VERITAS FINANCE

BREAKING BOUNDARIES

FOURTH ANNUAL REPORT 2018 - 2019

BUSINESS HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2018-19	2017-18	2016-17	2015-16
Branch Network (Nos)	147	72	43	17
Loan Disbursements	55,909	31,549	10,474	619
Loan Assets Under Management	74,521	33,503	9,231	612
Net worth	44,370	16,570	4,009	4,168
Borrowings	59,216	29,589	7,086	-
Total Revenue	14,093	5,495	1,267	72
Net Interest Income	7,799	2,785	540	17
Profit Before Tax	2,828	650	(284)	(192)
Profit After Tax	2,049	606	(284)	(192)
Key Ratios				
Gross NPA (%)	0.90	0.74	0.95	0.00
Net NPA (%)	0.76	0.53	0.71	0.00
Capital Adequacy Ratio (%)	48.04	48.02	42.15	594.49
Return on Total Asset (ROTA) (%)	3.19	2.59	(4.39)	(43.14)
Return on Equity (ROE) (%)	6.49	7.35	(6.90)	(7.19)
Basic Earnings Per Share (Rs.)	6.85	2.50	(1.86)	(2.90)
Diluted Earnings Per Share (Rs.)	2.68	1.14	(1.86)	(2.43)

RISING THROUGH NEWER BOUNDARIES

In April 2015, Veritas Finance that was merely an idea took shape.

Over the last four years the idea has gained support from investors, employees and thousands of MSME enterprises who are now part of this wonderful journey. Veritas Finance has now expanded to eight states across the country and continues to grow.

In less than four years, Veritas Finance has already reached more than 30,000 MSME customers and cumulatively disbursed over Rs.985 crores by building a strong foundation and scaling new heights. Towards the mission of reaching a million customers, Veritas Finance is creating new benchmarks and is setting new standards of performance.

Veritas Finance is expanding across the country and is crossing the geographical limits. Veritas Finance is defying the conventional rule book and constantly improving the innovative credit appraisal methodologies used to reach the informal segment borrowers from smaller towns. Veritas Finance is pushing the limits on digital intervention capabilities to serve this informal segment better. Veritas Finance is setting new standards on operational efficiency to reduce the cost of borrowing for this segment by focusing on productivity to build growth, scale and size.

In essence, Veritas Finance is constantly breaking boundaries !

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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KEY MILESTONES FY 2018-19

HIGHLIGHTS

D. Arulmany, Managing Director & CEO, Awarded BFSI Leadership Award, for his exemplary leadership in the BFSI domain at 6th NBFC100 Tech Summit 2019

BBB+

The company's credit rating from CARE BBB stable has been upgraded to CARE BBB+, Stable giving an impetus to the company's effort on various borrowing instruments, including NCDs and long-term bank facilities

The company had raised Rs.2 Billion through Series D investment with participation from the new investor; Norwest Venture Partners along with the existing investors like CDC Group Plc.; UK's Development Finance Institution and Mr. P. Surendra Pai, an anchor investor

Expanded our reach by opening branches at Andhra Pradesh, Telangana & Madhya Pradesh

CERTIFIED AS
ISO 27001 COMPLIANT

Veritas Finance Certified as ISO/IEC 27001:2013

Profit Before Tax at Rs.2828 Lacs

The company had launched its 100th branch in Burdwan, West Bengal.

KEY MILESTONES FY 2018-19

01
Awarded BFSI Leadership Award

02
Upgraded to CARE BBB+

03
Raises Rs.2 Billion

04
Expanded our reach to Andhra Pradesh, Telangana & Madhya Pradesh

05
Certified as ISO/IEC 27001:2013

06
PBT AT RS.2828 LACS

07
100th Branch Inauguration In Burdwan, WB

CORPORATE INFORMATION

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
Hemant Kaul, Nominee Director
Priyamvada Ramkumar, Nominee Director

BOARD OF OBSERVERS
Gaurav Malhotra, Observer, CDC Group Plc
Shiv Chaudhary, Observer, Norwest Venture Partners

STRATEGIC ADVISOR
P. Surendra Pai

CHIEF BUSINESS OFFICER
K P Venkatesh, President & Chief Business Officer

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
DCB Bank Limited
HDFC Bank Limited
Bandhan Bank Limited
IDFC First Bank Limited
The Karur Vysya Bank Limited
AU Small Finance Bank Limited
Fincare Small Finance Bank Limited
Equitas Small Finance Bank Limited
Utkarsh Small Finance Bank Limited

NON-BANK LENDERS
HDFC Limited
Ugro Capital Limited
Hero Fincorp Limited
Nabkisan Finance Limited
Sundaram Finance Limited
Hinduja Leyland Finance Limited
AK Capital Finance Private Limited
Fedbank Financial Services Limited
Reliance Commercial Finance Limited
Caspian Impact Investments Private Limited
Mahindra & Mahindra Financial Services Limited
Maanaveeya Development & Finance Private Limited

DEBENTURE HOLDERS
Aav Sarl
Blueorchard Microfinance Fund
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 Fintech Private Limited
Karvy Selenium Tower B,
Plot Nos.31 & 32,Financial District,
Nanakramguda,Serilingampally Mandal,
Hyderabad - 500032,
Telangana, India

STATUTORY AUDITORS
M/s BSR & Co. LLP, Chennai

INTERNAL AUDITORS
M/s Kumbhat & Co., Chennai

GST AUDITORS
M/s N.V.Balaji & 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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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 a Strategic Advisor and a Significant Investor in Veritas Finance.

MESSAGE FROM STRATEGIC ADVISOR

The financial markets faced strong headwinds and turbulent market conditions in 2018-19

I'm happy to note that Veritas Finance, amidst turbulent times, has emerged strong across all parameters. I'm happy that they have built a strong base for even bigger growth in coming years. I'm also happy that Veritas Finance has been able to demonstrate its ability to put in place a high performance team across new geographies.

While congratulating the team for its remarkable achievement, I would like to urge the team to be aware of the responsibility that this growth brings along. Responsibility that the changing macro conditions demand. To be aware of the need to combat the increased cost of borrowing through efficient operations and resist the temptation to pass on the cost to borrowers. To have the acute sense to tighten the sourcing and ensure even better asset quality rather than build loan book which is susceptible. To conserve capital and improve efficiency and avoid indiscriminate expansion. To be aware of the need to train the team and ensure uniform business practices across geographies.

I feel it is imperative that the team starts focusing on every key ratio. That the team ensures loan book growth leads to expenses absorption quicker. The portfolio quality lowers credit cost sooner.

When Veritas Finance does all of the above well, which am sure it will, it would move closer to its vision of becoming **the most admired company in the financial inclusion space by all stakeholders** earlier than planned.

I wish the team Veritas Finance all the very best and yet another year of remarkable performance!

LETTER FROM MD & CEO

Dear Members

The year 2018-19 marked the third full year of operations for Veritas Finance. It was yet another eventful year which not only tested our strong resilience but also saw us grow stronger.

The Year That Was....

We sustained the growth momentum on the asset side and continued to expand our operations. The business in Andhra Pradesh, Madhya Pradesh & Telangana have begun well and show significant potential for growth in coming years. As a result, for another year, the loan book showed significant growth to close at Rs 745 cr from Rs 335 cr in March 2018. Income grew over 166% to Rs 141 cr from Rs 55 cr.

It was also a year of challenges which saw swift changes in the liquidity scenario which impacted the ability of the NBFCs, especially the smaller ones, to access debt. While the crisis may be over, the troubles continue to persist. Veritas Finance, guided by eminent board and supported by marquee investors had rightly chosen to raise capital and remain well capitalized and thus was able to wither the storm with ease and continued growth momentum right throughout the year. In addition to equity capital, Veritas Finance continued to receive support from all its existing lenders and added more new lending relationships which helped the company stay above all turbulences.

Concomitant with the strong growth on all parameters, the credit rating of the company was upgraded twice from BBB- to BBB and then to BBB+ during the year. We also received the ISO 27001:2013 certification for Information Security pertaining to IT, HR, Adminstartion functions.

Our digital initiatives today have enabled us to minimize the manual interventions in the sourcing and loan processing, while keeping the personal credit assessment nuances intact. Customer app, OTP for cash collections, e-receipting, Oracle Financials interface, automating the treasury operations are few of the initiatives rolled out during the year.

Today Veritas Finance with 147 branches covers a little over 10000 villages and towns. We have created an impact on over 30000 customers, who have come into the fold of formal financing and now have the ability to build their business and access formal credit. While this credible achievement in itself makes the journey quite satisfying, what gives us further joy is the responsible behaviour of all these customers. The loan book of over Rs 745 crores with less than 1% NPA stands testimony to our firm belief that business loan to the underserved segment, while difficult to execute, when done well, can be a sustainable and commercially viable proposition.

The Road Ahead

When commencing the business in October 2015, we had drawn a vision map for Veritas Finance with three distinct phases of growth. Reaching a loan book of Rs 1000 crore in the first four years of operations was the first milestone in the Vision map. We hope the year 2019-20, which would be the fourth year of its operations would see Veritas Finance successfully completing the Phase – I and beginning an even more exciting journey into Phase- II .

All of us at Veritas are well aware that this journey to Phase-II would be difficult and arduous. Navigating this journey would be challenging. This would be a journey where the ascent would get steeper, the terrains difficult and milestones bigger.

While we are aware of the challenges ahead, we are equally confident and aware of our strength, as well. We were able to combat the impact of demonetization and GST with the strength and support of our employees who stayed passionate right through. We have been able to overcome the liquidity crisis with the strength and support of our marquee investors who displayed unwavering faith in our ability to execute and lenders who continued to believe in us. We have been able to overcome the challenges of natural calamities like the Cyclone Gaja with the strength and support of customers who understood and appreciated the fairness in our approach and transparency in our transactions.

We are, therefore, confident that we would be able to navigate through journey in Phase –II also successfully, as long as we continue to keep our laser focussed vision on the purpose, have an eagle eye on the efficiency of the operations and continue to stay sensitive to the needs of the customers, employees and our shareholders.

And we intend to do exactly that!

Regards

D Arulmany

Managing Director & CEO

PROFILE OF DIRECTORS

D. Arulmany
MD & CEO

D. Arulmany, Managing Director & CEO, Veritas Finance.

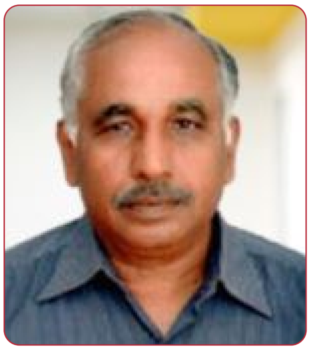
Arulmany D has more than two decades of experience most of which is in the financial services industry. Before starting Veritas Finance, he was associated with Aptus Value Housing Finance as President & CEO since inception.

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, Independent Director, Veritas Finance.

M. Sivaraman 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, Independent Director, Veritas Finance.

N. Mohanraj 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.

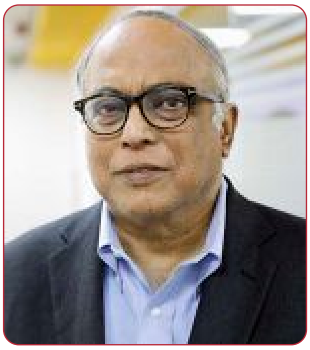
As a Nominee of LIC, he served on Boards of many companies including Punjab Tractors Ltd, HEG, Larsen & Toubro, Grasim Industries Ltd and Venture Funds like UTI VF, India Value Fund and IDFC Fund.

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

Abhijit Sen, Independent Director, Veritas Finance.

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, he 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 Trent Ltd, Ugro Capital Limited, Kalyani Forge Ltd, Cashpor Micro Credit and Ujjivan Micro-Finance Ltd. In the past, Abhijit Sen served on the Board of National Securities Depository Ltd, IDFC First Bank Limited and India First Life Insurance Company Limited. He 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.



Abhijit Sen
Independent Director

Venkatesh Natarajan
Nominee Director

Venkatesh Natarajan, Nominee Director, Sarva Capital LLC, Mauritius.

Venkatesh Natarajan is the Nominee Director of Sarva Capital LLC, Mauritius. He is the Co-Founder and Partner of Lok Capital and has been involved in microfinance and impact investing for 15+ 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.

Hemant Kaul, Nominee Director, CDC Group PLC

Hemant Kaul has over 23 years of experience in the financial services sector in India, and has particularly focused on building out retail networks. He has been the CEO of Bajaj Allianz General Insurance Co Ltd from December 2009 to April 2012. He has previously served as president of Retail Banking at AXIS Bank Limited, where he had seen the setup and expansion of its retail operations. He has also been the Chairman of TCI Finance Limited since January 2015, and Non-Executive chairman of Transcorp International Limited since April 2017. He was also an Independent Director of Ashiana Housing Limited since May 30 2013. He hold BSc degree from University of Rajasthan; and holds an MBA degree from Poddar Institute of Management, Jaipur.

Hemant Kaul
Nominee Director

Priyamvada Ramkumar
Nominee Director

Priyamvada Ramkumar, Nominee Director, Lok Capital Growth Fund

Priyamvada Ramkumar has over 12 years of experience across investing, investment & commercial banking. She has evaluated many deals across the NBFC and housing finance space. Prior to Lok Capital, she has worked with Veda Corporate Advisors, a boutique investment bank, for 6 years, advising companies across sectors on private equity and M&A transactions. A gold medallist, Priyamvada Ramkumar completed her Bachelors in Commerce from Stella Maris College. She holds an MBA from XLRI, Jamshedpur.

Gaurav Malhotra, Observer, CDC Group Plc.

Gaurav Malhotra works for the CDC Group – the UK government's Development Finance Institution. He is responsible for advising and supporting CDC on their investments in Financial Institutions in South Asia. His role has largely been in management consulting and advisory for financial institutions in India. Gaurav Malhotra has a wide range of consulting experience, working for several financial institutions during his 10 years with The Boston Consulting Group in India and Europe. He has also worked for a year as the head of the strategy for an Indian family business. Gaurav has experience in several topics including growth strategy, consumer behaviour, distribution networks, operations and IT, for multiple types of financial institutions, particularly in Microfinance.

Gaurav Malhotra
Observer - CDC Group Plc

Shiv Chaudhary
Observer -
Norwest Venture Partners

Shiv Chaudhary, Observer, Norwest Venture Partners

Shiv Chaudhary is a Managing Director at NVP India where he serves as an advisor on growth equity investments in Indian companies across a wide range of sectors including consumer, healthcare, technology, business services and financials.

NVP India investments that he has been involved with include Esskay Finance, Thyrocare, Snowman Logistics, Pepperfry, RBL Bank and Indusind Bank. Prior to re-joining NVP in 2019, Shiv Chaudhary spent a year with Edelweiss Private Equity Business. Prior to this, Shiv was with NVP for 9 years.

PROFILE OF SENIOR MANAGEMENT TEAM

K P Venkatesh
President & Chief Business Officer

K P Venkatesh a Mechanical Engineer from University of Madras and an MBA from XIM Bhuvaneshwar, has more than two decades of experience with a varied exposure largely in manufacturing and Financial Services. He has worked across organizations which include J.K Industries Ltd, Cholamandalam Investment and Finance Company Limited (Chola), GMAC, Equitas Finance and IKF Finance.

