



STAYING AHEAD

Seventh Annual Report
2021-2022



BUSINESS HIGHLIGHTS

(Rs. in crores)

Key Figures	IND AS			IGAAP			
Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Branch Network (Nos)	229	204	202	147	72	43	17
Loan Disbursements	1,188.28	614.56	838.99	559.09	315.49	104.74	6.19
Loan Assets Under Management	2,187.35	1,562.75	1,300.67	745.21	335.03	92.31	6.11
Net worth	1,408.05	888.02	821.79	443.70	165.70	40.09	41.68
Borrowings	1,195.65	1,254.15	1,009.82	592.16	295.89	70.86	-
Total Revenue	443.65	361.67	275.68	140.93	54.95	12.67	0.72
Net Interest Income	282.26	207.59	146.80	77.99	27.85	5.40	0.17
Profit Before Tax	101.36	82.04	43.81	28.28	6.50	(2.84)	(1.92)
Profit After Tax (Post OCI)	75.85	61.12	33.03	20.49	6.06	(2.84)	(1.92)
Key Ratios							
Gross NPA (%)	3.94	2.70	1.86	0.90	0.74	0.95	-
Net NPA (%)	2.34	1.37	1.28	0.76	0.53	0.71	-
Capital Adequacy Ratio (%)	64.43	50.65	59.28	48.04	48.02	42.15	594.49
Return on Total Asset (ROTA) (%)	3.15	3.03	2.27	2.67	2.06	(3.62)	(9.18)
Return on Equity (ROE) (%)	6.61	7.15	5.24	6.72	5.89	(6.94)	(9.23)
Basic Earnings Per Share (Rs.)	18.12	17.69	10.58	6.85	2.50	(1.86)	(2.90)
Diluted Earnings Per Share (Rs.)	6.59	6.50	3.63	2.68	1.14	(1.86)	(2.43)
Growth Ratios (in %)							
AUM Growth	39.97	20.15	74.54	122.43	262.94	1,410.80	-
Disbursement Growth	93.36	-26.75	50.06	77.21	201.21	1,592.08	-

Note: Please refer Glossary in page number 175 for the explanation.



MISSION STATEMENT

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

VISION STATEMENT

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



CONFEDERATION OF INDIAN INDUSTRY (CII) - RECOGNITION

MD & CEO Mr D. Arulmany won the **Emerging Entrepreneur Award** at the 10th edition of CII Southern Region Business Entrepreneurship Awards 2022 in Chennai on Tuesday 15th March 2022.



2021-22 KEY HIGHLIGHTS



Veritas Finance Private Limited (“Veritas Finance”), a Systematically Important Non-Deposit taking NBFC registered with Reserve Bank of India has started operations in 2015. Since then, we have tried to ensure a better livelihood to more than 71,000 customers by providing better financial assistance to sustain, develop and expand their business. Our product positioning had a dual intention to make availing credit easier and to develop a formal credit platform for New to Credit MSME Customers present in Semi-Urban and Rural areas, who would otherwise not have access to finance from the formal banking/credit channels due to non availability of structured income documents or credit history or a valid repayment track record.

Veritas Finance AUM has crossed Rs.2,100 Crores as at end of 31st March 2022. Credit rating of the company is “CARE A- (CARE A Minus) with stable outlook” for its long-term bank loans and NCDs



2021-22 KEY HIGHLIGHTS



CII Award

CII has selected Mr. D. Arulmany as an award winner in the Emerging Entrepreneur Category of 10th Edition of CII SR Business Entrepreneurship Awards.



Capital Raise

The Company has raised Rs. 440 crores capital through a Series F round led by existing investors and their affiliates namely, Norwest Venture Partners (NVP), Kedaara Capital, Caspian Impact Investment Adviser Private Limited, Evolvence India Fund III Limited and Growth Catalyst Partners LLC (GCP).



AUM Crossed Rs. 2,100 crores

Amidst testing times and uncertainty, we have crossed the Second milestone. Total AUM stood at Rs. 2,187.35 crores, Our loan book grew up by 40%.



229 Branches

Having customer centricity as one of the core values, Veritas has reached out to make a positive impact in the lives of 71,000+ MSME customers through a strong network of 229 branches in less than seven years.



3600+ Crores Cumulative Disbursement

Disbursement grew by 93%,
Disbursement for the year 2021-2022 is Rs. 1,188 crores



Suraksha Scheme for Employees & their families

Veritas understood the trauma and financial stress of the family members who lost their sole breadwinner. Suraksha was formed with a view to take care of the employees family. A financial aid in addition to the existing mortality cover to the deceased employee's family that takes care of the below:

- Payment of Last drawn salary to the beneficiary/ Nominee for the next two years
- Medical Insurance cover for the immediate family members
- Education Assistance for the Children
- Employment in Veritas (Based on eligibility)
- Vesting of ESOPs



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CORPORATE INFORMATION

BOARD OF DIRECTORS

D. Arulmany, Managing Director & Chief Executive Officer
Abhijit Sen, Independent Director
M.Sivaraman, Independent Director
N.Mohanraj, Independent Director
Gaurav Malhotra, Nominee Director
Parin Mehta, Nominee Director
Priyamvada Ramkumar, Nominee Director

BOARD OBSERVERS

Shiv Chaudhary, Observer - Norwest Venture Partners

STRATEGIC ADVISOR

P. Surendra Pai

EXECUTIVE DIRECTOR & CHIEF BUSINESS OFFICER

K P Venkatesh

EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER

J. Prakash Rayen

EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

V.G. Suchindran

BANKS

AU Small Finance Bank Limited
Axis Bank Limited
Bank of Baroda
Canara Bank
Capital Small Finance Bank Limited
CSB Bank Limited
DCB Bank Limited
Equitas Small Finance Bank Limited
HDFC Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
Indian Bank
IndusInd Bank Limited
RBL Bank Limited
SBM Bank (India) Limited
Standard Chartered Bank
State Bank of India
The Federal Bank Limited
The Karur Vysya Bank Limited
Ujjivan Small Finance Bank Limited

NBFCs

AK Capital Finance Private Limited
Bajaj Finance Limited
Cholamandalam Investment and Finance Limited
Hero FinCorp Limited
NABKISAN Finance Limited
TATA Capital Financial Services Limited

DEBENTURE HOLDERS

Aav Sarl
Axis Mutual Fund Trustee Limited
Indian Overseas Bank
Masala Investments Sarl
Nippon Life India Trustee Limited
Punjab National Bank
UTI International Wealth Creator - 4

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited
GDA House, Plot No.85,
Bhusari Colony (Right),
Paud Road, Pune - 411 038
+91 (022) 4922 0555
dt.mumbai@ctltrustee.com
<http://www.catalysttrustee.com/>

CREDIT RATING AGENCY

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

REGISTRAR & TRANSFER AGENT

KFIN Technnologies Limited
Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032

SECRETARIAL AUDITORS

M/s JM & Associates, Chennai

STATUTORY AUDITORS

M/s Sundaram & Srinivasan, Chennai

INTERNAL AUDITORS

M/s Deloitte Touche Tohmatsu India LLP, Chennai

GST AUDITORS

M/s N.V.Balaji & Co., Chennai

TAX AUDITORS

M/s CRBS & Associates, Chennai

IFC AUDITORS

M/s Mukesh Manish & Kalpesh, Chennai

REGISTERED OFFICE

SKCL Central Square 1, South Wing, 1st Floor,
Unit C28-C35, CIPET Road,
Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600 032

CIN: U65923TN2015PTC100328

RBI Regn No: N-07.00810

CONTACT DETAILS

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PROFILE OF STRATEGIC ADVISOR



P. SURENDRA PAI
Strategic Advisor

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

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

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

He is a Strategic Advisor and along with his family, a significant investor in Veritas Finance.



MESSAGE FROM STRATEGIC ADVISOR

It was yet another challenging year for many organisations globally.

Veritas was no exception. The micro enterprises in the MSME segment, the most affected segment, faced the brunt of the second wave. Businesses were shut down for months. Family members and customers were down with COVID and were unable to run businesses. Workers and employees of the small businesses were impacted resulting in acute labour constraints. Lockdown impacted transportation, movement of goods, raw materials and cash flows. Small eateries and hotels faced significant reduction in business levels.

It was a time to approach the defaults and non-payment with empathy. Isolating the customers who are unable to pay due to the pandemic impact and supporting them to build their businesses back was the key. It was time to build and strengthen the IT. It was time to unleash the power of digital collections. And it was also time to be strong, maintain balance and not to lose focus on business.

Though Veritas faced one of the most challenging periods and emerged stronger out of the crisis, in my mind, they handled the entire COVID challenge quite effectively. From raising capital buffer to embracing the revised IRAC norms in letter and spirit, shifting the entire focus of the organisation to handling the covid accumulated stress in the portfolio, staying customer centric and helping covid impacted customers close their loans with easier terms, Veritas managed to remain composed and emerged stronger.

The results show that. Profitability is intact despite reduction in business growth. NPA even under the new norms, have been contained. Maintained a 40% growth in loan book despite losing significant part of the year.

I'm aware the team has put out a well-orchestrated business plan to stay ahead, build a strong growth over the next 1000 days. Successful businesses are the ones which learn to adapt quickly and thrive in any challenging environment.

Veritas has demonstrated that they have what it takes to stay ahead!

I'm confident they will!

P S Pai



LETTER FROM MD & CEO



Dear Shareholders,

I mentioned in my letter last year that FY 21 was by far the most difficult year that we have had since inception. As we close the year 21-22, I stand corrected. FY 22 turned out to be even more challenging than FY 21 in every which way we look at. While the COVID-19 pandemic created uncertainty and panic all around, the second wave was far more lethal in the way it shook the nation.

If first wave introduced us to lock downs, curfews, quarantines, cordon sanitaire and social distancing etc, the second wave brought in more terrifying scenarios where we witnessed spiralling number of cases across the country, reduced supply of essential treatments, shortage of hospital beds and liquid medical oxygen and higher spread among young population.

Amidst rising covid cases, employee safety became our prime focus as we saw employees and their families getting affected widely during the second wave. We had even lost one of our beloved employees to the pandemic, while some of our employees lost their dear ones too. In order to support the bereaved family members in case of an eventuality to our employee, the Company introduced “Veritas Suraksha Policy” which takes care of the medical and educational needs of the family.

Approaching the year with experience of handling the first wave, we decided to assess the extent of impact to the customer segment. As things eased and restrictions were removed, we set out to meet our customers in person across the country, to understand the challenges faced by them in reviving their businesses. This gave us a deep understanding of their painful situation and helped us launch directed intervention programmes and support them to get back on track. During the entire process of managing the overdues and collections we adopted a customer-centric empathetic approach.

We had detailed deliberations with the board and frequently interacted with the investors. Considering the uncertain macro environment, with the support of investors we took the initiative to further capitalise the organisation. On October 7, 2021, the Company raised capital to the tune of Rs. 440.04 Crores entirely backed by existing investors which further strengthened the capital base of the organisation.

As we were assessing the extent of COVID impact on the segment and their ability to honour their past and current overdues, the RBI notification in November 2021 clarifying the guidelines for NPA classification and upgradation under the Income Recognition, Asset Classification and Provisioning (IRACP) norms, helped us to stay focused and drew our attention to the long-term portfolio quality. Though the RBI provided time until September 2022 for implementation of the same, we adopted this classification with immediate effect as we firmly believed that this change would help us build and maintain a portfolio with outstanding quality, in the long run.

As an organisation, the several initiatives that we took to overcome the challenges of the difficult times, helped us emerge stronger and stay ahead.

Prioritising employee safety, capitalising the organisation, maintaining adequate liquidity, balanced approach towards asset growth and portfolio quality, strengthening the credit underwriting with scoring model, customer centric approach towards overdue collection and building a strong digital collection ecosystem were some of the

initiatives which have helped us emerge stronger out of the crisis.

Today,

- We have grown the loan book by 40% to Rs. 2,187 Crores from Rs. 1,563 Crores in March 21.
- Our 1 + OD is at 9.10%
- Our NPA even under the new RBI norms stays at 3.94%
- Our customer base has increased significantly. We have reached out to 71,726 customers
- Despite all challenges, Profit After Tax (Post OCI) increased to Rs. 75.85 Crores from Rs. 61.12 Crores in FY 21

None of this would have been possible without the constant guidance from the board and investors at every crucial juncture and also without a highly passionate team of hardworking employees who took every problem in their stride and stood to maintain the calm and handled the stress admirably well.

With the confidence of handling two most challenging years since inception, with the hope that the external environment would be favourable, with the comfort of an eminent board and excellent marquee investors support, with the strength of a passionate team that is ready to unleash its best ever performance and finally with the responsibility towards the micro enterprises who have demonstrated their resilience and excellent repayment behaviour, despite going through most challenging times, we have chosen to set ourselves an ambitious growth plan for the future.

We are hopeful and confident that we will continue to stay ahead.

D Arulmany
Managing Director & CEO

PROFILES OF DIRECTORS



D. Arulmany

Managing Director & CEO, Veritas Finance

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

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



Abhijit Sen

Independent Director, Veritas Finance

Abhijit Sen is an Independent Director of Veritas Finance. He had served in Citi India as Chief Financial Officer – India Subcontinent for over 18 years. On retirement from Citi, he is associated with E&Y as an External Advisor, for their activities in the Banking and Financial Services Sector. He currently serves on several Boards including Ugro Capital Limited, Kalyani Forge Ltd, Cashpor Micro Credit. In the past, Abhijit Sen served on the Board of National Securities Depository Ltd, IDFC First Bank Limited and India First Life Insurance Company Limited. He has also been an External Advisor to General Atlantic. As Chief Financial Officer, India Subcontinent – Citi, he was responsible for the Finance function in India, Bangladesh and Sri Lanka for the entire Citi franchise including Controllershship, Corporate Treasury, Financial Planning, Product Control and Tax. He holds a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.



M. Sivaraman

Independent Director, Veritas Finance

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

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



N. Mohanraj

Independent Director, Veritas Finance

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

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

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



Gaurav Malhotra

Nominee Director, British International Investments (effective April 04, 2022; formerly known as CDC Group Plc.)

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

Gaurav holds a degree in Engineering from Delhi University and an MBA from IIM



Parin Mehta

Nominee Director - Kedaara Capital Fund II LLP

Parin is a Managing Director at Kedaara Capital. He has over 17 years of investment experience, encompassing the full life cycle of private equity in India across a variety of industries and across private and public markets.

Parin joined Kedaara Capital in 2013 and is actively involved with its portfolio companies, assisting them across various value creating initiatives. He also serves as director on the board of Ajax Engineering and GS Lab. Before joining Kedaara Capital, Parin worked in the investment advisory team of General Atlantic ("GA"), a leading growth oriented private equity firm with over \$17bn under management. Prior to joining General Atlantic, Parin worked with McKinsey & Company and Capgemini Consulting. Parin holds a PGDBM in Finance and a Bachelor of Engineering from Mumbai University.

**Priyamvada Ramkumar***Nominee Director, Lok Capital Growth Fund*

Priyamvada Ramkumar has over 13 years of experience across investing, investment & commercial banking. She has evaluated many deals across the NBFC and housing finance space. Prior to Lok Capital, she has worked with Veda Corporate Advisors, a boutique investment bank, for 6 years, advising companies across sectors on private equity and M&A transactions. A gold medallist, Priyamvada Ramkumar completed her Bachelors in Commerce from Stella Maris College. She holds an MBA from XLRI, Jamshedpur.

**Venkatesh Natarajan***Observer, Lok Capital Growth Fund*

Venkatesh Natarajan is the Nominee Director of Sarva Capital LLC, Mauritius. He is the Co-Founder and Partner of Lok Capital and has been involved in microfinance and impact investing for 15+ years. He had served as a director on the boards of many financial services companies including Ujjivan, Suryoday and Equitas Finance.

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

**Shiv Chaudhary***Observer, Norwest Venture Partners X- Mauritius*

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

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



SENIOR MANAGEMENT TEAM

K P Venkatesh

Executive Director & Chief Business Officer



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

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

J. Prakash Rayen

Executive Director & Chief Operating Officer



J. Prakash Rayen is the Chief Operating Officer at Veritas Finance. He has over 25 years of experience in the BFSI segment, spearheading the Technology initiatives of the retail assets division across organizations like DCB Bank, Cholamandalam etc.

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

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

V.G. Suchindran

Executive Director & Chief Financial Officer



V.G. Suchindran is the Chief Financial Officer at Veritas Finance. He has experience of more than 20 years in capital markets and development finance industry across organizations like Equitas Micro Finance Limited, Citibank, Cholamandalam Investment & Finance Company Limited.

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

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

Sekhar Vikas*Executive Vice President - East & Business Head –MSME Urban*

Sekhar Vikas spearheaded Veritas Finance foray into the Eastern States - Odisha, West Bengal and Jharkhand. Sekhar Vikas has more than fifteen years of experience in financial services with focus on housing, mortgage & unsecured lending space. He brings with him an ability to build and manage a large team of sales people for range of financial products. Apart from directly managing a large team of field executives, he has also handled channel partners and has also developed and trained large no of DSAs apart from direct sales teams. He has also been responsible for setting up new branches and vast distribution networks across the eastern states like West Bengal, Odisha, Jharkhand and has excelled in every organization he has been part of. Prior to joining Veritas Finance, Sekhar was working in organizations including Shriram City Union, Cholamandalam Investments and Finance, HDB, CBOP and HSBC. He has done his Post Graduation Degree in Management from Devi Ahilyabai University, Indore.

**K. Kannan***Senior Vice President - MSME Rural*

K Kannan is a Veterinarian, graduating from Tamil Nadu Veterinary and Animal Sciences University and an MBA from IIM, Ahmedabad. He has more than 17 years of experience in Banking and Financial Services. He has worked across organizations including Axis Bank, Yes Bank and Cholamandalam Investment and Finance Company Limited (Chola). He has experience across functions including Relationship Management, Sales and Credit spanning corporate and retail finance businesses. His last role in Chola involved setting up a new vertical to cater to the rural markets utilizing the deep branch network of the group.

**Vijay Subramanian R***Senior Vice President - Credit*

Vijay Subramanian R is the Head-Credit at Veritas Finance. He brings over 19 years of experience in credit and risk across retail and SME Products. Prior to Veritas he had been associated with Hinduja Housing Finance as Head-Credit & Operations for Home Loans and Mortgage Product where he had been responsible for setting up the complete process for underwriting and operations from scratch and to build the credit team coinciding with the growth of the organization.

He has also worked with leading banks and HFCs including Citibank, IDFC Bank, HDFC Bank and Sundaram Home Finance in the past. He is a post graduate in Management (MBA) from ICFAI Business School. He carries rich experience in Underwriting, Portfolio & Risk Management and implementation of scorecard model for mortgage underwriting.

**D. Kanchana Srikanth***Senior Vice President - Legal*

D. Kanchana Srikanth heads the Legal function at Veritas Finance. She has more than 20 years of experience in Legal, Litigation, Documentation issues with specific reference to Mortgages. She has rich experience in banking and financial services sectors and has worked in several organizations including Vijaya Bank, Lakshmi Vilas Bank, Cholamandalam Investment and Finance Company Ltd. Prior to Veritas Finance, she was with Aptus Value Housing spearheading the several legal recovery actions through arbitration, Sec.138 of NI Act, Civil and Criminal cases against willful default customers.

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

**Kumareshan Sivam***Senior Vice President - Human Resources*

Kumareshan Sivam a post graduate in Personnel Management from Pune University. He has more than 20 years of experience spanning across industries, large part of which is in the financial services industry. He has handled all functions of HR, including Recruitment, HR operations, Employee Engagement, Training, PMS etc. He is well-versed in operations of asset based lending – Vehicle Finance, Home Equity and Home loans and is extremely adept at managing employee issues, conflicts and grievances.

He has experience of mobilizing and managing large teams in financial services industry and proven skills in implementing end to end HR processes, sourcing leadership talent, knowledge of latest technologies, emerging trends and ability to deploy them across HR functions. Prior to joining Veritas Finance he was associated with Equitas small finance bank and Cholamandalam Investment and Finance Company Ltd.

**PARTHIBAN S***Chief Technology Officer*

Parthiban holds a post-graduate degree in Management and is also a certified Project Management professional. He also carries a rich experience in adapting technology, to simplify and automate business processes through initiatives like TAB based digital sourcing and self-service mobility apps for customers, having conceived and rolled out similar initiatives both at Veritas and Cholamandalam Finance. He has close to two decades of experience in the Technology field, most of it in the BFSI sector.

Before Veritas he has with firms like Citi and Cholamandalam Finance. Parthiban has rich expertise in conceiving the technology canvas for Financial organisations from scratch, and in setting up the associated software systems and the Hardware Infrastructure. He has been instrumental in setting up the new generation of Information Technology systems and Hardware infrastructure at Veritas.

**Sudharsan T E**

Senior Vice President - Collections - MSME

Sudharsan is a graduate from Madras University and also an NLP Business Practitioner. He carries over 25 years of experience in Operations/Credit in Commercial Vehicle, Mortgage, Home loans and as a Business Analyst in BSFI.

Before Veritas he had been associated with Chola – in Operations & Underwriting for 11 years; He has also worked with leading NBFC/Banks like TATA Finance Limited, ICICI Bank, ABN AMRO Bank, POLARIS SOFTWARE. Has vast experience in setting up the new process and team (Centralised & at Branches) of OPERATION in ICIC Home loans, Chola Mortgages and in Veritas - managing and leading the Lager team to smoother transition and quality process environment.

**Ramesh R**

Vice President - Finance

Ramesh is a post-graduate in Commerce and holds an MBA in the specialisation of Finance. He also completed the Post Graduate Certificate programme in Business Management (PGXPM) from Great Lakes Institute of Management (GLIM). He has more than 18 years of experience in Banking and Financial Services.

Before Veritas he has worked across organizations including Equitas Group Companies (Equitas Small Finance Bank), Northern Arc Capital (Formerly IFMR Capital), RR Donnelly and Computer Age Management Services Private Limited (CAMS). He has experience across functions including Financial Management, Accounting, Auditing, Compliance and MIS. He played a key role in the IPO and listing process of the Equitas Holding company and he was primarily responsible for the consolidation of financial statements for the holding company, which was listed in NSE and BSE.

**Mahesh M**

Vice President - Treasury

Mahesh is a Chartered Accountant from Institute of Chartered Accountants of India. He has more than 9 years of experience in Corporate Treasury, Funds Raising, Structuring the securitization deals, RBI reporting, Budgeting & MIS.

Before Veritas, he was with Asirvad Micro Finance, where he was helping them to raise funds and diversify the funding source from Banks to Mutual Funds, FPIs and raise the funds through CPs and Securitizations. Before this, he was associated with Equitas Small Finance Bank Ltd and IFCI Financial Services Limited.

**Laxmi Sridhar**

Senior Assistant Vice President – Analytics

Laxmi Sridhar is a member of the Institute of Chartered Accountants of India. She possesses a total work experience of 12+ years with varied exposure in Financial reporting and Audit & Assurance functions.

She started off her career at Deloitte Haskins & Sells, where she served 8+ years as part of the Statutory audit team handling various engagements in the Financial services sector. Before joining Veritas, she was handling financial reporting and MIS at Aptus Value Housing Finance India Ltd, a HFC registered with National Housing Bank.

ARUNA V

Company Secretary & Compliance Officer



V. Aruna holds a Bachelor's degree of commerce from Women's Christian College, Chennai and is a qualified Company Secretary of the Institute of Company Secretaries of India. Adjudged as the best participant in the 41st MSOP training which she underwent as a part of the CS curriculum, she also has won the 'Ms. Eleanor McDougall Commerce Prize', one of the prestigious awards in Women's Christian College, Chennai, for securing the highest mark in core elective papers in the final year.

Prior to Veritas, she completed her training at M/s. M. K. Surana & Co., Chennai, where she gained wide exposure with respect to secretarial and compliances under the Companies Act, 2013, the FEMA Act, the Insolvency and Bankruptcy Code, 2016, the SEBI regulations, and the LLP Act, 2008. A semi-qualified Cost accountant, she is currently pursuing her final stage of Cost Accountant exams held by the Institute of Cost Accountants of India.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have immense pleasure in presenting the Seventh annual report of your Company together with the audited financial statements for the financial year ended March 31, 2022 which is the sixth full year of operations of the company.

Financial Results:

The highlights of the Financial Statements of the Company for the financial years 2021-22 and 2020-21 are as under:

Particulars	Rs. in crores	
	Year ended 31 March 2022	Year ended 31 March 2021
Income from Operations	443.65	361.67
Less: Employee cost	109.84	84.21
Finance Cost	128.94	121.65
Other Operating Cost	89.25	60.44
Profit/(Loss) before Depreciation & Tax	115.62	95.37
Less: Depreciation	14.26	13.33
Profit/(Loss) Before Tax	101.36	82.04
Less: Tax Expenses	25.96	20.02
Profit/(Loss) After Tax	75.40	62.02
Other comprehensive income for the year	0.45	(0.90)
Total comprehensive income for the year	75.85	61.12
Add: Brought forward Profit / (Loss)	85.51	36.79
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	15.08	12.40
Balance Carried Forward	146.27	85.51

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

During the year under review, the Company has successfully grown its Loan Assets under Management from Rs. 1,562.75 Crores to Rs. 2,187.35 Crores, the Net Worth increased from Rs. 888.02 Crores to Rs. 1,408.05 Crores, the Interest Income increased from Rs. 349.02 Crores to Rs. 426.12 Crores and the Customer Base increased from 53,772 customers to 71,726 customers.

Share Capital:

During the year 2021-22, the company has raised capital as follows:

- Rs. 440.04 Crores (Rs. 13.34 Crores forms part of share capital and Rs. 426.70 Crores forms part of share premium) from existing investors and their affiliates namely, Norwest Venture Partners X- Mauritius, Kedaara Capital Fund II LLP, Growth Catalyst Partners LLC, Evolve India Fund III Ltd, and Caspian Impact Investment Adviser Private Limited.
- Rs.0.47 Crores (Rs. 0.07 Crores forms part of share capital and Rs. 0.40 Crores forms part of share premium) through allotment of shares upon exercise of stock options by our employees under the

- Company's employees stock option schemes Veritas ESOS A, 2016, Veritas ESOS B, 2018, and Veritas ESOS C, 2018.

