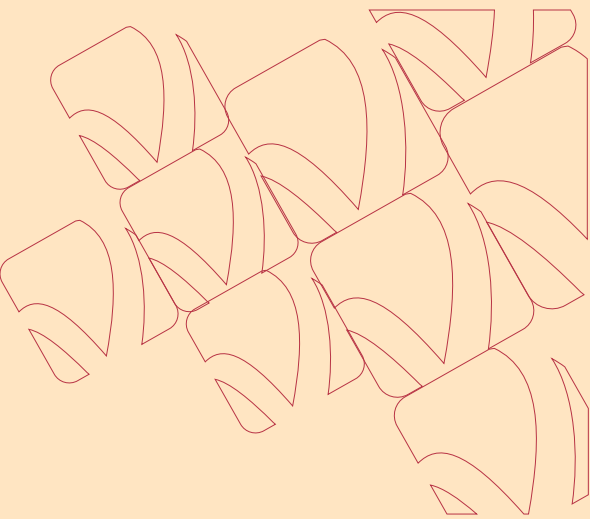




**A VISION
TO EMPOWER
LIVES BEGINS!**



FIRST ANNUAL REPORT 2015-16

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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."

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."

CORPORATE INFORMATION

Board of Directors

M. Sivaraman
N. Mohanraj Nair
Venkatesh Natarajan
D. Arulmany, MD & CEO

Strategic Advisor

P. Surendra Pai

Chief Operating Officer

J. Prakash Rayen

Chief Financial Officer

V. G. Suchindran

Bankers

State Bank of India, Chennai
HDFC Bank, Chennai
AXIS Bank, Chennai
IndusInd Bank, Chennai
DBS Bank, Chennai
RBL Bank, Chennai
Bandhan Bank, Chennai
City Union Bank, Chennai

Statutory Auditors

M/s Ramanujam & Boovarahan,
Chennai

Internal Auditors

M/s Kumbhat & Co., Chennai

Registered Office

2nd Floor, 'Economist House',
S-15, Thiru-Vi-Ka Industrial
Estate, Guindy,
Chennai - 600032,
Tamil Nadu, India.
CIN: U65923TN2015PTC100328
RBI Regn No: N-07.00810

Registrar & Transfer Agent

Karvy Computershare Private
Limited Karvy Selenium Tower,
Plot No.31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500032.
Telangana, India

Contact Details

Phone: +91 44 4615 0011
Email: corporate@veritasfin.in
Website: <http://www.veritasfin.in>

PROFILE OF STRATEGIC ADVISOR

Mr. P. Surendra Pai, a highly respected thought leader in business and marketing strategy, brings extensive experience and expertise from the Indian corporate sector to Veritas Finance. Mr. Pai was the Executive Chairman of the Murugappa Group from 2002-2006, contributing significantly to the group's growth and profitability. A visionary with high octane energy, he made every organization in the group to constantly break boundaries, innovate and execute. Under his sagacious stewardship, many diverse businesses of the group scaled new peaks and went on to become market leaders in their realm. Prior to this, he was Vice Chairman of Wipro group, in charge of CCLG businesses and part of the corporate board from 1997-2002.

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

He is Strategic Advisor and Significant Investor in Veritas Finance.



Mr. P. Surendra Pai at the the inauguration of the Corporate Office of Veritas Finance

MESSAGE FROM STRATEGIC ADVISOR



Dear Shareholders,

Financial inclusion is key to economic growth.

As I see it, financial inclusion, is a state in which all people have access to a suite of quality financial services, provided at affordable prices, in a convenient manner with dignity for the clients. Making credit accessible to the bottom of the pyramid is undoubtedly one of the building blocks for people to build better lives. The segments in bottom of the pyramid are varied and each needs different models and unique approaches.

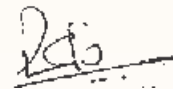
Despite vicissitudes we have witnessed, micro finance has shown steady growth over the years. I have seen and also been part of initiatives in micro finance and guided their journey to become SFBs. Affordable housing finance to the informal segment has also attracted attention and one is seeing significant efforts in recent times.

However, easy credit access to millions of micro and small enterprises remains a distant dream to date. Opportunities in the segment are well known. So are the challenges. Given the heterogeneous nature of these enterprises, credit assessment of micro enterprises or small businesses in the informal segment can be a challenging task, especially in the absence of documents. This vulnerable segment is also the one which is often easily exploited. Therefore, I believe, identifying, encouraging and nurturing strong, ethical and client-protection centered institutions focused on pursuing such socially relevant businesses is key to make financial inclusion a reality.

Veritas which is founded on strong principles and driven by a passionate team is determined to make positive impact in the lives of millions of people engaged in micro enterprises. I see in Veritas the grit and determination to take the road less travelled. I see in Veritas a strong vision to pursue the dream of making financial inclusion a reality.

I'm happy to support the efforts of Veritas to put in place and practice viable and sustainable approaches, build strong innovative business models for affordable products and also the keenness to be efficient in handling transactions.

I'm confident Veritas will make the difference.

A handwritten signature in black ink, appearing to read 'P S PAI', with a horizontal line underneath.

P S Pai

LETTER FROM MD & CEO



D. Arulmany

Dear Shareholders,

On 30th April 2015, a dream took shape.

On that day, Veritas was founded with intent to make credit accessible to the underserved informal small businesses and micro enterprises segment. Certificate of Registration from RBI to commence the business as NBFC, came in less than four months after. Veritas sanctioned its first loan, on 22nd Oct 2015, to a customer in Coimbatore and ended his four year long search for a loan to make his dream of converting a small tea stall to a fully blown bakery and restaurant a reality.

Since then it has been an exciting journey.

- Today, Veritas is proud to have an eminent board, guiding the organization with their rich experience in financial services. We are also happy and fortunate to have with us a passionate set of hundred member team completely aligned to the objectives of Veritas. A team which is well aware and is willing to be a part of an arduous journey ahead, for a much needed cause and intervention. A team which is confident of making a difference.
- Today, we are privileged to have with us investors, who share the same conviction on the business model as we do. Investors with a long term outlook on Veritas and committed to walk with us. Investors, who have supported and guided many socially relevant initiatives to grow exponentially and emerge stronger. We are happy to have them as our partners in progress.
- Today, we are present in more than 25 locations from where we reach out to our potential customers and have crossed Rs 600 Lacs loan book, in just a little over hundred days. This is when many of the locations, which are new and yet to start business.
- Today, we already have about 300 customers who have availed credit from us and are repaying their installments on time every time. This responsible behavior from our customers not only gives us the confidence in our customer selection process but also the responsibility to approach the segment with lot more warmth and sensitivity.

Most of our time this year was spent in building a strong technology platform, putting robust credit process, building a strongly motivated, high performance team, which understands and is aligned to the purpose of Veritas. I'm aware 2016-17, which would be our first full year of operations, would need to set the tone and direction for Veritas. It would be a year which would test the ability of Veritas and its team to put in place a successful approach to financial inclusion which can be scaled rapidly. It would be a year in which we would set bench marks of performance, build consistency and excellence in operations, offer comfort and convenience to customers, confidence and direction to employees and deliver value for investors.

We are well aware of the expectations and commit to deliver all the above and a little more!

D Arulmany

PROFILE OF DIRECTORS



M. Sivaraman
Independent Director

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

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

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

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

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



N. Mohanraj
Independent Director



Venkatesh Natarajan
Nominee Director

Mr. Venkatesh Natarajan, is the Nominee Director of Sarva Capital LLC, Mauritius. He is the Managing Partner of Lok Advisory Services and has been involved in microfinance and impact investing for 10+ years. He serves as a Director on the boards of many financial services companies including Ujjivan, Suryoday Micro finance and Equitas Finance.

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

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

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



D. Arulmany
MD & CEO

PROFILE OF SENIOR MANAGEMENT TEAM



J. Prakash Rayen
Chief Operating Officer

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

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

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

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

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

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



V.G. Suchindran
Chief Financial Officer



L. Nicholes Antony
Vice President –
Product Development

Mr. L. Nicholes Antony, heads the vertical on working capital loans at Veritas Finance. He comes with more than two decades of experience in housing finance industry across organizations namely DHFL and Mahindra Rural Housing.

Prior to Veritas, he was with Mahindra Rural Housing Finance as DGM (Operations) / Business Head for Tamil Nadu and Kerala where he was overseeing business, credit, collection and operations. In 2008 he commenced and set up the rural housing finance business in Tamilnadu for Mahindra's with a six member team and built a strong distribution network of 100 branches with over 600 employees and created more than 65,000 rural based customers in a span of six years.

He is a Commerce Graduate and holds a executive MBA degree from Vinayaga Mission University.

PROFILE OF SENIOR MANAGEMENT TEAM



S. Sheik Abdullah
Vice President - Sales

Mr. S. Sheik Abdullah, heads the vertical on mortgage backed loans at Veritas Finance. He has more than a decade of experience in financial services with organisations including Shriram Transport Finance, Cholamandalam etc. in areas of lending loans towards commercial vehicles and in the mortgage lending space.

Prior to Veritas, Sheik was working in Aptus Value Housing as their Head of sales.

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

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

Prior to Veritas, he was with Cholamandalam as DGM Credit / Operations – Vehicle Finance. He is credited with introduction of many new innovations and first to adapt and put in place many 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
Vice President – Credit



D. Kanchana Srikanth
Vice President - Legal

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

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

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the first annual report of your Company, together with the audited financial statements for the period from April 30, 2015 to March 31, 2016.

Background:

Veritas was founded with the intent on meeting the financial needs of the micro and small enterprises in the informal segment. Veritas was incorporated on April 30, 2015 and received the Certificate of Registration as a non-banking finance company from RBI dated October 15, 2015.