He has experience cutting across functions like Business Development, Credit, Operations and Sales. By joining Equitas Finance at an early stage, he was instrumental in building its various product verticals including micro finance, housing and vehicle finance. As CEO of Vehicle Finance at IKF, he co-partnered in helping the organisation to move to the next level.

J. Prakash Rayen is the Chief Operating Officer at Veritas Finance. He has over 25 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 Finance, 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 the 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.

J. Prakash Rayen
Chief Operating Officer

V.G. Suchindran
Chief Financial Officer

V.G. Suchindran is the Chief Financial Officer at Veritas Finance. He has experience of more than 18 years in capital markets and development finance industry across organizations like Equitas Micro Finance Limited, Citibank, Cholamandalam Investment & Finance Company Limited

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).

Sheik Abdullah heads Business Development & Marketing at Veritas Finance. He has more than 15 years 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 Finance, Sheik was working in Aptus Value Housing.

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

S.Sheik Abdullah
Senior Vice President - Marketing & Business Development

Sekhar Vikas spearheaded Veritas Finance foray into the Eastern States - Odisha, West Bengal and Jharkhand. Sekhar Vikas has more than fifteen years of experience in financial services with focus on housing, mortgage & unsecured lending space. He 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 also 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 Finance, 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
Senior Vice President - Sales - East - MSME

R.Krishnaraj has rich experience in financial services, most of which is in Credit & Collection function. He has over two decades of experience cutting across credit, operations, risk management, recovery and collections.

Before joining Veritas Finance, 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.

R. Krishnaraj
Senior Vice President - Credit & Collections - MSME

Nicholes Antony
Senior Vice President &
Business Head -
Working Capital Loans

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 Head of Special Initiatives.

A deeply committed individual, with in-depth knowledge of 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.

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 Investment and Finance Company Ltd.

Prior to Veritas Finance, 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 a professional degree in Law (B.A, B.L) from Dr. Ambedkar Law College, Chennai.

D. Kanchana Srikanth
Senior Vice President - Legal

Kumareshan Sivam
Vice President -
Human Resources

Kumareshan Sivam a post graduate in Personnel Management from Pune University. 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 Investment and Finance Company Ltd.

Madhavi N A
Company Secretary & Compliance Officer

Madhavi N A has rich experience of over 6 years in Compliance where she has worked in organizations like Frontier Life Line Pvt Ltd and has played a key role in managing responsibilities of compliance along with additional responsibility of being a Company Secretary. Her key role was to check for regulatory requirements and reporting, handling of new licenses and renewals as per the relevant regulations and liaising with the Government Authorities. She has played a vital role in advising the top management on policymaking.

She underwent her secretarial training with TVS Sundaram Clayton. Prior to training, she was employed with Indian Railways for 7 years. Currently, at Veritas Finance, she is the Company Secretary & Compliance Officer. She is an Associate member of Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICMAI). She is pursuing her Master of Business Laws with the National Law School of India University, Bangalore (NLSIU).

Veritas Finance had organised Regional Meet in Chennai last year where key employees of MSME were recognised for their outstanding performance and contribution

Dreams have always expanded our understanding of reality by challenging our boundaries of the real, of the possible.

- Henry Reed

Veritas Finance had organised an award ceremony for recognising the employees who went that extra mile to ensure quality and timely delivery to the Working Capital customers.

The only way to determine the boundaries of the possible is to go beyond these boundaries - Arthur C Clarke

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have immense pleasure in presenting the Fourth Annual Report of your Company together with the audited financial statements for the financial year ended March 31, 2019 which is the third full year of operations of the company.

Financial Results

The highlights of the Financial Statements of the Company for the financial years 2018-19 and 2017-18 are as under:

Amount in INR Crore

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Income from Operations	140.93	54.95
Less: Employee cost	46.06	19.83
Finance Cost	39.98	17.90
Other Operating Cost	22.04	9.50
Profit / (Loss) before Depreciation & Tax	32.85	7.72
Less: Depreciation	4.57	1.22
Profit / (Loss) Before Tax	28.28	6.50
Less: Tax Expenses	7.79	0.44
Profit / (Loss) After Tax	20.49	6.06
Add: Brought forward Profit / (Loss)	0.09	(4.76)
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	4.10	1.21
Balance Carried Forward	16.48	0.09

The Company is focused on providing loans to Micro, Small & Medium Enterprises (MSMEs), including business loans secured by property, working capital loans as well as home construction loans.

During the year under review, the Company has successfully grown its Loan Assets under Management from Rs.335.03 Crores to Rs.745.21 Crores, the Net Worth increased from Rs.165.70 Crores to Rs.443.70 Crores backed by infusion of Rs.261.11 Crores of additional capital, the Interest Income increased from Rs.45.76 Crores to Rs.117.97 Crores and the Customer Base increased from 14,635 customers to 30,183 customers.

SHARE CAPITAL:

During the year 2018-19, the company has raised capital as follows:

- In May 2018, the company has raised Rs.60 Crores from existing investors
- In June 2018, Rs.0.02 Crores allotment of shares upon exercise of stock option by our employee under the company's employees stock option scheme Veritas ESOS A, 2016
- In October 2018, the company has raised capital of Rs.200 Crores led by new investor, Norwest Venture Partners and other existing Investors
- In December 2018, the company has raised Rs.1.09 Crores in form of rights issue

With the above capital infusion, as on 31st March 2019, the paid-up equity capital and preference share capital of the company stood at Rs 31.42 Crores and Rs 50.03 Crores respectively and net worth of Rs 443.70 Crores.

Dividend

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

Transfer to Reserves

As required by Reserve Bank of India, the Company made a transfer of Rs.4.10 Crores to statutory reserves constituting 20% of the profits made during the year under review.

Deposits

The Company is registered as NBFC-ND-SI and does not accept any deposits. Hence, no deposit was accepted from the public for the year ended March 31, 2019.

Capital Adequacy Ratio

The Company had a Capital to Risk Adjusted Assets ratio of 48.04% against the statutory requirement of 15% due to higher capital base and lower leverage. The above ratio includes Tier 2 capital of 0.81% towards 1% provision made on Standard Assets against the requirement of 0.40% prescribed by RBI for NBFC- ND SI companies.

Operational Highlights

Some of the highlights for the year ended March 31, 2019 are:

1) The Company disbursed Rs. 559.09 Crores during the period resulting in the assets under management of Rs. 745.21 Crores.

2) The Company has started operations in Andhra Pradesh, Telangana and Madhya Pradesh. The Branch Network has increased to 147 branches across seven states of Tamil Nadu, West Bengal, Karnataka, Odisha, Madhya Pradesh, Telangana, Andhra Pradesh and union territory of Puducherry.

3) The Company has received ISO/IEC 27001:2013 certification in the areas of Information Security Management System pertains to Veritas Finance businesses handled by IT department including that of support functions viz. Human Resource Management, Admin and Facility Management.

Future Outlook

The Company continues to focus on loan to Micro, Small & Medium Enterprises (MSMEs), including term loans secured by property, working capital loans as well as home construction loans. Veritas Finance has built a significant presence with Tamil Nadu and has presence to other states namely West Bengal, Karnataka and Odisha, Madhya Pradesh, Telangana and Andhra Pradesh during FY 2018-19. During the FY 2019-20, Veritas Finance will be exploring business opportunities in the states of Jharkhand and increase its presence in the existing states in Andhra Pradesh, Telangana, Odisha and Madhya Pradesh.

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 Finance, backed by people who have decades of experience financing to the informal segment, believes that this unique ability to understand and assess the segment, would differentiate Veritas Finance from other NBFCs and give Veritas Finance the edge to sustain growth in the coming years.

Credit Rating

The current credit rating of the company is "CARE BBB+ with stable outlook (CARE Triple BBB Plus) for the Long term Bank loans and Non-Convertible Debentures.

During the year, in May 2018, the Credit rating of the company has upgraded to "CARE BBB with stable outlook" from "CARE BBB- with stable outlook". In December 2018, the Credit rating of the company has upgraded to "CARE BBB+ with stable outlook" from "CARE BBB with stable outlook".

Issue of Listed Debt Securities:

The Company has issued Listed Secured Redeemable NCDs of Rs. 80 Crores during the year. These Securities are listed with BSE Limited.

RBI Guidelines:

Reserve Bank of India (RBI) granted the Certificate of Registration to the Company in October 2015 vide Registration No. N-07.00810, to commerce the business of non-banking financial institution without accepting deposits. During May 2018, the company has crossed the threshold of Rs.500 crores in total assets size and become a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

Other Statutory 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 March 31, 2019, Mr. Hemant Kaul, was appointed as a Nominee Director of our Investor, CDC Group Plc. with effect from October 12, 2018.

Mr. Priyamvada Ramkumar, was appointed as a Nominee Director of our Investor, Lok Capital Growth Fund with effect from October 12, 2018.

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

Key Management Personnel:

Pursuant to the provisions of section 203 of the Companies 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 K.P. Venkatesh, President & Chief Business Officer

3. Mr J. Prakash Rayen, Chief Operating Officer

4. Mr V. G. Suchindran, Chief Financial Officer

5. Ms N. A. Madhavi, Company Secretary & Compliance Officer (w.e.f. 1st April 2019)

Ms N. A. Madhavi, who was earlier the Compliance Officer was appointed as Company Secretary and Compliance Officer. Ms. Priyanka I Misser was the Company Secretary during the entire financial year till March 31, 2019.

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 2019-20, to the Shareholders at the ensuing Annual General Meeting.

Subsidiary / Joint Ventures / Associate Companies:

As on March 31, 2019, 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.

Corporate Governance Report:

A report on Corporate Governance is attached which 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 has documented its internal financial controls considering the essential components of various critical processes, physical and operational which include its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance.

This ensures orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information

The internal financial controls with reference to the financial statements were adequate and operating effectively

Annual Return as per the Companies Act 2013:

Pursuant to section 92 (1) of the Companies Act 2013, the Annual Return for the year 2018 – 19 will be uploaded in the website of the Company : https://www.veritasfin.in/annualreturn.html

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 no foreign exchange earnings. However, there was an expenditure in foreign currency as mentioned in Note 42 of the audited financial statements for the year ended March 31 2019

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.

Board Meetings Held During The Year:

During the year, 10 meetings of the Board of Directors were held on April 27, 2018, July 18, 2018, August 10, 2018, October 12, 2018, October 31, 2018, November 9, 2018, December 6, 2018, January 24, 2019, March 20, 2019, March 29, 2019 and the gap between two meetings were not more than 120 days.

Directors Responsibility Statement:

To the best of their knowledge and belief, 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 March 31, 2019, 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 the year ended March 31, 2019;

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. M. Sivaraman, Mr. Abhijit Sen, 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 declarations 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.

Acknowledgement:

Your Directors take this opportunity to thank the shareholders, customers, employees, bankers, non-bank lenders, mutual funds, financial institutions, debenture trustee, R&T agent, credit rating agency, auditors and Reserve Bank of India,

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, co-operation, active participation, dedication and professionalism has made the organization's significant growth possible.

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 : 26 April 2019
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 Seven Directors. There are three Independent Directors, three Nominee Director of the Investor apart from the Managing Director and CEO. During the year, the Company has inducted two Nominee Directors with the approval from RBI.

During the financial year ended March 31, 2019, Ten (10) 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	10 (10)
M. Sivaraman (28 May 2015)	Independent Director	1	10 (10)
N. Mohanraj Nair (1 December 2015)	Independent Director	1	10 (10)
Venkatesh Natarajan (18 March 2016)	Director (Nominee of Sarva Capital LLC)	5	7 (10)
Abhijit Sen (9 November 2017)	Independent Director	6	7 (10)
Hemant Kaul (12 October 2018)	Nominee Director Of CDC Group PLC	6	3 (6)
Priyamvada Ramkumar (12 October 2018)	Nominee Director Of LOK Capital Growth Fund	Nil	5 (6)

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.

Separate meeting of independent directors

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the independent directors had a separate meeting on 24th January 2019 without the presence of the non-independent directors and management team.

Code of Conduct

The Company has adopted a Code of Conduct for members of the Board and the Senior Management. The code aims at ensuring consistent standards of conduct and ethical business practices across the organisation. All the members of the Board and the Senior Management have duly adhered to the Code of Conduct.

Changes in Board Constitution

During the year ended March 31, 2019, the following change took place in the constitution of the Board:

Mr. Hemant Kaul, was appointed as Nominee Director of CDC Group Plc. with effect from October 12, 2018.

Ms. Priyamvada Ramkumar was appointed as Nominee Director of Lok Capital Growth Fund with effect from October 12, 2018.

Mr M. Sivaraman and Mr N. Mohanraj were re-appointed as Independent Directors in the AGM held on June 11, 2018 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 March 31, 2019, the Company has Nine Committees of the Board, constituted in accordance with the provisions of the Act viz.,

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Responsibility Committee
4. IT Strategy Committee
5. Stakeholders Relationship
6. Risk Management Committee
7. ALCO Committee
8. Resources & Business Committee
9. 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 Committee

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. The recommendation for appointment, reappointment, replacement, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company for audit or any other services rendered by the auditors
3. Reviewing, with the management, the quarterly, half yearly and annual Financial Statements before submission to the Board for approval, with particular reference to:
    - i. 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
    - ii. Changes, if any, in accounting policies and practices and reasons for the same.
    - iii. Major accounting entries involving estimates based on the exercise of judgment by management
    - iv. Significant adjustments made in the Financial Statements arising out of audit findings
    - v. Compliance with accounting and other legal requirements relating to Financial Statements
    - vi. Disclosure of any related party transactions
    - vii. Qualifications in the draft Auditors Report.
4. Reviewing the Accounting Policies from time to time including those on Provisions.
5. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
6. 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.
7. Discussion with Internal Auditors any significant findings and follow up there on.
8. 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.
9. 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.
10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transactions of the company with related parties
12. Scrutiny of inter-corporate loans and quarterly review of investment activities;
13. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

14. Monitoring the end use of funds if raised through public offers and related matters.

15. Ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company.

The Audit 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.

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it is considered necessary.

Composition & Meetings:

Members (old)	Members (New)
Mr. N. Mohanraj (Chairman)	Mr. M. Sivaraman (Chairman)
Mr. M. Sivaraman	Mr. Abhijit Sen
Mr. Venkatesh Natarajan	Mr. Hemant Kaul
	Ms. Priyamvada Ramkumar

During the year ended March 31 2018, Four (4) meetings of the Committee were held on April 27, 2018, July 18, 2018, November 9, 2018 and January 24, 2019.

Before Reconstitution:

Name of the Member	Committee Meetings attended (Meetings held)
Mr.N.Mohanraj (Chairman)	3 (3)
Mr.M.Sivaraman	3 (3)
Venkatesh Natarajan	3 (3)

After Reconstitution:

Name of the Member	Committee Meetings attended (Meetings held)
Mr. M. Sivaraman (Chairman)	1 (1)
Mr. Abhijit Sen	1 (1)
Mr. Hemant Kaul	0 (1)
Ms. Priyamvada Ramkumar	0 (1)

II. Nomination and Remuneration Committee:

The Nomination & Remuneration Committee was reconstituted in the Board Meeting held on November 9, 2018.

