00
0.01% Compulsory convertible preference shares of Rs.10 each	32,000,000	3,200.00	32,000,000	3,200.00
	62,000,000	**6,200.00**	**62,000,000**	**6,200.00**
b) Issued, Subscribed and Fully Paid-up				
Equity shares of Rs.10 each	28,250,739	2,825.07	15,300,100	1,530.01
0.01% Compulsory convertible preference shares of Rs.10 each	23,655,716	2,365.57	10,799,900	1,079.99
	51,906,455	**5,190.64**	**26,100,000**	**2,610.00**

3.1 Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2018 No. of Shares	As at 31 March 2018 Amount	As at 31 March 2017 No. of Shares	As at 31 March 2017 Amount
a) Equity shares				
At the commencement of the year	15,300,100	1,530.01	14,800,100	1,480.01
Add: Issued during the year (refer note below)	12,950,639	1,295.06	500,000	50.00
At the end of the year	**28,250,739**	**2,825.07**	**15,300,100**	**1,530.01**
b) 0.01% Compulsory convertible preference shares				
At the commencement of the year	10,799,900	1,079.99	10,799,900	1,079.99
Add: Issued during the year (refer note below)	25,806,255	2,580.62	-	-
Less: Exercised/conversion into equity shares	12,950,439	1,295.04	-	-
At the end of the year	**23,655,716**	**2,365.57**	**10,799,900**	**1,079.99**

Note:

i) On 5 May 2016, 500,000 Equity shares of Rs. 10 each fully paid up were issued at a premium of Rs. 15 per share.

ii) On 4 May 2017, 3,225,808 Series B, 0.01% Compulsory Convertible Preference Shares ("CCPS") of Rs. 10 each fully paid up were issued at a premium of Rs. 36.50 per share.

iii) On 13 July 2017, 2,150,539 Series B, 0.01% Compulsory Convertible Preference Shares ("CCPS") has been converted into equity shares of Rs. 10 each as fully paid up.

iv) On 25 July 2017, 10,799,900 Series A, 0.01% Compulsory Convertible Preference Shares ("CCPS") has been converted into equity shares of Rs. 10 each as fully paid up.

v) On 30 November 2017, 200 Equity shares of Rs. 10 each fully paid up were issued at a premium of Rs. 36.50 per share.

vi) On 30 November 2017, 22,580,447 Series B, 0.01% Compulsory Convertible Preference Shares ("CCPS") of Rs. 10 each fully paid up were issued at a premium of Rs. 36.50 per share.

3.2 Details of shareholders holding more than 5% shares of each class of shares

Particulars	As at 31 March 2018 No. of Shares	As at 31 March 2018 % Holding	As at 31 March 2017 No. of Shares	As at 31 March 2017 % Holding
Equity shares of Rs. 10 each				
Sarva Capital LLC	10,800,000	38.23%	-	-
D. Arulmany	4,500,000	15.93%	4,500,000	29.41%
P. Surendra Pai	2,895,162	10.25%	2,250,000	14.71%
Savita S. Pai	3,255,377	11.52%	1,750,000	11.44%
J. Prakash Rayen	1,500,000	5.31%	1,500,000	9.80%
V.G. Suchindran	1,250,000	4.42%	1,250,000	8.17%
Caspian Impact Investment Adviser Private Limited	1,200,000	4.25%	1,200,000	7.84%
0.01 % Compulsory Convertible Preference Shares of Rs.10 each				
CDC Group Plc.	13,978,396	59.09%	-	-
Lok Capital Growth Fund	8,602,051	36.36%	-	-
Sarva Capital LLC	1,075,269	4.55%	10,799,900	100.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3.3 Rights, preferences and restrictions attached to each class of shares

A. Equity shares

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. i) Series B : 0.01% Compulsory Convertible Preference Shares

0.01% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. Filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable law at the relevant time, in connection an initial public offering of the company.

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 or 10 of the Shareholders Agreement ; and

c. The Final Conversion date is 03 May 2036.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

During the year, 2,150,539 out of 25,806,255, Series B 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 13 July 2017.

ii) Series A : 0.01% Compulsory Convertible Preference Shares

Series A : 0.01% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. The date on which a new round of investment is made by a third party investor in the Company of not less than Rs. 300,000,000 (Rupees three thousand lakhs only);

b. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; and

c. The date which is 19 (nineteen) years from the date of allotment of the Series A CCPS i.e., 17 March 2035.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

All the Series A, 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 25 July 2017.

3.4 Employee Stock Option Scheme

On 8 January 2016, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS), 2016. Under the plan, the Company is authorized to issue 3,000,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan will be administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company. (Refer note 31)

On 26 February 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS), 2018. Under the plan, the Company is authorized to issue 1,000,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan will be administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company. (Refer note 31)

3.5 Preferential Offer to Promoter

The Company through its Investment Agreement dated 30 November 2015 has provided certain preferential rights to the Promoter of the Company, as detailed below:

- The Promoter shall subscribe to 2,000,000 equity shares of the Company at a pre-determined price of Rs.25 per share within 30 months from 31 January 2016.
- The Promoter shall have an option to subscribe to additional 4,000,000 equity shares of the Company at a pre-determined price of Rs.25 per share within 60 months from 31 January 2016.