Financial Results:

Amount in INR Lakhs

Particulars	Period ended March 31, 2016
Income from Operations	71.96
Less: Employee cost	158.63
Other Operating Cost	105.67
(Loss)/Profit Before Tax	(192.34)
Less: Tax Expenses	-
(Loss)/Profit After Tax	(192.34)
Add: Brought forward Profit / (Loss)	-
Less: Transfer to reserves	-
Balance Carried Forward	(192.34)
Earnings per share (basic)	(2.90)
Earnings per share (diluted)	(2.43)

Dividend:

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

Transfer to Reserves:

In the absence of profits, your Company has not made any transfers to reserves during the period under review. The transfer of 20% of profits to statutory reserve is not applicable as there was no profit during the year.

Deposits:

The Company is registered as NBFC-ND and does not accept any deposits. Hence, no deposit was accepted from the public for the period ended March 31, 2016.

Capital Adequacy Ratio:

The Company had a Capital to Risk Adjusted Assets ratio of 593.14% against the statutory requirement of 15% due to higher capital base and surplus capital retained as balances with banks. Standard Assets constituted 100% of the Loan Assets and 1% provision is being made towards Standard Assets against the requirement of 0.25% from RBI.

Operational Highlights:

The Company received the Certificate of Registration as NBFC-ND from RBI in the month of October 2015 and commenced business in November 2015.

Some of the highlights for the period ended March 31, 2016 are:

- 1) The Company disbursed Rs.619.15 Lakhs during the period resulting in the assets under management of Rs.612.54 Lakhs.
- 2) The Company has 15 branches with 2 Regional offices at Coimbatore and Trichy
- 3) The Company has implemented fully integrated and automated process from lead origination including credit, legal, technical as well as loan accounting.

Market Overview:

The MSME sector plays an important role in the growth of the Indian economy. In addition to generating employment, reducing poverty, the sector also plays a crucial role in developing the rural economy and promoting indigenous technologies. This vibrant sector, however, is plagued by many constraints which hinder its growth. Among many of these constraints which affect the sector, lack of finance or inadequate financial support seems to be the key growth constraint. There are many research findings on the sector which suggest that all other growth constraints like lack of market linkage, competent manpower, infrastructure, obsolete technology etc. can be largely linked to the inadequate credit flow to the sector.

The Financial institutions which rely heavily on core banking technology infrastructure and CRM systems, generally find it difficult to corroborate the financial information from the micro enterprises, for an objective credit analysis and hence often tend to decline these proposals. Also, they do not have a decentralized decision making environment where local branch staff, who is aware of these enterprises can take credit decisions based on subjective parameters. Given the size and scale of these institutions, and the far reaching consequences of such a move, it is difficult to assume that these institutions would be able to change the current process and address this issue any sooner.

Hence, despite the huge demand for debt in the sector, the presence of formal financial institutions are limited to a few banks and some large NBFCs, for the reasons mentioned above.

However, in the recent times, one has seen a flurry of activity level in the sector. Government on its part is working on developing a viable lending environment through the launch of Mudra Bank. Realizing the latent potential of the segment, there are many new start-ups which have come up in different parts of the country, each approaching to address the heterogeneous group of MSMEs in their own way.

Future outlook:

Veritas commenced the business in the month of November 2015 and has built a customer base of 299 customers, operating with 15 branches in the state of Tamil Nadu.

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

assess the segment, in the long run, would differentiate Veritas from other NBFCs and give Veritas sustained growth.

Capital Infusion & Change in Ownership Structure:

The Company was capitalized with Rs. 3.50 Crores at the time of making the application to RBI for Certificate of Registration as NBFC and then it was increased to Rs.13.60 Crores immediately after receiving the CoR from RBI, during November 2015.

Further capital of Rs.30 Crores was raised during the period ended March 31, 2016, after obtaining prior approval from RBI through issuance of Equity and CCPS of Rs.10 each at a price of Rs.25 per share including a premium of Rs.15 per share.

RBI Guidelines:

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

Compliance:

The Company has complied with all the mandatory regulatory compliances as required under the Companies Act, various tax statutes and other regulatory bodies except for the appointment of Whole Time Company Secretary. The company has taken necessary steps to appoint a full time company secretary.

Board of Directors:

During the year ended March 31, 2016, the following changes took place in the constitution of the Board.

Mr. Sheikh Abdullah who was the First Director of the Company resigned from the Board of the Company with effect from May 28, 2015.

Mr. J. Prakash Rayen who was appointed as an Additional / Executive Director, on May 14, 2015 has resigned from the Board of the Company with effect from November 30, 2015.

The Board places on record its appreciation to the above directors for their contributions to the Board Meetings.

Mr. M. Sivaraman and Mr. N. Mohanraj, who were appointed as Additional / Independent Directors on May 28, 2015 and December 1, 2015 respectively and they hold office upto the date of ensuing Annual General Meeting. It is

proposed to continue the appointment of Mr. M. Sivaraman and Mr. N. Mohanraj as independent directors.

In addition, at the Extra-ordinary general Meeting of the Company held on 18th March 2016, Mr. Venkatesh Natarajan has been appointed as Nominee Director of Sarva Capital LLC and is not liable to retire by rotation as long as Sarva Capital LLC hold the minimum threshold of shares as specified in the Articles of Association of the Company.

Key Management Personnel:

As at the Board Meetings held on July 3, 2015, Mr. D. Arulmany, Managing Director, Mr. J. Prakash Rayen, Chief Operating Officer and Mr. V.G. Suchindran, Chief Financial Officer were designated as 'Key Managerial Personnel'.

The Company did not have a Whole Time Secretary as at the end of March 31, 2016.

Statutory Auditors:

M/s. Ramanujam & Boovarahan, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting. However, they have expressed their unwillingness to be re-appointed as Auditors in the ensuing Annual General Meeting. M/s BSR & Co., LLP, Chartered Accountants, being eligible for appointment, have expressed their willingness to be appointed as Statutory Auditors and the Board hereby recommends their appointment to the Shareholders for a term of five years subject to ratification in every subsequent Annual General Meeting.

Subsidiary / Joint Ventures / Associate Companies:

As on March 31, 2016, 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 and forms part of the Directors' Report.

Committees

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

Internal Financial control:

The Company's resources are directed and monitored in a properly controlled manner. Procedures are set so as to detect and prevent frauds and to protect the Company's resources. The financial statements are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India [ICAI].

Extract of the Annual Return:

Extract of Annual Return in Form No. MGT-9 is annexed with this report as 'Annexure-1'.

Auditors' Report:

The Auditors did not make any qualification, reservation or adverse remark or disclaimer on the financial statements prepared as per Section 133 of Companies Act, 2013, and notes on Accounts annexed thereto.

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. There were no foreign exchange earnings or outflow during the period under review.

Particulars of Employees:

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

Dematerialization of Shares:

The equity shares and CCPS of the Company have been admitted for dematerialization by National Securities Depository Limited (NSDL) with ISIN Nos. INE448U01011 and INE448U03017.

Board Meetings held during the period:

During the period, thirteen meetings of the Board of Directors was held on May 6, 2015, May 14, 2015, May 28, 2015, July 3, 2015, August 27, 2015, October 19, 2015, November 20, 2015, November 30, 2015, January 8, 2016, January 18, 2016, March 16, 2016, March 18, 2016 and March 28, 2016 and the gap between two meetings were not more than 120 days.

Directors Responsibility Statement:

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

- a. that in preparation of the financial statements for the period ended March 31, 2016, the generally

accepted accounting principles (GAAP) of India and applicable accounting standards issued by Institute of Chartered Accountants of India have been followed.

- b. that appropriate accounting policies have been selected and 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 period ended March 31, 2016;
- c. that they 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 Company has established internal control systems, consistent with its size and nature of operations and were followed by the Company. These systems are reviewed and updated on an on-going basis.
- e. that they have prepared the annual accounts on a going concern basis.
- f. that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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 details of Employee Stock Option Scheme are annexed and forms part of this report.

Employees Relationship:

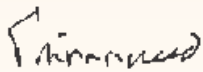
The employees at all ranks of the Company have

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 appreciation to all the employees for their contribution to the performance of the Company.

Acknowledgement:

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

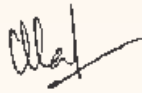
On behalf of the Board of Directors,
For Veritas Finance Private Limited,



M. Sivaraman
Director



N. Mohanraj
Director



D. Arulmany
Managing Director
& CEO

Date: May 5, 2016
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 marketplace 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 four Directors. There are two Independent Directors, one Nominee Director of the Investor apart from the Managing Director and CEO. The Company is in the process of inducting one more independent director.

During the period ended 31 March, 2016, thirteen (13) Board Meetings were held with a gap of not more than four months between any two meetings. Particulars of the Directors' attendance to the Board Meeting and particulars of their other company directorships and committee memberships 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 (April 30, 2015)	Managing Director & CEO (First Director)	Nil	13(13)
M. Sivaraman (July 3, 2015)	Additional / Independent Director	Nil	10 (10)
N. Mohanraj Nair (December 1, 2015)	Additional / Independent Director	1	5 (5)
Venkatesh Natarajan (January 18, 2016)	Director (Nominee of Sarva Capital LLC)	5	1 (1)
Sheikh Abdullah* (April 30, 2015)	First Director	Nil	2 (2)
J. Prakash Rayen** (May 28, 2015)	Additional / Executive Director	Nil	5 (5)

*Resigned w.e.f.July 3, 2015

** Resigned w.e.f.November 30, 2015

Changes in Board Constitution

During the year ended March 31, 2016, the following changes took place in the constitution of the Board.