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 atleast annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals 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. Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-HR, and fixing their terms of remuneration.
9. Administration of ESOP Schemes of the Company 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:

Members (old)	Members (New)
Mr. Venkatesh Natarajan (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. M. Sivaraman	Mr. Venkatesh Natarajan
Mr. N. Mohanraj	Mr. N. Mohanraj
	Mr. Hemant Kaul

During the year ended March 31, 2018, Four (4) meetings of the Committee were held on April 27, 2018, October 31, 2018, December 6, 2018, and March 29, 2019.

Before reconstitution

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Venkatesh Natarajan (Chairman)	1 (2)
Mr.M.Sivaraman	2 (2)
Mr. N. Mohanraj	2 (2)

After reconstitution

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Abhijit Sen (Chairman)	2 (2)
Mr. N. Mohanraj	2 (2)
Mr. Venkatesh Natarajan	2 (2)
Mr. Hemant Kaul	2 (2)

III. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee was re - constituted in the Board Meeting held on November 9, 2018.

Terms of Reference:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Schedule VII of Companies Act, 2013 as may be amended or modified from time to time;
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
3. To monitor the CSR policy of the Company from time to time;
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

During the year ended March 31, 2019, one (1) meeting of the Committee was held on June 25, 2018.

Members (old)	Members (New)
Mr. D. Arulmany (Chairman)	Mr. N. Mohanraj (Chairman)
Mr. M. Sivaraman	Mr. M. Sivaraman
Mr. N. Mohanraj	Mr. D. Arulmany
	Mr. Venkatesh Natarajan

Name of the Member	Committee Meetings attended (Meetings held)
Mr. D. Arulmany (Chairman)	1 (1)
Mr. M. Sivaraman	0 (1)
Mr. N. Mohanraj	1 (1)

IV. IT Strategy Committee:

The IT Strategy Committee was Re - constituted in the Board Meeting held on November 9, 2018.

Terms of Reference:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

6. Any other matter as the IT Committee may deem appropriate or as may be directed by the Board of Directors from time to time.

During the year ended March 31, 2019, two (2) meetings of the Committee was held on October 12, 2018 and January 24, 2019.

Members (old)	Members (New)
Mr. Abhijit Sen (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. J. Prakash Rayen	Mr. J. Prakash Rayen
Mr. S. Parthiban	Mr. S. Parthiban
	Ms. Priyamvada Ramkumar

Before Reconstitution:

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Abhijit Sen (Chairman)	1 (1)
Mr. J. Prakash Rayen	1 (1)
Mr. S. Parthiban	1 (1)

After Reconstitution:

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Abhijit Sen (Chairman)	1 (1)
Ms. Priyamvada Ramkumar	0 (1)
Mr. J. Prakash Rayen	1 (1)
Mr. S. Parthiban	1 (1)

V. Stakeholders Relationship Committee:

The Nomination & Remuneration Committee was reconstituted in the Board Meeting held on November 9, 2018 and the first meeting of the Committee was held on April 26, 2019.

Terms of Reference:

1. The Committee shall consider and oversee the implementation of the objectives stated in this Charter.

2. The Committee shall look into the mechanism of redressal of grievances of only shareholders, debenture holders and other debt security holders.

3. The Committee shall resolve complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends, on-time settlement of Principal and interest for Debentures, approve issue of duplicate certificates and new certificates on split/consolidation/renewal etc., approve transfer/transmission, dematerialization and rematerialization of shares in a timely manner and oversee the performance of the Registrar and Share Transfer Agent and Debenture Trustees and recommend measures for overall improvement in the quality of investor services.

4. The Committee may consult with other Committees, if required while discharging its responsibilities, shall have access to any internal information necessary to fulfill its role and shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

5. The Committee shall periodically provide updates to the Board and review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.

6. The Committee shall monitor and review on an annual basis the Company's performance in dealing with Stakeholders grievances.

Members (old)	Members (New)
Mr. Abhijit Sen (Chairman)	Mr. D. Arulmany (Chairman)
Mr. M. Sivaraman	Mr. M. Sivaraman
Mr. N. Mohanraj	Mr. N. Mohanraj

VI. Risk Management Committee :

The Risk Management Committee is a new Committee constituted in the Board Meeting held on November 9, 2018.

Terms of Reference:

1. Put in place the risk assessment process to identify significant business, operational, financial, compliance, reporting, and other risks;

2. Identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk and transactional risk);

3. Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored;

4. Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment programme;

5. Bi – Annual review of data for Credit and Portfolio Risk Management.

6. Bi – Annual review of data for Operational and Process Risk Management.

7. Laying down guidelines on KYC norms.

8. Annual review of the Company's Policies framed pursuant to RBI Guidelines. The Committee shall suggest changes, if any required, to the Board for adoption.

9. The committee reviews the Asset Liability Management reports to be submitted periodically to RBI.

During the year ended March 31, 2019, one (1) meeting of the Committee was held on January 24, 2019.

Name of the Member	Committee Meetings attended (Meetings held)
Mr Venkatesh Natarajan (Chairman)	1 (1)
Mr D. Arulmany	1 (1)
Mr Abhijit Sen	1 (1)
Mr N. Mohanraj	1 (1)

VII. ALCO Committee:

Terms of Reference:

1. Determine the appropriate ALM risk appetite or level of exposure in line with RBI regulations, as amended from time to time
2. Deliberate on strategies for loan products
3. Liquidity Risk Management with specific focus on debt funding and capital planning
4. Management of Market Risk including Interest Rate Risk
5. Forecasting and analysing 'what if scenario' and preparation of contingency plans
6. Profit planning and growth projection

During the year ended March 31, 2019, twelve (12) meetings of the Committee were held on April 13, 2018, May 31, 2018, June 27, 2018, July 21, 2018, August 23, 2018, September 27, 2019, October 15, 2019, November 17, 2018, December 22, 2018, January 17, 2019, February 27, 2019 and March 28, 2019.

Name of the Member	Committee Meetings attended (Meetings held)
Mr. D. Arulmany (Chairman)	12 (12)
Mr. K. P. Venkatesh	4 (5)
Mr. J. Prakash Rayen	11 (12)
Mr. V. G. Suchindran	12 (12)
Mr. R. Krishnaraj	12 (12)
Mr. M. Mahesh	12 (12)

VIII. Resources & Business Committee:

The Resources & Business Committee is a new Committee constituted in the Board Meeting held on November 9, 2018.

Terms of Reference:

1. To allot Non - Convertible Debentures (NCD) from time to time, to one or more subscribers, in one or more tranches on such terms and conditions as it thinks fit, subject however that the total amount of NCDs so issued during a financial year shall not exceed the limits approved by the Board from time to time.
2. To consider and approve Securitization and Direct Assignment arrangements and to authorize carrying out of all actions connected therewith.
3. To review the existing loan products and recommend new loan products to the board for approval
4. Any loan to be given by the Company including loan against property, SME loans and other loans exceeding Rs.1 crore to be approved by Resourcing & Business Committee.

During the year ended March 31 2019, three (3) meetings of the Committee was held on January 24, 2019, March 20, 2019 and March 29, 2019.

Name of the Member	Committee Meetings attended (Meetings held)
Mr. N. Mohanraj (Chairman)	3 (3)
Mr. D. Arulmany	3 (3)
Ms. Priyamvada Ramkumar	2 (3)

IX. Business Impact Committee:

The Business Impact Committee was new Committee constituted in the Board Meeting held on November 9, 2018.

Terms of Reference:

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/PerformanceStandards 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.

During the year ended March 31, 2019, two (2) meetings of the Committee was held on November 9, 2018 and March 29, 2019.

Members (old)	Members (New)
Mr. D. Arulmany (Chairman)	Mr. Hemant Kaul (Chairman)
Mr. J. Prakash Rayen	Mr. D. Arulmany
Mr. Nikhil Balaraman	Mr. Gaurav Malhotra

E&S Managers (old)	E&S Managers (New)
Mr. Kumareshan Sivam	Mr. Kumareshan Sivam
Ms. Priyanka Misser	Ms. N.A. Madhavi

Before Reconstitution

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

Name of the E&S Manager	Committee Meetings attended (Meetings held)
Mr. Kumareshan Sivam	1 (1)
Ms. Priyanka Misser	1 (1)

After Reconstitution

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Hemant Kaul (Chairman)	1 (1)
Mr. D. Arulmany	1 (1)
Mr. Gaurav Malhotra	1 (1)
Mr. K.P. Venkatesh	1 (1)

Name of the E&S Manager	Committee Meetings attended (Meetings held)
Mr. Kumareshan Sivam	1 (1)
Ms. N. A. Madhavi	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 January 18, 2016.

The details of the sitting fees paid to Directors during the financial year 2018-19 are as follows:

Name	Sitting Fees (Amount in Rs.)	
	Board	Committees
Mr. M. Sivaraman	2,50,000	1,75,000
Mr. N. Mohanraj	2,50,000	3,25,000
Mr. Abhijit Sen	1,75,000	1,75,000

General Body Meetings:

During the period from April 01, 2018 to March 31, 2019, Five Extraordinary General Meetings were held as per details given below:

Date	Type of meeting	Time	Venue
16 April 2018	EGM	10.00 A.M.	Registered office of the Company
11 june 2018	EGM	10.00 A.M.	Registered office of the Company
10 August 2018	EGM	10.00 A.M.	Registered office of the Company
16 October 2018	EGM	10.00 A.M.	Registered office of the Company
22 November 2018	EGM	10.00 A.M.	Registered office of the Company

The Annual General Meeting for the last three years were held on June 10, 2016, May 30, 2017 and June 11, 2018 respectively.

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

Related party transactions:

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements. 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 March 31 2019

Equity:

Category	Number of Shares	% of total
Promoter & Relatives	1,50,75,000	36.50%
Resident Individual Investors	96,12,377	23.28%
Employees & their Relatives	38,50,000	9.32%
Institutional Investors	1,27,64,141	30.90%
Total	**4,13,01,518**	**100.00%**

Preference:

Category	Number of Shares	% of total
Institutional Investors	4,30,72,031	100.00%
Total	**4,30,72,031**	**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 : 26 April 2019
Place: Chennai

ANNEXURE I

RAJASHREE SANTHANAM
Company Secretary

No.10, Old No.41
Kirupasankari Street
West Mambalam, Chennai - 600 033
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 2019. 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;

Place : Chennai
Date : 24 April 2019

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

ANNEXURE II

VERITAS Employees Stock Option Scheme (VERITAS ESOS A), 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	28,00,250
d. Options Exercised	15,000
e. The total no. of shares arising as a result of exercise of option	Nil
f. Options Lapsed / Surrendered	50,000
g. Variation of terms of option	Nil
h. Total number of options in force	29,35,000
I. Money realized by exercise of options	1,50,000
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 31.03.2019	Nil
(c) Identified employees who were granted Options, during the period ended 31.03.2019, 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)

Note: The terms of the scheme (VERITAS ESOS A), 2016 was changed in the Board meeting held on 06.12.2019.

VERITAS Employees Stock Option Scheme (VERITAS ESOS B), 2018

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	10,00,000
b. Options Granted	9,30,000
c. Options Vested	1,78,000
d. Options Exercised	Nil
e. The total no. of shares arising as a result of exercise of option	Nil
f. Options Lapsed / Surrendered	40,000
g. Variation of terms of option	Nil
h. Total number of options in force	8,90,000
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 31.03.2019	Nil
(c) Identified employees who were granted Options, during the period ended 31.03.2019, 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.40 for 9,30,000 Options granted on 22.03.2018.

Note: The terms of the scheme (VERITAS ESOS B), 2018 was changed in the Board meeting held on 06.12.2019.

VERITAS Employees Stock Option Scheme (VERITAS ESOS C), 2018

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	20,00,000
b. Options Granted	4,00,000
c. Options Vested	Nil
d. Options Exercised	Nil
e. The total no. of shares arising as a result of exercise of option	Nil
f. Options Lapsed / Surrendered	Nil
g. Variation of terms of option	Nil
h. Total number of options in force	4,00,000
i. Money realized by exercise of options	Nil
j. (a) Details of options granted to Key Managerial Personnel (b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2019 (c) Identified employees who were granted Options, during the period ended 31.03.2019, equal or exceeding 1% of the issued capital of the Company at the time of grant	 Nil Options granted on 06.12.2018: K. P. Venkatesh 4,00,000 20% 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.120 for 4,00,000 Options granted on 06.12.2018.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Veritas Finance Private Limited ("Veritas Finance") recognizes that integrating social, environmental and ethical responsibilities into the governance of businesses ensures the long term success, competitiveness and sustainability.

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Your Company would be undertaking the CSR activities as listed in the Schedule VII and Section 135 of Companies Act, 2013 and the Rules framed thereunder.

The Company CSR Policy had been uploaded in the website of the Company and the web link to CSR policy is https://www.veritasfin.in/csr-policy.html.

Composition of the CSR Committee:

1. Mr. N. Mohanraj (Chairman)
2. Mr. M. Sivaraman
3. Mr. D. Arulmany
4. Mr. Venkatesh Natarajan

Details of CSR spent during the financial year (2018 – 2019)

Amount required to be spent by the Company during the year	-	Rs. 1.16 Lakhs
Amount spent during the year	-	Rs. 1.23 Lakhs

The amount was spent towards the purchase of two portable multi parameter Vital Sign monitors for recording the patients pulse, blood pressure and oxygen saturation for use in the Cancer Institute, Chennai.

DIRECTORS APPOINTMENT, REMUNERATION AND EVALUATION POLICY

Preamble:

Pursuant to Section 178 of the Companies Act, 2013 ("the Act"), listing regulations and requirements of the Reserve Bank of India, policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees had been formulated including criteria for determining qualifications, positive attributes, Independence of a Director and other matters as required under the said Act and Listing Regulations.

Definitions:

a) **Independent Director:** Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

b) **Nominee Director:** Director appointed by the Major Investor as per the terms of the Shareholders Agreement.

c) **Key Managerial Personnel:** Key Managerial Personnel (KMP) means — (i) Chief Executive Officer (CEO) and/or the Managing Director (MD) (ii) Chief Operating Officer (COO) (iii) Chief Business Officer (CBO) (iv) Chief Financial Officer (CFO) and (v) Such other Officer as may be prescribed.

d) **Remuneration:** Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

e) **Senior Management:** Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Managing Director, including all functional heads.

The objectives of this policy:

a) To evaluate the performance of the members of the Board.

b) To develop and recommend to the Board a set of corporate governance principles, takes a leadership role in shaping the corporate governance of the company.

c) To make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the independent directors, including Chairman, conduct annual review of the performance of the Managing Director and/or Chief Executive Officer and also oversee the Company's Managing Director's and/or Chief Executive Officer's succession planning process.

d) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

e) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

Nomination and Remuneration Committee (NRC):

1. **Composition of the Nomination & Remuneration Committee**: The composition of the Committee to be in compliance with the Act, Rules made thereunder, as amended from time to time.

   Chairperson: Chairperson of the Committee shall be an Independent Director as may be elected by the members of the Committee.

   Quorum: Quorum for Meeting of the Committee shall be construed as per the requirements under the Companies Act 2013 ("Act") and and in line with the agreed terms as mentioned in the Share Holders Agreement (SHA) as amended from time to time.