The Company through its Investment Agreement dated 1 June 2017 has provided certain preferential rights to the Promoter of the Company. The promoter shall have an option to subscribe to 4,000,000 additional warrants of the Company at a pre-determined price of Rs.75 per share.

As at 31 March 2018, there was no subscription received from the Promoter based on the aforesaid arrangement.

3.6 Share Warrants to certain employees

The Company through its Investment Agreement dated 1 June 2017 read with amended agreement dated 3 November 2017 has provided certain preferential rights to certain employees of the Company, to subscribe to an aggregate of 266,667 equity shares of the Company of Rs. 10 each at a price per equity share of Rs.75, within 60 months.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

4 Reserves and Surplus

Particulars	As at 31 March 2018	As at 31 March 2017
4.1 Securities premium account		
At the commencement of the year	1,875.00	1,800.00
Add: Premium received on Shares issued during the year	9,419.36	75.00
Less: Utilised during the year for Share issue expenses	45.24	-
Balance as at the end of the year	**11,249.12**	**1,875.00**
4.2 Statutory Reserve (refer note 39)		
At the commencement of the year	-	-
Add: Amount transferred during the year	121.24	-
Less: Utilisation during the year	-	-
Balance as at the end of the year	**121.24**	**-**
4.3 Surplus/(deficit) in the Statement of profit and loss		
At the commencement of the year	(475.91)	(192.34)
Add: Profit / (Loss) for the year	606.19	(283.57)
Less: Appropriations		
- Transfer to Statutory Reserve (refer note 39)	121.24	-
Balance as at the end of the year	**9.04**	**(475.91)**
	11,379.40	**1,399.09**

5 Long-term borrowings

Particulars	Non-current portion		Current portion*	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
a) Term loans (refer note 5.1)				
- from bank (secured) (refer note 5.1.a)	2,461.99	117.65	1,768.39	70.59
- from others (secured) (refer note 5.1.b)	6,662.85	2,959.73	6,894.77	2,254.93
b) Redeemable Non-Convertible Debentures (refer note 5.2)				
- 1,090 units (31 March 2017: Nil) of redeemable non-convertible debentures of Rs. 10 lakhs each (secured)	10,900.00	-	-	-
	20,024.84	**3,077.38**	**8,663.16**	**2,325.52**

* included under other current liabilities (refer note 9)

Notes:

5.1 Details of term loans

a) Terms of repayment of term loans from Banks:

Bank Name	Tenure of the Loan	Principal Repayment Mode (Instalments)	Amount Outstanding as at 31 March 2018	Amount Outstanding as at 31 March 2017
AU Small Finance Bank Ltd	36 Months	Monthly	833.33	-
Equitas Small Finance Bank Ltd	24 Months	Monthly	753.84	-
RBL Bank Ltd	36 Months	Monthly	797.06	188.24
Utkarsh Small Finance Bank Ltd	39 Months	Quarterly	1,846.15	-
			4,230.38	**188.24**
Current Maturities of Long term borrowings			1,768.39	70.59
Long-term borrowings			**2,461.99**	**117.65**
As on Balance sheet date, Interest rates range for the term loans from banks			12.22% to 13.50%	13.65%

b) Terms of repayment of term loans from others:

Lender Name	Tenure of the Loan	Principal Repayment Mode (Instalments)	Amount Outstanding as at 31 March 2018	Amount Outstanding as at 31 March 2017
(a) From Housing Finance Companies				
HDFC Limited	36 Months	Monthly	1,280.88	454.46
MHFC Ltd	24 Months	Monthly	270.44	663.42
(b) From Non Banking Finance Companies				
AK Capital Finance Private Ltd	24/30 Months	Quarterly	4,437.50	1,000.00
Avanse Financial Services Limited	18 Months	Monthly	516.28	-
Capital First Limited	36 Months	Quarterly	875.00	1,375.00
Caspian Impact Investment Advisers Private Ltd	24 Months	At Maturity	1,500.00	-
Hero FinCorp Limited	24 Months	Monthly	700.00	-
Maanaveeya Development & Finance Pvt Ltd	36 Months	Quarterly	1,791.67	458.33
Mahindra & Mahindra Financial Services Ltd	24 Months	Monthly	1,049.79	-
MAS Financial Services Limited	36 Months	Monthly	-	422.22
Reliance Commercial Finance Ltd	24 Months	Monthly	834.26	388.61
Sundaram Finance Limited	36 Months	Monthly	301.80	452.62
Total Borrowings			**13,557.62**	**5,214.66**
Current Maturities of Long term borrowings			6,894.77	2,254.93
Long term borrowings			**6,662.85**	**2,959.73**
As on Balance sheet date, Interest rates range for the term loans from others			11.75% to 15.00%	13.50% to 15.00%

c) All the above loans are secured by specific charge on receivable under financing activities. The Company needs to maintain a security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time. Further, the Company has given cash collateral amounting to Rs.38.90 lakh (31 March 2017: Rs. 97.00 lakhs) for the loans taken.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

d) Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2018.

e) During the year, the Company has not defaulted in the repayment of dues to its lenders.