Mr. Sheikh Abdullah who was the First Director of the Company has resigned from the Board of the Company with effect from July 3, 2015.

Mr. J. Prakash Rayen who was appointed on May 28, 2015 as an Additional / Executive Director, had resigned from the Board of the Company with effect from November 30, 2015.

The Board places on record its appreciation to the above directors for their contributions to the Board Meetings.

Mr. M. Sivaraman and Mr. N. Mohanraj Nair, who were appointed as Additional / Independent Directors on July 3, 2015 and December 1, 2015 respectively and they hold office upto the date of ensuing Annual General Meeting. It is proposed to appoint Mr. M. Sivaraman and Mr. N. Mohanraj Nair as independent directors.

In addition, at the Extra-ordinary general Meeting of the Company held on 18th March 2016, Mr. Venkatesh Natarajan has been appointed as Nominee Director of Sarva Capital LLC and is not liable to retire by rotation as

long as Sarva Capital LLC maintains the minimum threshold of shares as specified in the Articles of Association of the Company.

Committees of the Board

During the year, the Audit & Risk Management Committee and Nomination & Remuneration Committee of the Board were constituted on 28th March 2016. The Board fixes the terms of reference of committees and also delegated powers from time to time. The minutes of the meetings of the committee are circulated to the Board for its information and confirmation.

Audit and Risk Management Committee:

The Audit and Risk Management committee was duly constituted, on 28th March 2016, as required under the Companies Act, 2013 and RBI guidelines, as amended from time to time. No meetings were held during the year.

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

Terms of reference

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the audit fees for the same.
3. Reviewing, with the management, the quarterly and Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the Financial Statements arising out of audit findings
 - e. Compliance with accounting and other legal requirements relating to Financial Statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft Audit Report
4. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with Internal Auditors any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Laying down and review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
10. Credit and Portfolio Risk Management.
11. Operational and Process Risk Management.
12. Laying down guidelines on KYC norms
13. Review on quarterly basis the securitization/ bilateral assignment transactions and investment activities of the Company.
14. Annual review of the Company's Policies framed pursuant to RBI Guidelines and suggests changes, if any required, to the Board for adoption.

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

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

Composition & Meetings

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

1. Mr. N. Mohanraj, Chairperson
2. Mr. M. Sivaraman
3. Mr. Venkatesh Natarajan

Nomination and Remuneration Committee:

The Nomination and Remuneration committee was duly constituted, on 28th March 2016, as required under the Companies Act, 2013 and RBI guidelines, as amended from time to time. No meetings were held during the year.

The Nomination & Remuneration Committee shall

provide advice and overall guidance to the Company regarding the nomination of Directors, implementation and monitoring of ESOP Schemes and remuneration practices of the Company.

Terms of reference

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

- 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 identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships.
- c. To assess the independence of Independent Non-Executive 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. To recommend remuneration payable to Non-Executive Directors of the Company from time to time.
- g. Annual appraisal of the performance of the Managing Director and fixing his terms of remuneration.
- h. Administration of ESOPs to employees as per the ESOP Scheme as approved from time to time.

Composition & Meetings

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

- 1. Mr.Venkatesh Natarajan, Chairperson
- 2. Mr. N. Mohanraj
- 3. Mr. M. Sivaraman

Remuneration of Non-Executive Directors

As a policy, the Company increased the sitting fees to Rs.25,000/- for every meeting from Rs.10,000/- to

Independent Directors for attending Board or Committees constituted of the Board, with effect from 18th January, 2016.

General Body Meetings

During the period from April 30, 2015 to March 31, 2016, seven Extraordinary General Meetings were held as per details given below:

Date	Type of meeting	Time	Venue
May 18, 2015	EGM	11:00 am	Registered office of the Company
June 4, 2015	EGM	11:00 am	Registered office of the Company
October 26, 2015	EGM	10:30 am	Registered office of the Company
December 8, 2015	EGM	4:00 pm	Registered office of the Company
January 8, 2016	EGM	4:00 pm	Registered office of the Company
March 16, 2016	EGM	12:00 Noon	Registered office of the Company
March 18, 2016	EGM	11:30 am	Registered office of the Company

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

Compliance Report

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

Risk Management

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

Disclosures

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

General Shareholder Information

Financial year: April 1st to March 31st

Shareholding pattern as on March 31, 2016

Equity:

Category	Number of Shares	% of total
Promoter & Relatives	5,000,000	33.78%
Resident Individual Investors	4,750,000	32.09%
Employees & their Relatives	3,850,000	26.01%
Institutional Investors	1,200,100	8.11%
Total	1,48,00,100	100.00%

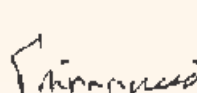
Preference:

Category	Number of Shares	% of total
Institutional Investors	1,07,99,900	100.00%
Total	1,07,99,900	100.00%

Address for Correspondence

Veritas Finance Private Limited
2nd Floor, 'Economist House', S-15,
Thiru Vi Ka Industrial Estate, Guindy,
Chennai – 600032, Tamil Nadu, India
Tel.: +91 44 4615 0011
E-mail: corporate@veritasfin.in
Website: <http://www.veritasfin.in>

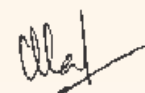
On behalf of the Board of Directors,
For Veritas Finance Private Limited,



M. Sivaraman
Director



N. Mohanraj
Director



D. Arulmany
Managing Director
& CEO

Date: May 5, 2016

Place: Chennai

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]

COMPANY CIN: U65923TN2015PTC100328

M/s. VERITAS FINANCE PRIVATE LIMITED

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 period from 30th April 2015 to 31st March, 2016. 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 and its officers, 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:
 1. the Company has complied with provisions of the Act & Rules made there under in respect of, its status under the Act.
 2. the Company has complied with provisions of the Act & Rules made there under in respect of maintenance of registers/records & making entries therein within the time prescribed therefor.
 3. the Company has complied with provisions of the Act & Rules made there under in respect of filing of forms and returns as stated in the annual return, with the Registrar of Companies, Regional Director, Central Government, Court or other authorities within the prescribed time.
 4. the Company has complied with provisions of the Act & Rules made there under in respect of 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, notices were given and the proceedings, have been recorded in the Minute Book / registers maintained for the purpose and the same have been signed.
 5. the company has not opted to close its Register of Members.
 6. the company has not given any advances, loans to its directors or persons or firms or companies referred in section 185 of the Act.
 7. the company has not entered into any contracts / arrangements with related parties as specified in section 188 of the Act.
 8. the company has complied with the provisions of the Act & rules made thereunder in respect of alteration of share capital, issue, allotment and issue of security certificates thereof. The Company has not made any transfer, transmission, split of securities or buy back of securities / redemption of preference shares or debentures or reduction of share capital/ conversion of shares / securities.
 9. there were no instances necessitating the Company to keep in abeyance the rights to dividend, rights shares or bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
 - 10.the company has:
 - (i) not declared and paid dividend, hence the compliance of provisions of the Act & Rules made there under in respect of declaration and payment of dividend, does not arise;
 - (ii) the company has no unpaid / unclaimed dividend / other amounts as applicable which needs to be transferred to the Investor Education and Protection Fund in accordance with Section 205 C of Companies Act, 1956.
 11. as this being the first financial period, the compliance with provisions of the Act & Rules made there under in respect of signing of audited financial

- statement as per the provisions of Section 134 of the Act and report of directors as per sub - sections (3), (4) and (5) thereof does not arise.
12. the Company has complied with provisions of the Act & Rules made there under in respect of constitution, disclosures of Directors and payment of remuneration to them. The appointment and resignation of directors had been duly made. There was no re-appointment and filling up casual vacancies of the Directors during the year under review. The company is in the process of appointing a full time company secretary on the rolls and has taken necessary steps to identify and appoint one.
 13. the Company has complied with provisions of the Act & Rules made there under in respect of appointment of Auditors as per the provisions of section 139 of the Act.
 14. the company has obtained the approvals of Registrar of Companies for alteration of Memorandum and Articles of Association of Company. The Company has not obtained any another approval from the Central Government, Tribunal, Regional Director, Court or such other authorities under the various provisions of the Act;
 15. the Company, being a Non Banking Finance Company, the provisions of Section 73 to 76 of Companies Act, 2013 with respect to acceptance / renewal / repayment of deposit is not applicable.
 16. the Company has not availed any borrowings during the period and hence the compliance with provisions of the Act & Rules made there under in respect of borrowings from its directors, members, public financial institutions, banks and others and in creation / modification / satisfaction charges in that respect, is not applicable.
 17. the Company, being a Non Banking Finance Company, the Provisions of Section 186 of Companies Act, 2013 is not applicable.
 18. The company has altered the provisions of the Memorandum and Articles of Association of the Company and complied with the provisions of the Act

Place: Chennai
Date: May 5, 2016



Balu Sridhar
Company Secretary
M.No.F5869
C.PNo.3550

ANNEXURE II

VETRITAS Employees Stock Option Scheme (VERITAS ESOS), 2016.