   Frequency of meetings: The Committee may meet at such times and at such intervals as it may deem necessary.

2. Role of the Committee:

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

a) 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;

b) To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals for Directorships.

c) To assess the independence of Independent Directors;

d) To review the results of the Board performance evaluation process that relate to the composition of the Board;

e) 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.

f) Annual appraisal of the performance of the Managing Director and fixing the terms of his remuneration.

g) Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-Human Resources and fixing terms of their remuneration.

h) Administration of ESOP Schemes of the Company as approved from time to time.

i) The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

At present, the Committee comprises of following Members:

i. Mr. Abhijit Sen (Independent Director - Chairman of the Committee)

ii. Mr. N. Mohanraj (Independent Director)

iii. Mr. Venkatesh Natarajan (Nominee Director)

iv. Mr. Hemant Kaul (Nominee Director)

3. Appointment and removal of Director, KMP and Senior Management:

Appointment criteria and qualification:

The Committee shall ascertain the integrity, qualification, expertise and experience of the person, identified for appointment as Director and recommend to the Board his / her appointment after taking the prior consent from the Reserve Bank of India (RBI) as per the "Fit and Proper" criteria guidelines of the Reserve Bank of India (RBI).

The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

I. Qualification, expertise and experience of the Directors in their respective fields;

II. Personal, Professional or business standing;

III. Diversity of the Board.

For the appointment of KMP (other than Managing Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, the appointment of KMP (other than Managing Director) or Senior Management, the Managing Director is authorized to identify and appoint a suitable person for such position.

However, if the need be, the Managing Director may consult the Committee / Board for further directions / guidance.

Tenure of appointment:

The Term of the Directors including Managing Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP (other than the Managing Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

Removal:

A. Employees: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, employment agreements etc., the Committee may recommend, to the Board with reasons recorded in writing, removal of a KMP or Senior Management Personnel.

B. Independent Director: Disqualification shall be done on the following conditions as specified below:

a. Director incurs any of the disqualifications specified in section 164;

b. Director absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;

c. Director acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;

d. Director fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;

e. Director becomes disqualified by an order of a court or a Tribunal;

f. Director is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months.

Under Section 169 of the Companies Act, 2013 which pertains to removal of directors, an independent director appointed for a second term shall be removed by the company only by passing a special resolution and after giving him a reasonable opportunity of being heard. Further, a special notice is required for removal of a director and such director is entitled to attend the general meeting and is eligible to be heard on the resolution at the meeting.

C. Nominee Director: The appointment and Removal of Investor Nominee Directors are as per the agreed terms mentioned in the Share Holders Agreement as amended from time to time.

4. Performance Evaluation of the Board, Committees and each of the Directors

Pursuant to the provisions of the Companies Act, 2013, the Board will carry out annual performance evaluation of its own performance, its Committee's and the Directors individually covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc. A separate exercise to evaluate the performance of individual Directors including the Chairman of the Board / Committees will be evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc.

Framework for performance evaluation of Directors, Board and committees is as per Annexure A to this Policy.

5. Remuneration of Managing Director and/or Chief Executive Officer, KMP and Senior Management

The remuneration / compensation / commission, etc., as the case may be, to the Managing Director and/or Chief Executive Officer, KMPs and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder.

Further, the Managing Director and/or Chief Executive Officer of the Company is authorized to decide the remuneration of Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

The NRC Committee determines the annual variable pay compensation in the form of annual incentive and annual increment for the KMPs based on Company's and individual's performance as against the pre-agreed objectives for the year.

The KMPs, except a promoter director, is also eligible for ESOPs as per the scheme in force from time to time. Grants under the Scheme shall be approved by the NRC Committee.

Remuneration to Key Managerial Personnel / Other Employees

The Company's total compensation for Key Managerial Personnel / other employees consists of:

1. **Fixed compensation:**

    a) Basic Salary,

    b) House Rent Allowance,

    c) Leave Travel Allowance,

    d) Medical Reimbursement,

    e) Conveyance,

    f) Special allowance etc.

Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee.

2. **Variable Compensation:**

    a) Annual Performance Linked incentive plans: The Annual Incentive (variable pay) of executives is linked directly to the performance of the company and or employee in accordance with the Employees Incentive Policy of the Company.

    b) A formal annual performance management process is applicable to all employees, including KMP and Senior Management personnel. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.

Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

3. Retirement Benefits:

a) Provident Fund,

b) Gratuity

c) Contribution to a Superannuation Fund

4. Other Benefits:

a) In addition to the above select senior executives are eligible for long-term incentive plan in the form of ESOPs, as per the scheme in force from time to time. Grants under the Scheme are approved by the NRC Committee.

b) Based on the grade and seniority of employees, benefits for employees include: Health-related including health (hospitalization) insurance for self and family, Life insurance covering accident, disability etc.

c) In addition to the above, the Senior Employees may also be eligible and be provided with Club membership, Company Car, Mobile and such other benefits and such other perquisites as may be determined and issued from time to time based on the company policy

6. Remuneration to Independent Director

Independent Directors are paid remuneration by way of Sitting Fees as approved by the shareholders.

The sitting fee payable to the Independent Director for attending the Board and Committee meetings is fixed subject to the statutory ceiling. The fee is reviewed periodically and aligned to comparable best in class practices.

The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. a resolution will be passed in the Board for payment of sitting fees to the independent Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. Section 197 of Companies Act, 2013 also provides for the payment of Commission to Independent Directors up to a maximum of 1% of the net profit of the Company as determined by the Board from time to time.

The sitting fees, as the case may be, to the Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

7. Policy Review

Subject to the approval of the Board, the Nomination & Remuneration Committee reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. This policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee and wherever required the recommendation to the Board will be made for its approval.

Annexure A

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- Expertise;
- Objectivity and Independence;
- Guidance and support in context of life stage of the Company;
- Understanding of the Company's business;
- Understanding and commitment to duties and responsibilities;
- Willingness to devote the time needed for effective contribution to Company;
- Participation in discussions in effective and constructive manner;
- Responsiveness in approach; and
- Ability to encourage and motivate the Management for continued performance and success.

The evaluation involves assessment of each member of the Board, by the Directors excluding the person who is being evaluated. A member of the Board will not participate in the discussion of his / her evaluation.

MATRIX FOR EVALUATION OF INDEPENDENT DIRECTOR

S. No.	Criteria of Evaluation	Rating				
		1	2	3	4	Remarks
1	Attendance and participation in the meetings					
2	Raising of concerns to the Board					
3	Safeguarding of confidential information					
4	Rendering independent, unbiased opinion and resolution of issues at meetings					
5	Initiative in terms of new ideas and planning for the Company					
6	Safeguarding interest of whistle-blowers under vigil mechanism					
7	Timely inputs on the minutes of the meetings of the Board and Committees, if any					

Rating:

1 - Always
2 - Mostly
3 - Sometimes
4 - Occasionally

MATRIX FOR EVALUATION OF NOMINEE DIRECTOR

S. No.	Criteria of Evaluation	Rating				
		1	2	3	4	Remarks
1	The Director attends the Board & Committee meetings regularly					
2	The Director invest time in understanding the company and its unique requirements					
3	The Director brings in external knowledge and perspective to the table for discussion					
4	The Director expresses his views on issues at the Board					
5	The Director keeps himself updated on areas and issues that are likely to be discussed at the Board Level					
6	The Director is guided by the requirements of the various provisions as applicable to the investor they are representing as given in the Shareholders Agreement as amended from time to time					

Rating:

1 - Always
2 - Mostly
3 - Sometimes
4 - Occasionally

MANAGEMENT DISCUSSION & ANALYSIS REPORT

MSME Industry Overview:

The Micro, Small and Medium Enterprises sector is crucial to India's economy. There are 55.8 million enterprises in various industries, employing close to 124 million people. Of these, nearly 14 percent are women-led enterprises, and close to 59.5 percent are based in rural areas. In all, MSME Sector accounts for 31 percent of India's GDP and 45 percent of exports. Lack of adequate and timely access to finance continues to remain the biggest challenge for the sector and has constrained its growth. The financing needs of the sector depends on the size of the operation, industry, customer segment, and the stage of development. Financial institutions have limited their exposure to the sector because of small ticket size of loans, higher cost of servicing the segment and limited ability of MSMEs to provide immovable collateral.

Company Overview:

Veritas Finance Private Limited is Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") presence across union territory of Pondicherry and States of Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana & Madhya Pradesh. 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. During May 2018, the company has crossed the threshold of Rs.500 crores in total assets size and become a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI).

Veritas Funding Methodology

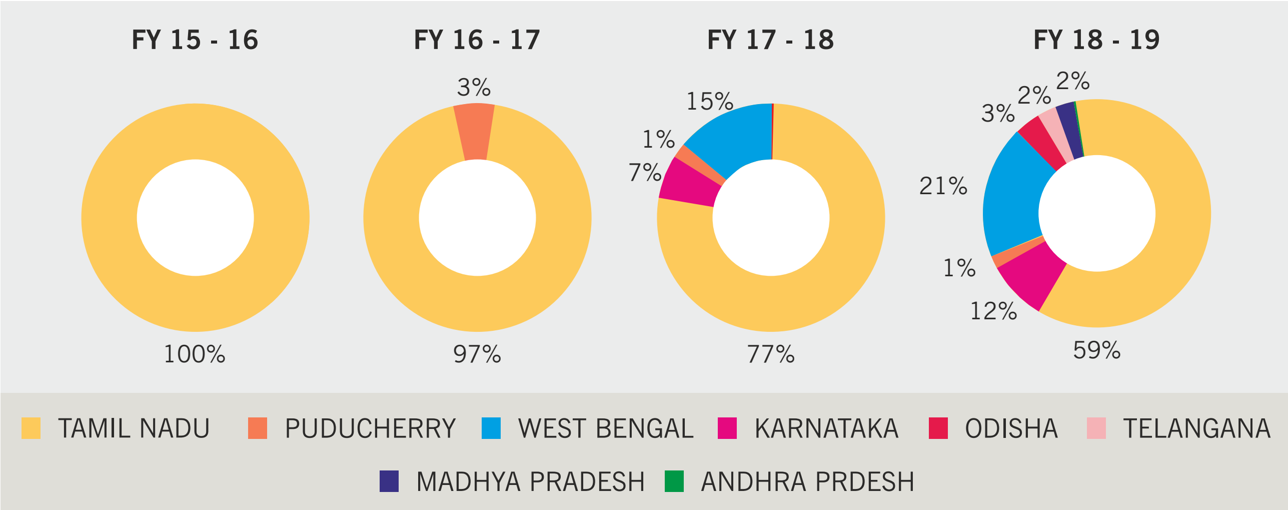
As an organization that operates in providing loans to MSME segment, we have unique credit methodologies for different customer segments. We study our customers' enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability 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 19:

As on 31st March 2019, Veritas Finance catering to 30,183 small business entrepreneurs. The gross loan portfolio was up by 122% to Rs.745.21 crores as of 31st March, 2019 compared to Rs.335.03 crores as of 31st March, 2018. The share of secured loan portfolio, i.e., MSME Loans, housing and home construction loans stands at 97% and the short term unsecured working capital loan stands at 3% of gross loan portfolio.

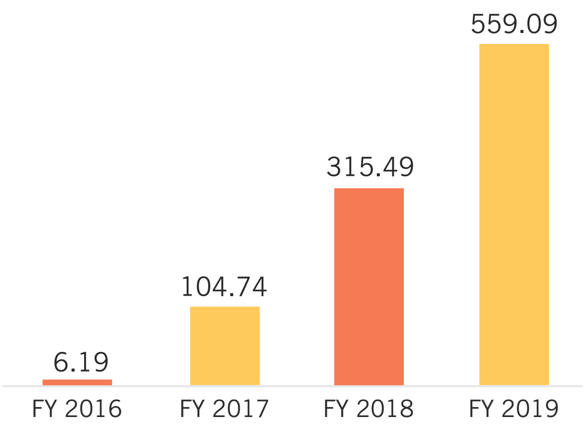
GEOGRAPHICAL DIVERSIFICATION



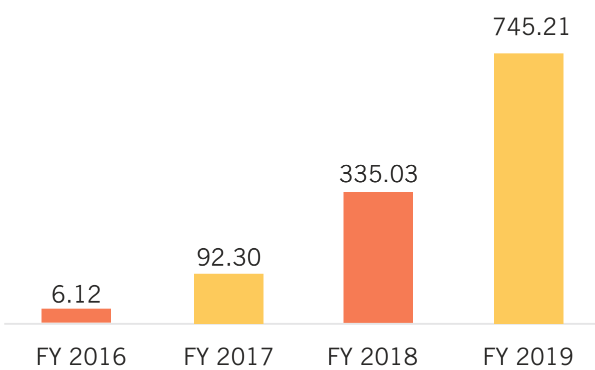
During the year, the Company expanded its operations to AP, Telangana and Madhya Pradesh rolled-out new branches taking the total count of branches to 147 spread across Seven(7) states and a Union territory as of 31st March, 2019. The Company registered 77% growth in terms of loan disbursements from Rs. 315.49 Crores in FY18 to Rs. 559.09 Crores in FY19.

Asset Quality

Asset quality for Veritas Finance has always been the primary focus area and have been maintaining an excellent quality portfolio with NPAs remaining consistently lower. The percentage of gross non-performing assets (GNPA) on the loan portfolio as of 31st March 2019, was at 0.90% and 0.76% respectively. Despite having passed through difficult phases (rupee and liquidity crisis, demonetization, GST & Vardah cyclone) that saw many players in the financial services sector witness an increase in NPAs, the Company, through its prudent lending practices and efficient



DISBURSEMENT (Rs. in cr)



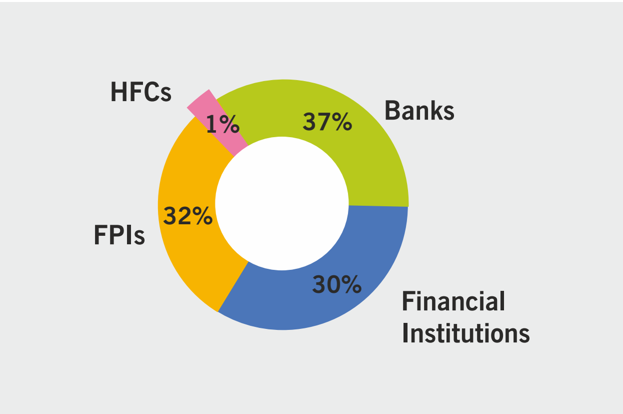
GROSS PORTFOLIO (Rs. in cr)

Capital

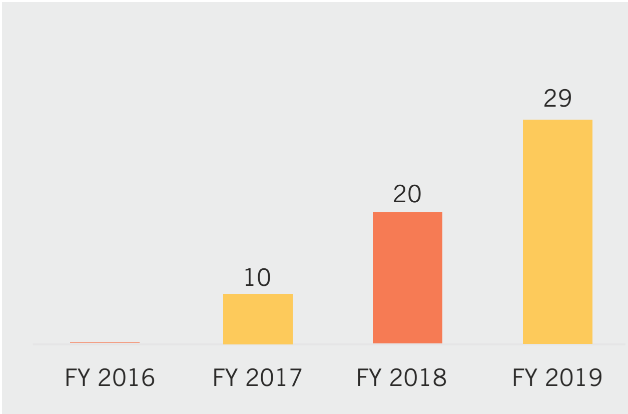
The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs.165 crores on March 31, 2018 to Rs.444 Crores as of March 31, 2019. In the year FY19, the company has raised an amount of Rs.261.11 Crores as fresh equity capital from Norwest Venture Partners 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 March 31, 2019, the overall capital adequacy ratio of the Company is 48.04% with Tier-I capital adequacy at 47.23%.