With the above capital infusion, as on 31st March 2022, the paid-up equity capital and preference share capital of the company stood at Rs. 48.56 Crores and Rs. 65.02 Crores respectively.

Dividend:

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

Transfer to Reserves:

As required by Reserve Bank of India, the Company made a transfer of Rs. 15.08 Crores to statutory reserves constituting 20% of the profits made during the year under review.

Deposits:

The Company is registered as NBFC-ND-SI and does not accept any deposits. Hence, no deposit was accepted from the public for the year ended March 31, 2022.

Capital Adequacy Ratio:

The Company had a Capital to Risk Adjusted Assets ratio of 64.43% against the statutory requirement of 15% due to higher capital base and lower leverage. The above ratio includes Tier 2 capital of 0.40% towards 1% provision made on Standard Assets against the requirement of 0.40% prescribed by RBI for NBFC- ND-SI companies

Operational Highlights:

Some of the highlights for the year ended March 31, 2022, are:

- 1) The Company disbursed Rs. 1,188.28 Crores during the period resulting in the assets under management of Rs. 2,187.35 Crores.
- 2) During the year ended March 31, 2022, 25 branches were opened and accordingly, the Branch Network has increased to 229 branches across eight states of Tamil Nadu, West Bengal, Karnataka, Odisha, Madhya Pradesh, Telangana, Andhra Pradesh, Jharkhand and union territory of Puducherry.

Future outlook:

The MSME segment was the most impacted by the pandemic and the movement restrictions, lockdowns, etc., significantly affecting their businesses. The various relief measures offered by the Government, including the moratorium and restructuring support along with credit guarantee schemes, have played a crucial role in the recovery of this sector. The segment, however, has proved to be far more resilient in facing the challenges and has been bouncing back strongly. For the Company, the responsible repayment behaviour of the customers even during the most challenging times has given the confidence to ramp up the expansion and growth initiatives. This also makes the Company feel positive about the ability of this segment to handle and overcome any further economic vicissitudes and their ability to emerge stronger. With this confidence, the Company is gearing up to reach out and cater to the various needs of this segment - in terms of short-term working capital requirements, medium-term business loans and long-term housing construction needs, in the days to come.

Credit Rating

The credit rating of the company is “**CARE A- with stable outlook**” for the Long-term Bank loans and Non-Convertible Debentures.

Issue of Listed Debt Securities:

The Company has issued Listed Secured Redeemable NCDs of Rs. 55 Crores during the financial year. These Securities are listed with BSE Limited.

RBI Guidelines:

The Company is a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

The RBI has also announced various guidance measures to strengthen the regulatory framework in the NBFC sector, including the Scale Based Regulations. The Company strongly believes that this would make the sector more robust and resilient.

The Company endeavours to ensure compliance with these evolving regulatory changes and has initiated appropriate steps to comply with these regulations as they become applicable.

Other Statutory Compliance:

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

Board of Directors:

During the year ended March 31, 2022:

Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director with effect from February 04, 2022.

Mr. Parin Mehta was later regularized as the Nominee Director of Kedaara Capital Fund II LLP in the Extra-Ordinary General Meeting of the Company held on April 18, 2022.

Key Management Personnel:

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

1. Mr. D. Arulmany, Managing Director & CEO
2. Mr. K.P. Venkatesh, Chief Business Officer
3. Mr. J. Prakash Rayen, Chief Operating Officer
4. Mr. V. G. Suchindran, Chief Financial Officer
5. Ms. V. Aruna, Company Secretary & Compliance Officer

Ms. N. A. Madhavi resigned from the post of Company Secretary & Compliance Officer with effect from the end of business hours of February 03, 2022.

Ms. V. Aruna was appointed as the Company Secretary & Compliance Officer with effect from February 04, 2022.

Statutory Auditors:

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a second term of three years in the Annual General Meeting (AGM) held on May 18, 2021, to hold office until the conclusion of the ninth AGM of the Company, subject to such modifications as required under extant RBI regulations as applicable from time to time.

Further, pursuant to the circular issued by Reserve Bank of India (RBI) dated April 27, 2021 on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) and FAQs issued by RBI on June 11, 2021, M/s. B S R & Co. LLP, Chartered Accountants did not fulfill the prescribed eligibility criteria to continue as the statutory auditors of the Company for a further period of three years as they had already completed their first tenure of five years as statutory auditors of the Company.

Therefore, M/s. B S R & Co. LLP, Chartered Accountants, had tendered resignation with effect from August 04, 2021, resulting into a casual vacancy in the office of Statutory Auditors of the company.

Thereafter, pursuant to the recommendations made by the Audit Committee held on August 05, 2021, the Board in its meeting held on August 05, 2021, has recommended to the shareholders the appointment of M/s. Sundaram and Srinivasan, Chartered Accountants (Firm Registration Number: 004207S), as the Statutory Auditors of the Company with effect from August 05, 2021, for the FY 2021-22 to fill the casual vacancy caused due to resignation of M/s. B S R & Co. LLP, Chartered Accountants (Firm's Registration No. 101248W/W-100022), and M/s. Sundaram and Srinivasan, Chartered Accountants hold office till the conclusion of the seventh Annual General Meeting of the company as per the applicable RBI Guidelines.

Secretarial Auditors:

Pursuant to the provisions of Section 204(1) of the Companies Act 2013 read along with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2020 and other applicable provisions, if any, of the Companies Act 2013, M/s. JM & Associates, were appointed as the Secretarial Auditors of the Company for the financial year 2021 - 22.

The Secretarial Audit Report for the FY 2021-22 forms part of the Annual Report as 'Annexure-III'.

Subsidiary / Joint Ventures / Associate Companies:

As on March 31, 2022, 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 controls:

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational which include its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance.

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

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

Annual Return as per the Companies Act 2013:

As per Section 134 (3) (a) of the Companies Act, 2013, annual return as referred to in Section 92(3) of the act, for the year 2021 – 22 will be uploaded in the website of the Company : <https://www.veritasfin.in/annualreturn.html>

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

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

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

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

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

The Company has no activity relating to conservation of energy and technology absorption and the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 does not arise. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, the Company does not have foreign currency earnings or expenditure.

Risk Management:

The Company has adopted risk management policies, systems and processes that seek to strike an appropriate balance between risk and returns. Your Company has a Risk Management Committee which inter-alia lays down the review of policies, procedures, and processes relating to risk assessment, mitigation, and minimization to ensure that the Company monitors risk through a properly defined risk management framework

Corporate Social Responsibility (CSR):

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR and the Policy has been placed in the website of the Company at <https://www.veritasfin.in/csr-policy.php>. The Annual Report on CSR activities for the financial year ended March 31, 2022, is attached as Annexure to this Report.

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-I' forming part of the Annual Report.

Board Meetings held during the period:

During the period, six meetings of the Board of Directors was held on April 22, 2021, August 05, 2021, September 13, 2021, November 09, 2021, February 03, 2022, and March 24, 2022.

Directors Responsibility Statement:

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors confirm the following in terms of Section 134(3) (c) and 134(5) of the Companies Act, 2013:

- a. that in preparation of the annual financial statements for the year ended March 31, 2022, the Indian Accounting Standards (Ind-AS) and other applicable accounting standards have been followed along with proper explanations to material departures, if any;
- b. that the Directors have selected appropriate 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 of the Company for year ended March 31, 2022;
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the Directors have prepared annual accounts on a going concern basis.
- e. that the Directors have established internal financial control systems for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by an independent firm conducting internal audits. Based on the periodical testing, the framework is strengthened from time to time, to ensure adequacy and effectiveness of internal financial controls;
- f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Declaration given by Independent Directors:

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

Registration of Independent Directors with Independent Director's Databank

The Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 required all existing and those aspiring to become independent directors to apply online to Indian Institute of Corporate Affairs (IICA) for inclusion of their names with the Independent Directors Databank.

All the Independent Directors, Mr. Abhijit Sen, Mr. M. Sivaraman, and Mr. N. Mohanraj have registered themselves with the Independent Director's Databank and the details are as given below:

Name of the Independent Director	Registration Number	Validity of Registration
Mr. Abhijit Sen	IDDB-DI- 202002- 002226	Lifetime
Mr. M. Sivaraman	IDDB-DI-202001-006226	Five years till Jan 2026
Mr. N. Mohanraj	IDDB-DI-202001-004589	Lifetime

All the three independent Directors are exempted, to pass the online proficiency self-assessment test, as they have served as a director or key managerial personnel, for a total period of not less than three years, as on the date of inclusion of their names in the databank, in one or more of the following, namely:-

- (a) listed public company; or
- (b) unlisted public company having a paid-up share capital of rupees ten crore or more; or
- (c) body corporate listed on a recognized stock exchange

Further, in accordance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, Mr. Abhijit Sen, Mr. M. Sivaraman, and Mr. N. Mohanraj, have given declaration of compliance of sub-rule (1) and sub-rule (2) of the to the Board which were duly taken on record.

Vigil Mechanism / Whistle Blower Policy:

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

Policy on Prevention of Sexual Harassment:

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

Disclosure of Orders passed by Regulators or Courts or Tribunal:

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

Employee Stock Option Scheme:

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

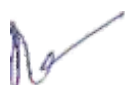
Employees Relationship:

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

Acknowledgement:

Your Directors take this opportunity to thank the shareholders, customers, employees, bankers, non-bank lenders, vendors, mutual funds, financial institutions, debenture trustee, R&T agent, credit rating agency, auditors, Reserve Bank of India, other Regulatory authorities for their co-operation and continued support to the Company during the pandemic. We look forward to their continued patronage and encouragement in all our future endeavour.

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



N. Mohanraj
Director
DIN : 00181969



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

Place : Chennai
Date : April 28, 2022



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, Regulators, Vendors, and the Community at large. Sound corporate governance is the result of external market place commitment and legislation plus a healthy board culture which directs the policies and philosophy of the organization. Your Company is committed to good Corporate Governance in all its activities and investment advisory processes.

Corporate Governance Philosophy

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

Board of Directors

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders. The Board currently consists of Seven Directors. There are three Independent Directors, three Nominee Directors of the Investors apart from the Managing Director and CEO.

During the financial year ended March 31, 2022, six (6) Board Meetings were held with a gap of not more than 120 days between any two meetings. Particulars of the Directors' attendance to the Board Meeting and particulars of their other company directorships are given below:

Name and DIN of the Director	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)
Mr. D. Arulmany (00009981)	April 30, 2015	Managing Director & CEO (First Director)	NIL	06(06)
Mr. M. Sivaraman (02045100)	May 28, 2015	Independent Director	NIL	06(06)
Mr. N. Mohanraj Nair (00181969)	December 1, 2015	Independent Director	02	06(06)
Mr. Abhijit Sen (00002593)	November 9, 2017	Independent Director	11	06(06)
Ms. Priyamvada Ramkumar (07878808)	October 12, 2018	Nominee Director of Lok Capital Growth Fund	02	06(06)
Mr. Nishant Sharma [#] (03117012)	March 26, 2020	Nominee Director of Kedaara Capital Fund II LLP	07	05(05)
Mr. Gaurav Malhotra (07640504)	March 26, 2020	Nominee Director of CDC Group PLC ^	03	06(06)
Mr. Parin Mehta* (08528090)	February 04, 2022	Nominee Director of Kedaara Capital Fund II LLP	02	01(01)

[#]Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022.

^ renamed as British International Investment effective from April 04, 2022.

* Mr. Parin Mehta who was appointed as the Additional Director with effect from February 04, 2022, was later regularised as the Nominee Director of Kedaara Capital Fund II LLP in the Extra-Ordinary General Meeting of the Company held on April 18, 2022.

Changes in Board Constitution:

During the year ended March 31, 2022, the following were the changes in the Board constitution:

Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022.

Mr. Parin Mehta who was appointed as the Additional Director with effect from February 04, 2022, was later regularised as the Nominee Director of Kedaara Capital Fund II LLP in the Extra-Ordinary General Meeting of the Company held on April 18, 2022.

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

Separate meeting of independent directors

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the Independent Directors had a separate meeting on January 20, 2022, without the presence of the non-independent directors and management team.

Code of Conduct

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

Committees of the Board

The Board has constituted various committees to support the Board in discharging its responsibilities. As at March 31, 2022, the Company has nine (9) Committees of the Board, constituted in accordance with the provisions of the Act viz.,

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

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

I. Audit Committee

Terms of Reference:

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
2. The recommendation for appointment, reappointment, replacement, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company for audit or any other services rendered by the auditors
3. Reviewing, with the management, the quarterly, half yearly and annual Financial Statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management
 - iv. Significant adjustments made in the Financial Statements arising out of audit findings
 - v. Compliance with accounting and other legal requirements relating to Financial Statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft Auditors Report.
4. Reviewing the Accounting Policies from time to time including those on Provisions.
5. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with Internal Auditors on any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transactions of the company with related parties

12. Scrutiny of inter-corporate loans and quarterly review of investment activities;
13. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
14. Monitoring the end use of funds if raised through public offers and related matters.
15. Ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company.

The Audit Committee shall mandatorily review the following information:

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

The powers of the Audit Committee shall include the following:

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

Composition & Meetings

The Audit committee was reconstituted in the Board meeting held on March 24, 2022 as below:

Name of the Members (Before)	Name of the Members (Now)
Mr. M. Sivaraman (Chairman)	Mr. M. Sivaraman (Chairman)
Mr. Abhijit Sen	Mr. Abhijit Sen
Mr. N. Mohanraj	Mr. N. Mohanraj
Mr. Nishant Sharma	Mr. Gaurav Malhotra
Mr. Gaurav Malhotra	

The composition of the Audit committee as on March 31, 2022 is given below:

Name of the Members
Mr. M. Sivaraman (Chairman)
Mr. Abhijit Sen
Mr. N. Mohanraj
Mr. Gaurav Malhotra

During the year ended March 31, 2022, four (4) meetings of the Committee were held on April 22, 2021, August 05, 2021, November 09, 2021, and February 03, 2022.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. M. Sivaraman (Chairman)	4 (4)
Mr. Abhijit Sen	4 (4)
Mr. N. Mohanraj	4 (4)
Mr. Nishant Sharma*	4 (4)
Mr. Gaurav Malhotra	4 (4)

*Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022.

II. Nomination and Remuneration Committee:

Terms of Reference:

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

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals for Directorships.
3. To assess the independence of Independent Non-Executive Directors;
4. To review the results of the Board performance evaluation process that relate to the composition of the Board;
5. To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
6. To recommend remuneration payable to Non-Executive Directors of the Company from time to time.
7. Annual appraisal of the performance of the Managing Director and fixing his terms of remuneration.
8. Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-HR, and fixing their terms of remuneration.
9. Administration of ESOP Schemes of the Company as approved from time to time.

Composition & Meetings

The Nomination and Remuneration Committee was reconstituted in the Board meeting held on March 24, 2022, as below:

Name of the Members (Before)	Name of the Members (Now)
Mr. Abhijit Sen (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. N. Mohanraj	Mr. N. Mohanraj
Ms. Priyamvada Ramkumar	Ms. Priyamvada Ramkumar
Mr. Gaurav Malhotra	Mr. Parin Mehta
Mr. Nishant Sharma	

The composition of the Nomination and Remuneration Committee as on March 31, 2022, is given below:

Name of the Members
Mr. Abhijit Sen (Chairman)
Mr. N. Mohanraj
Ms. Priyamvada Ramkumar
Mr. Parin Mehta

During the year ended March 31, 2022, three (3) meetings of the Committee were held on April 22, 2021, August 04, 2021, and February 03, 2022.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. Abhijit Sen (Chairman)	3 (3)
Mr. N. Mohanraj	3 (3)
Ms. Priyamvada Ramkumar	2 (3)
Mr. Gaurav Malhotra	3 (3)
Mr. Nishant Sharma*	3 (3)
Mr. Parin Mehta#	0 (0)

* Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022.

#Mr. Parin Mehta was inducted in the Committee as member with effect from March 24, 2022.

III. Corporate Social Responsibility Committee:

Terms of Reference:

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

Composition & Meetings:

The composition of the committee as on March 31, 2022, is given below:

Name of the Members
Mr. N. Mohanraj (Chairman)
Mr. M. Sivaraman
Mr. D. Arulmany

During the year ended March 31, 2022, two (2) meetings of the Committee were held on August 04, 2021, and March 10, 2022.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. N. Mohanraj (Chairman)	2 (2)
Mr. M. Sivaraman	2 (2)
Mr. D. Arulmany	2 (2)

IV. IT Strategy Committee:**Terms of Reference:**

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
6. Any other matter as the IT Committee may deem appropriate or as may be directed by the Board of Directors from time to time.

Composition & Meetings:

The IT Strategy Committee was reconstituted in the Board meeting held on March 24, 2022, as below:

Name of the Members (Before)	Name of the Members (Now)
Mr. Abhijit Sen (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. D. Arulmany	Mr. D. Arulmany
Mr. Nishant Sharma	Mr. Parin Mehta
Mr. J. Prakash Rayen	Mr. J. Prakash Rayen
Mr. S. Parthiban	Mr. S. Parthiban
Mr. A. Palanikumar	

The composition of the Committee as on March 31, 2022, is given below:

Name of the Members
Mr. Abhijit Sen (Chairman)
Mr. D. Arulmany
Mr. Parin Mehta
Mr. J. Prakash Rayen
Mr. S. Parthiban

During the year ended March 31, 2022, three (3) meetings of the Committee was held on April 19, 2021, October 07, 2021, and March 21, 2022.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. Abhijit Sen (Chairman)	3 (3)
Mr. D. Arulmany	3 (3)
Mr. Nishant Sharma*	2 (2)
Mr. Parin Mehta*	0 (0)
Mr. J. Prakash Rayen	3 (3)
Mr. S. Parthiban	3 (3)
Mr. A. Palanikumar#	1 (1)

*Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022..Mr. Parin Mehta was inducted in the Committee as member with effect from March 24, 2022.

Mr. A. Palanikumar resigned from the Company with effect from May 27, 2021.

V. Stakeholders Relationship Committee:

Terms of Reference:

1. The Committee shall consider and oversee the implementation of the objectives stated in this Charter.
2. The Committee shall look into the mechanism of redressal of grievances of only shareholders, debenture holders, other debt security holders and customers of the company.
3. The Committee shall resolve complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends, on-time settlement of Principal and interest for Debentures, approve issue of duplicate certificates and new certificates on split/consolidation/renewal etc., approve transfer/transmission, dematerialization and rematerialization of shares in a timely manner and oversee the performance of the Registrar and Share Transfer Agent and Debenture Trustees and recommend measures for overall improvement in the quality of investor services.
4. The Committee may consult with other Committees, if required while discharging its responsibilities, shall have access to any internal information necessary to fulfill its role and shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
5. The Committee shall periodically provide updates to the Board and review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.
6. The Committee shall monitor and review on an annual basis the Company's performance in dealing with Stakeholders grievances.

Composition & Meetings:

The composition of the committee as on March 31, 2022, is given below:

Name of the Members
Mr. M. Sivaraman (Chairman)
Mr. N. Mohanraj
Mr. D. Arulmany

During the year ended March 31, 2022, four (4) meetings of the Committee were held on April 19, 2021, August 04, 2021, October 21, 2021, and January 24, 2022.

Name of the Members	Committee Meetings attended (Meetings held)
Mr. M. Sivaraman (Chairman)	4(4)
Mr. N. Mohanraj	4(4)
Mr. D. Arulmany	4(4)

VI. Risk Management Committee:**Terms of Reference:**

1. Put in place the risk assessment process to identify significant business, operational, financial, compliance, reporting, and other risks;
2. Identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk and transactional risk);
3. Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored;
4. Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment program;
5. Bi – Annual review of data for Credit and Portfolio Risk Management.
6. Bi – Annual review of data for Operational and Process Risk Management.
7. Laying down guidelines on KYC norms.
8. Annual review of the Company's Policies framed pursuant to RBI Guidelines. The Committee shall suggest changes, if any required, to the Board for adoption.
9. The committee reviews the Asset Liability Management reports to be submitted periodically to RBI.

Composition & Meetings:

The Risk Management Committee was reconstituted in the Board meeting held on March 24, 2022, as below:

Name of the Members (Before)	Name of the Members (Now)
Mr. Abhijit Sen (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. D. Arulmany	Mr. D. Arulmany
Mr. Nishant Sharma	Ms. Priyamvada Ramkumar
Ms. Priyamvada Ramkumar	Mr. Gaurav Malhotra
Mr. Gaurav Malhotra	Mr. Parin Mehta

The composition of the committee as on March 31, 2022, is given below:

Name of the Members
Mr. Abhijit Sen (Chairman)
Mr. D. Arulmany
Ms. Priyamvada Ramkumar
Mr. Gaurav Malhotra
Mr. Parin Mehta

During the year ended March 31, 2022, two (2) meetings of the Committee were held on April 19, 2021, and October 21, 2021.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. D. Arulmany	2 (2)
Mr. Abhijit Sen	2 (2)
Mr. Nishant Sharma*	2 (2)
Ms. Priyamvada Ramkumar	2 (2)
Mr. Gaurav Malhotra	1 (2)
Mr. Parin Mehta#	0 (0)

* Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors with effect from the end of business hours of February 03, 2022, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022.
#Mr. Parin Mehta was inducted in the Committee as member with effect from March 24, 2022.

VII. Assets Liability Committee:

Terms of Reference:

1. Determine the appropriate ALM risk appetite or level of exposure in line with RBI regulations, as amended from time to time
2. Deliberate on strategies for loan products
3. Liquidity Risk Management with specific focus on debt funding and capital planning

4. Management of Market Risk including Interest Rate Risk
5. Forecasting and analyzing 'what if scenario' and preparation of contingency plans
6. Profit planning and growth projection

Composition & Meetings:

The Assets Liability Committee was reconstituted in the Board meeting held on August 05, 2021, as below:

Name of the Members (Before)	Name of the Members (Now)
Mr. D. Arulmany (Chairman)	Mr. D. Arulmany (Chairman)
Mr. K. P. Venkatesh	Mr. K. P. Venkatesh
Mr. J. Prakash Rayen	Mr. J. Prakash Rayen
Mr. V. G. Suchindran	Mr. V. G. Suchindran
Mr. M. Mahesh	Mr. M. Mahesh
Mr. R. Vijay	Mr. R. Vijay
	Ms. S.V. Laxmi

The composition of the committee as on March 31, 2022, is given below:

Name of the Members
Mr. D. Arulmany (Chairman)
Mr. K. P. Venkatesh
Mr. J. Prakash Rayen
Mr. V. G. Suchindran
Mr. M. Mahesh
Mr. R. Vijay
Ms. S.V. Laxmi

During the year ended March 31, 2022, twelve (12) meetings of the Committee were held on April 16, 2021, May 19, 2021, June 17, 2021, July 20, 2021, August 18, 2021, September 15, 2021, October 19, 2021, November 17, 2021, December 15, 2021, January 20, 2022, February 15, 2022, and March 16, 2022.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. D. Arulmany (Chairman)	12 (12)
Mr. K. P. Venkatesh	12 (12)
Mr. J. Prakash Rayen	12 (12)
Mr. V. G. Suchindran	12 (12)
Mr. M. Mahesh	12 (12)
Mr. R. Vijay	12 (12)
Ms. S.V. Laxmi*	7 (8)

* Ms. S.V. Laxmi was inducted in the Committee as member with effect from August 05, 2021.

VIII. Resources & Business Committee:

Terms of Reference:

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

Composition & Meetings:

The composition of the committee as on March 31, 2022, is given below:

Name of the Members (Now)
Mr. N. Mohanraj (Chairman)
Mr. D. Arulmany
Ms. Priyamvada Ramkumar
Mr. Gaurav Malhotra

During the year ended March 31, 2022, one (1) meeting of the Committee was held on April 22, 2021.

Name of the Members	Committee Meetings attended (Meetings held)
Mr. N. Mohanraj (Chairman)	1 (1)
Mr. D. Arulmany	1 (1)
Ms. Priyamvada Ramkumar	1 (1)
Mr. Gaurav Malhotra	1 (1)

IX. Business Impact Committee:

Terms of Reference:

1. Oversight of the development and implementation of the developmental impact action plan of the Company hereinafter referred to as "DI Action Plan".
2. Oversight of the development and implementation of the Environmental, social and governance action plan defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the Environmental, Social and Governance (ESG) Requirements in the business activities of the Company hereinafter to as "E&S Action Plan".
3. Oversight of the establishment of the the overall management system of the Company dedicated to the systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in both the Company's activities and in the loan and investment appraisal and management processes, integrated in the Company's organizational structure, planning activities, responsibilities, practices, procedures, processes and resources, which is referred to as ESG Management System which shall include compliance with the ESG requirements namely:

- a. examining ESG policies and procedures and their implementation and making recommendations for their improvement to the Board;
- b. providing half-yearly reports to the Board on any material issue that has arisen as a result of the operation of the ESG Management System since the last meeting and an explanation as to how it is being dealt with;
- c. considering half-yearly reports from the management on implementation of the E&S Action Plan;
- d. reviewing and recommending a report on annual basis to the Board on matters in relation to ESG;
- e. considering ESG assessment reports, action points arising out of any social and environmental impact assessments and project specific action plans;
- f. vetting new projects where there is deemed to be a material risk of violation of the ESG Requirements;
- g. recommending appointment of consultants to Board to investigate alleged breaches of ESG Requirements, ESG policies and procedures;
- h. ensuring that the Company has put in place adequate systems and resources (including employees of sufficient expertise and seniority) to understand and determine the applicability of the ESG Requirements to the Company and monitor the underlying ESG Laws, IFC Performance Standards as updated by IFC in their webpage <http://www.ifc.org/PerformanceStandards> and the convention of the International Labour Organisation (ILO), the tripartite United Nations agency, whose conventions are available in their website <http://www.ilo.org/global/standards/lang--en/index.htm>
- i. monitoring compliance of Clients with the ESG Standards
- j. Committee shall meet at least twice a year, to provide strategic guidance to deliver maximum impact and recommend development impact related initiatives to the Board.