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	30,00,000
b. Options Granted	26,00,000
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	26,00,000
i. Money realized by exercise of options	Nil
j. (a) Details of options granted to Key Managerial personnel	Mr. J. Prakash Rayen - Chief Operating Officer – 15,00,000 options Mr. V.G. Suchindran - Chief Financial Officer – 5,00,000 options
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31st March 2016	Mr. Sheikh Abdullah - Vice President – Sales – 2,00,000 options
(c) Identified employees who were granted Options, during the period ended 31st March 2016, equal or exceeding 1% of the issued capital of the Company at the time of grant	Chief Operating Officer – 15,00,000 options. The paid-up shares at the time of issue was 1,36,00,000 shares.
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	Rs.10/-

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2016
[Pursuant to Section 92(3) of the Companies Act, 2013, and
Rule 12(1) of the Companies (Mgt. and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i) CIN:	U65923TN2015PTC100328
(ii) Registration Date	30.04.2015
(iii) Name of the Company	VERITAS FINANCE PRIVATE LIMITED
(iv) Category / Sub-category of the Company	Company Limited by Shares / Non – Govt Company
(v) Address of the Registered office and contact details	2nd Floor, Economist House, S 15, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600 032 Tamil Nadu, India. Tel: +91 - 044 – 46150011 Email id: corporate@veritasfin.in
(vi) Whether listed Company	No
(vii) Name and Address of Registrar & Transfer Agents (RTA)	Karvy Computershare Private Limited Karvy Selenium Tower, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Telangana, India

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S.No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Extending credit to micro and small enterprises typically self-employed small business.	K-64-64920	42.89% of Gross Income

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
NOT APPLICABLE			

IV. SHARE HOLDING PATTERN (EQUITY)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual / HUF	--	49,900	49,900	99.80	--	50,00,000	50,00,000	33.78	(66.02)
(b) Central Govt	--	--	--	--	--	--	--	--	--
(c) State Govt(s)	--	--	--	--	--	--	--	--	--
(d) Bodies Corp.	--	--	--	--	--	--	--	--	--
(e) Banks / FI	--	--	--	--	--	--	--	--	--
(f) Any Other..	--	--	--	--	--	--	--	--	--
(l) Relatives of Directors	--	--	--	--	--	--	--	--	--
Sub Total (A) (1)	--	49,900	49,900	99.80	--	50,00,000	50,00,000	33.78	(66.02)
(2) Foreign									
(a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
(b) Other - Individuals	--	--	--	--	--	--	--	--	--
(c) Bodies Corp.	--	--	--	--	--	--	--	--	--
(d) Banks / FI	--	--	--	--	--	--	--	--	--
(e) Any Other..	--	--	--	--	--	--	--	--	--
Sub Total (A) (2)	--	--	--	--	--	--	--	--	--
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	--	49,900	49,900	99.80	--	50,00,000	50,00,000	33.78	(66.02)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	--	--	--	--	--	--	--	--	--
(b) Banks / FI	--	--	--	--	--	--	--	--	--
(c) Central Govt	--	--	--	--	--	--	--	--	--
(d) State Govt(s)	--	--	--	--	--	--	--	--	--
(e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
(f) Insurance Companies	--	--	--	--	--	--	--	--	--
(g) FIs	--	--	--	--	--	--	--	--	--
(h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
(i) Others (Specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B)(1)	--	--	--	--	--	--	--	--	--
(2) Non-Institutions									
(a) Bodies Corp.									
i. Indian	--	--	--	--	12,00,000	--	12,00,000	8.11	-
ii. Overseas	--	--	--	--	--	100	100	0.0006	--
(b) Individuals									
i. Individual Shareholders holding nominal share capital up to Rs.1 lakh	--	--	--	--	--	--	--	--	--
ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	--	100	100	0.20	--	86,00,000	86,00,000	58.11	57.91
Sub-Total (B)(2)	--	100	100	0.20	--	98,00,100	98,00,100	66.22	66.02
Total Public Shareholding = (B)(1)+(B)(2)	--	100	100	0.20	--	98,00,100	98,00,100	66.22	66.02
(C) Shares held by custodian for GDRs & ADRs									
	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	--	50,000	50,000	100.00	--	148,00,100	148,00,100	100.00	--

ii) Shareholding of Promoters :

S.No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged/encumbered	No. of Shares	% of Total Shares	% of Shares Pledged/encumbered	
1	D Arulmany	49,900	99.80	--	45,00,000	30.40	--	(69.40)
2	Vidya Arulmany & D Arulmany	--	--	--	5,00,000	3.38	--	3.38

iii) Change in Promoters' Shareholding (please specify, if there is no change) :

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	D Arulmany				
	At the beginning of the year	49,900	99.80	49,900	99.80
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 28.05.2015 – Allotment of Shares	19,50,100	--	20,00,000	--
	b) 20.11.2015– Allotment of Shares	25,00,000	--	45,00,000	--
	At the End of the year	45,00,000	30.40	45,00,000	30.40
2	Vidya Arulmany & D Arulmany				
	At the beginning of the year	--	--	--	--
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015– Allotment of Shares	5,00,000	--	5,00,000	--
	At the End of the year	5,00,000	3.38	5,00,000	3.38

(c) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	SAVITA S PAI				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015 – Allotment of shares	17,50,000	–	17,50,000	–
	At the End of the year	17,50,000	11.82	17,50,000	11.82
2	P SURENDRA PAI				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015 – Allotment of shares	17,50,000	–	17,50,000	–
	At the End of the year	17,50,000	11.82	17,50,000	11.82
3	J PRAKASH RAYEN				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 28.05.2015 – Allotment of shares	10,00,000	–	10,00,000	–
	b) 20.11.2015– Allotment of Shares	500,000	–	15,00,000	–
	At the End of the year	15,00,000	10.14	15,00,000	10.14

(c) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	V G SUCHINDRAN				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015 – Allotment of shares	12,50,000	–	12,50,000	–
	At the End of the year	12,50,000	8.45	12,50,000	8.45
5	V C KUMANAN				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 28.05.2015 – Allotment of shares	250,000	–	250,000	–
	b) 20.11.2015– Allotment of Shares	250,000	–	500,000	–
	At the End of the year	500,000	3.38	500,000	3.38
6	SHEIKMAM SHEIK ABDULLAH				
	At the beginning of the year	100	0.20	100	0.20
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 28.05.2015 – Allotment of shares	149,900	–	150,000	–
	b) 20.11.2015– Allotment of Shares	100,000	–	250,000	–
	At the End of the year	250,000	1.69	250,000	1.69

(c) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
7	K VENKATESH				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015 – Allotment of shares	500,000	–	500,000	–
	At the End of the year	500,000	3.38	500,000	3.38
8	P SURENDRA PAI				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015 – Allotment of shares	500,000	–	500,000	–
	At the End of the year	500,000	3.38	500,000	3.38
9	R LAVANYA				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 20.11.2015 – Allotment of shares	250,000	–	250,000	–
	At the End of the year	250,000	1.69	250,000	1.69

(c) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10	MONIESHA SHARAD GANDHI				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 28.05.2015 – Allotment of shares	100,000	–	100,000	–
	b) 20.11.2015– Allotment of Shares	100,000	–	200,000	–
	At the End of the year	200,000	1.35	200,000	1.35

(d) Shareholding of Directors and Key Managerial Personnel:

S.No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	D Arulmany				
	At the beginning of the year	49,900	99.80	49,900	99.80
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) 28.05.2015 – Allotment of shares	19,50,100	–	20,00,000	–
	b) 20.11.2015– Allotment of Shares	25,00,000	–	45,00,000	–
	At the End of the year	45,00,000	30.40	45,00,000	30.40

V. INDEBTEDNESS: Nil

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i + ii + iii)	--	--	--	--
Change in Indebtedness during the financial year				
Addition	--	--	--	--
Reduction	--	--	--	--
Net Change	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i + ii + iii)	--	--	--	--

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs)
		Mr. D Arulmany (MD)	Mr. J Prakash Rayen (WTD) (Note)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,29,600	10,48,000	38,77,600
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
(c)	Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit	--	--	--
	- others, specify...			
5	Others, please specify	--	--	--
	Total (A)=(1+4+5)	28,29,600	10,48,000	38,77,600
	Ceiling as per the Act			NA

Note: 1. This pertains only for the period from 14th May 2015 to 30th Nov. 2015 and excludes remuneration paid otherwise and shown in remuneration to Key Managerial Personnel. 2. Mr. Sheikh Abdullah was paid Salary amounting to Rs. 1,06,000/- during the period he was the First Director from 30th April '15 till his resignation on 28th May 2015 by virtue of being in employment as Vice President – Sales.

B. Remuneration to other Directors:

S.No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)
		Mr. M Sivaraman	Mr. N Mohanraj	
1.	Independent Directors			
	Fee for attending board / committee meetings	1,60,000	1,10,000	2,70,000
	Commission	--	--	--
	Others, please specify	--	--	--
	Total (1)	1,60,000	1,10,000	2,70,000
2.	Other Non-Executive Directors			
	Fee for attending board / committee meetings	1,60,000	1,10,000	2,70,000
	Commission	--	--	--
	Others, please specify	--	--	--
	Total (2)	--	--	--
	Total (B)=(1+2)	1,60,000	1,10,000	2,70,000
	Total Managerial Remuneration			41,47,600
	Overall Ceiling as per the Act			NA

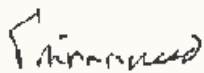
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

S.No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)
		Mr. J Prakash Rayen (COO) (Note)	Mr. V.G. Suchindran (CFO)	
1.	Gross salary (in Rs.)			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,38,400	20,96,000	29,34,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Employee Stock Options (in nos.)	15,00,000	5,00,000	20,00,000
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Others, please specify	-	-	-
	Total (C) (1+4+5)	8,38,600	20,96,000	29,34,400
	Ceiling as per the Act			NA

Note: This pertains only for the period from 1st Dec. 2015 to 31st Mar. 2016 and excludes remuneration paid earlier.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

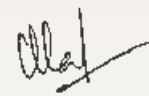
On behalf of the Board of Directors,
For Veritas Finance Private Limited,



M. Sivaraman
Director
DIN: 02045100



N. Mohanraj
Director
DIN: 00181969



D. Arulmany
Managing Director & CEO
DIN: 00009981

Date: May 5, 2016
Place: Chennai

AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERITAS FINANCE PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of VERITAS FINANCE PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit / loss for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016, as amended, issued by the Central Government of India in term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

Further to our comments in the annexure referred to above and 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 appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2016, taken

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

- f) With respect to the other matters included in the Auditor's Report 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 derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.
- g) In our opinion and according to the information and explanations given to us, there is an adequate internal financial control system which is commensurate with the size of the Company and the nature of its business and during the period, the Company is operating effectively with such internal controls.