Diversified Funding Profile

The company has successfully diversified its liability portfolio with an array of 29 different lenders including Banks, Housing finance company, NBFCs & Foreign Portfolio Investors in FY19. During the year, the company has received Sanctions from new lender Banks like HDFC Bank Ltd, Axis Bank Ltd, DCB Bank Ltd, Bandhan Bank Ltd, Karur Vysya Bank Ltd & Fincare Small Finance Bank Ltd.



LENDERS MIX



NO. OF LENDERS

The credit rating of the company is “CARE BBB+ with stable outlook” (CARE Triple BBB Plus) for the Long term Bank loans and Non-Convertible Debentures. During the year, in May 2018, the Credit rating of the company was upgraded to “CARE BBB with stable outlook” from “CARE BBB- with stable outlook“. Again in December 2018, the company received another upgrade to “CARE BBB+ with stable outlook.

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, considering the liquidity constraints in the market, the Company enhanced the 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. These ensure maintenance of net interest spread at optimum levels.

Internal Control Systems

Internal control systems at Veritas Finance are 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 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 Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Information Technology

With "scalability", "increased productivity" and "enhanced customer delight" being the key drivers, the Information Technology ecosystem at Veritas Finance has undergone a massive upgradation during the last year by continuous investment into IT systems. We have had several new introductions on Digital sourcing, enhanced Datacenter infrastructure, Gartner quadrant leading systems for analytics and accounting and the replacement of our existing lending platform with technology that is at par with the industry. With the upcoming rollout of a state of the art lending platform for our MSME product, Technology at Veritas Finance has taken a giant leap forward in becoming a "Business Enabler", rather than a support function. While we would still retain our trademark "Hands On" approach in our customer acquisition & credit appraisal methodologies, the new systems would ensure higher productivity and increased customer delight by taking our services to the doorstep of our customers (digital sourcing) and by retaining our ability to scale credit appraisals with interventions from rating and duplication algorithms. Our other technology initiatives like the customer app, and OTP based collections and E-receipting focus on enhancing our customer experience while at the same time ensuring the security around our cash-based collection system. With these new systems in place, Veritas Finance has set up a very strong technology base from which we would start rolling out the next phase of our technology initiatives like Digital Payment collections, advanced business analytics, risk profiling and digital audit systems.

During the year, Veritas Finance, has received the ISO 27001:2013 certification for Information Security pertaining to the handling of Veritas's business data handled by IT, Human Resource Management, Admin and Facility Management departments.

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 LTV 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 Finance 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 March 31, 2019, the company had 1422 employees.

Result of Operations:

Balance sheet

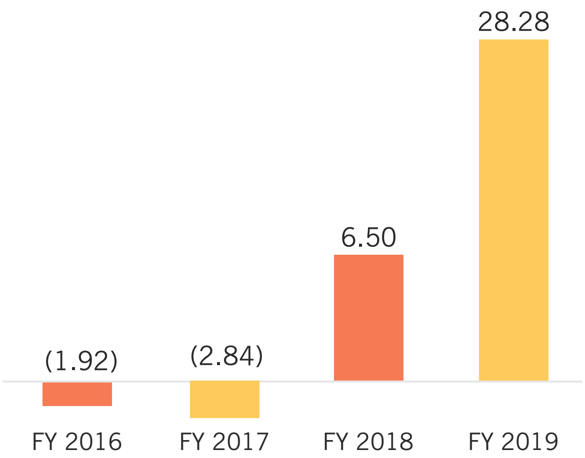
The company's balance sheet has significantly grown compared to the previous year. The summarised version of the same is given below:

Rs. in Crores

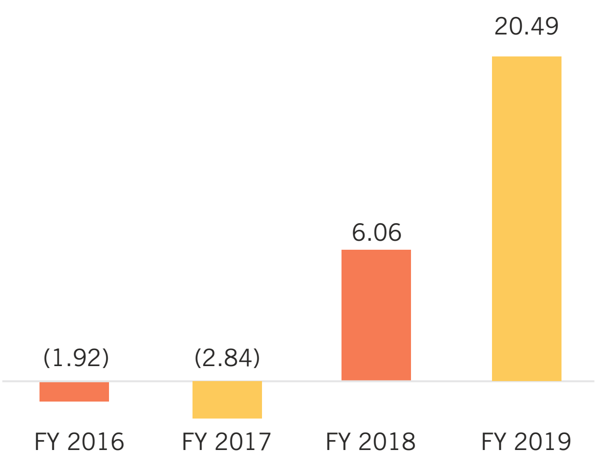
Particulars	March 2019	%	March 2018	%	YOY Growth %
Assets					
Loan Assets	745.21	70%	335.03	80%	122%
Other Assets	315.78	30%	137.51	20%	130%
Total	**1060.99**	**100%**	**472.54**	**100%**	**125%**
Liabilities					
Networth	443.70	42%	165.70	35%	168%
Borrowings	592.16	56%	295.89	62%	100%
Other Liabilities	25.13	2%	10.95	3%	129%
Total	**1060.99**	**100%**	**472.54**	**100%**	**125%**

Statement of Profit & Loss

During the year, the company's total income has increased by 156% from Rs. 54.95 Crores to Rs.140.93 Crores and PBT was increased by 335% from Rs.6.50 Crores to Rs.28.28 Crores.



PBT 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 2019	%	March 2018	%	YOY Growth %
Revenue from Operations	132.63	97%	53.69	98%	156%
Other Income	8.30	3%	1.26	2%	196%
Total Income (A)	**140.93**	**100%**	**54.95**	**100%**	**156%**
Finance Cost	39.98	36%	17.90	37%	123%
Other Operating Cost	67.77	60%	27.23	54%	149%
Provisions & Losses	4.90	4%	3.32	7%	48%
Total Expense (B)	**112.65**	**100%**	**48.45**	**100%**	**113%**
Profit Before Tax (PBT) (A-B)	**28.28**	-	**6.50**	-	**335%**
Current and Deferred Tax	7.79	-	0.44	-	-
Profit After Tax (PAT)	**20.49**	**-**	**6.06**	**-**	**238%**

For and on behalf of the Board of Directors,

Place: Chennai
Date : 26 April 2019

D. Arulmany
Managing Director and CEO

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 Finance") is disclosing this report on voluntary basis)

Introduction

Veritas Finance Private Limited ("Veritas Finance") is Non-Banking Finance Company Registered with Reserve Bank of India. The disclosures in this report are aligned to the Principles of Business Responsibility ("BP")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 Finance's efforts and its performance against the nine principles of Business Responsibility.

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	2018-19
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	147 Branches spread across 7 States & a 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 excluding reserves and surplus (Rs. in lakh)	Rs. 8,145 Lakhs
2.	Total turnover (Gross Revenue) (Rs. in lakh)	Rs. 140,93 Lakhs
3.	Total profit after taxes (Rs. in lakh)	Rs. 2,049 Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	Rs. 1.23 Lakhs
5.	List of activities in which expenditure in 4 above has been incurred	Purchase of two portable multi parameter Vital Sign monitors for recording the patients pulse, blood pressure and oxygen saturation for use in the Cancer Institute, Chennai.

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 follows 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 2018-19 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 Finance 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 of Veritas Finance. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. Veritas Finance 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

	Complaint received during 2018-19	% of complaints resolved
Customer complaints	31	100%
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.

   - MSME Loans
   - Working capital loans
   - Home Construction 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	1422
2.	Total number of employees hired on contractual basis	Nil
3.	Number of permanent women employees	90
4.	Number of permanent employees with disabilities	Nil
5.	Is there an employee association that is recognized by Management?	Veritas Finance 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 and Audit 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 has a board approved CSR policy, displayed in the website link https://veritasfin.in/csr-policy.html. The CSR report for the year is enclosed

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?**

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 thirty-one 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,

Place: Chennai
Date : 26 April 2019

D. Arulmany
Managing Director and CEO

INDEPENDENT AUDITOR'S REPORT

To the Members of Veritas Finance Private Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Veritas Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
Classification and Provisions relating to receivables under financing activities	
Refer to the accounting policies in the Financial Statements: Significant Accounting Policies - Classification and provisioning on receivables under financing activities" and "Note 12 & 6 to the Financial Statements relates to Receivables under financing activities and Provision for receivables under financing activities respectively"	
Significant estimate and judgment involved Receivables under financing activities are classified as standard, non-performing asset (NPA - sub-standard / doubtful assets) based on the policies of the Company and the provision for such assets are based on the management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Such estimates also differ based on the underlying security available with the Company. We identified classification and provision for receivables under financing activities as a key audit matter because of the management judgement involved in determining the classification, provision and the valuation of the underlying security of the NPAs and because of its significance to the financial statements.	In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessed the design and operating effectiveness of key internal controls over classification of receivables under financing activities and measurement of provisions. • Tested the relevant application controls surrounding the input data used in classification of assets and for determining the provision for receivables under financing activities. • Performed test of details, on a sample basis, on the classification and provision relating to receivables under financing activities as at 31 March 2019 for assessing the completeness, accuracy and relevance of data. Further, we have also selected samples of long overdue relating to receivables under financing activities to test the adequacy of valuation of the underlying security given by the Customers.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report
To the Members of Veritas Finance Private Limited

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

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

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

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

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

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

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

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

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

Independent Auditors' Report
To the Members of Veritas Finance Private Limited

Report on Other Legal and Regulatory Requirements

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

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

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

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

   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 specified under section 133 of the Act.

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

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

3. With respect to the other matters to be included in the Auditors' 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 in these financial statements since they do not pertain to the financial year ended 31 March 2019.

Independent Auditors' Report

To the Members of Veritas Finance Private Limited

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

The Company being a private Company, the provisions of section 197 to the Act is not applicable.

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

K. Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : 26 April 2019

Annexure A to the Independent Auditors' Report to the members of Veritas Finance Private Limited for the year ended 31 March 2019

(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, 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. As explained to us, the Company did not have any dues on account of sales tax, service 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, goods and services tax, cess and any other material statutory dues were in arrears as at 31 March 2019 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 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 its 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 a private limited company and hence the provisions of section 177 of the Companies Act, 2013 is not 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
Firm's Registration No: 101248W/W-100022

K. Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : 26 April 2019

Annexure B to the Independent Auditors' report on the financial statements of Veritas Finance Private Limited for the year ended 31 March 2019.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Veritas Finance Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

K. Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : 26 April 2019

BALANCE SHEET AS AT 31 MARCH 2019

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

	Particulars	Note	As at 31 March 2019	As at 31 March 2018
A	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
	Share capital	3	8,145.69	5,190.64
	Reserves and surplus	4	36,224.72	11,379.40
			44,370.41	**16,570.04**
	Non-Current Liabilities			
	Long-term borrowings	5	40,990.51	20,024.84
	Long-term provisions	6	684.37	303.30
			41,674.88	**20,328.14**
	Current Liabilities			
	Short-term borrowings	7	-	900.87
	Trade payables			
	- total outstanding dues of micro enterprises and small enterprises		-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	8	69.18	39.92
	Other current liabilities	9	19,737.81	9,293.97
	Short-term provisions	6	246.59	121.40
			20,053.58	**10,356.16**
	Total		**1,06,098.87**	**47,254.34**
B	**ASSETS**			
	Non-current assets			
	Fixed assets			
	- Property, plant and equipment	10.1	886.05	331.98
	- Intangible fixed assets	10.2	279.36	165.86
	- Intangible fixed assets under development	10.3	284.48	0.51
	Deferred tax asset (net)	11	369.53	126.29
	Long-term loans and advances			
	- Receivables under financing activities	12	60,131.18	26,953.86
	- Other loans and advances	13	365.18	227.79
	Other non-current assets	14	-	107.61
			62,315.78	**27,913.90**
	Current assets			
	Short-term investments	15	14,475.91	-
	Short-term loans and advances			
	- Receivables under financing activities	12	14,390.15	6,549.16
	- Other loans and advances	13	213.32	108.48
	Cash and bank balances	16	13,498.94	12,129.44
	Other current assets	17	1,204.77	553.36
			43,783.09	**19,340.44**
	Total		**1,06,098.87**	**47,254.34**

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
Firm's Registration No. 101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

Place : Chennai
Date : 26 April 2019

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

N. A. Madhavi
Company Secretary
Membership No.: A38470

Place : Chennai
Date : 26 April 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

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

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
REVENUE			
Revenue from operations	18	13,262.46	5,369.14
Other income	19	830.28	125.56
Total Revenue		**14,092.74**	**5,494.70**
EXPENSES			
Employee benefits	20	4,606.18	1,982.25
Finance costs	21	3,998.12	1,790.43
Depreciation and amortization	22	456.62	122.46
Other expenses	23	1,713.54	617.77
Provision and loan losses	24	490.22	331.85
Total Expenses		**11,264.68**	**4,844.76**
Profit before tax		**2,828.06**	**649.94**
Tax expense:			
- Current tax	25	1,022.46	170.04
- Deferred tax		(243.24)	(126.29)
Net tax expense		**779.22**	**43.75**
Profit after tax for the year		**2,048.84**	**606.19**
Earnings per equity share of Rs. 10 each	31		
- Basic		6.85	2.50
- Diluted		2.68	1.14
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
Firm's 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

V.G. Suchindran
Chief Financial Officer

N. A. Madhavi
Company Secretary
Membership No.: A38470

Place : Chennai
Date : 26 April 2019

Place : Chennai
Date : 26 April 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities			
Profit before tax		2,828.06	649.94
Adjustments for:			
Depreciation and amortisation		456.62	122.46
Contingent provision against standard assets		411.31	241.12
Provision for non-performing assets		31.29	49.21
Provision for diminution in the value of investments		24.09	-
Finance costs		3,998.12	1,790.43
Loss assets written off		47.62	41.52
Loss on sale of fixed assets		0.15	-
Interest income on fixed deposits (free of lien)		(458.09)	-
- Gain on sale of current investments, net		(370.60)	(115.58)
Operating cash flow before working capital changes		**6,968.57**	**2,779.10**
Changes in working capital			
Increase in receivables under financing activities		(41,065.93)	(24,313.98)
Increase in loans and advances		(243.62)	(171.03)
Increase in other assets		(623.78)	(422.23)
Increase in trade payables		29.26	30.68
Increase in other current liabilities		442.02	329.38
Increase in other provisions		43.18	6.73
Cash used by operations		**(34,450.30)**	**(21,761.35)**
Finance costs paid		(3,570.97)	(1,720.20)
Direct taxes paid (net)		(1,000.59)	(241.40)
Net cash used by operations	**(A)**	**(39,021.86)**	**(23,722.95)**
Cash flows from investing activities			
Purchase of fixed assets		(1,396.08)	(357.20)
Proceeds from sale of fixed assets		0.49	-
Increase in other bank balances		(2,345.79)	(53.40)
Interest received on fixed deposits		430.46	-
Purchase of current investments		(2,26,900.00)	(93,130.00)
Proceeds from sale of current investments		2,12,770.60	93,245.58
Net cash used in investing activities	**(B)**	**(17,440.32)**	**(295.02)**
Cash flows from financing Activities			
Proceeds from issue of preference shares		23,745.06	11,999.91
Proceeds from issue of equity shares		2,366.19	0.09
Share issue expenses		(359.72)	(45.24)
Proceeds from long-term borrowings		41,500.00	30,998.50
Repayments of long-term borrowings		(10,972.38)	(7,713.40)
Repayment of short-term borrowings, net		(900.87)	(782.47)
Net Cash generated from financing activities	**(C)**	**55,378.28**	**34,457.39**