Composition & Meetings:

The composition of the committee as on March 31, 2022, is given below:

Name of the Members
Mr. D. Arulmany
Mr. Gaurav Malhotra
Name of the E&S Manager
Mr. Kumareshan Sivam
Ms. N. A. Madhavi*

* Ms. N. A. Madhavi has resigned with effect from the end of business hours of February 03, 2022.

During the year ended March 31, 2022, two meetings of the Committee were held on August 04, 2021 and January 27, 2022.

Name of the Members	Committee Meetings attended (Meetings held)
Mr. Gaurav Malhotra (Chairman)	2 (2)
Mr. D. Arulmany	2 (2)

Name of the E&S Manager	Committee Meetings attended (Meetings held)
Mr. Kumareshan Sivam	2 (2)
Ms. N. A. Madhavi*	2 (2)

* Ms. N. A. Madhavi has resigned with effect from the end of business hours of February 03, 2022.

Remuneration of Non-Executive Directors

For FY 2021-22, the Company paid sitting fees of Rs.25,000/- to Independent Directors for attending for every Board meeting and Rs. 25,000/- for every meeting of Committees constituted by the Board, as decided, in the Board Meeting held on April 22, 2021.

The annual commission was paid at Rs.15,00,000/- per Independent Director as per the policy and the approval of the Nomination and Remuneration Committee.

The details of the sitting fees paid to Directors during the financial year 2021-22 are as follows:

Name of the Independent Director	Sitting Fees (Amount in Rs.)		Commission (Amount in Rs.)
	Board	Committees	
Mr. Abhijit Sen	1,50,000	3,25,000	15,00,000
Mr. M. Sivaraman	1,50,000	2,75,000	15,00,000
Mr. N. Mohanraj	1,50,000	3,75,000	15,00,000
Total	4,50,000	9,75,000	45,00,000
Grand Total	59,25,000		

General Body Meetings

During the period from April 01, 2021, to March 31, 2022, apart from the Annual general meeting (AGM), five Extra-ordinary General Meetings (EGM) were held as per details given below:

Date	Date	Time	Venue
May 18, 2021	AGM	10:00 am	Video-conferencing mode
April 19, 2021	EGM	10:00 am	Registered office of the Company
July 05, 2021	EGM	10:00 am	Registered office of the Company
September 01, 2021	EGM	10:00 am	Registered office of the Company
October 05, 2021	EGM	10:00 am	Registered office of the Company
October 29, 2021	EGM	10:00 am	Registered office of the Company

The Annual General Meeting for the last three years were held on May 22, 2019, July 08, 2020, and May 18, 2021, respectively.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices 'with or without modification(s)'.

Compliance Report

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

Risk Management

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

Disclosures

Related party transactions

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

General Shareholder Information

Financial year: April 1st to March 31st

Shareholding pattern as on March 31, 2022

Equity Shares:

Category	Number of Shares	% of total
Promoter & Relatives	1,71,48,744	28.33%
Resident Individual Investors	8,76,800	1.45%
Non- Resident Individual Investors		
holding shares on non-repat basis	88,92,367	14.69%
Employees & their Relatives	40,21,000	6.64%
Institutional Investors	2,95,90,808	48.89%
Total	6,05,29,719	100.00%

Preference Shares:

Category	Number of Shares	% of total
Institutional Investors	5,80,58,249	100.00%
Total	5,80,58,249	100.00%

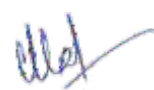
Address for Correspondence:

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

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



N. Mohanraj
Director
DIN : 00181969



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

Place : Chennai
Date : April 28, 2022

Annexure I

Annexure- Disclosures in terms of Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S.No	Particulars	Remarks
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Mr. Arulmany – 54.45:1 Mr. Abhijit Sen – 8.14:1 Mr. M. Sivaraman – 7.94:1 Mr. N. Mohanraj – 8.35:1
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Managing Director and CEO – 20.03% Chief Financial Officer – 20.05% Company Secretary– NA (There is no increment during the year, however, we did the appraisal in January 2021 instead of April 2021)
3.	The percentage increase in the median remuneration of employees in the financial year	11.96%
4.	The number of permanent employees on the rolls of Company	2727
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average % increase in employee salary: NA (There is no increment during the year, however, we did the appraisal in January 2021 instead of April 2021) Average % increase in KMP salary: 18%
6.	Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that the remuneration paid is as per the as per the Policy for Directors, Key Managerial Personnel and other Employees.

B. Information as per Rule 5(2) and Rule 5(3) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Names of the top ten employees in terms of remuneration drawn and the name of every employee, who-

(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;

S.No	Particulars	Remarks
i.	Name of the employee:	Mr. D. Arulmany
ii.	Designation of the employee:	Managing Director and Chief Executive officer
iii.	remuneration received*:	Rs.132.05 Lakhs
iv.	nature of employment, whether contractual or otherwise:	Permanent
v.	qualifications and experience of the employee:	Post Graduate in Rural Management Programme from (PGDRM) IRMA with graduation in Bachelor of Business Administration (BBA), Madurai Kamaraj University. Also done his GMP from University of Michigan. More than two decades of experience most of which is in the financial services industry.
vi.	date of commencement of employment:	April 30, 2015
vii.	the age of such employee:	59 years
viii.	the last employment held by such employee before joining the Company:	Aptus Value Housing Finance
ix.	the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) and	27.51%
x.	whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager.	NIL

*Represents full year remuneration; excludes stock options.

(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; - NIL

(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. - NIL

Annexure II

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

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	30,00,000
b. Options Granted	30,50,000
c. Options Vested	6,86,500
d. Options Exercised	22,57,500
e. The total no. of shares arising as a result of exercise of option	22,57,500
f. Options Lapsed / Surrendered	71,000
g. Variation of terms of option	NIL
h. Total number of options in force	7,21,500
i. Options available for grant	21,000
j. Money realized by exercise of options	2,47,50,000
k.	
(a) Details of options granted to Key Managerial Personnel	20,50,000 options granted to Managerial Personnel
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2022	NIL
(c) Identified employees who were granted Options, during the period ended 31.03.2022, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL
l. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 20	NA
m. The exercise price of Options	Exercise Price was Rs.10 for Options granted on 18.01.2016 Exercise Price was Rs.20 for Options granted on 10.11.2016 Exercise Price was Rs.20 for Options granted on 20.03.2017 Exercise Price was Rs.160 for Options granted on 15.06.2020

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

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	10,00,000
b. Options Granted	10,40,000
c. Options Vested	8,09,000
d. Options Exercised	25,000
e. The total no. of shares arising as a result of exercise of option	25,000
f. Options Lapsed / Surrendered	1,46,000
g. Variation of terms of option	NIL
h. Total number of options in force	8,69,000
i. Options available for grant	106,000
j. Money realized by exercise of options	12,40,000
k.	
(a) Details of options granted to Key Managerial Personnel	NIL
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2022	NIL
(c) Identified employees who were granted Options, during the period ended 31.03.2022, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL
l. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 20	NA
m. The exercise price of Options	Exercise Price was Rs.40 for Options granted on 22.03.2018. Exercise Price was Rs.160 for Options granted on 15.06.2020.

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

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	20,00,000
b. Options Granted	20,40,000
c. Options Vested	6,67,000
d. Options Exercised	22,500
e. The total no. of shares arising as a result of exercise of option	22,500
f. Options Lapsed / Surrendered	2,58,500
g. Variation of terms of option	NIL
h. Total number of options in force	17,59,000
i. Options available for grant	2,18,500
j. Money realized by exercise of options	30,92,500
k.	
(a) Details of options granted to Key Managerial Personnel	4,00,000 granted to Key Managerial Personnel
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2022	NIL
(c) Identified employees who were granted Options, during the period ended 31.03.2021, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL
l. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 20	NA
m. The exercise price of Options	Exercise Price was Rs.120 for Options granted on 06.12.2018. Exercise Price was Rs.125 for Options granted on 26.04.2019. Exercise Price was Rs.160 for Options granted on 15.06.2020.

VERITAS Employees Stock Option Scheme, 2021 (VERITAS ESOS, 2021).

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	10,00,000
b. Options Granted	2,35,000
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	65,000
g. Variation of terms of option	NIL
h. Total number of options in force	1,70,000
i. Options available for grant	8,30,000
j. Money realized by exercise of options	NIL
k.	
(a) Details of options granted to Key Managerial Personnel	NIL
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2022	NIL
(c) Identified employees who were granted Options, during the period ended 31.03.2022, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL
l. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 20	NA
m. The exercise price of Options	Exercise Price was Rs.225 for Options granted on 05.08.2021.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,
The Members,
M/s. VERITAS FINANCE PRIVATE LIMITED
SKCL Central Square 1,
South Wing Unit # C28 - C35 CIPET Road,
Thiru Vi Ka Industrial Estate,
Guindy, Chennai - 600032

Company Identification Number : U65923TN2015PTC100328
Authorized Capital : Rs. 130,00,00,000/-

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. VERITAS FINANCE PRIVATE LIMITED** (hereinafter called the "Company") during the financial year from 1st April 2021 to 31st March 2022 ("Audit period" / "period under review"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We are issuing this report based on:

- i. Our examination / verification of the books, papers, minutes books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related action taken by the Company during the audit period;
- ii. Certificates confirming compliances with the laws applicable to the Company, given by the directors and noted by the Board;
- iii. Report regarding the compliances as stated by the Internal Auditors report and noted by the Audit committee;
- iv. Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

Compliance with specific statutory provisions:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - b. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - c. The Securities Exchange Board of India (Debenture Trustee) Regulations 1993
 - d. The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulation") and amendments from time to time
- vi. The Company has identified the following laws as specifically applicable to the Company:
- a. The Reserve Bank of India Act, 1934 and rules, directions and guidelines made there under
 - b. Master Direction – Non-Banking Financial Company – Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
 - c. Miscellaneous Instructions to all Non-Banking Financial Companies.
 - d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016
 - e. Master Direction – Monitoring Frauds in NBFC (Reserve Bank) Directions, 2016
 - f. Master Direction – Know Your Customer (KYC) Directions, 2016
 - g. Master Direction – Non Banking Financial Company Returns (Reserve Bank) Directions, 2016
 - h. Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector
 - i. Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures

- j. Master Direction – Liberalized Remittance Scheme (LRS)
- k. Master Direction – Information technology framework for the NBFC Sector
- l. Reserve Bank – Commercial Paper Directions, 2017
- m. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- n. The Employment Exchange (Compulsory notification of Vacancies) Act, 1959
- o. The Employees' State Insurance Act, 1948
- p. The Minimum Wages Act, 1948
- q. The Payment of Wages Act, 1936
- r. The Payment of Bonus Act, 1965
- s. Maternity Benefit Act, 1961
- t. The Equal Remuneration Act, 1976
- u. The Payment of Gratuity Act, 1972
- v. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- w. Shops and Establishment Act, 1947
- x. E-Waste Management Rules, 2016
- y. Information Technology Act, 2000
- z. Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We are also informed that during/in respect of the year, the Company was not required to comply with the following laws/rules/regulations and consequently not maintain any books, papers, or other records or any forms or returns there under:

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

During the year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc., mentioned above except the following :

- The Company has submitted the intimation of less than eleven working days for intimating interest payable date on debentures as per Regulation 50(1) of LODR Regulation.
- The Company has submitted the intimation of less than Seven working days for intimating the record date for the payment of interest as per Regulation 60 of LODR Regulation.

We further report that,

I. Board Processes:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. During the year under review, Mr. Nishant Sharma, Nominee Director of the Investor has resigned from the Board with effect from the end of business hours of 03rd February 2022. Mr. Parin Mehta has been appointed as the Nominee Director of the Investor with effect from 04th February 2022 vide Board resolution dated 03rd February 2022.
- b. As on 31st March, 2022 and after taking the above changes into consideration, the Board comprises of :
 - i. 3 (Three) Independent Non- executive Directors.
 - ii. 1 (One) Women and Nominee- Non- executive Director.
 - iii. 2 (Two) Nominee – Non – executive Directors.
 - iv. 1 (One) Executive Director.

Further, the compositions of the committees under various statutes are as follows:

- i. At the beginning of the financial year, the Audit committee was constituted with five members out of which three were independent and during the year under review, the committee was reconstituted with four members out of whom three are independent directors.
- ii. At the beginning of the financial year, the Nomination and Remuneration Committee was constituted with five members out of whom two were independent directors and during the year under review, the committee was again constituted with four members out of whom two are independent directors.
- iii. The IT Strategy Committee was constituted with five members wherein the Chairman is an Independent Director and the CIO and CTO are forming a part of members. However, during the year under review, Mr. Parin Mehta has been inducted in the place of the resigning member, Mr. Nishant Sharma.
- iv. At the beginning of the financial year, the Asset-Liability Committee (ALCO) was constituted with six members and during the year under review, the committee was reconstituted with seven members wherein the senior management personnel including the Chief Executive Officer (CEO) are forming part of the committee.
- v. During the year under report the Corporate Social Responsibility Committee is constituted with three members out of whom two are Independent Directors.
- vi. The Risk Management Committee is constituted with five members. However, during the year under report, Mr. Parin Mehta has been inducted in the place of the resigning member, Mr. Nishant Sharma.

vii. During the year under report the Stakeholders Relationship Committee is constituted with three members wherein the Chairperson is a Non-Executive Director.

viii. The Internal Complaints Committee (ICC) is constituted with four members wherein Presiding Officer, External Member and Employee Members are forming part of the Committee. However, during the year under report, Ms. S.V.Lakshmi has been inducted in the place of the resigning member, Ms. Prasanthi O.

c. Mr. D. Arulmany was reappointed as the Managing Director and CEO of the Company for a further period of five years w.e.f 03rd July, 2020. During the year under review, the Company has revised the Compensation (Remuneration) payable to the Managing Director and CEO at the Board meeting held on 22nd April, 2021.

II. Board Meetings:

a. Adequate notice is given to all the directors to schedule the Board Meetings to enable them to plan their schedule for the Board meetings.

b. Notice and agenda and detailed notes on agenda were sent at least seven days in advance.

c. A System exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

d. We are informed that at the Board meetings held during the year majority decision is carried out and the dissenting members' views, if any, are captured and recorded as part of the minutes.

III. Compliance Mechanism:

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

IV. Specific Events/Actions:

We further report that during the audit period the company has carried out the following events / actions having a major bearing on the Company's affairs and the same took place in pursuance of the above referred laws, rules, regulations and standards:

a. Restated Articles of Association:

The company has restated the Articles of Association of the company to incorporate the terms and conditions of the Shareholders' agreement as stated below:

Date of Extra-Ordinary General Meeting	Date of Executing Shareholders' Agreement
19th April 2021	25th March 2021
29th October 2021	28th September 2021

b. Allotment and issue of Non- convertible Debentures:

During the year under review, the Company has made the following issues and allotments with respect to Non-convertible Debentures.

Date of Members' approval	Date of offer by Board	Date of Allotment	Amount (INR in Crore)
19th April 2021	22nd April 2021	12th July 2021	30
19th April 2021	22nd April 2021	24th March 2022	25
Total			55

c. Listing of Non-convertible Debentures:

The Company during the year under review, has listed Non-convertible Debentures in compliance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as given under:

SL NO	ISIN OF THE NCD LISTED	DATE OF LISTING	AMOUNT (INR in Crore)
1	INE448U07182	14th July 2021	30
2	INE448U07190	29th March 2022	25

d.Redemption of Debentures:

The company has redeemed the following debentures during the year under review:

ISIN No.	DATE OF REDEMPTION	DATE OF SATISFACTION	QUANTUM (In Crores)	NATURE OF SECURITY
INE448U07091	16th January 2022	17th January 2022	25	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07174	27th January 2022	28th January 2022	25	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07109	04th February 2022	04th February 2022	20	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07117	11th February 2022	11th February 2022	50	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07125	03rd March 2022	09th March 2022	50	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07166	16th March 2022	16th March 2022	35	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07133	28th March 2022	29th March 2022	50	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07141	28th March 2022	04th April 2022	80	Listed, Secured, Rated, Redeemable Non-Convertible Debentures

e. Further Issue of Equity Shares on exercise of ESOP Scheme:

The shares issued by the Company on exercise of Employee stock option scheme during the year is tabulated as follows:

DATE OF ALLOTMENT	PARTICULARS OF THE SCHEME	NO. OF SHARES	AMOUNT (INR in Lakhs)
11 th August 2021	ESOS A, 2016	7,000	1.4
11 th August 2021	ESOS B, 2018	3,500	1.4
25 th August 2021	ESOS A, 2016	14,000	2.8
25 th August 2021	ESOS B, 2018	3,500	1.4
09 th September 2021	ESOS B, 2018	15,000	6
09 th September 2021	ESOS C, 2018	10,000	12.5
09 th November 2021	ESOS C, 2018	4,500	5.625
25 th November 2021	ESOS B, 2018	2,000	3.2
23 rd February 2022	ESOS C, 2018	2,000	3.2
24 th March 2022	ESOS C, 2018	6,000	9.6

f. Increase in Borrowing powers of the Company:

The Company has secured approval of members to increase their borrowing powers from INR 2000,00,00,000/- (Indian Rupees Two Thousand Crores only) to INR 3000,00,00,000/- (Indian Rupees Three Thousand Crores only). Even though Section 180 of the Companies Act 2013 is exempted to Private Companies, the Company has voluntarily complied with the provisions of the section and passed special resolution to increase borrowing powers in the Extra-Ordinary General Meeting held on 19th April 2021.

g. Alteration of authorised share capital and consequent amendment to the Memorandum of Association:

The Company has altered a portion of its preference share capital (INR 6.98 Crores) into Equity Share Capital in the Extra-Ordinary General Meeting held on 05th July 2021.

The Company has reported the alteration of Authorised Share Capital and consequent amendment to the Memorandum of Association to the Registrar via e-form MGT 14, as under Section 13 of the Companies Act, 2013. However, cancellation of unissued shares of one class and increase in shares of another class is an admitted matter under Section 61 of the Companies Act, 2013. and requires filing under section 64 of the Companies Act, 2013.

h. Increase in Authorised Share Capital of the Company:

The Company has increased the limits of its Authorised Share Capital in the Extra-Ordinary General Meeting held on 05th July 2021 from INR 120 Crores to 130 Crores and consequent amendment has been carried out in the capital clause of the Memorandum of Association of the Company.

i. Alteration of Articles of Association:

The Company has altered the Articles of Association of the Company in line with the guidelines issued by RBI on appointment of statutory auditors for NBFCs in the extra-ordinary general meeting held on 05th July 2021.

j. Issue of Employees Stock Option under Veritas Employees Stock Option Scheme, 2021:

The Company has granted 2,35,000 Employee Stock Options of Face Value of INR 10/- each at an exercise price of INR 225/- per option out of Veritas Employees Stock Option Scheme, 2021 in the Board Meeting held on 05th August 2021.

k. Change in the Statutory Auditors of the Company:

With reference to the circular issued by the Reserve Bank of India (RBI) dated April 27, 2021 (Ref: RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22) on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) and further clarifications and FAQs issued by RBI on June 11, 2021, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.: 101248W/W-100022) has resigned from the company with effect from 04th August 2021 and the Company has appointed M/s. Sundaram and Srinivasan, Chartered Accountants (Firm Registration Number: 004207S) as the Statutory Auditors of the Company in the Extra-Ordinary General Meeting held on 01st September 2021 with effect from 05th August 2021 to fill the casual vacancy occurred in the Financial Year 2021-22.

l. Further Issue of Equity Shares:

The Company has approved the issue of 1,33,34,467 equity shares as stated below through preferential allotment and private placement basis at a face value of INR 10 per share and a premium of INR 320 per share at the Extra-Ordinary General Meeting of the Company held on 05th October 2021 and the same have been allotted on 07th October 2021.

S NO	NAME OF THE ALLOTTEE	NUMBER OF SHARES ALLOTTED
1	Norwest Venture Partners X- Mauritius	56,06,061
2	Kedaara Capital Fund II LLP	56,06,061
3	Growth Catalyst Partners LLC	11,21,212
4	Evolve India Fund III Ltd	9,10,224
5	Caspian Impact Investment Adviser Private Limited	90,909

m. Transfer of Equity Shares:

During the year under review, there has been transfer of equity shares as stated below:

S No	Name of the Transferor	Name of the Transferee	No. of Shares Transferred	Face Value of shares transferred
1	K. Venkatesh	Evolve India Fund III Ltd	2,50,000	INR 10/-
2	Idhaya Jothi.J		3,000	
3	Sekhar Vikas		13,600	
4	Gomathi Subramanian.C		2,900	
5	Veeramuthu.T		1,900	
6	Raja Sekar.P		3,100	
7	Shreedhar K Rokhade		1,900	
8	Vijayanand.M		14,000	
9	Krishnaraj.R		12,500	
10	Palanikumar.A		2,400	
11	Sharanabasav M Kubasad		1,900	
12	Savita S Pai		2,00,000	
13	Sunaina Pai Ocalan		4,00,000	
14	Sheela Pai Cole		4,00,000	
15	Mukta Mondal (Legal Heir of Late Mr. Uday Sankar Mallick)		25,000	

n. Extension of exercise period under Employees Stock Option Scheme:

The extension of exercise period under Employees Stock Option Scheme was approved by the Board of Directors in their meeting held on 03rd February 2022 based on the recommendation received from the Nomination and Remuneration Committee.

o. Change in the Company Secretary and Compliance Officer:

During the year under review, Ms. N.A. Madhavi, Company Secretary and Compliance Officer of the Company has resigned effective from the end of the business hours on 03rd February 2022. In the Board Meeting held on 03rd February 2022, Ms. V. Aruna was appointed as Company Secretary and Compliance Officer of the Company with effect from 04th February 2022.

p. Amendment to the Shareholders Agreement:

- The company has entered into a First Amendment Agreement to record the revised commercial understanding between the shareholders of the company. In this regard, the shareholders agreement dated 27th February 2020 has been amended to extend the time period for making the partly paid up shares as fully paid up on or before 30th November 2022 instead of terms agreed earlier.

Consequently, this amendment was entrenched in the Articles of Association of the Company and was approved by the members in the Extra-ordinary general meeting dated 19th April 2021.

- The company has entered into a Second Amendment Agreement to record the revised commercial understanding between the shareholders of the company. In this regard, the shareholders agreement dated 25th March 2021 has been amended to incorporate the relevant terms and conditions of the SHA, including reserved matters (ie, matters reserved in favour of the qualifying investors, major investors and promoters) and key matters.

Consequently, this amendment was entrenched in the Articles of Association of the Company and was approved by the members in the Extra-ordinary general meeting dated 29th October 2021.

Note: Please note that the specific observations/ qualifications / reservations / remarks in respect of the Board structure / systems and processes are relating to the Audit period.

**For JM & Associates
Company Secretaries**

sd/-

**Soy Joseph
Partner**

(ACS-13852, CP-5612)

UDIN: A013852D000227615

Place : Chennai
Date : 28 April 2022

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of this report.



To
The Members,

M/s. VERITAS FINANCE PRIVATE LIMITED

SKCL Central Square,
1, South Wing Unit # C28 - C35 CIPET Road,
Thiru Vi Ka Industrial Estate,
Guindy, Chennai - 600032

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company, as they are subject to audit by the Statutory Auditors of the Company appointed under Section 139 of the Companies Act, 2013.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For JM & Associates
Company Secretaries

sd/-

Soy Joseph
Partner

(ACS-13852, CP-5612)

UDIN: A013852D000227615

Place : Chennai
Date : 28 April 2022

JM & Associates

Company Secretaries

No.18, 3rd Floor, RMS Apartment, 12, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai - 600 017, INDIA.
Ph : 044 - 2815 2673, 2815 2674, 4859 4676 E-mail : mail@jaspartners.com



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

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

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

2. Composition of CSR Committee:

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. N. Mohanraj (Chairman)	Independent Director	2	2
2	Mr. M. Sivaraman	Independent Director	2	2
3	Mr. D. Arulmany	Managing Director and CEO	2	2

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

The Company CSR Policy had been uploaded in the website of the Company which contains the details of the composition of CSR committee and CSR projects approved by the board and the web link to CSR policy is <https://www.veritasfin.in/csr-policy.html>.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

Impact assessment of CSR projects is not applicable as the company's average CSR obligation in the three immediately preceding financial years does not exceed ten crore rupees or more and there are no CSR projects having outlays of one crore rupees or more.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any- NIL

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in Rs. Lakhs)		
		CSR Budget	Amount Spent	Amount available for set-off
1	2018-19	1.16	1.23	Nil
2	2019-20	21.30	22.00	Nil
3	2020-21	52.25	52.55	Nil
Total		74.71	75.78	Nil

6. Average net profit of the company as per section 135(5).

Particulars	(in Rs. Lakhs)
Profit/(Loss) - 2020-21	9,971.41
Profit/(Loss) - 2019-20	5,806.80
Profit/(Loss) - 2018-19	3,200.66
Average PROFIT for CSR purpose	6,326.29

7. (a) Two percent of average net profit of the company as per section 135(5)

Particulars	(in Rs. Lakhs)
2% of average Profit/Loss for last three years *	126.60

*Prescribed CSR Expenditure

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - NIL

(c) Amount required to be set off for the financial year, if any. – NIL

(d) Total CSR obligation for the financial year (7a+ 7b-7c). – Rs. 126.60 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.
89.10	-	-	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	37.50	April 21, 2022

(b) Details of CSR amount spent against on-going projects for the financial year:

1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)
Sl.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.	Project duration	Amount allocated for the project (In Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency
				State District						Name CSR Registration number.