5.2 Details of Redeemable Non-Convertible Debentures (NCD) issued by the Company:

Party Name	Tenure	Maturity date	Principal Repayment Mode	Amount Outstanding as at 31 March 2018	Amount Outstanding as at 31 March 2017
AAV Sarl (Luxembourg)	36 Months	15 March 2021	At Maturity	1,900.00	-
Incofin Investment Management	36 Months	26 March 2021	At Maturity	2,300.00	-
Blue Orchard Impact Investment Managers	36 Months	28 March 2021	At Maturity	3,200.00	-
CDC Emerging Markets Limited	48 Months	16 March 2022	At Maturity	3,500.00	-
Total Borrowings - NCD				**10,900.00**	-
Current maturities of long-term borrowings				-	-
Long-term borrowings				**10,900.00**	-
As on Balance Sheet date, Interest rates range for the NCD				12% to 13.14%	-

a) Non-Convertible Debentures are secured by specific charge on receivables under financing activities in favour of the Trustee for the benefit of the debenture holders. The Company needs to maintain a security cover ranging from 1 to 1.10 times of the outstanding loan amount at any point of time.

b) Interest for the above NCDs are payable on half yearly basis.

c) The Company has not defaulted in the repayment of dues to the debenture holders.

6 Provisions

Particulars	Non-current portion		Current portion	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
a) Assets				
Contingent provision for standard assets	268.14	83.61	64.41	7.82
Provision for non-performing assets (refer note 34 (d))	18.17	-	53.46	22.42
b) Employee Benefits				
Provision for gratuity (refer note 24.2)	6.14	5.54	0.07	0.03
Provision for compensated absences	10.85	4.93	3.46	3.29
	303.30	**94.08**	**121.40**	**33.56**

7 Short-term borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
Loans repayable on demand (refer note 7.1)		
- Cash credit from banks (secured)	450.72	183.34
- Over Draft from bank (secured)	450.15	-
Term loans from others (secured)	-	1,500.00
	900.87	**1,683.34**

Notes:

7.1

a) Loans repayable on demand from Banks (secured)

Bank Name	Tenure	Facility	As at 31 March 2018	As at 31 March 2017
AU Small Finance Bank Ltd	Repayable on demand	Cash Credit	450.72	-
Equitas Small Finance Bank Ltd	Repayable on demand	Overdraft	450.15	-
RBL Bank Ltd	Repayable on demand	Cash Credit	-	183.34
Total Borrowings			**900.87**	**183.34**
As on Balance sheet date, interest rates range for the short term borrowings			10.50% to 13.00%	14.00%

Lender Name	Tenure	Facility	As at 31 March 2018	As at 31 March 2017
Caspian Impact Investment Advisers Pvt. Ltd	6/12 Months	Term Loan	-	1,500.00
Total Borrowings			**-**	**1,500.00**
As on Balance sheet date, Interest rates range for the above term loans			-	13.50% to 14.50%

b) All the above loans are secured by specific charge on receivable under financing activities. The Company needs to maintain a security cover ranging from 1.10 to 1.12 times of the outstanding loan amount at any point of time.

c) Interest rates are fixed for the loans and are payable on a monthly basis.

d) During the year the Company has not defaulted in the repayment of dues to its lenders.

8 Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables		
- dues to micro and small enterprises (refer note 30)	-	-
- dues to others	39.92	9.24
	39.92	**9.24**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

9 Other current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Current maturities of long term borrowings		
- from banks (Refer note 5)	1,768.39	70.59
- from others (Refer note 5)	6,894.77	2,254.93
Interest accrued but not due on borrowings		
- Term loans	36.85	8.80
- Non-Convertible Debentures	42.18	-
Advance from borrowers	286.60	167.96
Statutory dues payable	77.14	25.46
Dues to employees	150.45	12.18
Other liabilities	37.59	16.80
	9,293.97	**2,556.72**

10.1 Property, plant and equipment

Particulars	Lease hold improvements	Furniture and Fittings	Office Equipment	Computers and Accessories	Total
Gross block					
Balance as at 1 April 2016	**8.81**	**13.46**	**1.23**	**17.27**	**40.77**
Additions	25.21	60.08	14.86	41.94	142.09
Disposals	-	-	-	(0.73)	(0.73)
Balance as at 31 March 2017	**34.02**	**73.54**	**16.09**	**58.48**	**182.13**
Additions	120.31	35.38	20.28	109.52	**285.49**
Disposals	-	-	-	-	-
Balance as at 31 March 2018	**154.33**	**108.92**	**36.37**	**168.00**	**467.62**
Accumulated depreciation					
Balance as at 1 April 2016	**0.96**	**0.97**	**0.07**	**1.87**	**3.87**
Additions	13.47	8.49	3.43	12.83	38.22
On disposals	-	-	-	(0.13)	(0.13)
Balance as at 31 March 2017	**14.43**	**9.46**	**3.50**	**14.57**	**41.96**
Additions	29.00	22.84	6.02	35.82	93.68
On disposals	-	-	-	-	-
Balance as at 31 March 2018	**43.43**	**32.30**	**9.52**	**50.39**	**135.64**
Net block					
As at 31 March 2017	19.59	64.08	12.59	43.91	140.17
As at 31 March 2018	**110.90**	**76.62**	**26.85**	**117.61**	**331.98**