Contd.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net (decrease)/increase in cash and cash equivalents(A)+(B)+(C)	**(1,083.90)**	**10,439.42**
Cash and cash equivalents at the beginning of the year	12,082.84	1,643.42
Cash and cash equivalents at the end of the year	**10,998.94**	**12,082.84**

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
Notes to cash flow statement	16		
Components of cash and cash equivalents:			
Cash on hand		37.12	8.55
Balances with banks			
- Current accounts		10,961.82	2,474.29
- Deposit accounts with original maturity of 3 months or less		-	9,600.00
		10,998.94	**12,082.84**
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
Firm's Registration No. 101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

Place : Chennai
Date : 26 April 2019

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

N. A. Madhavi
Company Secretary
Membership No.: A38470

Place : Chennai
Date : 26 April 2019

Business India

THE MAGAZINE OF THE CORPORATE WORLD

July 30-August 12, 2018

Veritas Finance, a leading NBFC, announced the launch of its 100th branch in Burdwan, West Bengal. The company has opened over 25 branches since last year and has already disbursed over ₹75 crore and is targeting another ₹500 crore disbursement in West Bengal in the next two years. The branch was inaugurated by **Venky Natarajan**, managing partner, Lok Capital. Veritas Finance is currently spread across 7 states & a union territory with a robust expansion plan for the coming years. Speaking on the milestone, **Arulmany D**, MD & CEO, Veritas Finance said, "West Bengal has been a progressive state in terms of MSME policy which has provided a conducive environment and has helped NBFC players like us to cater to the needs of the self-employed even in the remotest regions. With a strong MSME sector in place, it offers huge scope for large industries to grow as well. Our 100th branch in the third year of operations reflects our commitment to provide sustainable and accessible financing options for the customers who are either not served or under-served by formal financial services." •

It was a proud moment for all of us as we opened our 100th branch in Burdwan, West Bengal last year. It has been an eventful journey since our entry into East & Central India in 2017 by breaking and expanding our reach into newer regions.

We cannot become what we want to be by remaining what we are - Max DePree

Veritas Finance had organised 4th Annual Business Meet in Goa last month. The team is charged up to march further by exploring and expanding into newer boundaries!

> **Once we accept our limit, we go beyond them!**
>
> \- Albert Einstein

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(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 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. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the RBI for Systemically Important Non-deposit taking Non-Banking Finance Companies ("NBFC-ND-SI").

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

(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 Company capitalizes all costs relating to the acquisition and installation of fixed assets. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to acquisition or construction of qualifying assets for the period to the completion of installation or construction of such assets respectively are capitalised. 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-term 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 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
Furniture and fittings	5 Years	10 Years
Office equipments	5 Years	5 Years
Computers and accessories	3 Years	3 Years

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

Intangible fixed assets are amortised 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

2.7 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.

2.8 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

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. 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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 under financing activities

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

(b) **Asset Classification:**

Receivables 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 – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time.

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.

(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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

3 Share Capital

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Authorized		
45,000,000 (31 March 2018: 30,000,000) equity shares of Rs. 10 each	4,500.00	3,000.00
34,000,000 (31 March 2018: 32,000,000) 0.01% compulsory convertible preference shares ("CCPS") of Rs. 10 each	3,400.00	3,200.00
14,000,000 (31 March 2018: Nil) 0.0001% CCPS of Rs. 15 each	2,100.00	-
	10,000.00	**6,200.00**
(b) Issued, subscribed and paid-up		
Issued		
27,765,539 (31 March 2018: 27,750,539) equity shares of Rs. 10 each at par	2,776.55	2,775.05
500,000 (31 March 2018: 500,000) equity shares of Rs. 10 each at a premium of Rs. 15 per share	50.00	50.00
200 (31 March 2018: 200) equity shares of Rs. 10 each at a premium of Rs. 15 per share	0.02	0.02
1,172,153 (31 March 2018: Nil) equity shares of Rs. 10 each at a premium of Rs. 80 per share	117.22	-
888,626 (31 March 2018: Nil) equity shares of Rs. 10 each at a premium of Rs. 125.04 per share	88.86	-
10,975,000 (31 March 2018: Nil) equity shares of Rs. 10 each at a premium of Rs. 62.69 per share	1,097.50	-
10,799,900 (31 March 2018: 10,799,900) 0.01% CCPS of Rs. 10 each at a premium of Rs. 15 per share *	1,079.99	1,079.99
25,806,225 (31 March 2018: 25,806,225) 0.01% CCPS of Rs. 10 each at a premium of Rs. 36.50 per share *	2,580.62	2,580.62
5,494,514 (31 March 2018: Nil) 0.0001% CCPS of Rs. 10 each at a premium of Rs. 80 per share	549.45	-
13,921,801 (31 March 2018: Nil) 0.0001% CCPS of Rs. 15 each at a premium of Rs. 120.04 per share	2,088.27	-
	10,428.48	**6,485.68**

* Refer note 3.3B(i) and (ii)

Particulars	As at 31 March 2019	As at 31 March 2018
Called, subscribed and paid-up		
Fully paid-up		
30,326,518 (31 March 2018: 28,250,739) equity shares of Rs. 10 each	3,032.65	2,825.07
23,655,716 (31 March 2018: 23,655,716) 0.01% CCPS of Rs. 10 each	2,365.57	2,365.57
5,494,514 (31 March 2018: Nil) 0.0001% CCPS of Rs. 10 each	549.45	-
13,921,801 (31 March 2018: Nil) 0.0001% CCPS of Rs. 15 each	2,088.27	-
	8,035.94	**5,190.64**
Partly paid-up		
10,975,000 (31 March 2018: Nil) equity shares of Rs. 10 each, Re. 1 paid up (refer note 3.5)	109.75	-
	109.75	**-**
	8,145.69	**5,190.64**

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
a) Equity shares of Rs. 10 each				
At the commencement of the year	2,82,50,739	2,825.07	1,53,00,100	1,530.01
Add: Issued during the year (refer note below)	1,30,50,779	317.33	1,29,50,639	1,295.06
At the end of the year	**4,13,01,518**	**3,142.40**	**2,82,50,739**	**2,825.07**
b) 0.01% CCPS of Rs. 10 each				
At the commencement of the year	2,36,55,716	2,365.57	1,07,99,900	1,079.99
Add: Issued during the year (refer note below)	-	-	2,58,06,255	2,580.62
Less: Exercised/conversion into equity shares	-	-	1,29,50,439	1,295.04
At the end of the year	**2,36,55,716**	**2,365.57**	**2,36,55,716**	**2,365.57**
c) 0.0001% CCPS of Rs. 10 each				
At the commencement of the year	-	-	-	-
Add: Issued during the year (refer note below)	54,94,514	549.45	-	-
Less: Exercised/conversion into equity shares	-	-	-	-
At the end of the year	**54,94,514**	**549.45**	-	-

3.1 Reconciliation of shares outstanding at the beginning and at the end of the year (continued)

d. 0.0001% CCPS of Rs. 15 each

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
At the commencement of the year	-	-	-	-
Add: Issued during the year (refer note below)	1,39,21,801	2,088.27	-	-
Less: Exercised / converted into equity shares	-	-	-	-
At the end of the year	**1,39,21,801**	**2,088.27**	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

Note:

Nature of transaction	Date of issue / conversion	No. of shares	Face value	Fully / partly paid up	Premium per share
Issue of Series B 0.01% CCPS	4 May 2017	32,25,808	10	Fully paid up	36.50
Conversion of Series B 0.01% CCPS to equity shares	13 July 2017	21,50,539	10	Fully paid up	-
Conversion of Series A 0.01% CCPS to equity shares	25 July 2017	1,07,99,900	10	Fully paid up	-
Issue of equity shares	30 November 2017	200	10	Fully paid up	36.50
Issue of Series B 0.01% CCPS	30 November 2017	2,25,80,447	10	Fully paid up	36.50
Issue of equity shares	17 May 2018	11,72,153	10	Fully paid up	80.00
Issue of Series C 0.0001% CCPS	17 May 2018	54,94,514	10	Fully paid up	80.00
Issue of equity shares under the Veritas ESOS A, 2016 scheme	16 June 2018	15,000	10	Fully paid up	-
Issue of equity shares	31 October 2018	8,88,626	10	Fully paid up	125.04
Issue of Series D 0.0001% CCPS	31 October 2018	1,39,21,801	15	Fully paid up	120.04
Issue of equity shares	4 January 2019	1,09,75,000	10	Re. 1 partly paid up	62.69

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity shares of Rs. 10				
Sarva Capital LLC	76,96,015	18.63%	1,08,00,000	38.23%
D. Arulmany	1,45,75,000	35.29%	45,00,000	15.93%
P. Surendra Pai	39,77,976	9.63%	28,95,162	10.25%
Savita S. Pai	46,34,401	11.22%	32,55,377	11.52%
Norwest Venture Partners X Mauritius	44,31,833	10.73%	-	0.00%
J. Prakash Rayen	15,00,000	3.63%	15,00,000	5.31%
0.01 % CCPS of Rs. 10 each				
CDC Group Plc.	1,39,78,396	59.09%	1,39,78,396	59.09%
Lok Capital Growth Fund	86,02,051	36.36%	86,02,051	36.36%
0.0001 % CCPS of Rs. 10 each				
Lok Capital Growth Fund	32,65,433	59.43%	-	-
CDC Group Plc.	22,29,081	40.57%	-	-
0.0001 % CCPS of Rs. 15 each				
CDC Group Plc.	45,54,206	32.71%	-	-
Norwest Ventures X Mauritius	93,67,595	67.29%	-	-

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

A. Equity shares

The Company has a single class of equity shares. Each holder is entitled to one vote per equity share. 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.

The holders of partly paid equity shares are entitled to one vote on every partly paid equity share in the same manner as if the shares were fully paid up.

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 A : 0.01% Compulsory Convertible Preference Shares

Series A 0.01% 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. 3,000 lakhs;

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.

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

ii) Series B : 0.01% Compulsory Convertible Preference Shares

Series B 0.01% 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. 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; or

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

c. The final conversion date is 3 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 previous 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.

iii) Series C : 0.0001% Compulsory Convertible Preference Shares

Series C 0.0001% 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. 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; or

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

c. The final conversion date is 10 May 2037.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

iv) Series D : 0.0001% Compulsory Convertible Preference Shares

Series D 0.0001% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 15 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. 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; or

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

c. The final conversion date is 19 September 2038.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

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 A), 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.

On 26 February 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS B), 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.

On 6 December 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS C), 2018. Under the plan, the Company is authorized to issue 2,000,000 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.

Also refer note 33.

3.5 Preferential Offer to Promoter

The Company vide its Investment Agreements has provided certain preferential rights to the Promoter of the Company, as detailed below:

- Agreement dated 30 November 2015, the Promoter shall have the option to subscribe to 6,000,000 equity shares of the Company at a pre-determined price of Rs. 25 per share.
- Agreement dated 1 June 2017, the Promoter shall have the option to subscribe to 400,000 equity shares of the Company at a pre-determined price of Rs. 75 per share.
- Agreement dated 12 October 2018, the Promoter shall have the option to subscribe to 4,575,000 equity shares of the Company at a pre-determined price of Rs. 135.04 per share.

During the year, the Company has issued 10,975,000 partly paid equity shares of Rs. 10 each at a premium of Rs. 62.69 per share each paid up to the extent of Re. 1 per share to the Promoter through rights issue in lieu of the accumulated options. Accordingly, the options issued to the Promoter has been extinguished. The unpaid amount of Rs. 71.69 per share including premium has not been called as at 31 March 2019.

3.6 Share warrants to certain employees

The Company vide its Investment Agreement dated 1 June 2017 read with amended agreement dated 12 October 2018 has provided certain preferential rights to certain employees of the Company, to subscribe to an aggregate of 266,667 equity shares of the Company at a pre-determined price of Rs. 75 per share, no later than 30 November 2022.

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4 Reserves and Surplus

Particulars	As at 31 March 2019	As at 31 March 2018
4.1 Securities premium account		
At the commencement of the year	11,249.12	1,875.00
Add: Premium received on Shares issued during the year	23,156.20	9,419.36
Less: Utilised during the year for Share issue expenses	359.72	45.24
Balance as at the end of the year	**34,045.60**	**11,249.12**
4.2 Statutory Reserve (refer note 44)		
At the commencement of the year	121.24	-
Add: Amount transferred during the year	409.77	121.24
Less: Utilisation during the year	-	-
Balance as at the end of the year	**531.01**	**121.24**
4.3 Surplus/(deficit) in the Statement of profit and loss		
At the commencement of the year	9.04	(475.91)
Add: Profit for the year	2,048.84	606.19
Less: Appropriations		
- Transfer to Statutory Reserve (refer note 44)	409.77	121.24
Balance as at the end of the year	**1,648.11**	**9.04**
	36,224.72	**11,379.40**

5 Long-term borrowings

Particulars	Non-current portion		Current portion*	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
a) Term loans (refer note 5.1)				
- from bank (secured) (refer note 5.1.a)	13,267.14	2,461.99	8,474.20	1,768.39
- from others (secured) (refer note 5.1.b)	8,823.37	6,662.85	9,750.91	6,894.77
b) Redeemable Non-Convertible Debentures (refer note 5.2)				
-1,890 units (31 March 2018: 1,090 units) of redeemable non-convertible debentures of Rs. 10 lakhs each (secured)	18,900.00	10,900.00	-	-
	40,990.51	**20,024.84**	**18,225.11**	**8,663.16**

* included under other current liabilities (refer note 9)

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 2019	Amount Outstanding as at 31 March 2018
AU Small Finance Bank Limited	36 months	Monthly	3,902.78	833.33
Axis Bank Limited	36 months	Monthly	1,000.00	-
Bandhan Bank Limited	36 months	Monthly	2,000.00	-
DCB Bank Limited	36 months	Monthly	1,363.64	-
Equitas Small Finance Bank Limited	36 months / 24 months	Quarterly / Monthly	3,749.22	753.84
Fincare Small Finance Bank Limited	24 months	Monthly	1,500.00	-
HDFC Bank Limited	36 months	Monthly	861.11	-
IDFC First Bank Limited (formerly known as 'IDFC Bank Limited')	36 months	Quarterly	375.00	-
The Karur Vysya Bank Limited	36 months	Monthly	1,000.00	-
RBL Bank Limited	36 months	Monthly	4,758.82	797.06
Utkarsh Small Finance Bank Limited	39 months	Quarterly	1,230.77	1,846.15
Total borrowings			**21,741.34**	**4,230.38**
Less: current maturities of long-term borrowings			8,474.20	1,768.39
Long-term borrowings			**13,267.14**	**2,461.99**
As at Balance sheet date, Interest rates range for the term loans from banks			10.50% to 15.00%	12.22% to 13.50%

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 2019	Amount Outstanding as at 31 March 2018
(i) From Housing Finance Companies				
Housing Development Finance Corporation Limited	36 Months	Monthly	812.43	1,280.88
Micro Housing Finance Corporation Limited	24 Months	Monthly	-	270.44
(ii) From Non Banking Finance Companies				
AK Capital Finance Private Limited	24/30 Months	Quarterly	2,930.36	4,437.50
Avanse Financial Services Limited	18 Months	Monthly	-	516.28
IDFC First Bank Limited (Formerly known as 'Capital First Limited')	36 Months	Quarterly	-	875.00
Caspian Impact Investment Advisers Private Limited	24 Months	At Maturity	1,500.00	1,500.00
Fedbank Financial Services Limited	36 Months	Monthly	1,500.00	-
Hero FinCorp Limited	24 Months	Monthly	371.30	700.00
Hinduja Leyland Finance Limited	36 Months	Monthly	3,000.00	-
Maanaveeya Development & Finance Private Limited	36/21 Months	Quarterly / Monthly	4,125.00	1,791.67

Contd.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

Mahindra & Mahindra Financial Services Limited	24 months	Monthly	436.66	1,049.79
NABKISAN Finance Limited	36 months	Monthly	1,250.00	-
Reliance Commercial Finance Limited	24 months	Monthly	185.13	834.26
Sundaram Finance Limited	36 months	Monthly	1,981.85	301.80
UGRO Capital Limited	24 months	Monthly	481.55	-
Total borrowings			**18,574.28**	**13,557.62**
Less: current maturities of long-term borrowings			9,750.91	6,894.77
Long-term borrowings			**8,823.37**	**6,662.85**
As at balance sheet date, interest rates range for the term loans from others			12.15% to 14.25%	11.75% 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. Nil (31 March 2018: Rs. 38.90 lakhs) for the loans taken.