NIL

(c) Details of CSR amount spent against other than on-going projects for the financial year:

1)	2)	3)	4)	5)		6)	7)	8)
Sl.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent in the current financial Year in lakhs (Rs.)	Mode of Implementation Direct (Yes/No).	Mode of Implementation Through Implementing Agency
				State	District			Name Registration number.
1	KMC Alumni Covid Relief Project	(i)	Yes	Tamil Nadu	Multiple	8.00	No	KMC Chennai Alumni association CSR00019368
2	Early Intervention Project	(i)	Yes	Tamil Nadu	Chengalpet, Thiruvallur, Kanchipuram	45.00	No	Varshini Illam Trust CSR00021100
3	Skill and Entrepreneurship development for rural youth	(ii) & (iii)	Yes	Tamil Nadu	Kanchipuram	34.27	No	Hand in Hand India CSR00001853
4	Adyar Cancer Institute	(i)	Yes	Tamil Nadu	Chennai	1.83	No	Adyar Cancer Institute CSR00007235
TOTAL in lakhs (Rs.)						89.10		

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment, if applicable - Not applicable

(f) Total amount spent for the Financial Year - Rs. 89.10 Lakhs

(8b+8c+8d+8e)

(g) Excess amount for set off, if any:

Sl. No	Particulars	Amount in lakhs (Rs.)
i.	Two percent of average net profit of the company as per section 135(5)	Rs. 126.60 Lakhs
ii.	Total amount spent for the Financial Year	Rs. 89.10 Lakhs
iii.	Excess amount spent for the financial year [(ii)-(i)]	NIL
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

Sl.No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer	

NIL

(b) Details of CSR amount spent in the financial year for on-going projects of the preceding financial year(s):

1)	2)	3)	4)	5)	6)	7)	8)	9)
Sl.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in Rs.).	Amount spent on the project in the reporting financial Year (in Rs.).	Cumulative Amount spent at the end of reporting financial year (in Rs.).	Status of the Project Completed /Ongoing

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). - NIL

(b) Amount of CSR spent for creation or acquisition of capital asset. - NIL

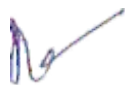
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - NIL

(d) Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset.) - NIL

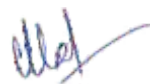
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

The amount was not spent in the FY 2021-22 as requisite CSR activities were not identified for the said unspent amount of Rs. 37.50 Lakhs, given the budget approval was not sought earlier for the amended obligation amount of Rs.126.60 Lakhs.

The unspent CSR Amount of Rs. 37.50 Lakhs was duly transferred to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), a fund mentioned in Schedule VII of the Companies Act, 2013, on April 21, 2022.



N. Mohanraj
Independent Director,
Chairman - CSR Committee
DIN : 00181969



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

Place : Chennai
Date : April 28, 2022

Skill training for Rural Women

Veritas Finance Pvt. Ltd. and Hand in Hand India have come together to create positive impact among community members focusing women, youth (girls) and children of Kancheepuram by offering required skill sets under Corporate Social Responsibility of Veritas Finance Pvt. Ltd.

The project began on August 2021 and will end by July 2022. Three skill training centres were established :

1. Multi Skill Centre,
2. Satellite Skill Centre
3. Academy.

The project objective was to train 800 beneficiaries on Tally Pro, Fullstack Developer Software Course, Basic Computer Course, Assistant Beauty Therapist, Sewing Machine Operation, Hand Embroidery (Aari) & Making of Food Products/ Flower Bouquet/ Cake baking/ Mehendi Art, etc.

About 550 beneficiaries were trained and started their own business so far. 75 beneficiaries are undergoing training during April, 2022.



Sewing Machine Operator

As on date, a total of 115 members have completed the Sewing Machine Operator Course as on date. Currently, 15 members are undergoing the Sewing Machine operator training at Kanchipuram. A majority of the women who completed the training have started commercial service from home and are gaining a steady income ranging from INR 1000 to INR 3000 based on the orders they receive.



Hand Embroidery



141 members have completed the Hand Embroidery training at Mettu Street. Currently, 10 beneficiaries are undergoing the training at Mettu Street and Velliyur, Kanchipuram. The women who took part in the training are designing blouses, salwars and sarees. The income gained will range from INR 3000 to INR 7000/-

Assistant Beauty Therapist

As on date, 67 members have completed the Assistant Beauty Therapist course at Mettu Street, Kanchipuram. 9 members are currently undergoing the course. The training completed beneficiaries are gaining steady income through bridal/makeup services at parlors and through home visits. Some have also joined in a parlor as a beginner to enhance their skills.



Hand Embroidery



23 members are currently undergoing the Advance Assistant Beauty Therapist Course. This serves as an add-on as it will help beauticians to gain more income. The following topics covered

Hair Smoothing | Hair cutting | Hair styles | Nail art | Flower making | Warts removing and Ear piercing.

Basic Computer Course

78 youth have completed the Basic Computer Course at Kanchipuram. The course helps in sharpening the computer skills of youth which is mandatory when applying for jobs.



Skill And Entrepreneurship Development For Rural Women Certification



Skill And Entrepreneurship Development For Rural Women

Success Stories

A Thriving Entrepreneur!

I want to learn more and achieve a lot” says Anusuya, a beneficiary from Kanchipuram. Aged 40, she was a homemaker till few months ago, She is a thriving entrepreneur now. “ My husband works in Tamilnadu Civil Supply as a typist, his income was not sufficient to run the family. I wanted to contribute financially to support my husband. I have enrolled myself for the Aari Embroidery training conducted by Hand in Hand India and completed it too. I didn’t want to stop with this! I had also completed the Assistant Beauty Therapist course. Determined to make a difference, I now make about INR 30,000 through both Aari and beauty services. This has helped myr family to a greater extent. With the incremental income, I can provide for my child’s education and family expenses. Infact, Iam also deploying part of my income to expand my business. My sincere thanks to Veritas and Hand in hand for the opportunity



Aari to the Rescue!



Manjumatha, aged 25 hails from Kanchipuram. She is one of the beneficiaries who underwent the Aari Embroidery training conducted by Veritas Finance and Hand in Hand India. “ Earlier, I was working as an administrator in a private firm,. I had to quit the job due to health issues. My husband works in a private firm, but his income was not enough to meet the medical expense and bills. So, I have decided to join Aari Training and completed it successfully. Now, I could make an average income of INR 1000 – INR 3000 through Aari Embroidery. The amount may vary based on the orders as the order may increase based on the customer demand during festivals, special celebrations and other occasions. My heartfelt thanks to the entire team of Veritas Finance and Hand in Hand India for supporting my earning potential “.

From a jobseeker to an Entrepreneur !

Ms. Jayashree, 20 years old Computer Science graduate from Kanchipuram is a budding entrepreneur now. Her father is a two-wheeler mechanic and her mother is a homemaker. “I have always wanted to lend a helping hand to my parents, so I have decided to take up a skill training course. It was during this time, I came to know about the Aari Embroidery training conducted by Veritas Finance and Hand in Hand India. I have joined and completed my training. Started receiving orders and Im happy to earn from some thing I like doing the most. Creating these beautiful designs gives me happiness !



Following my passion!

Madhumitha, aged 25 is a beautician from Kanchipuram. Having studied only 10th, she found it difficult to get a job that fetches a good income. “My husband works in a private company and earns a meager income which was not sufficient to run the family. With two sons to care for, it was a challenge for me to manage even the day to day expenses of the family and found it very difficult to pay their tuition fee. It was at this time, I had come across the Assistant Beauty Therapist training conducted by Veritas Finance and Hand in Hand India. I have enrolled myself and completed it recently. Im currently working at a parlor and making a decent income that supports the financial need. Further, to develop my skill, Im undergoing the advanced beautician course provided by Hand in Hand India. Im glad that I could do my bit for my family.



Creating my own Identity!



Akila, aged 22 is an example of perseverance. Her husband is working as a JCB operator and makes a minimal amount to run the family. “ Right since my school days, I wanted to become a beautician and my passion has driven me to pursue my dream.. I have a 1 ½ year old baby to care for and could not go out and work . I felt a little more income would be helpful and decided to undergo the Assistant Beauty Therapist Course conducted at Mettu Street by Veritas Finance and Hand in Hand India. I have learnt facial, manicure, pedicure, bridal makeup, etc. Not having to go out as a fulltime employee, Im operating from home and earn around INR 10,000 to 15000/- . Im confident that I would earn more, I have plans to open a shop to earn more!

Stitching a Story of Success!

“Supporting my family is what matters the most. Even a minimal amount would make a huge difference in our lives” says Jumana. Aged 20, she hails from Kanchipuram. Her parents are running a small bunk shop and the income was way too low to manage their day to day life. “ I wanted to support my family through any means possible. It was at this time I came to know about the Skill training project conducted by Hand in Hand India aided by Veritas Finance. I wanted to make the best use of the opportunity and enrolled in the training. I have completed my training and started in a small way. I operate out of my home and earn around INR 10000 per month, which I am sure will increase in the near future. My sincere and heartfelt thanks to the entire team. You are lighting up many lives through this skill training project initiative”



Thriving Through Tailoring!

The women who pursue their dreams today are the entrepreneurs of tomorrow! They have come a long way from being just homemakers to skilled professionals! Jannathul is an ideal example for this! “Before undergoing the tailoring training, I was just like every other homemaker, working all day long and taking care of the children. However, I wanted to be an entrepreneur and took part in the tailoring training program conducted by Hand in Hand India with the support from Veritas Finance. I have completed the course and now started stitching clothes from home. Currently, I makes an average of around INR 2000 to 3000 per week. This income is very helpful. ***“I want nothing more than to provide a comfortable life for my children. Thanks to Veritas Finance and Hand in Hand India for providing me this valuable training”*** says Jannathul happily!



It's never too late to learn and earn!



45 year old Yasodha was always struggling to make ends meet. “My poor financial background pushed me to go for daily wages work. This was not what I wanted in life, but I had to ! With three children to feed and care for, it became very difficult for us to handle the family’s expenses. It was at this juncture I came to know about the tailoring training conducted by Hand in Hand India with the support from Veritas Finance. With new hopes, I have joined the training and completed it. Now, Im on my own and able to earn about INR 2000 per week. This relieves me a lot from the financial stress. I aspire to scale up my earning by learning the techniques and nuances in my field.” says Yasodha with a smile!

Designing a Bright Future!

Ms. Kamatchi aged 42 hails from Kanchipuram. Her husband runs a small provisional store which was the only source of income. She was just a homemaker before the intervention of Hand in Hand India. “We have two children, I realized that the income from our provisional store is not enough to run the show as we were struggling to manage. I wanted to support my husband with one more earning. This was when I had come across the training by hand in hand. I have joined and completed flower bouquet and stage decoration training. Initially, I have received small orders from outside for stage decoration, my business started to pick up gradually. Now the demand has increased and Im getting many orders, I earn around INR 10,000 – INR 15000. I will try and learn more designs and also train others in this field. My earning is very helpful to handle the family’s expenses and children’s school fee. I ensure save a part of my earning to develop my business. I thank Veritas and hand in hand from the bottom of my heart.





DIRECTORS' APPOINTMENT, REMUNERATION & EVALUATION POLICY

Preamble:

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

Definitions:

- a) Independent Director:** Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.
- b) Nominee Director:** Director appointed by the Major Investor as per the terms of the Shareholders Agreement.
- c) Key Managerial Personnel:** Key Managerial Personnel (KMP) means — (i) Chief Executive Officer (CEO) and/or the Managing Director (MD) (ii) Chief Operating Officer (COO) (iii) Chief Business Officer (CBO) (iv) Chief Financial Officer (CFO) and (v) Such other Officer as may be prescribed.
- d) Remuneration:** Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- e) Senior Management:** Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Managing Director, including all functional heads.

The objectives of this policy:

- a) To evaluate the performance of the members of the Board.
- b) To develop and recommend to the Board a set of corporate governance principles, takes a leadership role in shaping the corporate governance of the company.
- c) To make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the independent directors, including Chairman, conduct annual review of the performance of the Managing Director and/or Chief Executive Officer and also oversee the Company's Managing Director's and/or Chief Executive Officer's succession planning process.
- d) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- e) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

Nomination and Remuneration Committee (NRC):

1. Composition of the Nomination & Remuneration Committee:

The composition of the Committee to be in compliance with the Act, Rules made thereunder, Listing regulations and requirements of the Reserve Bank of India, as amended from time to time.

The members of the Committee shall be appointed by the Board of Directors and will continue to be a part of the Committee as long as they are member of the Board of Directors. The changes to the constitution of the Committee shall be decided by the Board of Directors from time to time.

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

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

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

2.Role of the Committee:

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

- a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- b) To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals for Directorships.
- c) To assess the independence of Independent Directors;
- d) To review the results of the Board performance evaluation process that relate to the composition of the Board;
- e) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
- f) Annual appraisal of the performance of the Managing Director and fixing the terms of his remuneration.
- g) Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-Human Resources and fixing terms of their remuneration.
- h) Administration of ESOP Schemes of the Company as approved from time to time.
- i) The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

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

Appointment criteria and qualification:

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

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

- I. Qualification, expertise and experience of the Directors in their respective fields;
- II. Personal, Professional or business standing;
- III. Diversity of the Board.

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

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

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

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

Removal:

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

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

- a. Director incurs any of the disqualifications specified in section 164;
- b. Director absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- c. Director acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- d. Director fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- e. Director becomes disqualified by an order of a court or a Tribunal;
- f. Director is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months.

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

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

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

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

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

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

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

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

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

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

Remuneration to Key Managerial Personnel / Other Employees

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

I. Fixed compensation:

- a) Basic Salary,
- b) House Rent Allowance,
- c) Leave Travel Allowance,
- d) Medical Reimbursement,
- e) Conveyance,
- f) Special allowance etc.

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

II. Variable Compensation:

- a) Annual Performance Linked incentive plans: The Annual Incentive (variable pay) of executives is linked directly to the performance of the company and or employee in accordance with the Employees Incentive Policy of the Company.
- b) A formal annual performance management process is applicable to all employees, including KMP and Senior Management personnel. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.

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

III. Retirement Benefits:

- a) Provident Fund,
- b) Gratuity
- c) Contribution to a Superannuation Fund

IV. Other Benefits:

- a) In addition to the above select senior executives are eligible for long-term incentive plan in the form of ESOPs, as per the scheme in force from time to time. Grants under the Scheme are approved by the NRC Committee.
- b) Based on the grade and seniority of employees, benefits for employees include: Health-related including health (hospitalization) insurance for self and family Life insurance covering accident, disability etc.
- c) In addition to the above, the Senior Employees may also be eligible and be provided with Club membership, Company Car, Mobile and such other benefits and such other perquisites as may be determined and issued from time to time based on the company policy

6. Remuneration to Independent Director

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

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

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

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

7. Policy Review

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

Annexure A

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

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

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

MATRIX FOR EVALUATION OF INDEPENDENT DIRECTOR

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

Rating:

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

MATRIX FOR EVALUATION OF NOMINEE DIRECTOR

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

Rating:

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



MANAGEMENT DISCUSSION & ANALYSIS

Macro-economic Overview:

The World Bank in its recent report on Global Economic Prospects, predicted that global economic growth will slow down to 4.1% this year from an estimated 5.5% in 2021, but warned "Omicron-related economic disruptions could substantially reduce growth" to as low as 3.4%. For India, however, the successive World Bank projections have signaled a post-pandemic recovery and expects the Indian Economy to grow by 8.7% in 2022-23. The Bank also observed that in India, the economic damage caused by the second wave has already been unwound with output effectively back to levels reached prior to the pandemic (2019-Q4) as COVID-19 cases and restrictions subsided.

The Economic outlook published by Organisation for Economic Co-operation and Development (OECD) for Southeast Asia, China and India, also had a positive outlook for Emerging Asian economies and expected them to grow by 5.8% on average in 2022 and by 5.2% on average in 2023. However, it stated that the outlook for economic growth faces risks in the form of future waves of Covid-19 including potential emergence of new variants of concern apart from the risks of rising inflation and supply-chain disruptions.

MSME Industry Insights:

The MSME sector is the backbone of the Indian economic structure and has a very important role in buffering the country from global economic shocks and adversities. This sector provides around 120 million jobs, becoming the second-largest employment generating sector after agriculture. With approximately 45 lakhs units throughout the country, it contributes about 6.11% of GDP from manufacturing and 24.63% of the GDP from service activities.

The global pandemic deeply affected the MSME Sector both in terms of recovery and in scaling up the business operations. In these testing times, the Government came to the rescue of this sector, offering them various relief packages including:

- Immediate Moratorium support from March 2020 to August 2020
- One-time loan restructuring support
- Rs. 3 lakh Crores collateral free loan with 100% credit guarantee (Emergency Credit Line Guarantee Scheme - ECLGS) which was further extended to Rs. 4.5 lakh Crores
- Rs. 20,000 Crores subordinated debt for stressed MSME's
- Rs. 50,000 Crores equity infusion for MSME's with growth potential and viability through Fund of Funds

These relief measures have helped the sector in bouncing back. It is the strength of recovery of the Small Businesses that would determine the pace of recovery of the commercial businesses in India and in turn the economy.

Market Opportunity:

Despite being the bulwark of the Indian economy, the MSME's are troubled by their financial constraints owing to constant working capital expenditure and inaccessibility to mainstream finance. The Indian MSME sector is a complex cobweb of heterogeneity and informality of operations. Unlike other sectors, the MSME sector is highly unorganised in terms of business structure, methods of operations and enterprise location.

This sector satisfies its financing needs from the informal financiers, sometimes even at the cost of the higher rate of interest. The formal lenders stress upon the quality, reliability and continuity in their borrowers; whereas, MSME's assess their financial accessibility on the parameters of need, availability, and speed of credit disbursement. This is where NBFCs complement banks in the credit intermediation process by offering diversified, tailor-made financial products through innovative service delivery mechanisms, thereby bridging the credit gap that impacts this segment.

The NBFC sector in India has traversed highs and lows to reach where it is today. The sector which witnessed favourable operating environment post the economic crisis in 2008, has been facing serious headwinds for the last few years. The liquidity crisis, demonetisation, and the severe impact of COVID waves have all tested the resilience of the

sector. The pandemic resulted in sharp rise in NPAs and left a significant dent in the portfolio of most NBFC's, more particularly those catering to the automobile and informal MSME segment. However, as more and more sectors emerge out of COVID and the normalcy returning, the worst may be over for the sector and revival signs seem visible. NBFCs with strong capitalisation, low leverage, granular diversified retail product portfolio are expected to emerge stronger out of the crisis.

Key Focus Areas Of The Company:

Veritas Finance Private Limited ("Veritas Finance"), a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI"), has presence across eight states namely, Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Madhya Pradesh and Jharkhand and in the union territory of Puducherry. The Company was incorporated in April 2015 and commenced its operations in November 2015. This is the sixth full year of operations.

The core strength of Veritas Finance lies in its acute understanding of the MSME segment and their businesses, their income generation challenges and the asset creation tendencies, social and economic vicissitudes that these customers undergo, their aspirations and lifestyle. This understanding with years of experience in serving this segment has resulted in developing a fine sense of judgement to assessing and evaluating their intent and ability to repay in the absence of any documents to rely. The primary focus of the Company remains on lending to Micro, Small and Medium Enterprises ("MSME") segments primarily in the rural and semi-urban areas. During the year, the Company had focussed on providing loans to MSME's including business loans secured by property, working capital loans as well as home construction loans.

What sets us apart

- Understanding the customer - We understand our customers from the rural and semi-urban India and offer them with the suitable products based on their needs.
- Strong work-force - With 2,727 employees and equipped with high teeth to tail ratio we are better placed to offer best-in-class customer experience.
- Geographical presence - Spread across 8 states and 1 union territory our network of 229 branches covers wider geographies catering to customers from the southern, eastern and central parts of India.
- Efficient Disbursal mechanism - Powered with the help of technology, we keep our turnaround time for disbursal to the minimum.

Veritas Underwriting Methodology

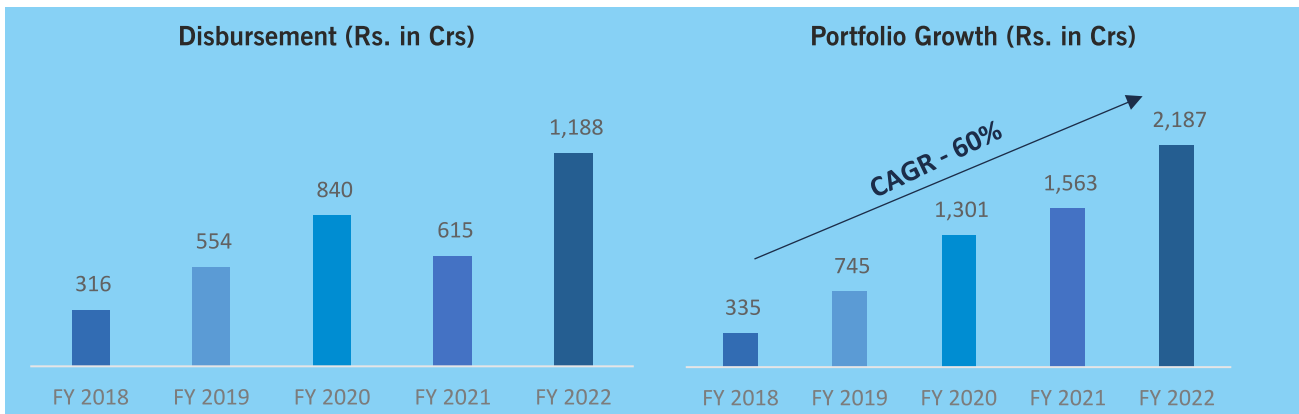
As an organization that operates in providing loans to MSME segment, Veritas has unique credit methodologies for different customer segments. We study our customers' enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability and credit behavior are subjected to scrutiny through traditional and non-traditional methods. Impact Analysis is performed on the existing customer base and the customer segments are classified as High/Medium and Low Risk.

While we do undertake income document checks with available documents and credit bureau checks, the primary credit assessment is through non-traditional income documents and reference checks. The credit assessment gets additional strength from the collateral, which is taken for moral suasion. The Company has developed and implemented a credit score-card model for appraisal of loans and for assigning risk-based pricing. This ensures an objective underwriting process and aids in achieving minimal turn-around time for approvals.

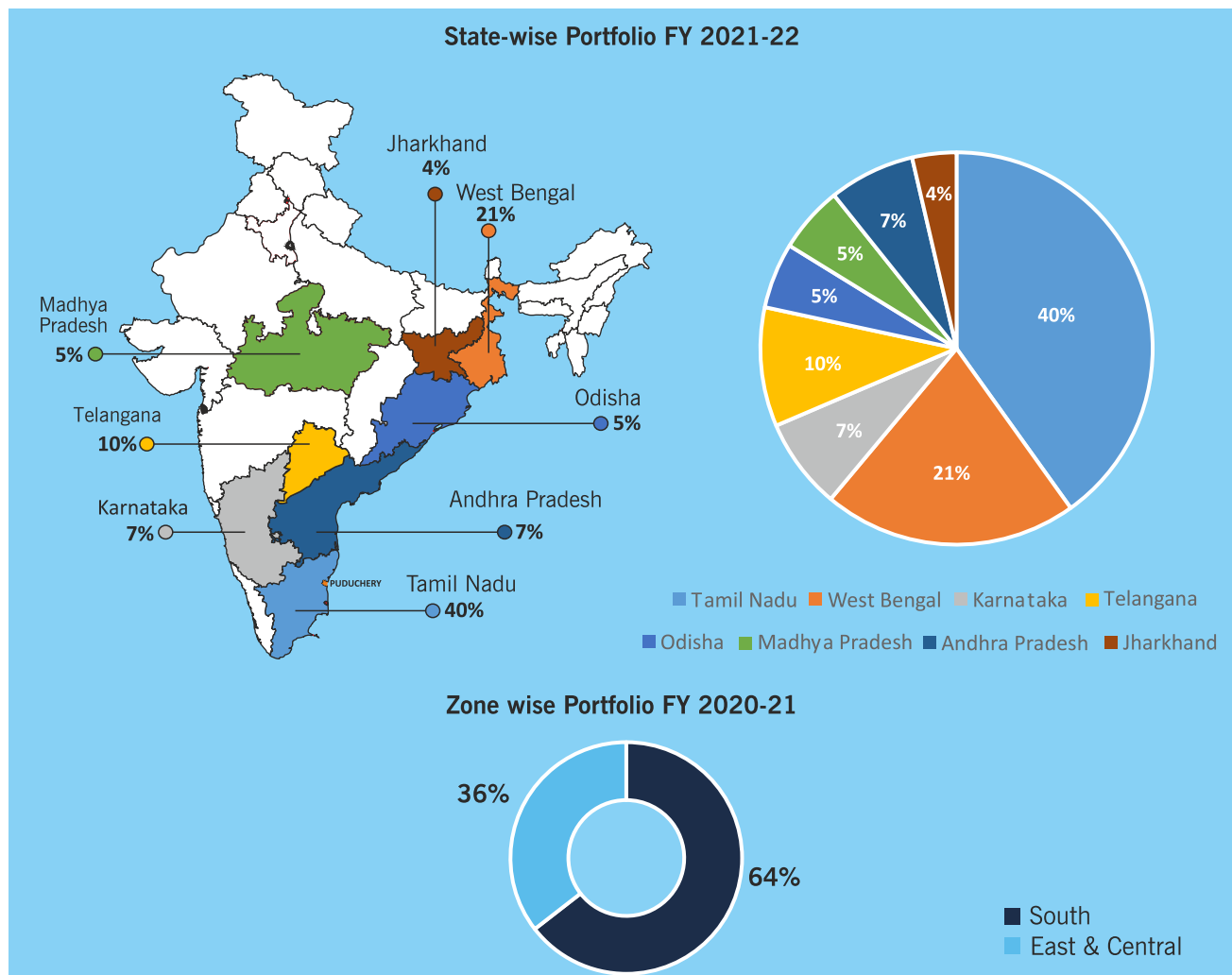
Portfolio Growth

Veritas Finance has made an impact in the lives of 71,726 customers as of March 31, 2022. The Company has a loan portfolio of Rs. 2,187.35 Crores as of March 31, 2022 growing from Rs. 1,562.75 Crores as of March 31, 2021. The share of secured loan portfolio, i.e., MSME Loans and Construction Finance Loans stands at 94% and unsecured loan portfolio, i.e., Working Capital loans stands at 6% of gross loan portfolio. The impact of the second wave of pandemic affected the disbursements during the first quarter, while the business picked momentum from second quarter. We closed the year with a disbursement of Rs. 1,188 Crores as against Rs. 615 Crores in the previous year.

Disbursements and Assets under management (AUM) over the last 5 years is given below:



As of March 31, 2022, the Company has 229 branches spread across 8 states and 1 union territory.