CHENNAI,
Date : May 5, 2016

For Ramanujam & Boovarahan
Chartered Accountants
(Firm's Registration No. 002945S)



Shekhar Vishwanathan
(Partner)
(Membership No. 053073)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

The Annexure referred to in our report to the members of Veritas Finance Private Limited for the period ended on 31st March 2016. We report that:

1. In respect of fixed assets:

- a. The company is maintaining proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets have been physically verified by the management at reasonable intervals in accordance with a regular programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals; and no material discrepancies were noticed on such verification.
 - c. The company has not acquired any immovable properties for the period ending 31st March 2016.
2. The company is a Non-Banking Finance Company and primarily engaged in lending activities; accordingly it does not hold any physical inventories and hence paragraph 3(ii) of the Order relating to inventory management is not applicable.
 3. The company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 4. The Company has not granted any loans, investments, guarantees and security as per the provisions of section 185 and 186 of the Companies Act, 2013 during the period.
 5. The company has not accepted deposits from public.
 6. Maintenance of cost records has not been specified by the Central Government to this company under sub-section (1) of section 148 of the Companies Act, 2013 and hence paragraph 3(iv) of the Order is not applicable to the Company.

CHENNAI,
Date : May 5, 2016

7. The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and any other statutory dues with the appropriate authorities and no material statutory dues were in arrears as at 31 March 2016 for a period of 6 months from the date they become payable.
8. The company has not taken any loan from financial institution or bank or Government or debenture holders during the period.
9. There were no cases of any fraud on or by the company noticed or reported during the period.
10. The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) or term loans during the period.
11. The company being a private limited company, the provisions of section 197 read with Schedule V to the Companies Act, 2013, is not applicable.
12. This company is not a Nidhi company as per Companies Act, 2013
13. All transactions entered by the company with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements.
14. The company has made private placement of shares during the period and the requirements of section 42 of the Companies Act, 2013 have been complied with.
15. The company has not entered into any non-cash transactions with directors or persons connected with him during the period.
16. The company has obtained registration under section 45-IA of the Reserve Bank of India Act, 1934.

For Ramanujam & Boovarahan
Chartered Accountants
(Firm's Registration No. 002945S)



Shekhar Vishwanathan
(Partner)
(Membership No. 053073)

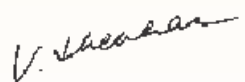
Balance Sheet as at 31 Mar 2016

In Rupees

Particulars	Note No.	As at 31 Mar 2016
A EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	3	25,60,00,000
(b) Reserves and surplus	4	18,00,00,000
		43,60,00,000
Non-current liabilities		
Long-term provisions	5	6,06,523
		6,06,523
Current liabilities		
(a) Trade payables	6	2,59,873
(b) Other current liabilities	7	12,38,249
(c) Short-term provisions	8	98,301
		15,96,423
TOTAL		43,82,02,946
B ASSETS		
Non-current assets		
(a) Fixed assets		
(i) Tangible assets	9.1	36,90,060
(ii) Intangible assets	9.2	66,22,628
Total		1,03,12,688
(b) Long term receivables under financing activities	10	5,14,24,066
(c) Long term Loans and Advances	11	31,91,510
		6,49,28,264
Current assets		
(a) Short term receivables under financing activities	13	98,30,110
(b) Cash and cash equivalents	14	34,26,61,456
(c) Short-term loans and advances	15	5,65,483
(d) Other current assets	16	9,83,713
		35,40,40,762
Profit & Loss Account		1,92,33,920
TOTAL		43,82,02,946

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Ramanujam & Boovarahan
Chartered Accountants
(Firm's Registration No. 002945S)




Shekhar Vishwanathan
Partner
(Membership No. 053073)

Date: May 5, 2016

Place: Chennai

For and on behalf of the Board of Directors



M. Sivaraman
Director



N. Mohanraj
Director



D. Arulmany
Managing Director
& CEO



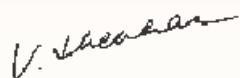
V. G. Suchindran
Chief Financial Officer

Statement of Profit and Loss for the period from 30 Apr 2015 to 31 Mar 2016

In Rupees

Particulars	Note No.	For the Period from 30 Apr 2015 to 31 Mar 2016
Revenue from operations	17	71,96,461
Total revenue (I)		71,96,461
Expenses		
(a) Employee benefits expense	18	1,58,63,063
(b) Provision for standard assets	19	6,12,542
(c) Depreciation and amortisation expense	9	4,46,691
(d) Other Expenses	20	95,08,085
Total expense (II)		2,64,30,381
Profit / (Loss) Before Tax (I-II)		(1,92,33,920)
Tax expense		
(a) Tax Expenses for the Current Period		-
(b) Deferred Tax		-
Net tax expense		-
Profit / (Loss) for the Period		(192,33,920)
Earnings per share (of Rs.10 each)		
(a) Basic	25	(2.90)
(b) Diluted	25	(2.43)
See accompanying notes forming part of the financial statements		

In terms of our report attached.
For Ramanujam & Boovarahan
Chartered Accountants
(Firm's Registration No. 002945S)

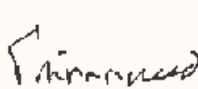



Shekhar Vishwanathan
Partner
(Membership No. 053073)

Date: May 5, 2016

Place: Chennai

For and on behalf of the Board of Directors

M. Sivaraman **N. Mohanraj**
Director Director



D. Arulmany
Managing Director
& CEO



V. G. Suchindran
Chief Financial Officer

Cash Flow Statement for the period from 30 Apr 2015 to 31 Mar 2016

In Rupees

Particulars	For the Period from 30 Apr 2015 to 31 Mar 2016
A. Cash flow from operating activities	
Net Profit before tax	(1,92,33,920)
Adjustments for :	
Depreciation and Amortisation Expense	4,46,691
Contingent Provision for Standard Receivables under Financing activities (Net)	6,12,542
Provision for Gratuity	92,282
Gain on Sale of Current Investments (Net)	(25,91,692)
Operating profit before working capital changes	(2,06,74,096)
<i>Changes in working capital:</i>	
<i>Adjustments for (increase) / decrease in operating assets:</i>	
Long term receivables under financing activities	(5,14,24,066)
Long-term loans and advances	(30,39,700)
Short term receivables under financing activities	(98,30,110)
Short-term loans and advances	(5,65,483)
Other current assets	(9,83,713)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	
Other Long Term Liabilities	-
Long Term Provisions	-
Trade Payables	2,59,873
Other Current Liabilities	12,38,249
Short Term Provisions	-
Cash used in operations	(8,50,19,046)
Finance cost paid	-
Net income taxes Paid/(Refunded)	(1,51,810)
Net cash (used) in operating activities	(8,51,70,856)
B. Cash flow from investing activities	
Capital expenditure on fixed assets, including capital advances	(1,07,59,379)
Proceeds from sale of fixed assets	-
Bank Deposits (Net) (having original maturity of more than 3 months)	(8,97,00,000)
Purchase of Liquid Schemes of Mutual Funds towards Current Investments	(1,24,81,00,000)
Proceeds from Sale of Current Investments namely Liquid Schemes of Mutual Funds	1,25,06,91,692
Net cash (used in) / generated from investing activities	(9,78,67,687)

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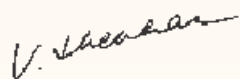
Cash Flow Statement for the period from 30 Apr 2015 to 31 Mar 2016

In Rupees

Particulars	For the Period from 30 Apr 2015 to 31 Mar 2016
C. Cash Flow from Financing Activities	
Proceeds from Issue of Share Capital	43,60,00,000
Long Term Borrowings Taken	-
Long Term Borrowings Repaid	-
Short Term Borrowings Taken / (Repaid) (Net)	-
Net Cash Flow From Financing Activities	43,60,00,000
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	25,29,61,456
Cash and Cash Equivalents at the Beginning of the Year	-
Cash and Cash Equivalents at the End of the Year	25,29,61,456
Note:	
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 14 is as follows:	
Cash and Cash Equivalents as per Note 14	34,26,61,456
Less: Bank Deposits (net) with Original Maturity over a period of 3 months	8,97,00,000
Less: Lien Marked Deposits	-
Cash and Cash Equivalents (as defined in AS 3 - Cash flow statements) as at the End of the Year	25,29,61,456

See accompanying notes forming part of the Financial Statements

In terms of our report attached.
For Ramanujam & Boovarahan
Chartered Accountants
(Firm's Registration No. 002945S)

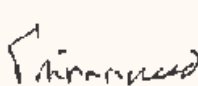


Shekhar Vishwanathan
Partner
(Membership No. 053073)

Date: May 5, 2016

Place: Chennai

For and on behalf of the Board of Directors



M. Sivaraman
Director



N. Mohanraj
Director



D. Arulmany
Managing Director
& CEO



V. G. Suchindran
Chief Financial Officer

Notes forming part of the financial statements

NOTE 1

Corporate Information

Veritas Finance Private Limited (‘the Company’) was incorporated on 30 April 2015 (CIN:U65923TN2015PTC100328). Hence, the financial statements are prepared for the period from 30 April 2015 (Date of Incorporation) to 31 March 2016.

