



VIRUTCHAM MICROFINANCE LIMITED

(RBI Certificate of Registration No. N-07-00779. Dated 06-06-2014)

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No. C 50, Gurudev Nagar, Avaniapuram Bye Pass Road,
Madurai - 625 012, Tamilnadu, India

Corporate Identity Number : U65929TN2008PLCO68502

Date : _____

DIRECTORS REPORT TO MEMBERS

Your Directors take pleasure in presenting Eleventh Annual Report for the operations carried out in the Financial Year 2018 – 19.

FINANCIAL HIGHLIGHTS

Particulars	For the Financial Year ended 31 st March, 2019 (Amount in Rs.)	For the Financial Year ended 31 st March, 2018 (Amount in Rs.)
Gross Revenue	9,31,51,330	3,82,98,220
Profit Before Tax	61,91,384	40,69,535
Profit After Tax	46,50,470	31,25,914
Transfer to Statutory Reserves	9,30,094	6,25,183
Balance carried forward to General Reserve	37,20,376	16,93,791

STATE OF AFFAIRS / OPERATIONAL HIGHLIGHTS:

Microfinance Portfolio has increased from Rs.2,753.54 lakhs in the previous year to Rs.5167.08 lakhs in the current year irrespective of the funds crunch happened in NBFC sector and banks reluctant to lend to NBFCs. There is no Non Performing Asset in the Company.

The management took vigorous efforts to raise the equity capital of the company. This resulted raising Rs.4 crores for equity capital and Rs.62.54 lakhs towards share premium. The authorized capital of the company has been raised from Rs.10 crores to Rs.20 crores during the Financial Year. The paid up capital has been increased from Rs.5 crores to Rs.9 crores. Net owned funds have increased by 111.08 lakhs. Total Net Owned Funds of the company as on 31.03.2019 is Rs.1,168.80 lakhs. The qualifying assets as on 31.03.2019, as a microfinance institution, stood at comfortable level of 88.60%. The company has complied of all direction for MFI by RBI.

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FUTURE PROSPECTS

Date : _____

The company has grown sizably and expanded its operations by opening two more branches during the financial year and it is planning to open 19 more branches and projected to have loan portfolio of Rs.14,000 lakhs by the end of next financial year. The management is further taking efforts to increase the paid up capital and raise the net paid up capital to Rs.20 crores by the end of March, 2020. The company has good systems and procedures in place which helped systematically developing good customer base and achieves very good growth.

CHANGE IN DIRECTORS

1. Mr. Antony Cruz (DIN:06995604), who was earlier functioning as Advisor to the Board of Directors, was inducted as Additional Director (Independent Director) in the meeting of Board Directors held on 26th February, 2019. His appointment as "Independent Director" shall be placed in the eleventh annual general meeting for the approval of the shareholders.
2. Mr. M. Jesudasan (DIN: 1653947), who was functioning as Chairman of the company resigned from the Board of Directors citing his health grounds and his resignation was accepted in the meeting of Board of Directors held on 26th November, 2018.
3. Dr. M. Arumairaj (DIN: 2213539) has resigned from the Board of Directors on personal reasons and his resignation was accepted in the meeting of Board of Directors held on 26th November, 2019.
4. Mr. I. Newmen Jeevaraj (DIN: 06425397) who was inducted as Additional Director during the year left the Board of Directors due to statutory compliance issues.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). There are no material departures from prescribed accounting standards in the adoption of these standards.

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The directors confirm that:

Date : _____

- In preparation of the annual accounts for the financial year ended March, 31, 2019 the applicable accounting standards have been followed.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- The directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Accounts on a Going Concern basis.

INDEPENDENT DIRECTORS

Mr. R.P. Joshua has been acting in the capacity of independent director from the date of his appointment. Mr. Antony cruz has been appointed as an additional Independent Director during the year.

BOARD MEETINGS

Meeting of Board of Directors were held seven times during the financial year 2018 – 19. The dates of the board meetings are as follows. 28.05.2018, 13.08.2018, 26.11.2018, 25.01.2019, 26.02.2019, 23.03.2019 and 30.03.2019.

Meeting of Audit Committee were held once in a quarter and carried out necessary actions related to Accounts and Finance, Inspection of Branches, review of polices, risk aspects related to the business etc.



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AUDITOR

Date : _____

Your present auditors M/s. Anbalagan & Co, Chartered Accountants, (FRN-011394S) has completed the first term of five years by the financial year 2016 – '17. The second term of five years started from the beginning of Tenth Annual General Meeting (FY- 2017 – '18) and can be in office until conclusion of the 14th Annual General Meeting (FY 2021 – '22) subject to ratification by the shareholder at each Annual General Meeting. Being eligible as a firm, offer themselves for reappointment. We recommend to the General Body, the reappointment of M/s. ANBALAGAN & CO till the conclusion of next AGM to be held in the year 2020. We have obtained from the Auditors, a letter as required under Section 139 of the Companies Act, 2013 to the effect that they satisfy the criteria provided in Sec.141.

EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act 2013, an extract of the Annual Return covering Financial Year of 1st April 2018 to 31st March, 2019, is annexed to this Board Report.

PARTICULARS OF EMPLOYEE

There was no employee in respect of whom information is required to be given pursuant of the Companies Act, 2013 read with the Companies (Particulars of Employees) Rules, 1975 as amended up-to-date.

CONSERVATION OF ENERGY – TECHNOLOGY ABSORPTION

Our operations are neither energy intensive nor is there scope for any technology absorption. The Company does not have any Research and Development facility. The Company has not undertaken any R&D activity in any specific area during the year under review.

RISK MANAGEMENT

The company has well defined policy on Risk Management duly approved by the Board of Directors. Sufficient safeguard have been introduced in the process and monitoring.



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FOREIGN EXCHANGE EARNING & OUT GO

Date : _____

The company did not have such earnings and out go for foreign exchange.

ACKNOWLEDGEMENT

Your directors place on record deep appreciation for the excellent cooperation from all the Banks and the Financial Institutions and all Central & State Authorities.

Your directors also acknowledge the sustained good & committed work of the employees and support extended by shareholders.

Place : Madurai
Date : 30.05.2019



For and on behalf of the Board

S. Charles Selvaraj
(S. Charles Selvaraj)
Managing Director & CEO.

Extract of Annual returns can be accessed from the following links:

Extract of Annual returns: <http://virutcham.org/annualreport.php>

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