10.2 Intangible fixed assets

Particulars	Computer Softwares
Gross block	
Balance as at 1 April 2016	**4.46**
Additions	37.37
Disposals	-
Balance as at 31 March 2017	**41.83**
Additions	156.94
Disposals	-
Balance as at 31 March 2018	**198.77**
Accumulated amortization	
Balance as at 1 April 2016	**0.59**
Additions	3.54
On disposals	-
Balance as at 31 March 2017	**4.13**
Additions	28.78
On disposals	-
Balance as at 31 March 2018	**32.91**
Net block	
As at 31 March 2017	37.70
As at 31 March 2018	**165.86**

10.3 Intangible fixed assets under development

Particulars	Software under development
Balance as at 1 April 2016	**62.36**
Additions	42.28
Capitalized during the year	(18.90)
Balance as at 31 March 2017	**85.74**
Additions	**0.51**
Capitalized during the year	(85.74)
Balance as at 31 March 2018	**0.51**

VERITAS FINANCE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

11 Deferred tax assets (net)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax liabilities		
Depreciation and amortization	10.13	4.27
	10.13	**4.27**
Deferred tax assets		
Contingent provision for standard assets	91.62	4.27
Provision for non-performing assets	19.74	-
Provision for employee benefits	14.20	-
Others	10.86	-
	136.42	4.27
Net deferred tax asset	**126.29**	-

12 Receivables under financing activities

Particulars	Non-current portion*		Current portion	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Secured				
- considered good	26,814.23	7,588.58	5,024.64	741.37
- others (Non-Performing Assets)	139.63	3.79	56.22	0.50
Unsecured				
- considered good	-	-	1,416.07	813.16
- others (Non-Performing Assets)	-	-	52.23	83.16
	26,953.86	**7,592.37**	**6,549.16**	**1,638.19**

* Represents instalments due after one year from the reporting date

13 Other loans and advances

Particulars	Long-term		Short-term	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unsecured and considered good:				
Security deposits	149.50	47.55	76.12	25.74
Advance income taxes (net)	60.55	6.92	-	-
Prepaid expenses	-	-	14.59	7.91
Balances with government authorities	-	-	16.37	5.22
Advances to employees	-	-	1.40	0.54
MAT Credit entitlement	17.74	-	-	-
	227.79	**54.47**	**108.48**	**39.41**

14 Other non-current assets

Particulars	As at 31 March 2018	As at 31 March 2017
Fixed deposits due to mature after 12 months under lien (refer note 5.1.b)	13.80	66.50
Fixed deposits due to mature after 12 months (free of lien)	90.00	-
Interest accrued but not due	3.81	2.34
	107.61	**68.84**

15 Cash and bank balances

Particulars	As at 31 March 2018	As at 31 March 2017
Cash in hand	8.55	0.43
Balances with banks		
- In current accounts	2,474.29	1,642.99
- In deposits accounts free of lien	9,600.00	-
Cash and cash equivalents	12,082.84	1,643.42
Other bank balances		
- In deposits accounts (having original maturity more than 3 months- free of lien)	21.50	-
- In deposits accounts under lien (having original maturity more than 3 months - under lien) (Refer notes 5.1.b)	25.10	30.50
	12,129.44	**1,673.92**
Details of bank balance and other deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	12,074.29	1,642.99
Deposit due to mature within 12 months of reporting date included under "Other bank balances"	46.60	30.50
Deposits due to mature after 12 months of the reporting date included under "other non-current assets" (refer note 14).	103.80	66.50
	12,224.69	**1,739.99**

16 Other current assets

Particulars	As at 31 March 2018	As at 31 March 2017
Interest accrued but not due		
- on receivables under financing activities	518.54	129.64
- on fixed deposits	18.18	1.05
Interest accrued and due on receivables under financing activities	16.64	1.91
	553.36	**132.60**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

17 Revenue from operations

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income from financing activities	4,575.77	870.19
Processing and other fees	750.22	228.12
Interest income on fixed deposits	43.15	70.29
	5,369.14	**1,168.60**

18 Other income

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Gain on sale of current investments	115.58	98.35
Interest on income tax refund	-	0.07
Others	9.98	-
	125.56	98.42

19 Employee benefits expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	1,620.17	641.29
Contribution to provident and other funds	252.26	93.47
Expenses related to post-employment defined benefit plans (refer note 24.2)	0.64	4.65
Expenses related to compensated absences	9.93	8.96
Staff welfare expenses	99.25	43.45
	1,982.25	**791.82**

20 Finance costs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expenses on		
- Term loan	1,596.87	279.09
- Cash credits	10.01	0.49
Interest on non-convertible debentures	40.54	-
Ancillary borrowing costs	143.01	50.75
	1,790.43	**330.33**

21 Depreciation and amortization

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 10.1)	93.68	38.22
Amortization of intangible fixed assets (refer note 10.2)	28.78	3.54
	122.46	**41.76**