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 2019 and 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 / call option date	Amount Outstanding as at 31 March 2019	Amount Outstanding as at 31 March 2018
Blue Orchard Impact Investment Managers -Microfinance Initiative For Asia (MIFA) Debt Fund	54 Months	27 September 2023/ 28 September 2020	4,000.00	-
Blue Orchard Micro Finance Fund	54 Months	27 September 2023/ 28 September 2020	4,000.00	-
CDC Emerging Markets Limited	48 Months	16 March 2022/ 30 March 2021	3,500.00	3,500.00
AAV Sarl (Luxembourg)	36 Months	15 March 2021	1,900.00	1,900.00
Incofin Investment Management	36 Months	26 March 2021	2,300.00	2,300.00
Blue Orchard Impact Investment Managers -Microfinance Initiative For Asia (MIFA) Debt Fund	36 Months	28 March 2021	3,200.00	3,200.00
Total NCD			**18,900.00**	**10,900.00**
Less: Current maturities of long-term borrowings			-	-
Long-term borrowings			**18,900.00**	**10,900.00**
As at Balance Sheet date, interest rates range for the NCD			12% to 13.14%	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 principal repayment for all the NCDs is on the date of maturity / call option.

d) 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 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
a) Assets				
Contingent provision against standard assets	597.27	268.14	146.59	64.41
Provision for non-performing assets (refer note 36 (d))	52.00	18.17	50.92	53.46
b) Employee Benefits				
Provision for gratuity (refer note 26.2)	24.07	6.14	0.15	0.07
Provision for compensated absences	11.03	10.85	28.45	3.46
c) Others				
Provision for income tax (net of advance taxes)	-	-	20.48	-
	684.37	**303.30**	**246.59**	**121.40**

7 Short-term borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand (refer note 7.1)		
- Cash credit from banks (secured)	-	450.72
- Over Draft from bank (secured)	-	450.15
	-	**900.87**

Notes:

7.1 a) Loans repayable on demand from Banks (secured)

Bank Name	Tenure	Facility	As at 31 March 2019	As at 31 March 2018
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	-	-
Total Borrowings			**-**	**900.87**
As at balance sheet date, interest rates range for the short term borrowings			-	10.50% to 13.00%

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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 2019	As at 31 March 2018
Trade payables		
- dues to micro enterprises and small enterprises (refer note 32)	-	-
- dues to creditors other than micro enterprises and small enterprises	69.18	39.92
	69.18	**39.92**

9 Other current liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings		
- from banks (refer note 5)	8,474.20	1,768.39
- from others (refer note 5)	9,750.91	6,894.77
Interest accrued but not due on borrowings		
- Term loans from banks	86.02	13.19
- Term loans from others	38.60	23.66
- Non-Convertible Debentures	381.56	42.18
Advance from borrowers	242.83	286.60
Statutory dues payable	116.55	77.14
Payable for purchase of fixed assets		
- dues to micro enterprises and small enterprises (refer note 32)	-	-
- dues to creditors other than micro enterprises and small enterprises	12.72	-
Employee benefits payable	505.72	150.45
Other liabilities	128.70	37.59
	19,737.81	**9,293.97**

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 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**
Additions	271.13	110.68	58.30	440.36	880.47
Disposals	-	-	(0.79)	-	(0.79)
Balance as at 31 March 2019	**425.46**	**219.60**	**93.88**	**608.36**	**1,347.30**
Accumulated depreciation					
Balance as at 1 April 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**
Additions	130.39	77.85	15.89	101.63	325.76
On disposals	-	-	(0.15)	-	(0.15)
Balance as at 31 March 2019	**173.82**	**110.15**	**25.26**	**152.02**	**461.25**
Net block					
As at 31 March 2018	110.90	76.62	26.85	117.61	331.98
As at 31 March 2019	**251.64**	**109.45**	**68.62**	**456.34**	**886.05**

10.2 Intangible fixed assets

Particulars	Computer Softwares
Gross block	
Balance as at 1 April 2017	**41.83**
Additions	156.94
Disposals	-
Balance as at 31 March 2018	**198.77**
Additions	244.36
Disposals	-
Balance as at 31 March 2019	**443.13**
Accumulated amortization	
Balance as at 1 April 2017	**4.13**
Additions	28.78
On disposals	-
Balance as at 31 March 2018	**32.91**
Additions	130.86
On disposals	-
Balance as at 31 March 2019	**163.77**
Net block	
As at 31 March 2018	165.86
As at 31 March 2019	**279.36**

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

10.3 Intangible fixed assets under development

Particulars	Software under development
Balance as at 1 April 2017	**85.74**
Additions	0.51
Capitalized during the year	(85.74)
Balance as at 31 March 2018	**0.51**
Additions	298.84
Capitalized during the year	(14.87)
Balance as at 31 March 2019	**284.48**

11 Deferred tax assets (net)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Excess of depreciation and amortisation under Income tax law over depreciation and amortisation in accounts	-	10.13
	-	**10.13**
Deferred tax assets		
Excess of depreciation and amortisation in accounts over depreciation and amortisation in Income tax law	40.24	-
Contingent provision for standard assets	216.61	91.62
Provision for non-performing assets	20.86	19.74
Provision for employee benefits	39.73	14.20
Provision for diminution in the value of investments	7.01	-
Others	45.08	10.86
	369.53	**136.42**
Net deferred tax asset	**369.53**	**126.29**

12 Receivables under financing activities

Particulars	Non-current portion*		Current portion	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Secured				
- considered good	59,725.63	26,814.23	11,805.71	5,024.64
- others (Non-Performing Assets)	404.36	139.63	241.97	56.22
Unsecured				
- considered good	1.19	-	2,316.58	1,416.07
- others (Non-Performing Assets)	-	-	25.89	52.23
	60,131.18	**26,953.86**	**14,390.15**	**6,549.16**

* Represents instalments due after one year from the reporting date

13 Other loans and advances

Particulars	Long-term		Short-term	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good				
Security deposits	300.13	149.50	52.97	76.12
Advance income taxes (net of provision for taxes)	59.16	60.55	-	-
MAT credit entitlement	-	17.74	-	-
Balances with government authorities	-	-	91.36	16.37
Prepaid expenses	-	-	27.15	14.59
Advance to suppliers	-	-	21.40	-
Advances to employees	5.89	-	20.44	1.40
	365.18	**227.79**	**213.32**	**108.48**

14 Other non-current assets

Particulars	As at 31 March 2019	As at 31 March 2018
Fixed deposits due to mature after 12 months under lien (refer note 5.1.b)	-	13.80
Fixed deposits due to mature after 12 months (free of lien)	-	90.00
Interest accrued but not due	-	3.81
	-	**107.61**

15 Current investments

Particulars	As at 31 March 2019	As at 31 March 2018
Investment in mutual funds (valued at lower of cost and fair value)		
48,352 units (31 March 2018: Nil units) of Axis Liquid Fund - Direct - Growth	1,000.00	-
72,982 units (31 March 2018: Nil units) of Axis Liquid Fund - Regular - Growth	1,500.00	-
666,423 units (31 March 2018: Nil units) of Aditya Birla Sun Life Liquid Fund - Growth - Direct plan (Formerly known as Aditya Birla Sun Life Cash Fund)	2,000.00	-
68,065 units (31 March 2018: Nil units) of HDFC Liquid Fund - Direct Plan - Growth	2,500.00	-
906,556 units (31 March 2018: Nil units) of ICICI Prudential Liquid Fund - Direct Plan - Growth	2,500.00	-
52,893 units (31 March 2018: Nil units) of Kotak Liquid Direct Plan Growth	2,000.00	-
28,618 units (31 March 2018: Nil units) of Principal Cash Management Fund - Direct Plan - Growth	500.00	-
81,846 units (31 March 2018: Nil units) of UTI Liquid Cash Plan - Direct - Growth Plan	2,500.00	-
Less: Aggregate diminution in the value of investments	(24.09)	-
	14,475.91	-
Aggregate value of quoted investments		
- Market value (NAV)	14,504.12	-
- Book value	14,475.91	-
Aggregate provision made for diminution in value of investments	24.09	-

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16 Cash and bank balances

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Cash on hand	37.12	8.55
Balances with banks		
- In current accounts	10,961.82	2,474.29
- In deposits accounts free of lien	-	9,600.00
	10,998.94	**12,082.84**
Other bank balances		
- In deposits accounts (having original maturity more than 3 months- free of lien)	2,500.00	21.50
- In deposits accounts under lien (having original maturity more than 3 months - under lien) (Refer notes 5.1.b)	-	25.10
	13,498.94	**12,129.44**
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'	10,961.82	12,074.29
Deposit due to mature within 12 months of reporting date included under "Other bank balances"	2,500.00	46.60
Deposits due to mature after 12 months of the reporting date included under "other non-current assets" (refer note 14).	-	103.80
	13,461.82	**12,224.69**

17 Other current assets

Particulars	As at 31 March 2019	As at 31 March 2018
Interest accrued but not due		
- on receivables under financing activities	1,117.27	518.54
- on fixed deposits	27.63	18.18
Interest accrued and due on receivables under financing activities	59.87	16.64
	1,204.77	**553.36**

18 Revenue from operations

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from financing activities	11,797.10	4,575.77
Processing and other fees	1,462.00	750.22
Interest income on fixed deposits (under lien)	3.36	43.15
	13,262.46	**5,369.14**

19 Other income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on fixed deposits (free of lien)	458.09	-
Gain on sale of current investments, net	370.60	115.58
Others	1.59	9.98
	830.28	**125.56**

20 Employee benefits

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	4,084.27	1,620.17
Contribution to provident and other funds	311.31	252.26
Expenses related to post-employment defined benefit plans (refer note 26.2)	18.24	0.64
Expenses related to compensated absences	36.11	9.93
Staff welfare expenses	156.25	99.25
	4,606.18	**1,982.25**

21 Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expenses on		
- term loan from banks	869.20	537.59
- term loan from others	1,546.37	1,059.28
- non-convertible debentures	1,377.66	40.54
- cash credits	13.37	10.01
Ancillary borrowing costs	191.52	143.01
	3,998.12	**1,790.43**

22 Depreciation and amortization

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 10.1)	325.76	93.68
Amortization of intangible fixed assets (refer note 10.2)	130.86	28.78
	456.62	**122.46**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

23 Other expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent (refer note 28)	457.11	163.89
Electricity charges	59.33	14.03
Rates and taxes	188.82	27.86
Insurance	2.81	1.24
Software and IT consumables	140.66	16.53
Repairs and maintenance and others	156.30	57.32
Travelling and conveyance	202.11	116.87
Communication expenses	129.99	67.18
Expenditure on corporate social responsibility (refer note 23.2)	1.23	-
Printing and stationery	71.44	39.55
Advertisement and business promotion	57.64	20.53
Legal and professional charges	176.35	63.89
Directors sitting fees	13.50	11.22
Auditors' remuneration (refer note 23.1)	22.01	10.38
Loss on sale of fixed assets	0.15	-
Provision for diminution in the value of investments	24.09	-
Bank charges	7.61	5.97
Miscellaneous expenses	2.39	1.31
	1,713.54	**617.77**

23.1 Payments to auditor (excluding goods and services tax)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit	11.00	7.63
Other services	9.50	2.18
Reimbursement of expenses	1.51	0.57
	22.01	**10.38**

23.2 Details of expenditure on corporate social responsibility

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Amount required to be spent by the Company during the year	1.16	-
Amount spent during the year (in cash):		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	1.23	-

24 Provisions and loan losses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Contingent provision against standard assets	411.31	241.12
Provision for non-performing assets	31.29	49.21
Loss assets written off	47.62	41.52
	490.22	**331.85**

25 Current tax expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax	1,022.46	-
MAT for the year	-	187.78
MAT Credit entitlement	-	(17.74)
	1,022.46	**170.04**

26 Employee benefits

26.1 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. 232.30 lakhs (31 March 2018 - Rs. 198.45 lakhs).

26.2 Defined Benefit Plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past services and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method. 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.

Details of actuarial valuation of gratuity pursuant to the Accounting Standard 15 (Revised)

Particulars	As at 31 March 2019	As at 31 March 2018
A. Change in present value defined benefit of obligations		
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at the beginning of the year	6.21	5.57
Current service cost	13.59	3.82
Interest cost	0.42	0.38
Benefits paid	(0.23)	-
Actuarial loss / (gain)	4.23	(3.56)
Present value of defined benefit obligation at end of the year	**24.22**	**6.21**
B. Change in fair value of plan assets during the year		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Employer contributions	-	-
Actuarial loss / (gain)	-	-
Fair value of plan assets at the end of the year	-	-
C. Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

Particulars	As at 31 March 2019	As at 31 March 2018
D. Reconciliation of present value of the defined benefit obligation and the fair value of the plan assets		
Change in projected benefit obligation		
Present value of defined benefit obligations at the end of the year	24.22	6.21
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**24.22**	**6.21**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	0.15	0.07
Non-current	24.07	6.14
	24.22	**6.21**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
E. Expense recognised in statement of profit and loss		
Current service cost	13.59	3.82
Interest cost	0.42	0.38
Expected return on plan assets	-	-
Net actuarial loss / (gain)	4.23	(3.56)
Net cost recognized in the statement of profit and loss	**18.24**	**0.64**

Particulars	As at 31 March 2019	As at 31 March 2018
F. Assumptions at balance sheet date	6.77%	6.82%
Discount rate (refer note (b))	NA	NA
Interest rate (rate of return on assets)	15.00%	10.00%
Future salary increase (refer note (a))	Indian Assured	Indian Assured
Mortality table	Lives (2006 -08)	Lives (2006 -08)
Attrition rate (refer note (a))	40.00%	40.00%

Notes:

a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management re-visits 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 2019	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 - (loss) / gain	(4.23)	3.56	(0.18)	-
Experience adjustments on plan assets - loss / (gain)	-	-	-	-

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

27 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 on "Segment reporting".