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 deposits (“NBFC-ND”).

The Company is engaged in extending credit to micro and small enterprises typically self-employed small business, who are otherwise unable to access finance from the mainstream banking channels. The Company provides loans upto Rs. 10 Lakhs for a tenor upto seven years. The Company broadly follows the cash flow based credit assessment model with suitable adaptations for each type of business, where the loans are given for business expansion, working capital or for purchase of assets.

NOTE 2

Significant accounting policies

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

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

2.2 Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provisioning for receivables, useful lives of fixed assets, provisioning for taxation etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand, balances with banks in current accounts and demand deposits with banks. Cash equivalents are highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Revenue recognition:

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

- i. Interest / finance income from loans to customers included in revenue from operations which is recognized based on internal rate of return method. Income on non-performing Assets is recognized only when realized and any interest accruing on such assets is de-recognized totally by reversing the interest income already recognized.
- ii. Loan processing fee is recognized on release of disbursement amount and when there is no uncertainty in receiving the same.
- iii. Additional finance charges, instrument / instruction bounce charges, field visit charges and other penal / servicing charges are recognized as income on realization due to uncertainty in their collection.
- iv. Pre-closure charges and other incidental charges are levied and accounted only at the time of actual collection.
- v. Interest income on deposit with banks is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.
- vi. Profit / loss on sale of investment is recognized at the time of sale or redemption.
- vii. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.

2.6 Fixed Assets, intangible assets and capital work-in-progress:

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses incurred directly related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Advances paid towards the acquisition of fixed asset outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of fixed assets not ready for the intended use at each balance sheet date is disclosed as capital work in progress.

2.7 Depreciation and Amortization:

Depreciation on tangible fixed assets is provided on pro-rata basis (i.e. from the date the asset is ready to use) on straight-line method. Depreciation is provided over management's estimate of the useful life of such assets. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of certain categories of assets classes where, based on technical evaluation, a different estimate of useful life is considered appropriate. Pursuant to this policy, the estimated useful life of assets are as follows:

Fixed Asset Description	Estimated Useful Life
Buildings	60 Years
Plant and Machinery – Computer Equipment	3 Years
Plant and Machinery – Others	5 Years
Office Equipment	5 Years
Furniture and Fixtures	5 Years

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

Fixed Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License period or 3 years, whichever is lower

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.8 Impairment:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit ("CGU") to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.9 Foreign currency transactions and translations:

Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date:

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

2.10 Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Employee benefits:

Employee benefits include provident fund, gratuity, compensated absences and employee stock options.

Defined contribution plans:

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 recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised 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 period 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.

Long-term employee benefits:

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

Employee Stock Option Scheme:

If the exercise price granted is lower than the fair value of shares, then the excess is regarded employee compensation and is recognised on straight-line basis over the vesting period.

2.12 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.

2.13 Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.14 Operating Leases:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis.

2.15 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on Income:

Income-tax expense comprises current tax (i.e. amount of tax for the period 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 recognised in statement of profit and loss except that tax expense relating to items recognised directly in reserves is also recognized in those reserves.

Current Tax:

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:

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income will be available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.17 Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes to the Financial Statements.

2.18 Classification and provisions of Loan Portfolio:

(a) Loans are classified and provided for as per the Company's Policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Company Directions, 2015.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than 90 days
Non-Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 90 days and more but up to one year
Doubtful Assets	Overdue for more than one year
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.

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

(b) Provisioning Norms for Loans followed by the company

Provision for Loans

Asset Classification	Provisioning Percentage used by the Company
Standard Assets	1%
Non Performing Assets (NPA)	
Sub-Standard Assets	
- Overdue for 90 days upto 1 year	10%
Doubtful Assets	
Overdue for more than 1 year up to 2 years	20%
Overdue for more than 2 years up to 3 years	35%
Overdue for more than 3 years up to 4 years	50%
Overdue for more than 4 years	100%
Loss Assets	100%

(c) Provisioning Norms for Loans - As Per RBI Guidelines [Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015]

Standard Assets provision to be made at 0.25%.

Sub-standard Assets {with overdue for 90 days and upto 16 months (for FY 2015-16), 14 months (for FY 2016-17) and 12 months (for FY 2017-18)} to be provided for with 10% provision.

Doubtful Assets (having remained sub-standard for a period of 18 months) shall be provided upon becoming doubtful as follows towards the secured portion and 100% for un-secured portion:

Assets remaining doubtful – Upto 1 year	20%
Assets remaining doubtful – More than 1 year upto 3 years	30%
Assets remaining doubtful – More than 3 years	50%

Loss Assets to be provided at 100%.

(d) Under exceptional circumstances, management may renegotiate loans by re-scheduling repayment terms for customers who have defaulted in repayment but who appear willing and able to repay their loans under a longer term agreement. Re-scheduled standard assets are classified/provided for as 'Sub-standard Assets' as per (b) above which classification / provisioning is retained for a period of one year of satisfactory performance. Re-scheduled non-performing assets are not upgraded but are retained at the original classification / provisioning for a period of one year of satisfactory performance.

2.19 Service tax input credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

2.20 Preliminary Expenses:

Pre-incorporation expenses of Rs. 16,71,217/- have been fully written-off in the period of commencement of commercial operations.

2.21 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 realised 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. All non-performing assets are classified as Non-Current.

Note 3**Share Capital**

Particulars	As at 31 March 2016	
	Number of Shares	Rs.
3.Share Capital		
(a) Authorised		
Equity shares of Rs. 10 each	1,90,00,000	19,00,00,000
Compulsory Convertible Preference shares of Rs. 10 each	1,10,00,000	11,00,00,000
		30,00,00,000
(b) Issued, Subscribed and Fully Paid-up		
Equity shares of Rs. 10 each	1,48,00,100	14,80,01,000
Compulsory Convertible Preference shares of Rs. 10 each	1,07,99,900	10,79,99,000
		25,60,00,000

3.1 Reconciliation of Shares Outstanding at the beginning and at the end of the Year

Particulars	As at 31 March 2016	
	Number of Shares	Rs.
a. Equity Shares		
At the Beginning of the Year (Refer Note 1 below)	50,000	5,00,000
Issued during the Year (Refer Note 2 below)	1,47,50,100	14,75,01,000
Outstanding at the End of the Year	1,48,00,100	14,80,01,000
b. Compulsory Convertible Preference Shares		
At the Beginning of the Year	-	-
Issued during the Year (Refer Note below)	1,07,99,900	10,79,99,000
Outstanding at the End of the Year	1,07,99,900	10,79,99,000

Note:

(1) At the time of incorporation of the Company on 30 April 2015.

(2) On 28 May 2015 and 20 November 2015, the Company allotted 34,50,000 and 1,01,00,000 Equity Shares of Rs. 10 each fully paid up at a price of Rs.10 per share. On 18 March 2016, 12,00,100 Equity Shares of Rs. 10 each fully paid up and 1,07,99,900 Compulsory Convertible Preference Shares of Rs.10 each fully paid up was issued at a premium of Rs. 15 per Share.

3.2 Details of Shareholders holding more than 5% Shares in the Company

Particulars	As at 31 March 2016	
	Number of Shares	% Holding
Equity Shares of Rs. 10 each		
D. Arulmany	45,00,000	30.41%
P. Surendra Pai	17,50,000	11.82%
Savita S. Pai	17,50,000	11.82%
J. Prakash Rayen	15,00,000	10.14%
V.G. Suchindran	12,50,000	8.45%
Caspian Impact Investment Adviser Private Limited	12,00,000	8.11%
Compulsory Convertible Preference Shares of Rs. 10 each		
Sarva Capital LLC	1,07,99,900	100.00%

3.3 Disclosure of Rights

A. Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10. Each holder is entitled to one vote per equity share. 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 Annual General Meeting, except in the case of interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

B. 0.01% Compulsory Convertible Preference Shares

0.01% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with Equity Shares on all voting rights. The conversion will happen as follows:

- The date on which a new round of investment is made by a Third Party investor in the Company of not less than Rs. 30,00,00,000 (Rupees Thirty Crores only);
- 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
- The date which is 19 (nineteen) years from the date of allotment of the Series A CCPS i.e., 17th 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.

3.4 Employee Stock Option

On 8th January 2016, the Board of Directors of the Company approved the Veritas Employees Stock Option Scheme (VERITAS ESOS), 2016. Under the plan, the Company is authorized to issue upto 30,00,000 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 the requirements of vesting. The plan will be administered by the Remuneration and Nomination Committee constituted by the Board of Directors of the Company.

On 18th January 2016, the Company granted 26,00,000 options at an exercise price of Rs. 10 per share. These options would be vested on the employees over a three year period based on the duration of employment. During the period from 30 April 2015 to 31 March 2016, no options vested on the employees.

Particulars	Shares arising out of Grants	Exercise Price Amount in Rs.
Grants given to the Employees	26,00,000	10
Vested during the Period	Nil	10
Exercised during the Period	Nil	10
Closing Balance as at 31 March 2016	26,00,000	10

3.5 Preferential Offer to Promoter

The Company through Investment Agreement dated 30th November 2015 has provided the Managing Director & CEO of the Company the right to subscribe to 2,000,000 Equity Shares of the Company at a price of Rs.25 per share including a premium of Rs. 15 per share within 30 months and another 4,000,000 Equity Shares of the Company at a price of Rs.25 per share including a premium of Rs.15 per share within 60 months. As at 31 March 2016, there was no subscription received from the Managing Director based on the aforesaid agreement.