22 Other expenses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent (refer note 27)	163.89	71.87
Electricity charges	14.03	7.55
Rates and taxes	27.86	30.65
Insurance	1.24	0.57
Software and IT consumables	16.53	5.07
Repairs and maintenance and others	57.32	20.49
Travelling and conveyance	116.87	47.39
Communication expenses	67.18	22.70
Printing and stationery	39.55	18.73
Advertisement and business promotion	20.53	7.97
Legal and professional charges	63.89	32.15
Directors sitting fees	11.22	7.50
Auditors' remuneration (refer note 22.1)	10.38	4.56
Loss on sale of fixed assets	-	0.38
Others	7.28	1.30
	617.77	**278.88**

22.1 Payments to auditor (including service tax / goods and services tax)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit	7.63	3.50
Other services	2.18	1.00
Reimbursement of expenses	0.57	0.06
	10.38	**4.56**

23 Provisions and loan losses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Contingent provision for standard assets	241.12	85.31
Provision for non-performing assets	49.21	22.42
Loss assets written off	41.52	0.07
	331.85	**107.80**

24 Employee benefits

24.1 Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as expense towards contribution to provident fund for the year aggregated to Rs. 198.45 lakhs (31 March 2017 - Rs. 79.25 lakhs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

24.2 Defined Benefit Plans

The Company operates post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

Particulars	As at 31 March 2018	As at 31 March 2017
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	5.57	0.92
Current service cost	3.82	4.40
Interest cost	0.38	0.07
Benefits paid	-	-
Actuarial (gains) / loss	(3.56)	0.18
Present value of defined benefit obligation at end of the year	**6.21**	**5.57**
Change in fair value of assets during the year		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual contributions	-	-
Actuarial loss	-	-
Plan assets at end of the year	-	-
Liability recognized in the Balance Sheet		
Present value of defined benefit obligation	6.21	5.57
Fair value of plan assets	-	-
Net liability recognized in the Balance Sheet	**6.21**	**5.57**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cost of defined benefit plan for the year		
Current service cost	3.82	4.40
Interest cost	0.38	0.07
Expected return on plan assets	-	-
Net actuarial (gains) / loss	(3.56)	0.18
Net cost recognized in the Statement of Profit and Loss	**0.64**	**4.65**
Return on plan assets	-	-

Particulars	As at 31 March 2018	As at 31 March 2017
Assumptions		
Discount rate (Refer note (b))	6.82%	6.77%
Interest rate (Rate of return on assets)	NA	NA
Future salary increase (Refer note (a))	10.00%	8.00%
Mortality table	Indian Assured Lives (2006-08)	Indian Assured Lives (2006 -08)
Attrition rate (Refer note (a))	40.00%	20.00%

Notes:

a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.

b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

c) Experience adjustments:*

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Projected benefit obligation	-	-	-
Fair value of plan assets	-	-	-
Surplus/(deficit)	-	-	-
Experience adjustments on plan liabilities - gains	3.56	(0.18)	-
Experience adjustments on plan assets - loss	-	-	-

* Experience adjustments have been disclosed from the year of incorporation.

25 Related party transactions

25.1 Names of related parties and nature of relationship

Key Management Personnel	Mr. D. Arulmany, Managing Director & Chief Executive Officer Mr. J. Prakash Rayen, Chief Operating Officer Mr. V.G. Suchindran, Chief Financial Officer Ms. Priyanka I Misser, Company Secretary

Note:

Related party relationships are as identified by the management.

25.2 Transactions with the related parties

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Remuneration to Key Managerial Personnel *		
Mr. D. Arulmany	63.22	48.00
Mr. J. Prakash Rayen	47.92	37.44
Mr. V.G. Suchindran	49.41	37.44
Ms. Priyanka I Misser	7.18	3.85

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Note:

As the future liabilities of gratuity and compensated absences are provided on actuarial basis for the company as a whole, the amounts pertaining to key managerial personnel is not separately ascertainable and therefore not included above.

* Remuneration includes performance linked incentive.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Promoter rights (warrants) for purchase of shares during the year		
Mr. D. Arulmany (In number of shares)	400,000	-
Share Warrant issued during the year		
Mr. J. Prakash Rayen, (In number of options)	133,334	-
Mr. V.G. Suchindran, (In number of options)	133,333	-

26 Segment reporting

The Company is primarily engaged in the business of providing "Small Business Finance Loans" in India. All the activities of the Company revolve around the main business. As such there are no separate business and geographic reportable segments as per Accounting Standard-17 “Segment reporting”.

27 Operating leases

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of 1 year to 9 years. For the year ended 31 March 2018, an amount of Rs.163.89 lakhs (Previous year Rs.71.87 lakhs) was recorded as expenses towards lease rentals and other charges for the office space including the provision for lease straight lining. The future minimum lease payments under operating leases are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Less than one year	174.74	69.00
One year to five years	199.56	81.21
Later than five years	52.48	29.53

28 Earnings Per Share (EPS)

Particulars	As at 31 March 2018	As at 31 March 2017
Profit / (Loss) for the year	606.19	(283.57)
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	24,241,033	15,253,525
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS (Refer note 28.1)	53,042,287	15,253,525
Face value per share	10.00	10.00
Earnings per share (Basic) - in Rs.		
- Basic - in Rs.	2.50	(1.86)
- Diluted - in Rs.	1.14	(1.86)

Note:

28.1 The outstanding potential equity shares as at 31 March 2017 are anti-dilutive in nature since the Company has incurred losses during the previous year. Hence, the weighted average number of equity shares used for Basic EPS and Diluted EPS are the same.