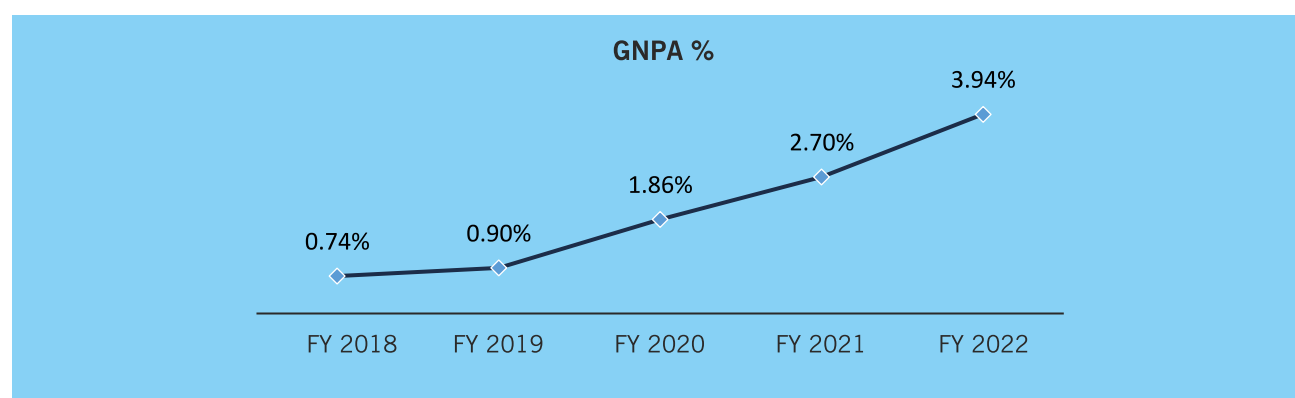
Asset Quality

Post the first wave of COVID-19 in 2020-21, the Company managed to recover from the impact of the pandemic and closed the year with gross non-performing assets (GNPA) at 2.70% as of March 31, 2021. The occurrence of second and third waves of the pandemic, affected the recovery of the small businesses which were already impacted due to the first wave. This elevated the NPA levels across the MSME finance sector during the year.

On November 12, 2021, the Reserve Bank of India as part of its measures to harmonize the asset classification norms of NBFCs with that of Banks, issued a circular clearly defining guidelines for classification and upgradation of NPAs. This change was aimed at supporting the Industry to create a portfolio with outstanding quality in the long-run. Veritas welcomed this change and voluntarily adopted the revised norms immediately with effect from November 12, 2021 despite the extended timelines provided by RBI, as the Company believes that this regulatory change is beneficial for the overall quality of the portfolio.

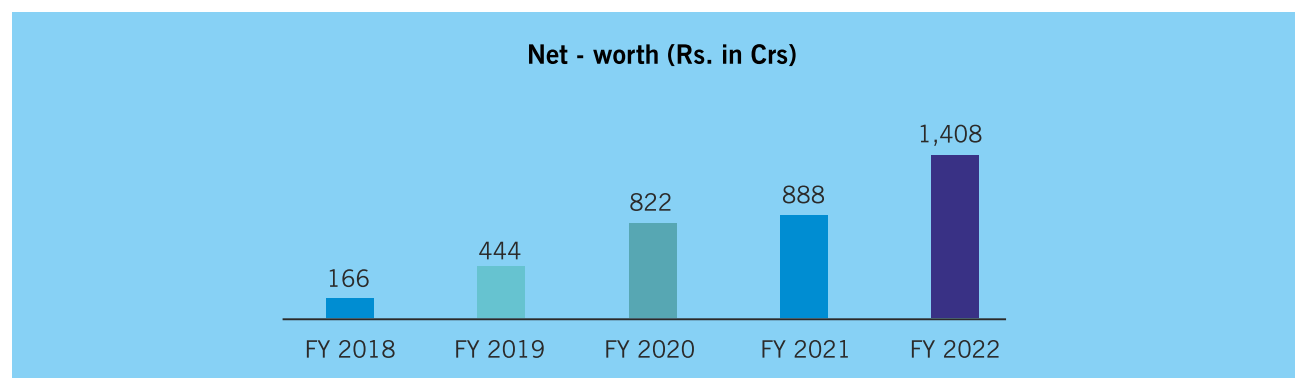
Amidst the challenges, Veritas Finance placed its primary focus on portfolio quality and contained its GNPA at 3.94% as of March 31, 2022.

The trend of GNPA's has been as follows:



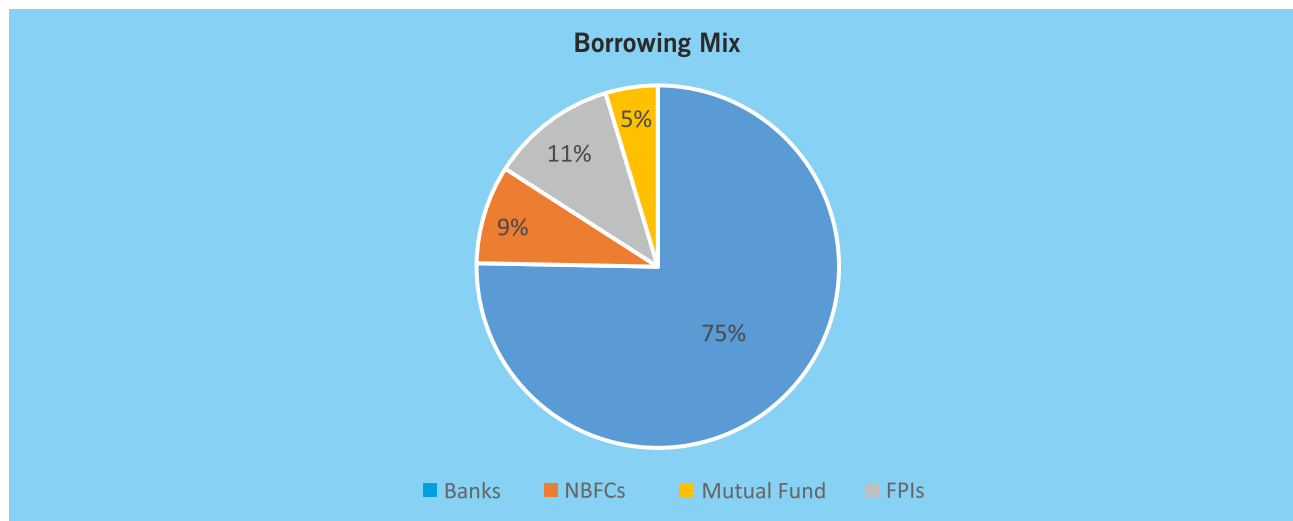
Capital

The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs. 166 Crores on March 31, 2018 to Rs. 444 Crores as of March 31, 2019 and further to Rs. 822 Crores as of March 31, 2020 as the Company raised capital from new Investors. During the financial year 2021-22, further share capital of Rs. 440.04 Crores was infused from existing investors which helped the Company to build a strong capital base during challenging times. The Net worth as of March 31, 2022 stood at Rs. 1,408 Crores. The Company has maintained a healthy capital adequacy ratio well above the levels directed by the RBI. As of March 31, 2022, the overall capital adequacy ratio of the Company is 64.43% with Tier-I capital adequacy at 64.03%. The net-worth of the Company has grown as follows:



Diversified Funding Profile

During the year, the Company has added new lenders like Canara Bank, Bank of Baroda, IDBI Bank and Standard Chartered Bank. Also, during the year, the Company had issued NCDs of Rs. 30 Crores subscribed by Nippon India Mutual Fund. During the year, the Company has successfully diversified its liability portfolio among many lenders including Banks, NBFCs, Mutual Funds and FPIs as follows:



The credit rating of the company is **“CARE A- with stable outlook”** for the Long-term Bank loans and Non-Convertible Debentures.

Asset Liability Management

The Company has a conservative and prudent policy for matching funding to assets which translates to a robust Asset-Liability stability. As a key strategy to manage healthy cash flows, the Company typically maintains three months of cash requirements in the form of un-drawn limits or in cash equivalents, which got increased during the financial year due to uncertainty brought in by second wave of Covid Pandemic, which was reduced subsequently as the business disbursements gained momentum. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis. The Company has a mix of fixed and floating rate borrowings. The Company lends on fixed rate basis and borrows on both fixed and floating rates, thus ensuring maintenance of net interest spread at optimum levels based on market movements in interest rates.

Internal Control Systems

Internal control systems at Veritas Finance are adequate and commensurate with its size and the nature of its operations. The Company’s system of internal controls is designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. An internal control framework, including internal financial controls, encompassing clear delegation of authority and standard operating procedures, are available across all businesses and functions. Clear segregation of duties exists between various functions. To ensure that assets are safeguarded against losses that may arise due to unauthorised use or disposition, Company has in place adequate systems to ensure that assets and transactions are authorised, recorded and reported. Key operational processes (Finance and Operations) are centralised at head office for better control. The Company has instituted a strong IT security system to ensure information security. By implementing robust Loan Management Systems, it has further strengthened its system controls. All policies are reviewed and approved by the board on a periodic basis.

The Internal Auditor (external firm) reports to the Audit Committee of the Board of Directors of the Company. The Internal Auditor conducts comprehensive audits of functional areas and operations of the Company to examine the adequacy of and compliance with policies, plans and statutory requirements. Any significant observations from the

audit are reported to the Audit Committee and follow-up actions are taken accordingly. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Information Technology

The Company believes that technology plays a pivotal role in the growth and sustenance of an organisation. The Company recognises the need for a robust information security overlay in a connected world and has invested significantly in globally accepted platforms and solutions for Enterprise Security solutions.

From the Technology perspective, Digital payments, Robotic Process Automations and enhanced data security were the theme for the year 2021-22. Certain significant IT developments made during the year include the following:

- Levelling up our digital payment options provided to the customers
- Use of Robotic Process Automations for automating manually intensive operations
- Strengthening of Firewall systems and E-mail security
- Development of a Credit Scoring Algorithm for loan appraisals.
- Development of enhanced analytical tools to provide timely insights to business teams and senior management

Furthermore, during the nation-wide lockdowns enforced during the second wave of the pandemic, our IT team enabled seamless work-from-home options for our employees, with appropriate information security controls in place.

The Company complies with the IT Framework Master Directions laid down by RBI on Information and Cyber Security.

The Company continues to improve its IT infrastructure to support the growing business needs as we scale up and also endeavors to provide a best-in-class customer experience right from on-boarding of the customer.

Risk Management

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

The key risks are:

Credit Risk

Any lending activity by the Company is exposed to credit risk arising from repayment default by borrowers and other counterparties. A failure to recover the expected value of collateral security could expose the company to a potential loss.

Mitigation: The Company has comprehensive and well-defined credit policies across products, which encompass credit approval process for these products along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Company underwrites loans on the basis of assessed cash flows of customers in terms of monthly instalments to income ratio or other such credit evaluation tools as it deems necessary, including inputs from credit bureau information reports as required. While it does lay emphasis on detailed credit underwriting processes, it also considers various other factors like the underlying collateral and the LTV ratios approved for the customer. These policies are

regularly monitored against desired outcomes for the organisation and revised as necessary. During the year, the Company implemented a Credit score algorithm for loan appraisals and to assign risk based pricing for its products, thereby bringing increasing the objectivity to the entire credit process.

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.

Mitigation: The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. The Company provides dedicated training to its employees educating them with the Companies policies. The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. Additionally, regular internal audit provides a check on deviation arising from any contingent operational inefficiency.

Interest rate risk

Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector.

Mitigation: The Company ensures that it maintains an appropriate proportion of liabilities at floating rate to avoid interest rate mismatches across buckets as its lending is on fixed rate basis and re-pricing on lending can happen only on new loans disbursed.

Liquidity Risk

Liquidity risk is the risk of being unable to raise funds from the market at optimal costs to meet operational and debt servicing requirements.

Mitigation: The Asset & Liability Management Committee (ALCO) of the Company meets regularly to review the liquidity position based on future cash flows. The Company also maintains adequate liquid assets and reserves to hedge against unexpected requirements.

Competition Risk

The financial services space in India is quite competitive.

Mitigation: The Company is of the belief that from the country's point of view India needs an ever-growing number of players to address the gaps in the market place. There is scope for sustained business growth despite competition. We differentiate ourselves by providing tailor-made products, making continuous efforts to improve turnaround time and by adopting a customer-friendly culture.

Regulatory and Compliance Risk

It is the risk of change in laws and regulations materially impacting the business. There is a growing trend towards more stringent regulation in the NBFC sector and the expectation is that it will slowly get more aligned to banking regulations.

Mitigation: The Company is of the view that these changes are structurally beneficial for the financial services industry from a long-term perspective. When the Reserve Bank of India brought about the change in asset classification norms for the NBFCs, the Company swiftly adopted the new guidelines.

The Company strictly adheres to the Capital Adequacy requirements, Fair Practice Codes, RBI Reporting, Asset

Classification and Provisioning Norms, etc. including all periodic guidelines. The Compliance team works with business and operations to ensure active compliance risk management and monitoring. The team also provides

Operational Overview

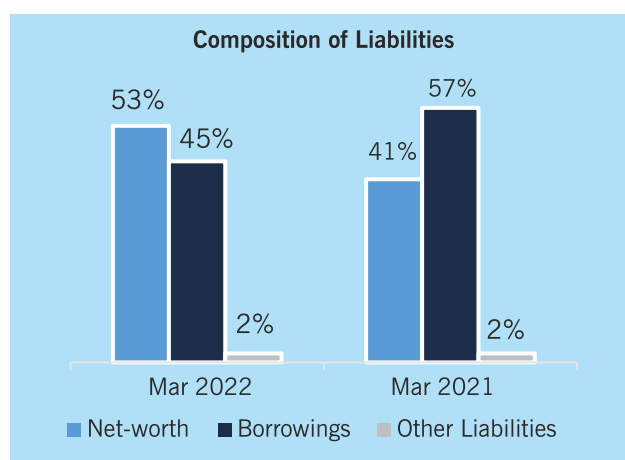
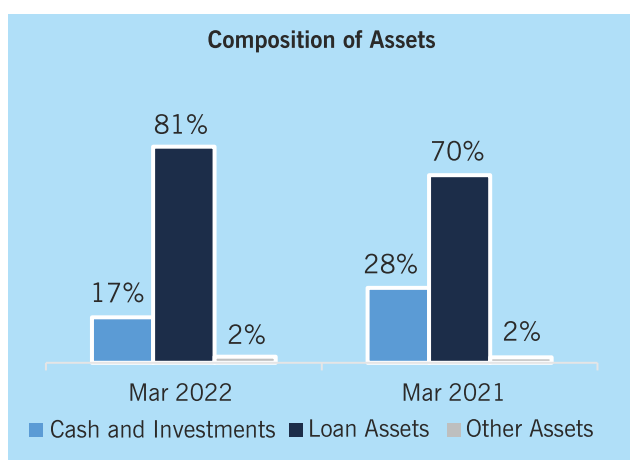
The key operational highlights of the year 2021-22 are:

- Assets Under Management (AUM) increased to Rs. 2,187.35 Crores from Rs. 1,562.75 Crores in FY 2020-21.
- Total Income increased to Rs. 443.65 Crores from Rs. 361.67 Crores in FY 2020-21.
- Profit After Tax (Post OCI) increased to Rs. 75.85 Crores from Rs. 61.12 Crores in FY 2020-21.
- Customer base increased to 71,726.
- Employee base increased to 2,727.

Balance sheet

The summarized version of the Company's Balance sheet is given below:

Rs. in Crores			
Particulars	As at 31 March 2022	As at 31 March 2021	YOY Growth %
Assets			
Cash & Cash Equivalents & Short-term Investments	449.96	599.26	-25%
Loan Assets	2,132.09	1,524.23	40%
Other Assets	60.42	51.37	18%
TOTAL	2,642.47	2,174.86	
Liabilities			
Net-worth	1,408.05	888.02	59%
Borrowings	1,195.65	1,254.14	-5%
Other Liabilities	38.77	32.70	17%
TOTAL	2,642.47	2,174.86	

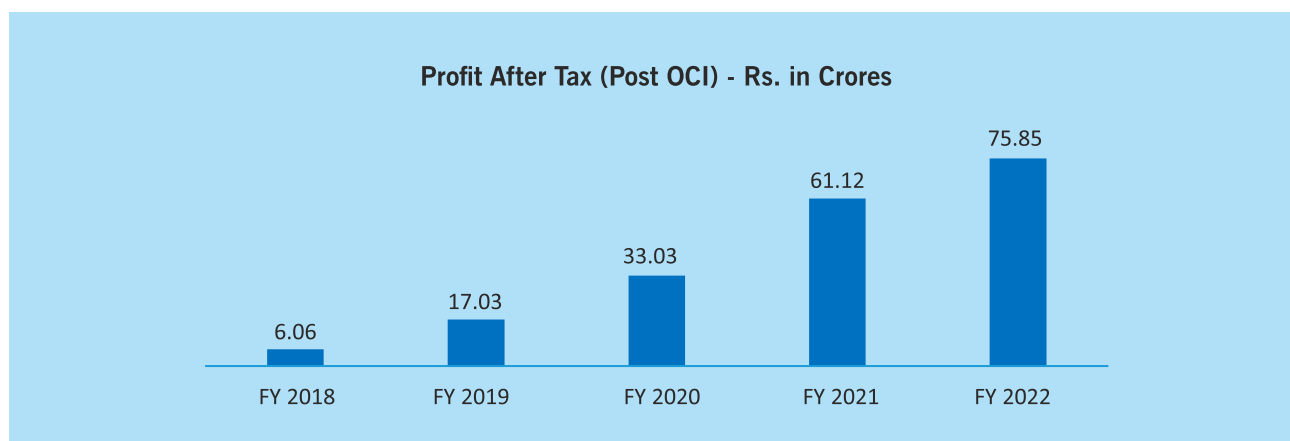


Statement of Profit & Loss

The summarized version of the Company's Statement of Profit & Loss is given below:

Rs.in Crores

Particulars	FY 2021-22	FY 2020-21	YOY Growth %
Revenue from operations	442.08	360.10	23%
Other Income	1.56	1.58	-1%
Total Income (A)	443.64	361.67	23%
Finance Cost	128.94	121.65	6%
Other Operating Cost	153.98	117.54	31%
Provisions & Losses	59.36	40.45	47%
Total Expense (B)	342.28	279.63	22%
Profit before tax (PBT) (A-B)	101.36	82.04	24%
Current and Deferred Tax	25.96	20.02	30%
Profit After Tax (PAT)	75.40	62.02	22%
Other Comprehensive Income	0.45	(0.90)	-150%
Total Comprehensive income, net of Income Tax	75.85	61.12	24%



Key Financial ratios are as follows:

Particulars	FY 2021 -22	FY 2020 -21
PBT / Total Income	22.85%	22.68%
NIM	18.06%	14.50%
Return on Total Assets (RoTA)	3.15%	3.03%
Return on Equity (RoE)	6.61%	7.15%
EPS		
Basic (Rs.)	18.12	17.69
Diluted (Rs.)	6.59	6.50
Debt/ Equity	0.8x	1.4x
Capital Adequacy	64.43%	50.65%

Human Resources

Veritas believes that employees are the most invaluable and intangible assets of the Company. The Company provides an all-inclusive environment to the employees and offers them continuous learning opportunities to enable them to grow professionally and become future ready. Through our leadership initiatives, we aim to identify employees with high potentials and provide them with structured learnings to develop and hone their general management and leadership skills.

As the nation faced the impact of subsequent waves of Covid pandemic, ensuring employee health and safety assumed paramount importance to us. We provided financial assistance & healthcare assistance services to COVID-19 affected employees by introducing vaccination reimbursement policies, dedicated helplines for medical assistance and regularly circulated guidelines to employees for conducting business with safety. We ensured that our workforce was fully vaccinated and continued to ensure covid safety standards at workplace. In order to safeguard the employees and their families from uncovered exigencies, the Company introduced the Veritas Suraksha Scheme that ensured the educational and medical needs of the family members, in the untoward incident of an employee's demise.

As on March 31, 2022, the Company had 2,727 employees.

Outlook

The MSME sector, which Veritas serves primarily, was widely affected right from the onset of the pandemic in 2020 as their businesses reeled under the impact of lockdowns and other restrictions. With the help of support schemes from the government including moratorium benefits, the sector attempted to revert back to normalcy, only to be hit by subsequent waves of Covid. Undeterred, this sector slowly started re-building its businesses rising above all the challenges. The resilience displayed by our customers has given us the confidence to march further and reach greater heights.

As we step into the next financial year, our focus is to cater to the various needs of this segment with our tailor-made products that would suit short-term working capital requirements, medium-term business loans and long-term housing construction needs. The Company intends to scale up the business by deepening the penetration levels of existing branch network to reach more unorganized enterprises in the rural and semi-urban areas.

We approach the year with a positive vigour to get ahead of all the challenges and continue staying ahead.

Cautionary Note

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.



INDEPENDENT AUDITOR'S REPORT

To the Members of Veritas Finance Private Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Veritas Finance Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the act, read with the Companies (Indian Accounting Standards) Rules 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Emphasis of Matter Paragraph

We draw attention to Note no: 57 relating to impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates. This note also indicates that uncertainties exist and it is currently not possible to reasonably estimate the future impact. The measures taken to deal with these circumstances were explained by the management. Our opinion is not modified in this matter.

Key Audit Matters

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

Key Audit matter	How our audit addressed the Key matter
Impairment Loss Allowance Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgement include: 1. Categorization of loans in Stage I, II and III based on identification of: (a) exposures with significant increase in credit risk since their origination and (b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience. The impact of different future macroeconomic conditions in the determination of ECL. These judgements required the models to be reassessed including the impact of Covid -19 Pandemic to measure the ECL. Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.	● We obtained an understanding of management's assessment of impairment of loans and advances including the Ind AS109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. ● We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. ● We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of Covid 19 Pandemic and the associated probability weights. ● We also assessed the approach of the Company for categorization the loans in various stages reflecting the inherent risk in the respective loans. ● For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. ● We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements

IT Systems and Controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, Any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.	We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. Reliance was also placed on the System Audit report of the Company. Based on our review no material weakness was found in the IT Systems and Controls.
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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
 - (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

The company being a Private Company, the provisions of Section 197 to the Act is not applicable.

- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in Note no.33.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.
 - iv. a) The management has represented that, to the best of it's knowledge and belief, other than as

disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

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

v) The Company has not declared or paid any Dividend during the year.

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration Number: 004207S



S. Usha

Partner

Membership Number: 211785

UDIN: 22211785AHZKQJ3356

Place: Chennai

Date: 28 April 2022

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Veritas Finance Private Limited on the Financial Statements for the year ended 31 March 2022, we report that:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-assets.
- (B) The company is maintaining proper records showing full particulars of Intangible Assets.
- b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed
- c) The Company does not have any Immovable Property as of 31 March 2022. Hence reporting under this clause is not applicable.
- d) The Company has not revalued its Property Plant and equipment or Intangible assets or both during the year.
- e) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, no proceedings has been initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988.
- (ii) a) The company does not have any inventory and hence reporting under this clause is not applicable.
- b) During the year, the company had availed working capital limits in excess of Rs. Five Crores from banks and financial institutions on the basis of security of current assets. The quarterly returns and the statements submitted to lenders are in agreement with the books of accounts.
- (iii) a) Clause 3(iii)(a) is not applicable to the company since the company's principal business is to give loans.
- b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the company's interest
- c) The schedule of repayment of principal and payment of interest has been stipulated for all Loans and advances in the nature of loans, The repayments of principal and payments of interest are regular except for loans amounting to Rs.20,037 Lakhs for which repayment of principal and payments of interest are not regular.
- | Bucket | Amount in Lakhs |
|------------------|-----------------|
| 90 DPD | 12,674 |
| More than 90 DPD | 7,363 |
- d) The amounts overdue for more than 90 days aggregating principal repayment and interest payments is Rs.7363 Lakhs. In our opinion reasonable steps have been taken by the company for recovery of principal and interest.
- e) Clause 3(iii)(e) is not applicable to the company since the company's principal business is to give loans
- f) The company has not given loans or advances in the nature of loans repayable on demand or without specifying the terms or period of repayment.
- (iv) The company has complied with the provisions of section 185 and 186 of the Act in respect of loans granted, investments made, guarantees given and securities provided, wherever applicable.

- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder.
- (vi) The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- (vii) a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues applicable to it during the year with appropriate authorities.
- b) According to the information and explanations given to us, dues of income-tax has not been deposited with the appropriate authorities on account of dispute as per details below

Name of the statute	Nature of dues	Amount of dues (Rs.)	Period to which amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	54,73,637	AY 2018-19	Commissioner of Income-tax (Appeals)

While Rs.11 Lakhs was deposited at the time of appeal and entire amount is shown in contingent liability.

- (viii) There was no transaction which were not recorded in the books of accounts or surrendered as Income during the year in the tax assessments under Income Tax Act.
- (ix) a) Based on our examination of the books of accounts and other records of the company, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, the company has not been declared as a willful defaulter by any bank, financial institution, or any other lender.
- c) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, Term Loans obtained were applied for the purposes which it was obtained.
- d) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, No funds raised on short term basis have been utilised for long term purposes.
- e) The company does not have any Subsidiary, Associate or Joint Venture. Hence reporting under this clause is not applicable.
- x) a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer during the year.
- b) The Company has made private placement of shares during the year. The Requirements of Section 42 and 62 of the Companies Act have been duly complied with by the company. Based on our examination of Books of Records and other records of the According to the information and explanations provided by the management, the funds raised have been used for the purposes for which the funds were raised.
- xi) a) To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company or material fraud on the Company were noticed or reported during the course of our audit.
- b) No report under sub section (12) of Section 143 of the Companies Act in form ADT-4 was filed as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- c) The company did not receive any whistle blower complaints during the year.
- xii) The Company is not a Nidhi Company. Hence, clauses 3(xii)(a),(b),(c) of the Order are not applicable.
- xiii) The transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) a) The company has an Internal Audit System commensurate with the Size and Nature of its business.
b) We have considered the Reports of Internal Auditors for the financial year ended 31 March 2022.
- xv) According to the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year.
- xvi) a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.
b) The company has conducted Non-banking Financial Activities with Valid Certificate of Registration from Reserve Bank of India.
c) The company is not a Core Investment Company, hence reporting under clause 3(xvi)(c) is not applicable
d) The Company is not a part of any Group. Hence reporting under this clause is not applicable.
- xvii) The company has not incurred cash losses during the year and the immediately preceding financial year.
- xviii) There was resignation of statutory auditors during the year in pursuance of the circular issued by the RBI. We have considered the issues, objections or concerns raised by the outgoing auditors.
- xix) On the basis of our evaluation of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement and our knowledge of Board of Directors and Management plans, we are of the opinion that, no material uncertainty exists as on the date of Audit Report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet.
- xx) a) The company has transferred the unspent amount of Rs.37.50 Lakhs towards Corporate Social Responsibility Expenditure which requires to be transferred to a fund specified in schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
b) The company does not have any ongoing project for CSR. Hence reporting under this clause is not applicable.
- xxi) As the company is not required to prepare the consolidated financial statements, the reporting under clause 3(xxi) is not applicable.