Note 4

Particulars	As at 31 March 2016	
	Rs.	
Reserves and Surplus		
Securities Premium Account		
Opening Balance		-
Add: Premium on Shares issued during the Year		18,00,00,000
Less: Utilisation during the Year		-
Closing Balance		18,00,00,000
Statutory Reserve (Refer Note 36)		
Opening Balance		-
Add: Amount Transferred during the Year from Surplus in the Statement of Profit		-
Closing Balance		-
Total of Reserves and Surplus		18,00,00,000

Note:

The transfer of 20% of profits is not applicable as there was no profit during the year

Note 5**Long Term Provisions**

Particulars	As at 31 March 2016	
	Rs.	
Long Term Provisions		
Provision - Employee Benefits		
Provision for Gratuity		92,282
Provision - Others		
Contingent Provision for Standard Receivables under Financing Activities (Refer Note 29)		5,14,241
Provision for Sub-standard and Doubtful Receivables under Financing Activities		-
Total		6,06,523

Note 6**Trade Payables**

Particulars	As at 31 March 2016	
	Rs.	
Trade Payables (Note 26)		
(a) Total outstanding dues of micro enterprises and small enterprises		-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,59,873
		2,59,873

Note 7**Other Current Liabilities**

Particulars	As at 31 March 2016	
	Rs.	
Advance Instalments from Borrowers	1,47,525	
Incentive Payable	96,228	
Lease Rent Equalization	35,077	
Audit Fees Payable	1,16,550	
Statutory Remittances (PF, ESI, TDS etc.)	8,42,869	
Total	12,38,249	

Note 8**Short Term Provisions**

Particulars	As at 31 March 2016	
	Rs.	
Contingent Provision for Standard Receivables under Financing Activities (Refer Note 29)	98,301	
Provision for Sub-standard and Doubtful Receivables under Financing Activities	-	
Provision for Tax (Net of Advance Tax of Rs. Nil)	-	
Total	98,301	

Note 9 Fixed Assets - Tangible

Particulars	Gross block			Accumulated depreciation and Impairment			Net block	
	Balance as at 30 April, 2015 (Rs)	Additions	Disposals as at 31 March, 2016 (Rs)	Balance as at 30 April, 2015 (Rs)	Eliminated on disposal of assets (Rs)	Balance as at 31 March, 2016 (Rs)	Balance as at 30 April, 2015 (Rs)	Balance as at 31 March, 2016 (Rs)
9.1 Tangible Assets - Owned								
Computer Equipment	-	17,27,262	-	-	-	1,86,695	-	15,40,567
Furniture and Fixtures	-	22,26,541	-	-	-	1,93,251	-	20,33,290
Office Equipment	-	1,23,380	-	-	-	7,176	-	1,16,204
Sub-Total	-	40,77,183	-	-	-	3,87,122	-	36,90,060
9.2 Intangible Assets - Acquired								
Computer Software	-	4,45,947	-	-	-	59,569	-	3,86,378
Software under development (Refer Note 27)	-	62,36,250	-	-	-	-	-	62,36,250
Sub-Total	-	66,82,197	-	-	-	59,569	-	66,22,628
Grand Total	-	1,07,59,379	-	-	-	4,46,691	-	1,03,12,688

Note 10**Long Term Receivables under Financing Activities**

Particulars	As at 31 March 2016	
	Rs.	
Long Term Receivables Under Financing Activities		
(Represents Installments Due after one year from the reporting date)		
MSME Finance Loans - Secured by Mortgage of Title Deeds	5,14,24,066	
	5,14,24,066	
Note:		
Of the above:		
Considered Good	5,14,24,066	
Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms)	-	

Note 11**Long Term Loans and Advances**

Particulars	As at 31 March 2016	
	Rs.	
Capital advance - Unsecured, Considered Good	-	
Security Deposits (Also Refer Note 37(a))		
- Unsecured, Considered Good	30,39,700	
- Unsecured, Considered Doubtful	-	
	30,39,700	
Less : Provision for Doubtful Deposits	-	
	30,39,700	
Advance Income Tax [TDS]	1,51,810	
	31,91,510	

Note 12**Current Investments**

Particulars	As at 31 March 2016	
	Rs.	
Current portion of long-term investments (At cost):	-	

Note 13**Short Term Receivables under Financing Activities**

Particulars	As at 31 March 2016	
	Rs.	
Short Term Receivables Under Financing Activities		
MSME Finance - Working Capital Loans		
- Installments due within one year from the reporting date		29,34,398
Installments overdue on MSME Finance Loans		
- More than six months from the date they were due for payment		-
- Others		4,179
MSME Loans secured by Mortgage of Title Deeds		
- Installments due within one year from the reporting date		68,91,533
		98,30,110
Note:		
Of the above:		
- Considered Good		98,30,110
- Others (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms		-
(Refer Note 12 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		
13.1 Percentage of MSME Loans backed by Mortgage to Total Assets (including Long Term Receivables under Financing Activities)		13.31%
Percentage of MSME Loans backed by Mortgage to Total Assets (including Long Term Receivables under Financing Activities Receivables Under Financing Activities but excluding cash and cash equivalents)		61.04%

Note 14**Cash and Cash Equivalents**

Particulars	As at 31 March 2016	
	Rs.	
Cash on Hand	65	
Balances with Banks		
- In Current Accounts	8,15,61,391	
- In Deposits Accounts free of lien	26,11,00,000	
Total	34,26,61,456	
Note:		
Of the above, cash and cash equivalent as per AS-3 Cash Flow Statement is	25,29,61,456	

Note 15**Short Term Loans and Advances**

Particulars	As at 31 March 2016	
	Rs.	
Prepaid Expenses - Unsecured, Considered Good	11,292	
Balances with Government Authorities	4,10,918	
-Service Tax Input Credit - Unsecured, Considered Good		
Other Advances	1,43,273	
- Unsecured, Considered Good		
	5,65,483	

Note 16**Other Current Assets**

Particulars	As at 31 March 2016	
	Rs.	
Interest Accrued But Not Due		
- on Receivables under Financing Activities	7,01,375	
-on Deposits with Banks	2,81,943	
Interest Accrued and Due	395	
	9,83,713	

Note 17**Revenue from Operations**

Particulars	For the period from
	30 April 2015 to 31 March 2016
	Rs.
Interest Income from Loans	17,14,671
Processing and Other Fees	13,72,000
Other Operating Revenues	
- Interest Income on Fixed Deposits with Banks	15,18,098
- Gain on Sale of Current Investments in Mutual Funds	25,91,692
	71,96,461

Note 18**Employee Benefits Expense**

Particulars	For the period from
	30 April 2015 to 31 March 2016
	Rs.
Salaries, Incentive, Recruitment & Training	1,42,34,192
Contribution to Provident Fund	13,77,272
Contribution to ESI	58,993
Contribution to Labour Welfare Fund	860
Gratuity Expenses	92,282
Staff Welfare Expenses	99,464
	1,58,63,063

Note 19**Provision for Standard Asset**

Particulars	For the period from
	30 April 2015 to 31 March 2016
	Rs.
Contingent Provision for Standard Receivables Under Financing Activities (Net) (Refer Note 29)	6,12,542
	6,12,542

Note 20**Other Expenses**

Particulars	For the period from
	30 April 2015 to 31 March 2016
	Rs.
Rent (Refer Note 24)	22,31,099
Electricity Charges	3,32,050
Rates and Taxes	21,31,024
Insurance	248
Software & Other Maintenance Expenses	91,949
Repairs and Maintenance - Others	2,92,463
Bank Charges including for Cash Management	2,232
Travelling and Conveyance	7,05,589
Communication Expenses	1,96,454
Printing and Stationery	4,80,601
Advertisement and Business Promotion	4,62,523
Legal and Professional Charges	5,11,136
Independent Directors Sitting Fees	2,70,000
Auditors' Remuneration (Net of Service Tax)	
- Statutory Audit	75,000
- Tax Audit	25,000
- Internal Audit	29,500
Preliminary Expenses written-off	16,71,217
	95,08,085

NOTE 21**Employee Benefits****21.1 Defined Contribution Plan**

The Company makes Provident Fund contributions to EPFO for qualifying employees. The Company is required to contribute at specified rates of the payroll costs to the Fund. The Company recognized Rs. 13,77,272 towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

21.2 Defined Benefit Plans

During the period from 30 April 2015 to 31 March 2016, the Company has no obligation to fund its gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation done as at the year end. The detail of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	For the period from 30 April 2015 to 31 March 2016	
	Rs.	
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	-	
Current Service Cost	92,282	
Interest cost	-	
Benefits Paid	-	
Actuarial (Gains)	-	
Present value of Defined Benefit Obligation at End of the Year	92,282	
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	-	
Expected Return on Plan Assets	-	
Actual Company Contributions	-	
Actuarial loss	-	
Plan Assets at End of the Year	-	
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	92,282	
Fair Value of Plan Assets	-	
Net Liability Recognised in the Balance Sheet	92,282	
Cost of Defined Benefit Plan for the Year		
Current Service Cost	92,282	
Interest Cost	-	
Expected Return on Plan Assets	-	
Net Actuarial Gains	-	
Net Cost Recognized in the Statement of Profit and Loss	92,282	

Particulars	For the period from 30 April 2015 to 31 March 2016	
	Rs.	
Return on Plan Assets	-	
Assumptions		
Discount Rate (Refer Note (b))	7.80%	
Interest Rate (Rate of Return on Assets)	NA	
Future Salary Increase (Refer Note (a))	8.00%	
Mortality Table	Indian Assured Lives	
Attrition rate (Refer Note (a))	(2006 -08) 20.00%	

Notes:

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

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

c) Experience Adjustments:

Particulars	For the period from 30 April 2015 to 31 March 2016	
	Rs.	
Projected Benefit Obligation	-	
Fair Value of Plan Assets	-	
Surplus/(Deficit)	-	
Experience Adjustments on Plan Liabilities - Gains	-	
Experience Adjustments on Plan Assets - Loss	-	

Particulars	For the period from 30 April 2015 to 31 March 2016	
	Rs.	
Value of Current Year Obligation	847	
Present Value of Non-current Year Obligation	91,435	
Expected Additions to the Asset in the Current Year	-	
Net Current Year Obligation	<u>(847)</u>	

The Company had Seventy three employees as on 31 March 2016 and none of the employees had completed 5 years of service, hence the provisions of Payment of Gratuity Act, 1972 were not applicable to the Company.