29 Contingent liabilities and commitments

Particulars	As at 31 March 2018	As at 31 March 2017
Commitments:		
29.1 Estimated amount of contracts remaining to be executed on capital account and not provided	10.00	5.70
29.2 Undrawn committed sanctions to borrowers	839.20	88.55

30 Micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 (‘the Act’). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Particulars	As at 31 March 2018	As at 31 March 2017
The amounts remaining unpaid to micro and small suppliers as at end of the year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).	-	-
The amount of payments made to the micro and small suppliers beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

31 Employee Stock Option Scheme

The Company has issued stock options on its own shares to specified employees of the Company. The Company uses intrinsic value to account for the compensation cost of stock options to employees in the financial statements. However, the Company discloses the impact of compensation costs relating to stock options on the net results for the accounting year using the fair value method.

31.1 Veritas ESOS, 2016 and Veritas ESOS, 2018

Veritas ESOS, 2018

The Veritas ESOS, 2018 is applicable to all employees.

The Options were issued on 22 March 2018, and it will be exercised at Rs. 40. The vesting period of options are I year for 30% of the options, II year for 35% of the options and III year for the balance 35% of the options for all.

Veritas ESOS, 2016

The Veritas ESOS, 2016 is applicable to all employees.

The Options were issued in three batches. The first batch will be exercised at Rs. 10, second batch and third batch will be exercised at Rs. 20. The vesting period of options are I year for 30% of the options, II year for 35% of the options and III year for the balance 35% of the options for all the three batches.

31.2 Options issued under Veritas ESOS 2018 and ESOS 2016

As at 31 March 2018, the outstanding options under the Veritas ESOS, 2018 and Veritas ESOS, 2016 and are as follows:

Plan	Grant date	Number of options	Exercise price in Rs.	Vesting period	Vesting condition
ESOS 2016 Batch 1	18-Jan-16	25,65,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 Batch 2	10-Nov-16	3,00,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 Batch 3	20-Mar-17	1,00,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 Batch 1	22-Mar-18	9,30,000	40.00	1 to 3 years	Time and performance based vesting
		38,95,000			

As at 31 March 2017, the outstanding options under the Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in Rs.	Vesting period	Vesting condition
ESOS 2016 Batch 1	18-Jan-16	26,00,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 Batch 2	10-Nov-16	3,00,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 Batch 3	20-Mar-17	1,00,000	20.00	1 to 3 years	Time and performance based vesting
		30,00,000			

31.3 Reconciliation of outstanding options

The details of options granted under the above schemes are as follows.

Particulars	Number of options	
	As at 31 March 2018	As at 31 March 2017
Outstanding at beginning of year	3,000,000	2,600,000
Forfeited during the year	35,000	-
Exercised during the year	-	-
Granted during the year	930,000	400,000
Outstanding as at end of year	**3,895,000**	**3,000,000**
Vested and Exercisable as at end of year	**900,000**	**780,000**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

31.4 Fair value Methodology

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the dates of each grant using the Black Scholes model. The various assumptions considered in the pricing model for the stock options granted by the Company are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Fair value of options at grant date	9.91 to 15.79	2.48 to 5.39
Expected volatility	35% to 38%	37% to 42%
Option term	2 to 4 years	2 to 4 years
Expected dividends	0%	0%
Risk free interest rate	5.99% to 7.42%	6.14% to 7.29%

31.5 Impact of fair value method on net profit and EPS

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit / (Loss) for the year	606.19	(283.57)
Stock based compensation expenses determined under fair value based method	30.90	44.38
Profit / Loss for the year (pro forma)	575.29	(327.95)
Earnings Per Share (Basic)		
- Basic - in Rs. (reported)	2.50	(1.86)
- Basic - in Rs. (pro forma)	2.37	(2.15)
- Diluted - in Rs. (reported) (refer note below)	1.14	(1.86)
- Diluted - in Rs. (pro forma) (refer note below)	1.08	(2.15)

Note:

The outstanding potential equity shares as at 31 March 2017 are anti-dilutive in nature since the Company has incurred losses during the previous year. Hence, the weighted average number of equity shares used for Basic EPS and Diluted EPS are the same.

32 Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2018 and previous year ended 31 March 2017. Accordingly, the disclosure requirements relating to the same are not applicable.

33 Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2018 and previous year ended 31 March 2017.

34 Movement of NPA

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Net NPAs to net advance (%)	0.53%	0.71%
(Net of provision for NPA)		
(b) Movement in NPA (Gross)		
Opening balance	87.46	-
Additions during the year	202.14	87.53
Utilised / write off during the year	41.52	0.07
Closing balance	**248.08**	**87.46**
(c) Movement in net NPA (Net of provision for NPA)		
Opening balance	65.04	-
Additions during the year	152.93	65.11
Utilised / write off during the year	41.52	0.07
Closing balance	**176.45**	**65.04**
(d) Movement in provision for NPA (excluding the Contingent provisions against standard assets)		
Opening balance	22.42	-
Additions during the year	49.21	22.42
Utilised / write off during the year	-	-
Closing balance	**71.63**	**22.42**

35 Contingent provisions against standard assets movement

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	91.43	6.12
Add : Charge for the year	241.12	85.31
Less : Utilised during the year	-	-
Closing balance	**332.55**	**91.43**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

36 Disclosure Pursuant to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

The Company is an NBFC Non-Systemically Important Non-Deposit taking Company. However the following disclosures has been made in the financial statements voluntarily.