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration Number: 004207S



S.Usha

Partner

Membership Number: 211785

UDIN: 22211785AHZKQJ3356

Place: Chennai

Date: 28 April 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

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

We have audited the internal financial controls over financial reporting of Veritas Finance Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial

statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Registration Number: 004207S



S.Usha

Partner

Membership Number: 211785

UDIN: 22211785AHZKQJ3356

Place: Chennai

Date: 28 April 2022



Balance Sheet as at 31 March 2022

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

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	33,473.91	14,810.97
Bank balances other than cash and cash equivalents	5	11,521.62	27,614.27
Loans	6	2,13,209.17	1,52,423.49
Investments	7	-	17,500.74
Other financial assets	8	692.81	440.91
		2,58,897.51	2,12,790.38
Non-financial assets			
Current tax assets (net)	9	412.56	338.79
Deferred tax assets (net)	29.2	2,226.76	1,684.71
Property, plant and equipment	10.1	492.73	656.66
Right of use assets	10.2	1,561.28	1,270.28
Intangibles assets	10.3	225.06	425.62
Intangibles assets under development	10.4	45.76	43.56
Other non-financial assets	11	385.57	276.17
		5,349.72	4,695.79
Total		2,64,247.23	2,17,486.17
LIABILITIES AND EQUITY			
Financial liabilities			
Trade payables	12		
- Total outstanding dues of micro enterprises and small enterprises		4.89	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		326.21	291.61
Debt securities	13	24,207.26	53,074.52
Borrowings (other than debt securities)	14	95,357.96	72,340.01
Other financial liabilities	15	1,868.66	1,486.47
		1,21,764.98	1,27,192.61
Non-financial liabilities			
Provisions	16	416.16	390.12
Other non-financial liabilities	17	1,261.27	1,101.64
		1,677.43	1,491.76
Equity			
Equity share capital	18	11,358.00	10,017.80
Other equity	19	1,29,446.82	78,784.00
		1,40,804.82	88,801.80
Total		2,64,247.23	2,17,486.17

Significant accounting policies 3
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration No. 004207S

S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

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

N. Mohanraj
Director
DIN : 00181969

V.G. Suchindran
Chief Financial Officer

Place : Chennai
Date : 28 April 2022

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

V. Aruna
Company Secretary and
Compliance Officer
Membership No.: A60078



Statement of Profit and Loss for the year ended 31 March 2022

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

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Revenue from operations			
Interest income	20	42,611.54	34,902.17
Fee income	21	958.02	492.54
Net gain on fair value changes	22	638.86	615.07
Total revenue from operations		44,208.42	36,009.78
Other income	23	156.14	157.51
Total income		44,364.56	36,167.29
Expenses			
Finance costs	24	12,893.81	12,164.59
Impairment on financial instruments	25	5,935.56	4,044.59
Employee benefits expenses	26	10,984.31	8,421.28
Depreciation and amortization	27	1,425.40	1,332.59
Other expenses	28	2,989.14	2,000.10
Total expenses		34,228.22	27,963.15
Profit before tax		10,136.34	8,204.14
Tax expense			
Current tax	29	3,153.00	2,553.00
Deferred tax	29.2	(557.05)	(550.88)
		2,595.95	2,002.12
Profit after tax for the year		7,540.39	6,202.02
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit obligation	30.2	59.60	(119.72)
Income tax relating to items that will not be reclassified to profit or loss	29.2	(15.00)	30.13
Other comprehensive income for the year		44.60	(89.59)
Total comprehensive income for the year, net of income tax		7,584.99	6,112.43
Earnings per equity share of Rs. 10 each			
- Basic		18.12	17.69
- Diluted		6.59	6.50

Significant accounting policies

3

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

As per our report of even date attached

for **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration No. 004207S

S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

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

N. Mohanraj
Director
DIN : 00181969

V.G. Suchindran
Chief Financial Officer

Place : Chennai
Date : 28 April 2022

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

V. Aruna
Company Secretary and
Compliance Officer
Membership No.: A60078

Veritas Finance Private Limited
Statement of changes in equity for the year ended 31 March 2022

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

A Equity share capital

Particulars	Equity Share capital	Instruments entirely equity in nature (Compulsory Convertible Preference Shares)	Total
Balance as at 31 March 2020	3,501.89	6,501.91	10,003.80
Add : Issued during the financial year 2020-21	14.00	-	14.00
Balance as at 31 March 2021	3,515.89	6,501.91	10,017.80
Add : Issued during the financial year 2021-22	1,340.20	-	1,340.20
Balance as at 31 March 2022	4,856.09	6,501.91	11,358.00

B Other equity

Particulars	Other equity				Total other equity attributable to equity holders of the Company
	Reserves and surplus			Other comprehensive income	
	Statutory reserve	Securities premium	Share options outstanding account		
As at 31 March 2020	1,197.86	66,998.30	300.40	3,678.50	-
Premium received on shares issued during the year	-	7.50	-	-	7.50
Utilised during the year for share issue expenses	-	-	-	-	-
Profit after tax for the year	-	-	-	6,202.02	6,202.02
Transfer to securities premium on exercise of options	-	3.37	(3.37)	-	-
Transfer to statutory reserve	1,240.40	-	-	(1,240.40)	-
Re-measurements of defined benefit plan	-	-	-	-	(89.59)
Transferred to retained earnings	-	-	-	(89.59)	89.59
Share based payment expense	-	-	489.01	-	-
As at 31 March 2021	2,438.26	67,009.17	786.04	8,550.53	-
Premium received on shares issued during the year	-	42,710.68	-	-	42,710.68
Utilised during the year for share issue expenses	-	(26.16)	-	-	(26.16)
Profit after tax for the year	-	-	-	7,540.39	7,540.39
Transfer to securities premium on exercise of options	-	13.55	(13.55)	-	-
Transfer to statutory reserve	1,508.08	-	-	(1,508.08)	-
Re-measurements of defined benefit plan	-	-	-	-	44.60
Transferred to retained earnings	-	-	-	44.60	(44.60)
Share based payment expense	-	-	393.31	-	-
As at 31 March 2022	3,946.34	1,09,707.24	1,165.80	14,627.44	-
					1,29,446.82

Significant accounting policies (refer note 3)

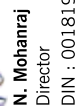
The notes referred to above form an integral part of the financial statements
As per our report of even date attached

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

for **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration No. 004207S



S Usha
Partner
Membership No. : 211785



N. Mohanraj
Director
DIN : 00181969



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



V. G. Suchindran
Chief Financial Officer



V. Aruna
Company Secretary & Compliance Officer
Membership No. : A60078

Place : Chennai
Date : 28 April 2022

Veritas Finance Private Limited
Cash flow statement for the year ended 31 March 2022

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

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from operating activities			
Profit before tax for the year		10,136.34	8,204.14
<i>Adjustments for:</i>			
Depreciation and amortisation	27	1,425.40	1,332.59
Impairment on financial instruments	25	5,935.56	4,044.59
Stock based payment to employees	26	393.31	489.02
Change in fair value of financial assets designed as FVTPL	22	1.62	14.93
Interest income on security deposit	20	(24.06)	(24.63)
Profit on disposal of leased assets	23	(9.90)	(4.75)
Finance costs	24	12,893.81	12,164.59
(Gain) / loss on sale of PPE	23	(4.29)	-
Interest income on fixed deposits	20	(1,657.47)	(2,106.13)
Gain on sale of investments, net	22	(640.48)	(613.45)
Operating cash flow before working capital changes		28,449.84	23,500.90
Changes in working capital			
Increase in loans		(66,718.50)	(28,535.86)
Increase in other financial assets		(260.18)	(32.74)
Increase in other non-financial assets		(109.40)	(89.57)
Increase in trade payables		39.49	87.40
Increase in other financial liabilities		32.44	84.21
Increase in provisions		85.64	102.49
Increase in other non-financial liabilities		159.63	182.37
Cash used by operations		(38,321.04)	(4,700.80)
Finance costs paid		(13,757.85)	(11,410.06)
Direct taxes paid (net)		(3,226.77)	(2,770.20)
Net cash used by operations	(A)	(55,305.66)	(18,881.06)
Cash flows from investing activities			
Purchase of fixed assets		(336.03)	(302.08)
Increase in bank balances other than cash and cash equivalents		16,092.65	(22,916.29)
Interest received on bank balances other than cash and cash equivalents		1,657.47	2,106.13
Purchase of investments		(4,88,101.64)	(3,07,393.20)
Proceeds from sale of investments		5,06,239.62	2,96,805.87
Net cash generated from / (used in) investing activities	(B)	35,552.07	(31,699.57)

Veritas Finance Private Limited
Cash flow statement for the year ended 31 March 2022

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from financing activities		
Proceeds from issue of preference shares including securities premium	-	-
Proceeds from issue of equity shares including securities premium	44,050.88	24.87
Payment of lease liabilities	(807.63)	(713.01)
Payment of share issue expenses	(26.16)	-
Proceeds from debt securities	5,500.00	27,000.00
Proceeds from borrowings (other than debt securities)	61880.29	45,474.97
Repayment of debt securities	(33500.00)	(13,400.00)
Repayment of borrowings (other than debt securities)	(38,680.84)	(35,240.09)
Net cash generated from financing activities (C)	38,416.54	23,146.74
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	18,662.94	(27,433.89)
Cash and cash equivalents at the beginning of the year	14,810.97	42,244.86
Cash and cash equivalents at the end of the year 4	33,473.91	14,810.97

Particulars	As at 31 March 2022	As at 31 March 2021
Notes to cash flow statement		
Components of cash and cash equivalents: 4		
Cash on hand	366.78	295.45
Balances with banks		
In current accounts	15,103.82	14,515.52
In deposit accounts (Original maturity less than three months)	18,003.31	-
Interest accrued on deposit accounts	-	-
	33,473.91	14,810.97

Significant accounting policies 3

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

As per our report of even date attached

for **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration No. 004207S

S Usha
Partner
Membership No. : 211785

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


N. Mohanraj
Director
DIN : 00181969


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


V.G. Suchindran
Chief Financial Officer
Place : Chennai
Date : 28 April 2022


V. Aruna
Company Secretary and
Compliance Officer
Membership No.: A60078

Place : Chennai
Date : 28 April 2022

Veritas Finance Private Limited**Notes to the financial statements for the year ended 31 March 2022**

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

1 Reporting entity

Veritas Finance Private Limited (CIN:U65923TN2015PTC100328) ("the Company") is a Company incorporated under the provisions of the Companies Act, 2013 on 30 April 2015. The Company has received the Certificate of Registration dated 15 October 2015 from the Reserve Bank of India ("RBI") to carry on the business of Non-Banking Finance Company without accepting public deposits ("NBFC-ND-SI"). During the financial year 2018-19, the Company listed its non-convertible debentures on the Bombay Stock Exchange ("BSE").

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

2 Basis of preparation of Financial Statements**2.1 Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') in conformity with generally accepted accounting principles in India and other relevant provisions of the Act.

The financial statements are prepared based on the notified Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies that are required to comply with Ind AS.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 28 April 2022.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Details of the company's accounting policies are disclosed in note 3.

2.2 Presentation of financial statements

The Balance sheet, the Statement of profit and loss and the Statement of changes in equity are presented in the format prescribed under Division III of Schedule III to the Act and as amended from time to time, for Non-Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows. The Company presents its balance sheet in order of liquidity.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs (two decimals), unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities	Fair value / Amortised Cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are set out below. Also refer note 57 - Impact of Covid-19.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii) Effective Interest Rate ("EIR") method

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

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- a) The Company's criteria for assessing if there has been a significant increase in credit risk and subsequently measuring impairment allowances for financial assets on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Company is involved in various litigations, arbitrations and regulatory inspections and proceedings in the ordinary course of its business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

vi) Other assumptions and estimation uncertainties

a) Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- i) Measurement of defined benefit obligations: key actuarial assumptions;
- ii) Estimated useful life of property, plant and equipment and intangible assets;

b) Recognition of deferred taxes.

3 Significant accounting policies**3.1 Revenue Recognition**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A) Recognition of interest income on loans

Under Ind AS 109, interest income is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

B) Interest income on deposits

Interest on bank deposits is accounted on accrual basis on time proportion.

C) Fee income

Fees income such as legal, documentation, inspection costs (other than fees and costs that are an integral part of EIR) and cheque bounce charges are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

D) Other income

All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

3.2 Financial instrument - Initial recognition**A) Date of recognition**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to or subtracted from this amount.

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C) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) Fair value through other comprehensive income (FVOCI)
- iii) Fair value through profit and loss (FVTPL)

3.3 Financial assets and liabilities**A) Financial assets****Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

"In contrast, contractual terms that introduce more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL."

Accordingly, financial assets are measured as follows based on the existing business model:

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified

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dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans are held to sale and collect contractual cash flows, they are measured at FVTOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss. The Company records investments in mutual funds at FVTPL.

B) Financial liabilities**i) Initial recognition and measurement**

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2022 and 31 March 2021.

3.5 Derecognition of financial assets and liabilities**A) Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B) Derecognition of financial assets other than due to substantial modification**i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

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3.6 Impairment of financial assets**A) Overview of ECL principles**

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). When estimating lifetime expected credit loss (LTECLs) for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for life time ECL. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Stages	Days Past Due	ECL	Risk
Stage 1	Upto 30 days	12 month ECL	Low credit risk
Stage 2	31-90 days	Life time ECL	Significant increase in credit risk
Stage 3	More than 90 days	Life time ECL	Impaired assets

B) Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default ('PD'):

PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default ('EAD'):

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

Loss Given Default ('LGD'):

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed. The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C) Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

For all loan accounts which are in NPAs and which is yet to be settled for specified period, then it is technically written-off.

3.8 Determination of fair value

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 Property, plant and equipment ('PPE')**i. Recognition and measurement**

Items of PPE are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to acquisition or construction of qualifying assets for the period to the completion of installation or construction of such assets respectively are capitalised.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are classified as capital advances under non-financial assets and the cost of the assets not put to use before such date are disclosed under "Capital work-in-progress".

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight line method and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life	Useful life as per schedule II
Furniture and fixtures	5 Years	10 Years
Office equipments	5 Years	5 Years
Computers and accessories	3 Years	3 Years

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Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.10 Intangibles**i. Recognition and measurement**

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as and when it is incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method and is included in depreciation and amortisation in statement of profit and loss.

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

The amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.11 Impairment of non-financial assets

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

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial and non financial assets like security deposits and employee related loans and advances

3.12 Employee benefits**(i) Post – employment benefits****(a) Defined contribution plan**

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

(b) Defined benefit plan

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Other long-term employee benefit

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

(iii) Short-term employee benefits

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

- (a) in case of accumulated compensated absences - when employees render services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences - when the absences occur.

(iv) Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.13 Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.

3.14 Leases

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid as at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets separately on the face of the balance sheet and lease liability under other financial liabilities.

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for shorter leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.15 Income tax

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Veritas Finance Private Limited**Notes to the financial statements for the year ended 31 March 2022**

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in the statement of profit and loss.

3.17 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.18 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.19 Segment reporting – Identification of segments

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ('CODM') to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. (Refer Note 31)

3.20 Earning per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33 Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity shareholders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.21 Cash flow statement

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

3.22 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. These are primarily disclosure related amendments and the Company is in the process of evaluating the potential implications, if any, upon adoption.

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

Particulars	As at 31 March 2022	As at 31 March 2021
4 Cash and cash equivalents		
Cash on hand	366.78	295.45
Balances with banks		
In current accounts	15,103.82	14,515.52
In deposit accounts (Original maturity less than three months)	18,003.31	-
	33,473.91	14,810.97
5 Bank balances other than cash and cash equivalents		
Bank balances other than cash and cash equivalents		
In other deposit accounts (Original maturity more than three months)	11,521.25	27,614.27
	11,521.25	27,614.27
Balances with bank to the extent held as margin money or security against the borrowings.	-	-
6 Loans		
At Amortised cost		
A Based on nature		
Loans	2,17,663.74	1,55,560.07
Interest accrued	4,635.05	3,230.05
Advance from customers	(642.55)	(481.38)
Unamortised processing fees	(2,920.87)	(2,033.74)
	2,18,735.37	1,56,275.00
Less: Impairment loss allowance	(5,526.20)	(3,851.51)
	2,13,209.17	1,52,423.49
B Based on security		
Secured (refer note 6.1)		
Secured by tangible assets	2,05,021.71	1,49,175.41
Interest accrued	4,602.58	3,212.68
Advance from customers	(318.10)	(321.06)
Unamortised processing fees	(2,759.69)	(1,964.29)
	2,06,546.50	1,50,102.74
Less: Impairment loss allowance	(5,364.80)	(3,724.23)
	2,01,181.70	1,46,378.50
Unsecured		
Unsecured loans	12,642.03	6,384.66
Interest accrued	32.47	17.37
Advance from customers	(324.45)	(160.32)
Unamortised processing fees	(161.18)	(69.45)
	12,188.87	6,172.26
Less: Impairment loss allowance	(161.40)	(127.28)
	12,027.47	6,044.98
	2,13,209.17	1,52,423.49

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

Particulars	As at 31 March 2022	As at 31 March 2021
C Based on region		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	2,17,663.74	1,55,560.07
Total	2,17,663.74	1,55,560.07
Interest accrued	4,635.05	3,230.05
Advance from customers	(642.55)	(481.38)
Unamortised processing fees	(2,920.87)	(2,033.74)
	2,18,735.37	1,56,275.00
Less: Impairment loss allowance	(5,526.20)	(3,851.51)
	2,13,209.17	1,52,423.49
(II) Loans outside India		
Loans outside India	-	-
	2,13,209.17	1,52,423.49
6.1 Loans are secured wholly by mortgage of property. Loans including instalments and interest outstanding amounting to Rs. 36.53 Lakhs In respect of properties symbolically repossessed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. (SARFAESI, 2002)		
7 Investments		
At fair value through profit or loss		
Investment in mutual funds	-	17,499.12
Investment in FDs-Non Bank	-	-
	-	17,499.12
Investments		
Investment outside India	-	-
Investments in India	-	17,499.12
Gross investments	-	17,499.12
Fair value changes	-	1.62
Investment in FDs-Non Bank - Accrual	-	-
Net investments	-	17,500.74
Aggregate book value of quoted investments	-	17,500.74
Aggregate market value of quoted investments	-	17,500.74
Aggregate amount of fair value changes in investments	-	1.62
8 Other financial assets		
Unsecured, considered good		
Other receivables	0.04	9.28
Security deposits	485.88	392.57
Employee loans	32.29	39.06
Less : Impairment Loss on the above	(2.74)	-
Other Advances	177.34	-
Total	692.81	440.91
9 Current tax assets (net)		
Advance income tax (net of provisions)	412.56	338.79
Total	412.56	338.79

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

10.1 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and fixtures	Office equipments	Computers and accessories	Total
Cost					
Balance as at 31 March 2020	585.18	255.13	152.73	703.71	1,696.75
Additions	21.37	24.71	8.33	136.50	190.91
Disposals	-	-	-	-	-
Balance as at 31 March 2021	606.55	279.84	161.06	840.21	1,887.66
Additions	78.15	25.97	18.70	98.78	221.60
Adjustments	-	-	-	-	-
Disposals	(83.52)	(4.91)	(2.09)	(1.42)	(91.95)
Balance as at 31 March 2022	601.18	300.90	177.67	937.57	2,017.32
Accumulated depreciation					
Balance as at 31 March 2020	292.10	147.89	36.63	309.78	786.40
Additions	157.49	47.96	28.64	210.51	444.60
On disposals	-	-	-	-	-
Balance as at 31 March 2021	449.59	195.85	65.27	520.29	1,231.00
Additions	103.41	55.97	32.45	192.69	384.52
Adjustments	-	-	-	-	-
On disposals	(83.38)	(3.53)	(1.85)	(2.17)	(90.93)
Balance as at 31 March 2022	469.62	248.30	95.87	710.82	1,524.59
Net block					
As at 31 March 2021	156.97	83.99	95.79	319.92	656.66
As at 31 March 2022	131.56	52.60	81.80	226.75	492.73

10.2 Right of use assets ('ROUA')

Particulars	Office premises	Total
Gross block value		
Balance as at 31 March 2020	2,196.49	2,196.49
Additions	611.01	611.01
Deletions	(549.59)	(549.59)
Balance as at 31 March 2021	2,257.91	2,257.91
Additions	1,099.81	1,099.81
Deletions	(685.11)	(685.11)
Balance as at 31 March 2022	2,672.61	2,672.61
Accumulated depreciation		
Balance as at 31 March 2020	905.28	905.28
Additions	597.56	597.56
Deletions	(515.21)	(515.21)
Balance as at 31 March 2021	987.63	987.63
Additions	733.82	733.82
Deletions	(610.12)	(610.12)
Balance as at 31 March 2022	1,111.33	1,111.33
Net block value		
As at 30 March 2021	1,270.28	1,270.28
As at 31 March 2022	1,561.28	1,561.28
<i>Also refer note 32</i>		

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

10.3 Intangible fixed assets

Particulars	Computer Softwares	Total
Cost		
Balance as at 31 March 2020	834.59	834.59
Additions	102.04	102.04
Disposals	-	-
Balance as at 31 March 2021	936.63	936.63
Additions	106.49	106.49
Adjustments	-	-
Disposals	-	-
Balance as at 31 March 2022	1,043.12	1,043.12
Accumulated amortization		
Balance as at 31 March 2020	220.57	220.57
Additions	290.43	290.43
On disposals	-	-
Balance as at 31 March 2021	511.01	511.01
Additions	307.06	307.06
Adjustments	-	-
On disposals	-	-
Balance as at 31 March 2022	818.07	818.07
Net block		
As at 31 March 2021	425.62	425.62
As at 31 March 2022	225.06	225.06

10.4 Intangible fixed assets under development

Particulars	Software under development	Total
Balance as at 31 March 2020	34.43	34.43
Additions	91.59	91.59
Capitalized during the year	(82.46)	(82.46)
Balance as at 31 March 2021	43.56	43.56
Additions	57.36	57.36
Capitalized during the year	(55.16)	(55.16)
Balance as at 31 March 2022	45.76	45.76

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

10.5 Intangible fixed assets under development - Aging Schedule
As at 31 Mar 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	23.29	22.47	-	-	45.76
Projects Temporary Suspended	-	-	-	-	-
Total	23.29	22.47	-	-	45.76

As at 31 Mar 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	43.56	-	-	-	43.56
Projects Temporary Suspended	-	-	-	-	-
Total	43.56	-	-	-	43.56

10.6 Details of Benami Transactions

Where any proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, the company shall disclose the following:-

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Details of such property, (b) Amount thereof, (c) Details of Beneficiaries, (d) If property is in the books, then reference to the item in the Balance Sheet, (e) If property is not in the books, then the fact shall be stated with reasons, (f) Where there are proceedings against the company under this law as an abetter of the transaction or as the transferor then the details shall be provided, (g) Nature of proceedings, status of same and company's view on same.	NA	NA

Particulars	As at 31 March 2022	As at 31 March 2021
11 Other non-financial assets		
Capital and other advances	4.85	44.03
Prepaid expenses	315.09	107.74
Balance with government authorities	65.63	124.40
Total	385.57	276.17
12 Payables		
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	4.89	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	326.21	291.61
Total	331.10	291.61

Veritas Finance Private Limited**Notes to the financial statements for the year ended 31 March 2022**

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

12.1 Trade payables(Ageing Schedule)

The following schedules reflect aging of trade paybles with respect to the dste of transactions

As at 31 Mar 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	4.89	-	-	-	4.89
(ii) Others	326.21	-	-	-	326.21
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Sub Total- A	331.10	-	-	-	331.10
(v) Unbilled amount					
Sub Total - B	-	-	-	-	-
Grand Total - A + B	331.10	-	-	-	331.10

As at 31 Mar 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others	291.61	-	-	-	291.61
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Sub Total- A	291.61	-	-	-	291.61
(v) Unbilled amount					
Sub Total - B	-	-	-	-	-
Grand Total - A + B	291.61	-	-	-	291.61

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

Particulars	As at 31 March 2022	As at 31 March 2021
13 Debt securities (refer note 13.1 and 13.2)		
At amortised cost		
Secured debentures		
Nil (31 March 2021: 800) Series 5 redeemable non-convertible debentures of Rs. 10 lakhs each	-	8,000.00
Nil (31 March 2021: 350) Series 2 redeemable non-convertible debentures of Rs. 10 lakhs each	-	3,500.00
416 (31 March 2021: 416) Series 7 redeemable non-convertible debentures of Rs. 10 lakhs each	4,160.00	4,160.00
860 (31 March 2021: 860) Series 8 redeemable non-convertible debentures of Rs. 10 lakhs each	8,600.00	8,600.00
Nil (31 March 2021: 250) Series 9A redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,500.00
Nil (31 March 2021: 200) Series 9B redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,000.00
Nil (31 March 2021 : 500) Series 9C redeemable non-convertible debentures of Rs. 10 lakhs each	-	5,000.00
Nil (31 March 2021 : 500) Series 9D redeemable non-convertible debentures of Rs. 10 lakhs each	-	5,000.00
Nil (31 March 2021 : 500) Series 9E redeemable non-convertible debentures of Rs. 10 lakhs each	-	5,000.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	2,500.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	2,500.00
Nil (31 March 2021: 250) Series 11 redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,500.00
300 (31 March 2021: Nil) Series 12 redeemable non-convertible debentures of Rs. 10 lakhs each	3,000.00	-
250 (31 March 2021: Nil) Series 13 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	-
	23,260.00	51,260.00
Add: Interest accrued but not due	1,008.22	2,015.59
Less: Unamortised processing fees	(60.96)	(201.07)
Total	24,207.26	53,074.52
Debt securities in India	24,207.26	53,074.52
Debt securities outside India	-	-
Total	24,207.26	53,074.52

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

13.1 Details of terms of redemption / repayment and security provided in respect of debt securities:

Particulars	Tenure	Final Maturity date / call (or) put option date	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
Nil (31 March 2021: 350) Series 2 redeemable non-convertible debentures of Rs. 10 Lakhs each	48 months	31-May-21	-	3,500.00
Nil (31 March 2021: 800) Series 5 redeemable non-convertible debentures of Rs. 10 Lakhs each	54 months	28-Mar-22 ; 27-Sep-23	-	8,000.00
208 (31 March 2021: 208) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29-Jul-22	2,080.00	2,080.00
208 (31 March 2021: 208) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29-Jul-22	2,080.00	2,080.00
860 (31 March 2021: 860) Series 8 redeemable non-convertible debentures of Rs. 10 Lakhs each	72 months	22-Aug-22; 20-Aug-25	8,600.00	8,600.00
Nil (31 March 2021: 250) Series 9A redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	16-Jan-22	-	2,500.00
Nil (31 March 2021: 200) Series 9B redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	05-Feb-22	-	2,000.00
Nil (31 March 2021: 500) Series 9C redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	12-Feb-22	-	5,000.00
Nil (31 March 2021: 500) Series 9D redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	03-Mar-22	-	5,000.00
Nil (31 March 2021: 250) Series 9E redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	28-Mar-22	-	5,000.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	11-May-22	2,500.00	2,500.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	11-May-22	2,500.00	2,500.00
Nil (31 March 2021: 250) Series 11 redeemable non-convertible debentures of Rs. 10 lakhs each	36 months	27-Jan-22; 27-Jan-23; 27-Jan-24	-	2,500.00
300 (31 March 2021: Nil) Series 12 redeemable non-convertible debentures of Rs. 10 lakhs each	36 months	12-Jan-23;12 -July-24;	3,000.00	-
250 (31 March 2021: Nil) Series 13 redeemable non-convertible debentures of Rs. 10 lakhs each	30 months	23-Jun-23; 24-Sep-24	2,500.00	-
Total			23,260.00	51,260.00

As at balance sheet date, interest rates (per annum) range for the NCD

9.50 %to 12.96% 9.25 %to 12.96%

13.2 Details of debentures issued by the Company:

- a) NCDs are secured by specific charge on loans in favour of the Trustee for the benefit of the debenture holders. The Company has maintained a security cover ranging from 1 to 1.1 times of the outstanding loan amount at any point of time.
- b) Interest for the above NCDs are payable on Quarterly/Half yearly/Yearly basis.
- c) The principal repayment for all the NCDs is on the date of maturity or up on exercise of put / call option respectively.
- d) The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the company has been declared as wilful defaulter by Banks, Financial Institution or any other lender
- e) We confirm that the company has used the proceeds of NCDs for the purpose for which they have been borrowed.