21.3 Compensated Absences

Since none of the employees have completed one year in service, the liability towards compensated absences is Nil.

NOTE 22

Segment Reporting

The Company is primarily engaged in the business of MSME Finance 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 AS-17 Segment Reporting".

NOTE 23

Related Party Transactions

23.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2016
Promoter	Mr. D. Arulmany, Managing Director & CEO
Other Key Management Personnel	Mr. J. Prakash Rayen, COO Mr. V.G. Suchindran, CFO
Spouses of Promoter and Other Key Management Personnel	Ms. Vidya Arulmany (Spouse of Mr. D. Arulmany) Ms. Sylvia Prakash (Spouse of Mr. J. Prakash Rayen) Ms. R. Lavanya (Spouse of Mr. V.G. Suchindran)

Note: Related party relationships are as identified by the Management.

23.2 Transactions with the Related Parties

Transaction	Related Party	For the period from 30 April 2015 to 31 March 2016 Rs.
Income	Nil	
Expenses		
Remuneration	Promoter and Other Key Managerial Personnel	70,12,000
Issuance of Shares		
Equity Shares issued	Promoter, Other Key Management Personnel and Spouses of Promoter and Other Key Management personnel	85 lakh shares
Promoter Rights for Purchase of Shares	Promoter	60 lakh shares
ESOPs Granted	Other Key Managerial Personnel	20 lakh options

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

NOTE 24

Operating Leases

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of either 2 years or 3 years. For the period ended 31 March 2016, an amount of Rs. 21,96,022/- was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases are as follows:

Particulars	As at 31 March 2016
	Rs.
Less than One Year	38,73,120
Two Years to Five Years	26,69,340
Later than Five Years	-

NOTE 25

Earnings Per Share

Particulars	For the period from 30 April 2015 to 31 March 2016
	Rs.
Basic and Diluted	
Profit after Tax - in Rs.	(1,92,33,920)
Weighted Average Number of Equity Shares (Nos.)	66,34,430
Weighted Average Number of Shares (Nos.) from a dilutive perspective	79,11,475
Earnings Per Share (Basic) - in Rs.	
- Basic - in Rs.	(2.90)
- Diluted - in Rs.	(2.43)
Face Value Per Share - in Rs.	10.00

NOTE 26**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the period ended 31 March 2016 is furnished below:

Particulars	For the period from
	30 April 2015 to 31 March 2016
	Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the	-
The amount of interest due and payable for the year.	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE 27**Commitments and Contingencies**

Particulars	As at 31 March 2016
	Rs.
Commitments pending on Capital Account Software Development	24,50,000

(a) Software Development

The Company has entered into an agreement with SysArc Infomatix Private Limited for purchase of software dated 3rd September 2015 based on which the above amount remains to be paid post going live of the software.

NOTE 28

Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year

Asset Classification	Loan Outstanding as at 31 March 2016 (Gross)	Provision as at 31 March 2016	Loan Outstanding as at 31 March 2016 (Net)
Receivables under Financing Activities			
Standard Assets	6,12,54,176	6,12,542	6,06,41,634
Sub-Standard Assets	-	-	-
Doubtful Assets	-	-	-
Loss Assets	-	-	-
Total	6,12,54,176	6,12,542	6,06,41,634

NOTE 29

Changes in Provisions

(a) Current Year

Particulars	As at 30 April 2015	Provision for the Year	Utilization/ Reversal	As at 31 March 2016
Contingent Provision for Standard Assets under Financing Activities	-	6,12,542	-	6,12,542
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	-	-	-	-
Total	-	6,12,542	-	6,12,542

NOTE 30

Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK) – 125/03.05.00/2008 dated 1 August 2008

30.1 Capital Adequacy Ratio

Particulars	As at 31 March 2016
	Rs.
Tier I Capital	41,01,43,453
Tier II Capital	6,12,542
Total Capital	41,07,55,995
Total Risk Assets	6,92,51,189
Capital Ratios	
Tier I Capital as a percentage of Total Risk Assets (%)	592.25%
Tier II Capital as a percentage of Total Risk Assets (%)	0.88%
Total Capital (%)	593.14%

30.2 Exposure to Real Estate Sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2016 other than properties mortgaged as collateral by customers to whom loans have been advanced to the extent of Rs.5,83,15,716.

30.3 Asset Liability Management
 (a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2016:

In Rupees

Particulars	1 day to 30-31 days (One month)	Over one 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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Other Parties	-	-	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances (Mortgage backed Loans)	3,41,847	3,47,588	5,66,521	17,68,531	38,67,246	3,36,68,571	1,62,89,034	14,66,461	-	-	5,85,15,599
Advances (Working Capital Loans)	8,25,778	8,49,489	8,60,534	4,02,780	-	-	-	-	-	-	29,38,581
Investments	-	-	-	-	-	-	-	-	-	-	-

NOTE 31

Disclosure Pursuant to paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015):

Particulars	As at 31 March 2016	
	Amount Outstanding in Rs.	Amount Overdue in Rs.
Liabilities:		
1 Loans and Advances availed by the NBFC inclusive of		
(a) Debentures (Refer Note Below)		
- Secured	-	-
- Unsecured	-	-
(other than falling within the meaning of public deposits)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-Corporate Loans and Borrowings	-	-
(e) Commercial Paper--(f)Cash Credits	-	-

Particulars	Amount Outstanding
	as at 31 March 2016 in Rs.
Assets:	
2 Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :	
(a) Secured (Refer Note (i) Below)	5,83,15,599
(b) Unsecured	29,38,577
3 Break up of Leased Assets and Stock on Hire and Other Assets counting	
(i) Lease Assets including Lease Rentals Accrued and Due:	
(a) Financial Lease	-
(b) Operating Lease	-
(ii) Stock on Hire including Hire Charges under Sundry	
(a) Assets on Hire	-
(b) Repossessed Assets	-
(iii) Other Loans counting towards AFC Activities	
(a) Loans where Assets have been Repossessed	-
(b) Loans other than (a) above	-

Note: The above excludes interest Accrued but Not Due amounting to Rs.7,01,375/- on Loans to Borrowers and excludes Other Loans and Advances which are not in the nature of Lending.

Particulars		Amount Outstanding as at 31 March 2016 in Rs.
4	Break-up of Investments	
	Current 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)	-
	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)	Investment in Pass Through Certificates	-

Category	As at 31 March 2016	
	Amount in Rs. (Net of Provisions) (Refer Note below)	
	Secured	Unsecured
5 Borrower Group-wise Classification of Assets Financed as in (2) and (3) above		
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other Related Parties	-	-
2 Other than Related Parties	-	-
Total	-	-

Category	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2016	Book Value as on 31 March 2016
6. Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted):		
1 Related Parties	-	-
(a) Subsidiaries	-	-
(b) Companies in the Same Group	-	-
(c) Other Related Parties	-	-
2 Other than Related Parties	-	-
Total	-	-

Particulars	As at 31 March 2016	
	Related Parties	Other than Related Parties
7 Other Information		
(i) Gross Non-Performing Assets	-	-
(ii) Net Non-Performing Assets	-	-
(iii) Assets Acquired in Satisfaction of Debt	-	-

NOTE 32

Disclosures of Fraud Pursuant to Reserve Bank of India Notification DNBR (PD) CC.No.058/03.10.119/2015-16 dated 1st July 2015 :

(a) Current Year

Category	More than Rs. 1 Lakh		Less than Rs. 1 Lakh	
	Number of Instances	Amount in Rs.	Number of Instances	Amount in Rs.
Any Instance of Fraud	-	-	-	-
	-	-	-	-

NOTE 33

Earnings in Foreign Exchange

Particulars	For the Period from 30 April 2015 to 31 March 2016	
	Amount in Rs.	
Nil	-	

NOTE 34

Expenditure incurred in Foreign Currency (On Accrual Basis)

Particulars	For the Period from 30 April 2015 to 31 March 2016	
	Amount in Rs.	
Nil	-	

NOTE 35

CSR

Given that the Company is yet to make profits for the year, no expenses towards CSR was made for the period ended 31 March 2016.

NOTE 36

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 profits after tax of the Company every year. Given that the Company is yet to make profits for the year, no transfer to statutory reserves was made for the period ended 31st March 2016

NOTE 37

Registration / License / Authorization obtained from the 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

NOTE 38

Customer Complaints

No. of Complaints as on 30 April 2015	Received during the period	Redressed during the period	Pending as at 31 March 2016
0	1	1	-

NOTE 39

Previous Year Figures

This being the first year of operations, there are no previous year figures.

For and on behalf of the Board of Directors

		
M. Sivaraman Director	N. Mohanraj Director	D. Arulmany Managing Director & CEO
		
V. G. Suchindran Chief Financial Officer		

Date: May 5, 2016
Place: Chennai



TEAM VERITAS



Veritas Finance Private Limited

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