36.1 Capital adequacy ratio

Particulars	As at 31 March 2018	As at 31 March 2017
Tier I Capital	16,262.79	3,877.89
Tier II Capital	332.55	91.43
Total Capital	**16,595.34**	**3,969.32**
Total Risk Assets	**34,558.28**	**9,416.46**
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	47.06%	41.18%
Tier II Capital as a percentage of Total Risk Assets (%)	0.96%	0.97%
Total Capital (%)	**48.02%**	**42.15%**

36.2 Exposure to real estate sector

Particulars	As at 31 March 2018	As at 31 March 2017
The Company does not have any direct or indirect exposure to the real estate sector other than properties mortgaged as collateral by its customers.	-	-
Direct Exposure		
i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	-	-
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	-	-
b) Commercial Real Estate	-	-
Total exposure to real estate sector	-	-

36.3 Exposure to Capital Market

Particulars	As at 31 March 2018	As at 31 March 2017
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

36.4 Exposure to Perpetual Debt Instruments (PDI)

The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2018 and previous year ended 31 March 2017.

36.5 Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for depreciation on investment	-	-
Provision for non-performing assets	49.21	22.42
Contingent provisions against standard assets	241.12	85.31
Provision made towards current income taxes	187.78	-

36.6 Concentration of advances

Particulars	As at 31 March 2018	As at 31 March 2017
Total advances to twenty largest borrowers	169.12	143.70
Percentage of advances to twenty largest borrowers to total advances	0.50%	1.56%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

36.7 Concentration of exposures

Particulars	As at 31 March 2018	As at 31 March 2017
Total exposures to twenty largest borrowers	169.12	143.70
Percentage of exposures to twenty largest borrowers to total exposures	0.50%	1.56%

36.8 Concentration of NPAs

Particulars	As at 31 March 2018	As at 31 March 2017
Total exposure to top four NPA accounts	24.36	5.54

36.9 Sector-wise NPAs (Percentage of NPAs to total advances in that sector)

Particulars	As at 31 March 2018	As at 31 March 2017
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other loans		
- Secured	0.61%	0.05%
- Unsecured	3.56%	9.28%

The above Sector-wise NPA and advances are based on the data available with the Company which has been relied upon by the auditors.

36.10 Ratings assigned by credit rating agencies:

The credit rating details of the company as at 31 March 2018 are as follows:

Rating Agency	Term	Type	Rating	Amount
CARE Ratings Ltd	LT	TL	BBB - ; (Stable)	10,000
CARE Ratings Ltd	LT	NCD	BBB - ; (Stable)	15,000

NCD - Non Convertible Debentures , LT – Long Term, TL - Term Loan

For the previous year ended 31 March 2017, the Company has not obtained Credit rating from any Credit rating agencies.

36.11 Instances of fraud for the year ended 31 March 2018

Nature of Fraud	No of Cases	Amount of fraud	Amount written off
Cash misappropriation by employee	-	-	-
Fraudulent representation by customers	-	-	-

The above summary with respect to fraud is based on the information available with the Company which has been relied upon by the auditors.

36.12 Registration / license / authorization obtained from financial sector regulators

Registration / License	Authority issuing the registration / license	Registration / License reference
Certificate of Registration	Reserve Bank of India	N-07.00810 dated 15 October 2015

36.13 Disclosures

The Company does not have any items / transactions that requires disclosure under Investments, Derivatives, Purchase or sale of non-performing financial assets, Exposure to capital market, Financing of parent company products, Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC, Registration obtained from other financial sector regulators, Penalties imposed by RBI and other regulators, Draw down from Reserves, Concentration of deposits, Overseas assets, Off-balance sheet SPVs sponsored.

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

36.14 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2018:

Particulars	1 day to 30/31 days (1 Month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	170.57	171.00	94.51	440.00	1,793.18	2,461.99	-	-	**5,131.25**
Borrowings from Others	477.06	265.71	1,022.72	1,733.74	3,395.54	6,662.85	-	-	**13,557.62**
Market Borrowings	-	-	-	-	-	7,400.00	3,500.00	-	**10,900.00**
Assets									
Advances (secured)	380.95	383.06	390.14	1,218.85	2,707.86	13,871.50	12,869.75	212.61	**32,034.72**
Advances (unsecured)	335.51	286.31	291.94	554.54	-	-	-	-	**1,468.30**
Investments	-	-	-	-	-	-	-	-	**-**

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2017:

Particulars	1 day to 30/31 days (1 Month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	5.88	5.88	5.88	17.65	218.64	117.65	-	-	**371.58**
Borrowings from Others	87.45	88.26	360.06	1,714.57	1,504.59	2,959.73	-	-	**6,714.66**
Market Borrowings	-	-	-	-	-	-	-	-	**-**
Assets									
Advances (secured)	91.03	93.01	94.91	135.33	327.59	3,615.41	3,926.95	50.01	**8,334.24**
Advances (unsecured)	307.92	252.39	203.54	132.47	-	-	-	-	**896.32**
Investments	-	-	-	-	-	-	-	-	**-**