Particulars	As at 31 March 2022	As at 31 March 2021
14 Borrowings (Other than debt securities) (refer note 14.1 and 14.2)		
At amortised cost		
Term loans (secured)		
From banks	83,252.85	51,774.31
From other parties	10,500.13	19,235.60
Loans repayable on demand (secured)		
From banks	1,956.38	1,500.00
	95,709.36	72,509.91
Add: Interest accrued but not due	182.95	173.31
Less: Unamortised processing fee	(534.35)	(343.21)
Total	95,357.96	72,340.01
Borrowings in India	95,357.96	72,340.01
Borrowings outside India	-	-
Total	95,357.96	72,340.01

Loans repayable on demand includes cash credit facilities which are secured by specific charge on loans.

The range of interest rates across the facilities is 8.15% p.a to 10.45% p.a. (31 March 2021: 10.45% p.a to 12.25% p.a.)

The Company has not defaulted in repayment of loans.

Veritas Finance Private Limited

Notes to the financial statements for the year ended 31 March 2022

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

14.1 Details of borrowings:

a) Terms of repayment of borrowings from banks:

(i) Terms of repayment of term loans from banks:

Bank Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
AU Small Finance Bank Limited	36 months	03-Jul-19	Monthly	4,305.56	3,608.33
Axis Bank Limited	60 months	11-Sep-21	Monthly	6,766.62	328.00
Bank of Baroda	60 months	10-Jan-22	Monthly	3,675.00	-
Canara Bank	45 months	15-Feb-22	Quarterly	4,666.67	-
Capital Small Finance Bank Limited	39/60 months	01-Jan-21	Monthly	2,121.14	1,163.17
CSB Bank Limited	39/60 months	17-Jun-20	Monthly	1,194.23	1,722.22
DCB Bank Limited	36 months	31-Jan-19	Monthly	-	272.73
Equitas Small Finance Bank Limited	48 months	05-Jan-21	Quarterly	6,483.75	8,324.72
The Federal Bank Limited	36 months	25-Mar-22	Monthly	2,430.51	250.00
HDFC Bank Limited	60 months	30-Oct-20	Monthly	1,050.00	1,544.44
IDBI Bank Limited	60 months	01-Oct-22	Monthly	2,500.00	-
IDFC First Bank Limited	36/60 months	29-Feb-20	Monthly	11,602.19	13,475.00
Indian Bank	60 months	15-Jul-21	Monthly	4,207.72	5,000.00
IndusInd Bank Limited	48 months	31-Oct-20	Monthly	3,843.75	2,375.00
RBL Bank Limited	36/48 months	31-Dec-19	Monthly	6,798.59	2,338.24
Standard Chartered Bank	12 months	31-Aug-22	Yearly	3,000.00	-
State Bank of India	36/45 months	30-Jun-20	Quarterly	14,799.04	7,599.74
SBM Bank (India) Limited	48 months	30-Jun-21	Quarterly	1,500.00	2,000.00
The Karur Vysya Bank Limited	36 months	31-Dec-21	Monthly	1,777.78	333.33
Ujjivan Small Finance Bank Limited	36 months	29-Feb-20	Monthly	530.30	1,439.39
Total term loans from banks				83,252.85	51,774.31
(ii) Terms of repayment of cash credit from banks:					
State Bank of India	NA	NA	On demand	1,956.38	-
(iii) Terms of repayment of Working Capital demand loan from banks:					
DCB Bank Limited	34 days	03-May-21	Bullet	-	1,500.00
				85,209.23	53,274.31

As at balance sheet date, interest rates (per annum) range for the term loans from banks

8.06% to 11.25%

8.02% to 12.25%

14.1 Details of borrowings (continued)

b) Terms of repayment of term loans from others:

Lender Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31st March 2022	Amount outstanding as at 31 March 2021
(i) From Non-Banking Finance Companies / DFI					
AK Capital Finance Private Limited	24/36 months	30-Apr-20	Quarterly/ Monthly	1,985.29	4,117.65
APAC Financial Services Limited	11 months	03-Jun-21	Monthly	-	1,000.00
Bajaj Finance Limited	36 months	30-Apr-21	Monthly	1,678.79	2,466.67
Cholamandalam Investment and Finance Limited	36 months	01-Aug-19	Monthly	472.06	1,167.82
Fedbank Financial Services Limited	36 months	01-Aug-19	Monthly	-	590.91
Hero FinCorp Limited	30 months	03-May-21	Monthly	2,323.96	3,731.23
Hinduja Leyland Finance Limited	36 months	26-Apr-19	Monthly	-	1,588.95
NABKISAN Finance Limited	36 months	01-Sep-19	Quarterly	2,090.18	708.27
Sundaram Finance Limited	36 months	22-Dec-16	Monthly	-	570.10
TATA Capital Financial Services Limited	36/48 months	05-Jun-19	Monthly	1,949.85	2,958.00
Small Industries Development Bank of India	10 months	10-Aug-20	Monthly	-	336.00
Total term loans from others				10,500.13	19,235.60

As at balance sheet date, interest rates (per annum) range for the term loans from others

9.5% to 12.40% 6.85% to 12.50%

14.2 Details of term loans availed by the Company:

- All the above loans are secured by specific charge on loans. The Company has maintained security cover ranging from 1 to 1.33 times of the outstanding loan amount at any point of time.
- Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly/quarterly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2022 and 31 March 2021.
- The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the company has been not declared as wilful defaulter by Banks, Financial Institution or any other lender.
- We confirm that the company has used the borrowings from Banks and Financial Institutions for the purpose for which it has been borrowed.
- The company has availed borrowings from banks or financial institutions on the basis of security of current assets, and we confirm that quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts.

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

Particulars	As at 31 March 2022	As at 31 March 2021
15 Other financial liabilities		
Lease liabilities	1,734.19	1,384.44
Other liabilities	134.47	102.03
	1,868.66	1,486.47
16 Provisions		
Provision for employee benefits		
Provision for gratuity	251.99	230.17
Provision for compensated absences	164.17	159.95
	416.16	390.12
17 Other non-financial liabilities		
Statutory dues payable	204.43	178.65
Employee benefits payable	1,056.84	922.99
	1,261.27	1,101.64
18 Equity share capital		
Authorised		
64,980,000 (31 March 2021 : 48,000,000) equity shares of Rs. 10 each	6,498.00	4,800.00
44,136,448 (31 March 2021 : 51,000,000) compulsory convertible preference shares ("CCPS") of Rs. 10 each	4,413.64	5,100.00
13,922,368 (31 March 2021: 14,000,000) CCPS of Rs. 15 each	2,088.36	2,100.00
	13,000.00	12,000.00
Issued, subscribed and paid-up		
Fully paid-up		
47,230,975 (31 March 2021: 33,829,008) equity shares of Rs. 10 each	4,723.10	3,382.90
23,655,716 (31 March 2021: 23,655,716) 0.01% CCPS of Rs. 10 each	2,365.57	2,365.57
20,480,732 (31 March 2021: 20,480,732) 0.0001% CCPS of Rs. 10 each	2,048.07	2,048.07
13,921,801 (31 March 2021: 13,921,801) 0.0001% CCPS of Rs. 15 each	2,088.27	2,088.27
Issued, subscribed, called and paid-up		
Partly paid-up		
13,298,744 (31 March 2021: 13,298,744) equity shares of Rs. 10 each, Re. 1 paid up	132.99	132.99
	11,358.00	10,017.80

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each*				
At the commencement of the year	4,71,27,752	3,515.89	4,69,87,752	3,501.89
Add: Issued during the year	1,34,01,967	1,340.20	1,40,000	14.00
At the end of the year	6,05,29,719	4,856.09	4,71,27,752	3,515.89
* includes 13,298,744 partly paid up equity shares of Rs. 10 each (Re. 1 paid up)				
0.01% CCPS of Rs. 10 each				
At the commencement of the year	2,36,55,716	2,365.57	2,36,55,716	2,365.57
Add: Issued during the year	-	-	-	-
At the end of the year	2,36,55,716	2,365.57	2,36,55,716	2,365.57
0.0001% CCPS of Rs. 10 each				
At the commencement of the year	2,04,80,732	2,048.07	2,04,80,732	2,048.07
Add: Issued during the year	-	-	-	-
At the end of the year	2,04,80,732	2,048.07	2,04,80,732	2,048.07
0.0001% CCPS of Rs. 15 each				
At the commencement of the year	1,39,21,801	2,088.27	1,39,21,801	2,088.27
Add: Issued during the year	-	-	-	-
At the end of the year	1,39,21,801	2,088.27	1,39,21,801	2,088.27

18.2 Details of Promotor Holdings**Details as at 31 March 2022**

Name of the Promotor	No of Shares as at 1 April 2021	Movement during the year	No of Shares as at 31 March 2022	% of Total Shares	% of Change during the period
Equity Shares					
Fully paid up shares					
D. Arulmany	33,50,000	-	33,50,000	2.82%	-
Vidya Arulmany	5,00,000	-	5,00,000	0.42%	-
Partly paid up shares					
D. Arulmany	1,32,98,744	-	1,32,98,744	11.21%	-

Details as at 31 March 2021

Name of the Promotor	No of Shares as at 1 April 2020	Movement during the year	No of Shares as at 31 March 2021	% of Total Shares	% of Change during the period
Equity Shares					
Fully paid up shares					
D. Arulmany	33,50,000	-	33,50,000	3.18%	-
Vidya Arulmany	5,00,000	-	5,00,000	0.48%	-
Partly paid up shares					
D. Arulmany	1,32,98,744	-	1,32,98,744	12.64%	-

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

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs. 10*				
D. Arulmany	1,66,48,744	27.51%	1,66,48,744	35.33%
Norwest Venture Partners X Mauritius	1,62,96,868	26.92%	1,06,90,807	22.68%
Sheela Pai cole	36,64,247	6.05%	40,64,247	8.62%
Sunaina Pai Ocalan	35,61,518	5.88%	39,61,518	8.41%
Kedaara Capital Fund II LLP	92,03,102	15.20%	35,97,041	7.63%
0.01% CCPS of Rs. 10 each				
CDC Group Plc. **	1,39,78,396	59.09%	1,39,78,396	59.09%
Lok Capital Growth Fund	86,02,051	36.36%	86,02,051	36.36%
0.0001% CCPS of Rs. 10 each				
Lok Capital Growth Fund	53,56,803	26.16%	53,56,803	26.16%
CDC Group Plc. **	22,29,081	10.88%	22,29,081	10.88%
Kedaara Capital Fund II LLP	1,04,18,028	50.87%	1,04,18,028	50.87%
Norwest Ventures X Mauritius	24,76,820	12.09%	24,76,820	12.09%
0.0001% CCPS of Rs. 15 each				
CDC Group Plc.**	45,54,206	32.71%	45,54,206	32.71%
Norwest Ventures X Mauritius	93,67,595	67.29%	93,67,595	67.29%

* includes 13,298,744 partly paid up equity shares of Rs. 10 each (Re. 1 paid up)

** CDC Group Plc, renamed as British International Investment with effect from 4 April 2022

18.4 Rights, preferences and restrictions attached to each class of shares
A. Equity shares

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

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

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

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

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

a. The date on which a new round of investment is made by a third party investor in the Company of not less than Rs. 3,000 lakhs;

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

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

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

During the financial year 2017-18, all the Series A, 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 25 July 2017.

ii) Series B : 0.01% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 3 May 2036.

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

During the financial year 2017-18, 2,150,539 out of 25,806,255, Series B 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 13 July 2017.

iii) Series C : 0.0001% Compulsory Convertible Preference Shares

Series C 0.0001% CCPS having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

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

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

c. The final conversion date is 10 May 2037.

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

iv) Series D : 0.0001% Compulsory Convertible Preference Shares

Series D 0.0001% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 15 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

- a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or
- b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement; and
- c. The final conversion date is 19 September 2038.

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

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

v) Series E : 0.0001% Compulsory Convertible Preference Shares

Series E 0.0001% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

- a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or
- b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and
- c. The final conversion date is 26 February 2039.

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

18.5 Employee Stock Option Scheme (also refer note 37)

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

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

On 6 December 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS C), 2018. Under the plan, the Company is authorized to issue 2,000,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.

On February 11, 2021, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme, 2021 (Veritas ESOS, 2021). Under the plan, the Company is authorized to issue 1,000,000 equity shares of Rs. 10/- each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.

18.6 Preferential offer to Promoter

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

- Agreement dated 30 November 2015, the Promoter shall have the option to subscribe to 6,000,000 equity shares of the Company at a pre-determined price of Rs. 25 per share.
- Agreement dated 1 June 2017, the Promoter shall have the option to subscribe to 400,000 equity shares of the Company at a pre-determined price of Rs. 75 per share.
- Agreement dated 15 October 2018, the Promoter shall have the option to subscribe to 4,575,000 equity shares of the Company at a pre-determined price of Rs. 135.04 per share.

During the year 2018-19, the Company has issued 10,975,000 partly paid equity shares of Rs. 10 each at a premium of Rs. 62.69 per share each paid up to the extent of Re. 1 per share to the Promoter through rights issue in lieu of the accumulated options. Accordingly, the options issued to the Promoter has been extinguished. The unpaid amount of Rs. 71.69 per share including premium has not been called as at 31 March 2022.

During the year 2019-20, the Company has issued 2,323,744 partly paid equity shares of Rs. 10 each at a premium of Rs. 205.17 per share each paid up to the extent of Re. 1 per share to the Promoter through a preferential offer. The unpaid amount of Rs. 214.17 per share including premium has not been called as at 31 March 2022.

18.7 Share warrants to certain employees

The Company vide its Investment Agreement dated 1 June 2017 read with amended agreement dated 12 October 2018 has provided certain preferential rights to certain employees of the Company, to subscribe to an aggregate of 266,667 equity shares of the Company at a pre-determined price of Rs. 75 per share, not later than 30 November 2022.

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

Particulars	As at 31 March 2022	As at 31 March 2021
19 Other equity		
Statutory reserve	3,946.34	2,438.26
Share options outstanding account	1,165.80	786.04
Securities premium	1,09,707.24	67,009.17
Retained earnings	14,627.44	8,550.53
	1,29,446.82	78,784.00
i. Statutory reserve		
Opening balance	2,438.26	1,197.86
Add: Amount transferred from surplus in the statement of profit and loss	1,508.08	1,240.40
Closing balance	3,946.34	2,438.26
ii. Share options outstanding account		
Opening balance	786.04	300.40
Add: Share based payment expense	393.31	489.01
Less : Transfer to securities premium on exercise of options	(13.55)	(3.37)
Closing balance	1,165.80	786.04
iii. Securities premium		
Opening balance	67,009.17	66,998.30
Add: Premium on shares issued during the period	42,710.68	7.50
Add: Transfer from share options outstanding account on exercise of options	13.55	3.37
Less: Utilised during the year for share issue expenses	(26.16)	-
Closing balance	1,09,707.24	67,009.17
iv. Retained earnings		
Opening balance	8,550.53	3,678.50
Add: Net Profit for the year	7,540.39	6,202.02
Less : Appropriations		
- Transfer to statutory reserve	(1,508.08)	(1,240.40)
Add: Transfer from other comprehensive income	44.60	(89.59)
Closing balance	14,627.44	8,550.53
v. Other comprehensive income		
Opening balance	-	-
Add: Remeasurements of defined benefit asset / (liability)	44.60	(89.59)
Less: Transferred to retained earnings	(44.60)	89.59
Closing balance	-	-
Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.		

Veritas Finance Private Limited
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(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
20 Interest income		
(On financial assets measured at amortised cost)		
Interest on loans	40,930.01	32,771.41
Interest on deposits	1,657.47	2,106.13
Interest income on security deposit	24.06	24.63
	42,611.54	34,902.17
21 Fee income		
Legal, documentation and inspection fees	244.69	115.94
Others	713.33	376.60
	958.02	492.54
22 Net gain / (loss) on fair value changes		
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
-Mutual fund investments - Realised	640.48	613.45
-Mutual fund investments - Unrealised	(1.62)	1.62
	638.86	615.07
23 Other income		
Rent waiver	-	34.82
Profit on:		
- Sale of PPE	6.20	-
- Disposal of leased assets	9.90	4.75
Interest on income tax refund	-	-
Others	140.04	117.94
	156.14	157.51
24 Finance costs		
At financial liabilities measured at amortised cost		
Interest on borrowings		
- term loans from banks	5,258.90	4,368.30
- cash credits and overdraft from banks	1.90	0.18
- term loans from others	1,395.77	1,774.18
Interest on debt securities	5,613.57	5,534.14
Interest expenses on lease liabilities	190.01	151.69
Other borrowing costs	433.66	336.10
	12,893.81	12,164.59

Veritas Finance Private Limited
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(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
25 Impairment on financial instruments		
At amortised cost		
Impairment loss allowance on loans	1,674.69	1,716.33
Loans written off	4,258.13	2,328.26
Impairment loss allowance on loans - Others	2.74	-
	5,935.56	4,044.59
26 Employee benefits expenses		
Salaries and wages	9,566.08	7,161.76
Contribution to provident and other funds	652.33	512.36
Stock based payment to employees	393.31	489.02
Expenses related to post-employment defined benefit plans (refer note 30)	91.70	34.07
Expenses related to compensated absences	26.03	91.99
Staff welfare expenses	254.86	132.08
	10,984.31	8,421.28
27 Depreciation and amortization		
Depreciation of property, plant and equipment	384.52	444.60
Depreciation of right of use assets	733.82	597.56
Amortisation of intangible assets	307.06	290.43
	1,425.40	1,332.59
28 Other expenses		
Rent and energy costs	83.53	65.82
Rates and taxes	247.11	162.23
Repairs and maintenance	190.52	153.01
Communication costs	257.64	182.81
Printing and stationery	85.43	54.99
Advertisement and business promotion	23.95	12.74
Directors fees, allowances and expenses	59.25	58.25
Auditors' fees and expenses (refer note 28.1)	41.65	43.08
Legal and professional charges	564.53	290.25
Insurance	8.62	9.56
Corporate social responsibility expenses (refer note 28.2)	126.60	52.56
Travel and conveyance expenses	723.60	582.38
Information technology expenses	503.32	310.75
Bank charges	71.35	17.87
Other expenses	2.04	3.80
	2,989.14	2,000.10

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
28.1 Payments to auditors		
Statutory audit	33.00	29.00
Other services	7.50	13.00
Reimbursement of expenses	1.15	1.08
	41.65	43.08
28.2 Details of expenditure on corporate social responsibility (CSR)		
(a) Gross amount required to be spent by the Company during the year	126.60	52.25
(b) Amount approved by the Board to be spent during the year	126.60	52.25
(c) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset		-
(ii) On purposes other than (i) above	89.10	52.56
(d) Contribution to related parties	-	-
	89.10	52.56
(e) Excess amount spent		
Amount required to be spent during the year	(126.60)	(52.25)
Amount spent during the year	89.10	52.56
Excess amount spent / (Short fall)	(37.50)	0.31
Total of Previous years shortfall - Nil		
Reason for Current Year Shortfall - The Company has contributed on 21 April 2022 an amount of Rs.37.50 lakhs to PM CARES FUND, as it could not identify the specific project before 31 March 2022.		
(f) Nature of CSR Activity :		
- Promoting Health care including preventive health care and sanitation		
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.		
(g) Details of Related Party Transactions - In relation to CSR Expenditure as per Ind AS	-	-
(h) Whether the provision is made with respect to a liability incurred by entering into contractual obligation, the movements in the provision during the year	-	-
29 Income tax		
The component of income tax expenses:	3,153.00	2,553.00
Current tax	-	-
Changes in estimates related to prior years	(557.05)	(550.88)
Deferred tax	2,595.95	2,002.12

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
29.1 Reconciliation of total tax expense		
Accounting profit before tax	10,136.34	8,204.14
Applicable tax rate	25.17%	25.17%
Computed tax expense	2,551.11	2,064.82
Tax effect of :		
Permanent differences	44.84	(62.70)
Change in tax rate (refer note below)	-	-
Income tax expense recognised in statement of profit and loss excluding change in estimates relating to previous years	2,595.95	2,002.12
Effective tax rate	25.61%	24.40%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2020.

1) Details of any search or survey, if any, initiated against the company.

2) Details of transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

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29.2 Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expenses

Components of deferred tax asset (liability)	As at 31 March 2021	Statement of profit and loss	Other comprehensive income	As at 31 March 2022
Deferred tax asset/ (liability) in relation to -				
Fixed assets	115.93	62.55	-	178.48
Impairment on financial assets	969.35	243.16	-	1,212.51
Provision for employee benefits	185.02	23.29	(15.00)	193.31
Unamortised processing fee income (net)	375.22	210.17	-	585.39
Others	39.19	17.88	-	57.07
	1,684.71	557.05	(15.00)	2,226.76

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expenses

Components of deferred tax asset (liability)	As at 31 March 2020	Statement of profit and loss	Other comprehensive income	As at 31 March 2021
Deferred tax asset/ (liability) in relation to -				
Fixed assets	55.28	60.65	-	115.93
Impairment on financial assets	537.38	431.97	-	969.35
Provision for employee benefits	86.88	68.01	30.13	185.02
Unamortised processing fee income (net)	388.06	(12.84)	-	375.22
Others	36.10	3.09	-	39.19
	1,103.70	550.88	30.13	1,684.71

30 Employee benefits

30.1 Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as expense towards contribution to provident fund for the year aggregated to Rs. 549.79 lakhs (31 March 2021 - Rs. 423.24 lakhs).

30.2 Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of continued service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age / resignation date."