28 Operating leases

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of 10 months to 9 years. For the year ended 31 March 2019, an amount of Rs. 457.11 lakhs (31 March 2018: Rs. 163.89 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 2019	As at 31 March 2018
Less than one year	443.47	174.74
One year to five years	885.47	199.56
Later than five years	220.60	52.48
29 Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	159.45	10.00
Undrawn committed sanctions to borrowers	823.57	839.20

30 Related party transactions

30.1 Names of related parties and nature of relationship

Key Managerial Personnel	Mr. D. Arulmany, Managing Director and Chief Executive Officer Mr. J. Prakash Rayen, Chief Operating Officer Mr. V.G. Suchindran, Chief Financial Officer Mr. K.P. Venkatesh, Chief Business Officer (With effect from 8 October 2018) Ms. Priyanka I Misser, Company Secretary (Up to 31 March 2019) Ms. N.A Madhavi, Company Secretary (With effect from 1 April 2019)

Note:

Related party relationships are as identified by the management.

30.2 Transactions during the year

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Remuneration to Key Managerial Personnel *		
Mr. D. Arulmany	80.00	63.22
Mr. J. Prakash Rayen	60.80	47.92
Mr. V.G. Suchindran	64.50	49.41
Mr. K.P. Venkatesh, Chief Business Officer (With effect from 8 October 2018)	32.08	-
Ms. Priyanka I Misser	8.44	7.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Partly paid up equity shares issued during the year (in number of shares)		
Mr. D. Arulmany#	1,09,75,000	-
Options for purchase of shares during the year (in number of shares)		
Mr. D. Arulmany #	45,75,000	4,00,000
Employee stock options granted during the year (in number of options)		
Mr. K.P. Venkatesh	4,00,000	-
Share warrant issued during the year (in number of options)		
Mr. J. Prakash Rayen	-	1,33,334
Mr. V.G. Suchindran	-	1,33,333

30.3 Balances as at the year-end:

Particulars	As at 31 March 2019	As at 31 March 2018
Remuneration payable to Key Managerial Personnel *		
Mr. D. Arulmany	15.00	10.00
Mr. J. Prakash Rayen	12.50	7.50
Mr. V.G. Suchindran	12.50	7.50
Mr. K.P. Venkatesh	5.99	-
Ms. Priyanka I Misser	0.68	0.75
Employee stock option (in number of options)		
Mr. J. Prakash Rayen	15,00,000	15,00,000
Mr. V.G. Suchindran	5,00,000	5,00,000
Mr. K.P. Venkatesh	4,00,000	-
Share warrants (in number of options)		
Mr. J. Prakash Rayen	1,33,334	1,33,334
Mr. V.G. Suchindran	1,33,333	1,33,333

Notes:

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.

Refer note 3.5

31 Earnings Per Share (EPS)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit for the year	2,048.84	606.19
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	**2,99,18,699**	**2,42,41,033**
Effect of dilutive potential equity shares:		
Compulsory convertible preference shares	4,30,72,031	2,36,55,716
Employee stock options and share warrants	34,78,634	51,45,538
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**7,64,69,364**	**5,30,42,287**
Face value per share	10.00	10.00
Earnings per share		
- Basic - in Rs.	6.85	2.50
- Diluted - in Rs.	2.68	1.14

32 Micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 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 31 March 2019 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.

Particulars	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
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 enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

33 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.

33.1 Veritas ESOS, 2016 and Veritas ESOS, 2018

Veritas ESOS C, 2018

The Veritas ESOS, 2018 is applicable to all employees.

The Options were issued on 6 December 2018 and it will be exercised at Rs. 120. The vesting period of options are I year for 20% of the options, II year for 25% of the options and III year for 25% of the options and IV year for the balance 30% of the options for all.

Veritas ESOS B, 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 were I year for 30% of the options, II years for 35% of the options and III year for the balance 35% of the options. During the current year, the vesting period of options has been revised to I year for 20% of the options, II year for 25% of the options and III year for 25% of the options and IV year for the balance 30% of the options for all.

Veritas ESOS A, 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 years for 35% of the options and III year for the balance 35% of the options for all the three batches.

33.2 Options issued under Veritas ESOS 2018 and ESOS 2016

As at 31 March 2019, 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 A Batch 1	18-Jan-16	25,50,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	3,00,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	85,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	8,90,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	4,00,000	120.0	1 to 4 years	Time and performance based vesting
		42,25,000			

As at 31 March 2018, 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 A Batch 1	18-Jan-16	25,65,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	3,00,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	1,00,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	9,30,000	40.00	1 to 3 years	Time and performance based vesting
		38,95,000			

33.3 Reconciliation of outstanding options

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

Particulars	Number of options	
	As at 31 March 2019	As at 31 March 2018
Outstanding at beginning of year	38,95,000	30,00,000
Forfeited during the year	55,000	35,000
Exercised during the year	15,000	-
Granted during the year	4,00,000	9,30,000
Outstanding as at end of year	**42,25,000**	**38,95,000**
Vested and Exercisable as at end of year	**29,78,250**	**9,00,000**

33.4 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 2019	As at 31 March 2018
Fair value of options at grant date	25.51 to 45.74	9.91 to 15.79
Expected volatility	22% to 25%	35% to 38%
Option term	2.5 to 5.5 years	2 to 4 years
Expected dividends	0%	0%
Risk free interest rate	6.56% to 7.64%	5.99% to 7.42%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

33.5 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 pro forma amounts indicated below:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit for the year	2,048.84	606.19
Stock based compensation expenses determined under fair value based method	91.37	30.90
Profit for the year (pro forma)	1,957.47	575.29
Earnings Per Share		
- Basic - in Rs. (reported)	6.85	2.50
- Basic - in Rs. (pro forma)	6.54	2.37
- Diluted - in Rs.(reported)	2.68	1.14
- Diluted - in Rs.(pro forma)	2.56	1.08

34 Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2019 and previous year ended 31 March 2018. Accordingly, the disclosure requirements relating to the same are not applicable.

35 Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2019 and previous year ended 31 March 2018.

36 Movement of Non-Performing Assets (NPAs)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Net NPAs to net advance (%)	0.76%	0.53%
(Net of provision for NPA)		
(b) Movement of NPA (Gross)		
Opening balance	248.08	87.46
Additions during the year	471.76	202.14
Utilised / write off during the year	47.62	41.52
Closing balance	**672.22**	**248.08**
(c) Movement in net NPA (Net of provision for NPA)		
Opening balance	176.45	65.04
Additions during the year	440.47	152.93
Utilised / write off during the year	47.62	41.52
Closing balance	**569.30**	**176.45**
(d) Movement of provision for NPA (excluding the Contingent provisions against standard assets)		
Opening balance	71.63	22.42
Additions during the year	31.29	49.21
Utilised / write off during the year	-	-
Closing balance	**102.92**	**71.63**

37 Movement of contingent provisions against standard assets

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	332.55	91.43
Add : Charge for the year	411.31	241.12
Less : Utilised during the year	-	-
Closing balance	**743.86**	**332.55**

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

38.1 Capital adequacy ratio

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Tier I Capital	43,409.89	16,262.79
Tier II Capital	743.86	332.55
Total Capital	44,153.75	16,595.34
Total Risk Assets	91,914.89	34,558.28
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	47.23%	47.06%
Tier II Capital as a percentage of Total Risk Assets (%)	0.81%	0.96%
Total Capital (%)	**48.04%**	**48.02%**

38.2 Exposure to real estate sector

Particulars	As at 31 March 2019	As at 31 March 2018
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	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

38.3 Exposure to Capital Market

Particulars	As at 31 March 2019	As at 31 March 2018
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	-	-

38.4 Exposure to Perpetual Debt Instruments (PDI)

The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2019 and previous year ended 31 March 2018.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for diminution in the value of investments	24.09	-
Provision for non-performing assets	31.29	49.21
Contingent provision against standard assets	411.31	241.12
Provision made towards current income taxes	1,022.46	187.78

38.6 Concentration of advances

Particulars	As at 31 March 2019	As at 31 March 2018
Total advances to twenty largest borrowers	302.62	169.12
Percentage of advances to twenty largest borrowers to total advances	0.41%	0.50%

38.7 Concentration of exposures

Particulars	As at 31 March 2019	As at 31 March 2018
Total exposures to twenty largest borrowers	302.62	169.12
Percentage of exposures to twenty largest borrowers to total exposures	0.41%	0.50%

38.8 Concentration of NPAs

Particulars	As at 31 March 2019	As at 31 March 2018
Total exposure to top four NPA accounts	24.08	24.36

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

Particulars	As at 31 March 2019	As at 31 March 2018
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other loans		
- Secured	0.90%	0.61%
- Unsecured	1.11%	3.56%

The above sector-wise NPA and advances is based on the data available with the Company and filed with the Reserve Bank of India, which has been relied upon by the auditors.

38.10 Ratings assigned by credit rating agencies:

The credit rating details of the company as at 31 March 2019 are as follows:

Rating Agency	Term	Type	Rating	Amount
CARE Ratings Ltd	LT	TL	CARE BBB + ; (Stable)	20,000
CARE Ratings Ltd	LT	NCD	CARE BBB + ; (Stable)	35,000

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	CARE BBB - ; (Stable)	10,000
CARE Ratings Ltd	LT	NCD	CARE BBB - ; (Stable)	15,000

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

38.11 Instances of fraud for the year ended 31 March 2019 (31 March 2018: Nil)

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.

38.12 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

38.13 Investments

Particulars	As at 31 March 2019	As at 31 March 2018
Gross value of investments		
- In India	14,500.00	-
- Outside India	-	-
Provisions for depreciation		
- In India	24.09	-
- Outside India	-	-
Net value investments		
- In India	14,475.91	-
- Outside India	-	-
Movement of provisions held towards depreciation on Investments		
Opening balance	-	-
Add: Provisions made during the year	39.86	-
Less: Write off / write back / reversal of provision during the year	15.77	-
Closing balance	24.09	-

38.14 Derivatives

The Company has not entered into any derivative contracts during the year.

38.15 Details of non- performing financial assets purchases and sold

The Company has neither purchased nor sold any non- performing financial assets during the previous year.

38.16 Details of financing of Parent Company products

The Company does not have a parent company and so the details required under this note is not applicable.

38.17 Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended 31 March 2019 and 31 March 2018.

38.18 Advances against intangible securities

The Company has not given any loans against intangible securities

38.19 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the year ended 31 March 2019 and 31 March 2018.

38.20 Draw down from reserves

The Company has made no drawdown from existing reserves.

38.21 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

38.22 Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms.

38.23 Customer complaints

Particulars	As at 31 March 2019	As at 31 March 2018
Number of complaints pending at the beginning of the year	7	1
Number of complaints received during the year	31	28
Number of complaints redressed during the year	31	22
Number of complaints pending at the end of the year	7	7

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

38.24 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2019:

Particulars	Upto 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	501.59	558.81	987.17	2,239.73	4,186.90	13,267.14	-	-	**21,741.34**
Borrowings from Others	640.40	450.27	975.15	2,962.03	4,723.06	8,777.92	45.45	-	**18,574.28**
Market Borrowings	-	-	-	-	-	18,900.00	-	-	**18,900.00**
Assets									
Advances (secured)	985.32	910.98	928.94	2,899.81	6,322.63	31,737.31	23,898.05	4,494.63	**72,177.67**
Advances (unsecured)	607.10	526.74	413.58	770.34	24.71	1.19	-	-	**2,343.66**
Investment in mutual funds	14,475.91	-	-	-	-	-	-	-	**14,475.91**

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

Particulars	Upto 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**
Investment in mutual funds	-	-	-	-	-	-	-	-	**-**

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	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	19,281.56	-	10,942.18	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)			-	
(b) Deferred Credits	-	-	-	-
(c) Term Loans	40,440.24	-	17,824.85	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (Cash credits and Over draft)	-	-	900.87	-
(Represents Working Capital Demand Loans and Cash Credit from banks)				
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 2019

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

Particulars	As at 31 March 2019	As at 31 March 2018
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)	72,177.67	32,034.72
(b) Unsecured (Refer note 12)	2,343.66	1,468.30
4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors:	-	-
(a) Financial Lease	-	-
(b) Operating Lease		
(ii) Stock on Hire including Hire Charges under Sundry Debtors	-	-
(a) Assets on Hire	-	-
(b) Repossessed Assets		
(iii) Other loans counting towards asset financing activities	-	-
(a) Loans where Assets have been Repossessed	-	-
(b) Loans other than (a) above		

Particulars	As at 31 March 2019	As at 31 March 2018
5 *Break-up of Investments (net of provision for diminution in value):*		
Current Investments		
I Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	14,475.91	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
II 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		
I Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
II Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(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 2019 (Net of Provisions for NPA)		As at 31 March 2018 (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**	72,094.55	2,323.86	32,014.18	1,417.21
Total	**72,094.55**	**2,323.86**	**32,014.18**	**1,417.21**

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 or fair value or Net Asset Value as on 31 March 2019	Book Value as on 31 March 2019 (Net of provisions)	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)
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 2019		As at 31 March 2018	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(I) Gross non-performing assets	-	672.22	-	248.08
(ii) Net non-performing assets	-	569.30	-	176.45
(iii) Assets acquired in satisfaction of debt	-	-	-	-

40. Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at 31 March 2019	As at 31 March 2018
a) Loans and advances in the nature of loans to subsidiaries	-	-
b) Loans and advances in the nature of loans to associates	-	-
c) Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
d) Loans and advances in the nature of loans to firms / companies in which directors are interested	-	-

41 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of a first and pari passu hypothecation of receivables under financing activities.

42 Expenditure and earnings in foreign currency (on accrual basis)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Expenditure	-	21.11
Processing fee	-	2.00
Professional fee	0.04	-
Staff welfare		
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 2019 (31 March 2018: Nil).

43 Specified Bank Notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

44 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. 409.77 lakhs (31 March 2018: 121.24), out of the profit after tax for the year ended 31 March 2019 to Statutory Reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

45 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**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

K. Raghuram
Partner
Membership No. 211171

Place : Chennai
Date : 26 April 2019

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

N. A. Madhavi
Company Secretary
Membership No.: A38470

Place : Chennai
Date : 26 April 2019

NOTES

LIFE AT VERITAS FINANCE

ANNUAL BUSINESS MEET, GOA, INDIA

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FINANCE

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