36.15 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
1 Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured	10,942.18	-	-	-
- Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	17,824.85	-	6,911.70	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (Cash credits and Over draft)	900.87	-	183.34	-
2 Break-up of (1) (f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Particulars	As at 31 March 2018	As at 31 March 2017
Assets side:		
3 Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below] : (excluding interest accrued but not due)		
(a) Secured (Refer note 12)	32,034.72	8,334.24
(b) Unsecured (Refer note 12)	1,468.30	896.32
4 Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i) Lease Assets including Lease Rentals Accrued and Due		
(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	-	-

Particulars	As at 31 March 2018	As at 31 March 2017
5 ***Break-up of Investments***		
Current Investments		
1 Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
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	-	-
(v) Investment in Pass Through Certificates	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above

Category	As at 31 March 2018 (Net of Provisions for NPA)		As at 31 March 2017 (Net of Provisions for NPA)	
	Secured	Unsecured	Secured	Unsecured
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	32,014.18	1,417.21	8,333.82	874.33
Total	**32,014.18**	**1,417.21**	**8,333.82**	**874.33**

7 Investor Group-wise Classification of all Investments (Current and Long-term) in Shares and Securities (both Quoted and Unquoted):

Category	Market Value / Break up Value or Fair Value or Net Asset Value as on 31 March 2018	Book Value as on 31 March 2018 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on 31 March 2017	Book Value as on 31 March 2017 (Net of provisions)
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

8 Other Information

Particulars	As at 31 March 2018		As at 31 March 2017	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(I) Gross non-performing assets	-	248.08	-	87.45
(ii) Net non-performing assets	-	176.45	-	65.03
(iii) Assets acquired in satisfaction of debt	-	-	-	-

36.16 Customer Complaints

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Number of complaints pending at the beginning of the year	1	-
Number of complaints received during the year	28	1
Number of complaints redressed during the year	22	-
Number of complaints pending at the end of the year	7	1

The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

37 Expenditure and Earnings in Foreign Currency

Particulars	As at 31 March 2018	As at 31 March 2017
Expenditure		
Processing fee	21.11	-
Professional fee	2.00	-
Other Receipts		
Other Income	9.98	-

The Company did not have any unhedged foreign currency exposure as on the balance sheet date and did not enter into any derivative contracts at any time during the year and none were outstanding as at 31 March 2018. (31 March 2017: Nil)

38 Corporate Social Responsibility

According to the Provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and the Companies (Corporate Social Responsibility) Rules, 2014, the Company has not made profits for the preceeding two years and hence no expenditure towards Corporate Social Responsibility was made for the year ended 31 March 2018 and for the previous year ended 31 March 2017.

39 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 121.24 lakhs (31 March 2017: Nil), out of the Profit after tax for the year ended 31 March 2018 to Statutory Reserve.

40 Disclosure of Specified Bank Notes (SBN)

The disclosures regarding details of specified bank notes held and transacted during the current year has not been made since the requirement does not pertain to financial year ended 31 March 2018. However, corresponding details of SBN for the period from 8 November 2016 to 30 December 2016 as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed below.

During the previous year ended 31 March 2017, the Company has specified bank notes or other denomination notes as defined in the MCA Notification G.S.R 308(E) dated 31 March 2017 on the details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016. The denomination wise SBN and other notes as per the notification are given below:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	5.06	2.49	7.55
Add: Permitted receipts	6.70	343.31	350.01
Less: Permitted payments	-	-	-
Less: Amount deposited in banks (net of withdrawal)	11.76	334.38	346.14
Closing cash in hand as on 30 December 2016	-	**11.42**	**11.42**

For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated 8 November 2016.

41 Prior Year Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

for **B S R & Co. LLP**
As per our report of even date attached
ICAI Firm Registration No.
101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

Place : Chennai
Date : 27 April 2018

for and on behalf of the board of directors of
Veritas Finance Private Limited,

M. Sivaraman
Director
DIN : 02045100

N. Mohanraj
Director
DIN: 00181969

D. Arulmany
Managing Director and
Chief Executive Officer
DIN : 00009981

v.a. suchindran

V.G. Suchindran
Chief Financial Officer

Priyanka

Priyanka I Misser
Company Secretary

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INAUGURATION OF NEW OFFICE

SKCL Central Square 1,
Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600032

Veritas Finance Corporate Office was inaugurated on 14th May 2018 by Mr. Venky Natarajan, Managing Partner, Lok Capital and Nominee Director of Veritas Finance. Mr. N. Mohanraj, Executive Director, Life Insurance Corporation, Former Director & CEO, LIC Nomura Mutual Fund and Independent Director of Veritas Finance also graced the occasion.

Ms. Priyamvada Ramkumar, Director, Lok Advisory Services and Mrs. Ashalatha Mohanraj lighted the lamp and graced the occasion with their presence.

LIFE AT VERITAS

VERITAS FINANCE PRIVATE LIMITED

CORPORATE AND REGISTERED OFFICE

SKCL Central Square 1, South Wing, 1st Floor, Unit # C28-C35, CIPET Road,
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