The defined benefit plans expose the Company to risks such as Actuarial risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefit will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Details of Actuarial valuation of gratuity pursuant to Ind AS 19:

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

	As at 31 March 2022	As at 31 March 2021
A. Change in present value defined benefit of obligations		
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at the beginning of the year	230.17	85.46
Current service cost	80.35	29.80
Interest cost	11.34	4.27
Benefits paid	(10.27)	(9.09)
Actuarial loss / (gain) recognised in other comprehensive income	(59.60)	119.73
Present value of defined benefit obligation at the end of the year	251.99	230.17
B. Change in fair value of plan assets during the year		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Employer contributions	10.27	9.09
Benefits paid	(10.27)	(9.09)
Actuarial loss / (gain) recognised in other comprehensive income	-	-
Fair value of plan assets at the end of the year	-	-
C. Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-
D. Reconciliation of present value of the defined benefit obligation and the fair value of the plan assets		
Present value of defined benefit obligations at the end of the year	251.99	230.17
Fair value of plan assets	-	-
Net liability recognised in balance sheet	251.99	230.17
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	86.49	38.04
Non-current	165.50	192.13
	251.99	230.17

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

	As at 31 March 2022	As at 31 March 2021
E. Expense recognised in statement of profit and loss		
Current service cost	80.35	29.80
Interest cost	11.34	4.27
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss	91.69	34.07
F. Remeasurements recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation	(59.60)	119.72
Return on plan assets excluding interest income	-	-
	(59.60)	119.72
G. Assumptions at balance sheet date		
Discount rate (refer note (b))	4.87%	5.04%
Interest rate (rate of return on assets)	NA	NA
Future salary increase (refer note (a))	11.73%	11.73%
Mortality table	Indian Assured Lives (2012 - 14)	Indian Assured Lives (2012 - 14)
Attrition rate (refer note (a))	45.40%	30.20%

Notes:

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

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

c) Experience adjustments:

	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation	251.99	230.17	85.46	24.22	6.21
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit)	(251.99)	(230.17)	(85.46)	(24.22)	(6.21)
Experience adjustments on plan liabilities - (loss) / gain	59.60	(119.72)	(41.61)	(4.23)	3.56
Experience adjustments on plan assets - loss / (gain)	-	-	-	-	-

d) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at 31 March 2022	As at 31 March 2021
Discount rate		
-0.5% increase	(2.86)	(4.82)
-0.5% decrease	2.94	5.01
Future salary growth		
-0.5% increase	3.28	5.15
-0.5% decrease	(3.21)	(5.02)
Attrition rate		
-0.5% increase	(1.76)	(2.89)
-0.5% decrease	1.80	2.96

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

31 Segment information

An operating segment is a Component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resource to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated reporting segments. The Company is primarily engaged in providing small business loans, loans for house construction / extensions and unsecured working capital loans etc. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans, loans for house construction / extensions and unsecured working capital loans etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

32 Disclosures under Ind AS 116**A) Implementation of Ind AS 116**

On 24th July 2020, the MCA issued a notification as the Companies (Ind AS) Amendment Rules, 2020, which has come into force as on the date of publication. These amendments provide relief for lessees in the accounting for rent concessions granted as direct consequences of COVID-19. During the previous year 31 March 2021, the Company have received the rental concession for 103 branches during the period April 2020 to July 2020 amounting to Rs.34.82 lakhs (disclosed under "other income"). Out of which the full waiver of rent amounts to Rs.21.96 lakhs for 26 branches and partial rental waiver amounts to Rs.12.86 lakhs for 77 branches.

(i) Measurement of Lease Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability recognised	1,734.19	1,384.44

The Company has considered weighted average rate of borrowings for discounting.

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Notes to the financial statements for the year ended 31 March 2022

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

- B)** The Company has entered into leasing arrangements for premises. ROU has been included after the line 'Property, Plant and Equipment' and Lease liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

(i) Amounts recognised in the Balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
a) Right-of-use assets (net)	1,561.28	1,270.28
b) Lease liabilities		
Current	588.98	475.12
Non-current	1,145.21	909.32
Total Lease liabilities	1,734.19	1,384.44
c) Additions to the Right-of-use assets	1,099.81	611.01

(ii) Amounts recognised in the Statement of Profit and Loss

a) Depreciation charge for right-of-use assets	733.82	597.56
b) Interest expense (included in finance cost)	190.01	151.69
c) Expense relating to short-term leases	-	-

(iii) Cash Flows

The total cash outflow of leases	807.61	713.01
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33 Contingent liabilities

Income tax related matters	54.74	54.74
Bank Guarantee	25.00	25.00

33A Commitments

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	345.20	44.13
Undrawn committed sanctions to borrowers	1,589.16	1,013.95

34 Earnings Per Share (EPS)

Profit for the year	7,540.39	6,202.02
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	4,16,22,599	3,50,51,102
Effect of dilutive potential equity shares:		
Weighted average number of equity shares outstanding during the year for calculation of basic EPS (including partly paid shares)	5,35,91,469	3,50,51,102
Compulsory convertible preference shares	5,80,58,249	5,80,58,249
Employee stock options and share warrants	26,27,406	23,27,846
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	11,43,37,124	9,54,37,197
Face value per share	10.00	10.00
Earnings per share (in Rs.)		
- Basic	18.12	17.69
- Diluted	6.59	6.50

35 Related party transactions**35.1 Names of related parties and nature of relationship**

Key Managerial Personnel	Mr. Abhijit Sen, Independent Director
	Mr. M Sivaraman, Independent Director
	Mr. N Mohan Raj, Independent Director
	Mr. D. Arulmany, Managing Director and Chief Executive Officer
	Mr. J. Prakash Rayen, Chief Operating Officer
	Mr. V.G. Suchindran, Chief Financial Officer
	Mr. K.P. Venkatesh, Chief Business Officer
	Ms. V. Aruna, Company Secretary and Compliance Officer (With effect from 4 February 2022)
	Ms. N.A Madhavi, Company Secretary and Compliance Officer (Upto 3 February 2022)

35.2 Transactions during the year

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Remuneration to Key Managerial Personnel *		
Mr. Abhijit Sen	19.75	19.15
Mr. M Sivaraman	19.25	18.90
Mr. N Mohan Raj	20.25	20.20
Mr. D. Arulmany	132.05	110.01
Mr. J. Prakash Rayen	94.99	80.49
Mr. V.G. Suchindran	102.22	85.14
Mr. K.P. Venkatesh	100.46	85.08
Ms. N. A. Madhavi (Upto 3 February 2022)	12.00	9.65
Ms. V. Aruna (With effect from 4 February 2022)	1.58	-
Partly paid up equity shares issued during the year		
Mr. D. Arulmany #	-	-
Partly paid up equity shares issued during the year (in number of shares)		
Mr. D. Arulmany #	-	-
Employee stock options exercised during the year (in number of options)		
Mr. J. Prakash Rayen	-	-
Mr. V.G. Suchindran	-	-
Mr. K.P. Venkatesh	-	-
Ms. N. A. Madhavi (Upto 3 February 2022)	2,000	-
Ms. V. Aruna (With effect from 4 February 2022)	-	-
Where loans and advances in the nature of loans are granted to the Promoters, Directors, KMPs ,and Related parties either severally or jointly with any other person, that are,		
a. Repayable on demand or	-	-
b. Without specifying any terms or period of repayment		

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Notes to the financial statements for the year ended 31 March 2022

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

Particulars / Type of Borrower	Amount of Loan or advance in the nature of loan outstanding		Percentage to the Loan or advance in the nature of loans	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Promotor	-	-	-	-
Director	-	-	-	-
KMPs	-	-	-	-
Related Parties	-	-	-	-

Also refer note 18

35.3 Balances as at the year-end:

Particulars	As at 31 March 2022	As at 31 March 2021
Remuneration payable to Key Managerial Personnel *		
Mr. Abhijit Sen	15.00	15.00
Mr. M Sivaraman	15.00	15.00
Mr. N Mohan Raj	15.00	15.00
Mr. D. Arulmany	30.00	25.00
Mr. J. Prakash Rayen	25.00	20.00
Mr. V.G. Suchindran	25.00	20.00
Mr. K.P. Venkatesh	25.00	20.00
Ms. N.A. Madhavi (Upto 3 February 2022)	-	1.50
Ms. V Aruna (With effect from 4 February 2022)	0.50	-
Employee stock option (in number of options)		
Mr. J. Prakash Rayen	5,25,000	5,25,000
Mr. V.G. Suchindran	-	-
Mr. K.P. Venkatesh	5,00,000	5,00,000
Ms. N.A. Madhavi (Upto 3 February 2022)	-	-
Ms. V Aruna (With effect from 4 February 2022)	-	-
Share warrants (in numbers)		
Mr. J. Prakash Rayen	1,33,334	1,33,334
Mr. V.G. Suchindran	1,33,333	1,33,333

Note:

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

* Remuneration includes performance linked incentive and sitting fees. The remuneration is entirely short-term employee benefits

Refer note 18.5

Micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED Act, 2006'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

Particulars	As at 31 March 2022	As at 31 March 2021
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

37 Employee Stock Option Scheme (ESOS)

The Company has issued stock options on its own shares to specified employees of the Company. The Company uses fair value to account for the compensation cost of stock options to employees in the financial statements. The following are the vesting pattern of ESOS:

Particulars	Veritas ESOS A, 2016	Veritas ESOS B, 2018	Veritas ESOS C, 2018	Veritas ESOS 2021
At the end of one year of service from grant date	30%	20%	20%	20%
At the end of two years	35%	25%	25%	25%
At the end of three years	35%	25%	25%	25%
At the end of four years	-	30%	30%	30%

37.1 Options outstanding under Veritas ESOS 2018 and ESOS 2016

As at 31 March 2022, the outstanding options under the Veritas ESOS, 2018 and Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in Rs.	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	5,25,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	1,32,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	14,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	7,94,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	4,00,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	4,80,000	125.00	1 to 4 years	Time and performance based vesting
ESOS 2016 A	15-Jun-20	50,000	160.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B	15-Jun-20	67,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	8,87,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2021	05-Aug-21	1,70,000	225.00	1 to 4 years	Time and performance based vesting
		35,19,500			

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Notes to the financial statements for the year ended 31 March 2022

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

As at 31 March 2021, the outstanding options under the Veritas ESOS, 2018 and Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in Rs.	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	5,25,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	1,32,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	56,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	8,39,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	4,00,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	5,70,000	125.00	1 to 4 years	Time and performance based vesting
ESOS 2016 A	15-Jun-20	50,000	160.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B	15-Jun-20	1,10,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	9,15,000	160.00	1 to 4 years	Time and performance based vesting
		35,97,500			

37.2 Reconciliation of outstanding options

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	92.79	35,97,500	63.70	28,02,500
Forfeited during the year	143.23	(2,45,500)	94.64	(1,40,000)
Exercised during the year	69.81	(67,500)	15.36	(1,40,000)
Granted during the year	225.00	2,35,000	160.00	10,75,000
Outstanding as at end of year	87.68	35,19,500	92.79	35,97,500
Vested and exercisable as at end of year	61.36	21,62,500	42.87	15,94,500

The weighted average share price on the date of exercise of options during the year ended 31 March 2022 is Rs. 340.00 (31 March 2021: Rs.230.31)

37.3 Expense recognised in the statement of profit and loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Total expense (stock based compensation under employee benefit expenses)	393.31	489.02

37.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The various inputs considered in computation of fair value are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Share price on Grant date (In Rs.)	9.51 - 251.28	9.51 - 218.19
Exercise price (In Rs.)	10.00 - 225.00	10.00 - 160.00
Fair value of options at grant date	2.48 - 111.57	2.48 - 108.64
Expected volatility	22.00% - 41.60%	22.00% - 41.60%
Option term	2.00 - 5.63 years	2.00 - 5.63 years
Expected dividends	Nil	Nil
Risk free interest rate	4.53% - 7.79%	4.53% - 7.79%
Weighted average remaining contractual life (in years)	3.45	4.31

38 Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital Management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i Net Debt to Equity Ratio

Consistent with the others in industry, the Company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the Company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The Company has complied with this covenant through out the year.

Particulars	As at 31 March 2022	As at 31 March 2021
Equity	1,40,804.82	88,801.80
Debt	1,19,565.22	1,25,414.53
Cash and Cash equivalents	33,479.91	14,810.97
Net Debt	86,091.31	1,10,603.56
Net Debt to Equity Ratio	0.61	1.25

ii Capital Adequacy ratio

The Company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk. Also refer Note 45.1

Particulars	As at 31 March 2022	As at 31 March 2021
Tier I Capital	1,37,992.16	86,540.17
Tier II Capital	854.27	365.73
Total Capital	1,38,846.43	86,905.90
Risk Weighted Assets	2,15,512.73	1,71,590.00
CRAR%	64.43%	50.65%
CRAR - Tier I Capital%	64.03%	50.43%
CRAR - Tier II Capital%	0.40%	0.22%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

39 Fair Value Measurement**a. Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	33,473.91	-	33,473.91
Bank balances other than cash and cash equivalents	5	11,521.62	-	11,521.62
Loans	6	2,13,209.17	-	2,13,209.17
Investments	7	-	-	-
Other financial assets	8	692.81	-	692.81
Total		2,58,897.51	-	2,58,897.51
Liabilities:				
Trade payables	12	331.10	-	331.10
Debt securities	13	24,207.26	-	24,207.26
Borrowings (Other than debt securities)	14	95,357.96	-	95,357.96
Other financial liabilities	15	1,868.66	-	1,868.66
Total		1,21,764.98	-	1,21,764.98

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	14,810.97	-	14,810.97
Bank balances other than cash and cash equivalents	5	27,614.27	-	27,614.27
Loans	6	1,52,423.49	-	1,52,423.49
Investments	7	-	17,500.74	17,500.74
Other financial assets	8	440.91	-	440.91
Total		1,95,289.64	17,500.74	2,12,790.38
Liabilities:				
Trade payables	12	291.61	-	291.61
Debt securities	13	53,074.52	-	53,074.52
Borrowings (Other than debt securities)	14	72,340.01	-	72,340.01
Other financial liabilities	15	1,486.47	-	1,486.47
Total		1,27,192.61	-	1,27,192.61

39 Fair Value Measurement

b. This section explain the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standards.

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

			Fair value			
Particulars	Note	Carrying amount	Level 1	Level 2	Level 3	Total
Assets:						
Cash and cash equivalents	4	33,473.91				-
Bank balances other than cash and cash equivalents	5	11,521.62				-
Loans	6	2,13,209.17				-
Investments	7	-	-			-
Other financial assets	8	692.81				-
Total		2,58,897.51	-	-	-	-
Liabilities:						
Trade payables	12	331.10				-
Debt securities	13	24,207.26				-
Borrowings (Other than debt securities)	14	95,357.96				-
Other financial liabilities	15	1,868.66				-
Total		1,21,764.98	-	-	-	-

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Note	Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Assets:						
Cash and cash equivalents	4	14,810.97				-
Bank balances other than cash and cash equivalents	5	27,614.27				-
Loans	6	1,52,423.49				-
Investments	7	17,500.74	17,500.74			17,500.74
Other financial assets	8	440.91				-
Total		2,12,790.38	17,500.74	-	-	17,500.74
Liabilities:						
Trade payables	12	291.61				-
Debt securities	13	53,074.52				-
Borrowings (Other than debt securities)	14	72,340.01				-
Other financial liabilities	15	1,486.47				-
Total		1,27,192.61	-	-	-	-

40 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk
Credit risk and
Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company's board of directors and risk committee have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management council along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management council oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company's borrowings are carried at amortised cost. The borrowings with fixed rate are therefore not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Fixed rate instruments		
Financial assets	2,47,188.67	1,83,174.34
Financial liabilities	50,792.92	69,099.67
	2,97,981.59	2,52,274.01
Variable rate instruments		
Financial assets	-	-
Financial liabilities	68,772.30	54,670.24
	68,772.30	54,670.24

Cash flow sensitivity analysis for variable-rate instruments:

Particulars	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2022				
Variable-rate instruments	737.06	737.06	551.55	551.55
Cash flow sensitivity (net)	737.06	737.06	551.55	551.55
31 March 2021				
Variable-rate instruments	(546.70)	546.70	(409.11)	409.11
Cash flow sensitivity (net)	(546.70)	546.70	(409.11)	409.11

(ii) Credit risk

Loans

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has credit policy approved by the Board of Directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building except for working capital loans which are unsecured. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial Instruments.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- a. Marginal probability of default ("MPD")
- b. Loss given default ("LGD")
- c. Exposure at default ("EAD")
- d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vaseick Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Life time Provision
90+ Days*	Stage 3	Life time Provision

(*Includes loans which crossed DPD of 90 days, but did not come back to zero DPD at the time of reporting)

Also refer note 54

Company's internal rating and PD estimation process

The Company's independent Credit Risk Department operates its internal rating models in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behavior.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.

The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

Loan type
Ticket size

ECL computation

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2022	As at March 31, 2021
Stage 1	12 month provision	0.43%	0.25%
Stage 2	Life time provision	9.90%	17.01%
Stage 3	Life time provision	41.47%	50.03%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,43,968.16	8,089.91	4,216.93	1,56,275.00	1,25,563.44	2,081.56	2,422.40	1,30,067.40
Asset derecognised or repaid (including write-off)	(22,746.98)	(2,319.62)	(1,787.74)	(26,854.35)	(15,778.28)	(651.96)	(1,775.48)	(18,205.72)
Assets partially repaid	(20,616.66)	(138.82)	238.77	(20,516.71)	(10,327.58)	-	-	(10,327.58)
Roll forwards to higher	(11,853.35)	(2,426.21)		(14,279.56)	(9,985.82)	(628.25)	-	(10,614.07)
Roll forward from lower		8,112.32	6,167.24	14,279.56	-	7,457.28	3,156.79	10,614.07
Roll back from higher	656.80	187.11		843.91	302.98	2.85	-	305.83
Roll back to lower stages		(558.76)	(285.15)	(843.91)	-	(296.07)	(9.76)	(305.83)
New assets originated *	1,09,605.90	161.38	64.14	1,09,831.42	54,193.42	124.50	422.98	54,740.90
Gross carrying amount closing balance	1,99,013.87	11,107.31	8,614.19	2,18,735.37	1,43,968.16	8,089.91	4,216.93	1,56,275.00

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or stage 3 at the year end. Also refer note 54

Reconciliation of ECL balance is given below:

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - Opening balance	365.73	1,376.21	2,109.57	3,851.51	865.02	498.23	771.93	2,135.18
Addition during the year	626.88	666.23	2,538.19	3,831.30	129.85	1,276.06	1,749.71	3,155.62
Reversal / Utilization	(138.34)	(942.71)	(1,075.56)	(2,156.61)	(629.14)	(398.08)	(412.07)	(1,439.29)
Impairment loss allowance - Closing balance	854.27	1,099.73	3,572.20	5,526.20	365.73	1,376.21	2,109.57	3,851.51

Also refer note 54

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.6 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

ECL Scenario	As at 31 March 2022	As at 31 March 2021
Best case	4,726.39	3,847.98
Base case	4,664.49	3,816.12
Worst case	4,793.25	3,880.62

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits, other receivables and employee loans. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

Particulars	As at 31 March 2022	As at 31 March 2021
Cash credit facilities	7,543.62	3,500.00
Working capital demand loans	1,500.00	-
Total	9,043.62	3,500.00

The Cash credit facilities may be overdrawn anytime and may be terminated any time without notice.

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2022:

Particulars	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	331.10	331.10	-	-	-
Debt securities	24,268.22	21,768.22	2,500.00	-	-
Borrowings (other than debt securities)	95,892.31	36,249.16	42,094.01	17,549.14	-
Other financial liabilities	1,868.66	723.45	742.74	278.42	124.05
Total	1,22,360.29	59,071.93	45,336.75	17,827.56	124.05
Financial assets					
Cash and cash equivalents	33,473.91	33,473.91	-	-	-
Bank balances other than cash and cash equivalents	11,521.62	11,521.62	-	-	-
Loans (also refer note 57)	2,21,656.24	52,619.43	89,317.68	56,602.35	23,116.78
Investments	-	-	-	-	-
Other financial assets	692.81	298.22	327.22	21.60	45.77
Total	2,67,344.58	97,913.18	89,644.90	56,623.95	23,162.55

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Notes to the financial statements for the year ended 31 March 2022

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

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2021:

Particulars	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	291.61	291.61	-	-	-
Debt securities	53,275.59	35,515.59	17,760.00	-	-
Borrowings (other than debt securities)	72,683.22	34,815.38	29,953.74	7,914.10	-
Other financial liabilities	1,863.35	708.03	627.06	285.14	243.12
Total	1,28,113.77	71,330.61	48,340.80	8,199.24	243.12
Financial assets					
Cash and cash equivalents	14,810.97	14,810.97	-	-	-
Bank balances other than cash and cash equivalents	27,614.27	27,614.27	-	-	-
Loans (also refer note 57)	1,58,308.74	36,020.45	65,576.07	41,134.05	15,578.16
Investments	17,500.74	17,500.74	-	-	-
Other financial assets	440.91	185.75	191.93	23.96	39.27
Total	2,18,675.62	96,132.18	65,768.00	41,158.01	15,617.43

41 Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2022 and year ended 31 March 2021. Accordingly, the disclosure requirements relating to the same are not applicable.

42 Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2022 and year ended 31 March 2021.

43 Movement of Non-Performing Assets (NPAs) (Stage 3 assets) (Credit impaired loans) (Refer note 57)

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Net impairment loss allowance to net loans (%) (Net of provision for credit impaired loans excluding assets written off)	2.34%	1.37%
(b) Movement of credit impaired loans under Ind AS (Gross)		
Opening balance	4,216.93	2,422.40
Additions during the year	21,250.53	6,823.72
Reductions during the year	(16,853.27)	(5,029.19)
Closing balance	8,614.19	4,216.93
(c) Movement in net credit impaired loans (Net of provision for credit impaired loans)		
Opening balance	2,107.36	1,650.47
Additions during the year	18,712.34	5,074.01
Reductions during the year	(15,777.71)	(4,617.12)
Closing balance	5,041.99	2,107.36
(d) Movement of impairment loss allowance for credit impaired loans		
Opening balance	2,109.57	771.93
Additions during the year	2,538.19	1,749.71
Reductions during the year	(1,075.56)	(412.07)
Utilised /write off during the year	-	-
Closing balance	3,572.20	2,109.57
44 Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans (Refer note 57)		
Opening balance	1,741.94	1,363.25
Add : Charge for the year	1,293.11	1,405.91
Less : Utilised during the year	(1,081.05)	(1,027.22)
Closing balance	1,954.00	1,741.94

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

45.1 Capital adequacy ratio

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

Particulars	As at 31 March 2022	As at 31 March 2021
Tier I Capital	1,37,992.16	86,540.17
Tier II Capital	854.27	365.73
Total Capital	1,38,846.43	86,905.90
Total Risk Assets	2,15,512.73	1,71,590.00
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	64.03%	50.43%
Tier II Capital as a percentage of Total Risk Assets (%)	0.40%	0.22%
Total Capital (%)	64.43%	50.65%
45.2 Exposure to real estate sector		
The Company does not have any direct or indirect exposure to the real estate sector other than properties mortgaged as collateral by its customers		
Direct Exposure		
i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,92,834.93	1,41,120.75
ii) Commercial Real Estate *		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	13,711.57	8,981.98
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
Total exposure to real estate sector	2,06,546.50	1,50,102.74

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

45.3 Exposure to capital market

Particulars	As at 31 March 2022	As at 31 March 2021
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

45.4 Exposure to Perpetual Debt Instruments (PDI)

The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2022 and previous year ended 31 March 2021.

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Impairment allowance for credit impaired loans	1,462.63	1,337.64
Impairment allowance for low credit risk loans and significant increase in credit risk loans	212.05	378.69
Provision made towards current income taxes	3,153.00	2,553.00
45.6 Concentration of advances		
Total advances to twenty largest borrowers	436.01	483.70
Percentage of advances to twenty largest borrowers to total advances	0.20%	0.31%
45.7 Concentration of exposures		
Total exposures to twenty largest borrowers	436.01	483.70
Percentage of exposures to twenty largest borrowers to total exposures	0.20%	0.31%
45.8 Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts	75.95	67.73
45.9 Sector-wise NPAs (Stage 3 assets) (Percentage of NPAs to total advances in that sector)		
Agriculture & allied activities	-	-
MSME	0.01%	-
Corporate borrowers	-	-
Services	0.01%	0.01%
Unsecured personal loans	-	-
Auto loans	-	-
Other loans (retail)		
- Secured	4.07%	2.70%
- Unsecured	1.34%	2.30%

The above sector-wise NPA and advances is based on the data available with the Company which has been relied upon by the auditors. Also refer note 57.

45.10 Ratings assigned by credit rating agencies :

The credit rating details of the company as at 31 March 2022 are as follows:

Rating Agency	Term	Type	Rating	Amount (in Rs. Lakhs)
CARE Ratings Ltd	LT	TL	CARE A - ; (Stable)	1,20,000
CARE Ratings Ltd	LT	NCD	CARE A - ; (Stable)	1,16,260

The credit rating details of the company as at 31 March 2021 are as follows:

Rating Agency	Term	Type	Rating	Amount (in Rs. Lakhs)
CARE Ratings Ltd	LT	TL	CARE A - ; (Stable)	85,000
CARE Ratings Ltd	LT	NCD	CARE A - ; (Stable)	51,300

45.11 Instances of fraud for the year ended 31 March 2022 (31 March 2021: Nil)

Nature of fraud	No of cases	Amount of fraud	Amount written off
Cash misappropriation by employee	-	-	-
Fraudulent misrepresentation by employee	1	1.50	1.50
Fraudulent representation by customers	-	-	-
During the year, 1 fraud were detected and reported to RBI, aggregating to Rs.1.50 lakhs in the nature of Fraudulent misrepresentation by employee.			

45.12 Registration / license / authorization obtained from financial sector regulators

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

45.13 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
Value of investments*		
Gross value of investments	-	17,499.13
Unrealised fair value movement	-	1.62
Net value investments	-	17,500.74
* All investments are in India		
Movement of unrealised fair value change during the year		
Opening balance	1.62	16.55
Add: Increase in unrealised fair value change during the year	-	-
Less: Decrease in unrealised fair value change during the year	(1.62)	(14.93)
Closing balance	-	1.62

45.14 Derivatives

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

45.15 Details of non- performing financial assets purchases and sold

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

45.16 Details of financing of Parent Company products

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

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

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended 31 March 2022 and 31 March 2021.

45.18 Advances against intangible securities

The Company has not given any loans against intangible securities.

Veritas Finance Private Limited**Notes to the financial statements for the year ended 31 March 2022**

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

45.19 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the year ended 31 March 2022 and 31 March 2021.

45.20 Draw down from reserves

The Company has made no drawdown from existing reserves.

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

There are no overseas assets owned by the Company.

45.22 Off-balance sheet SPVs sponsored

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

45.23 Customer complaints

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Number of complaints pending at the beginning of the year	10	7
Number of complaints received during the year	21	9
Number of complaints redressed during the year	17	6
Number of complaints pending at the end of the year	14	10

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

Veritas Finance Private Limited

Notes to the financial statements for the year ended 31 March 2022

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

45.24 Asset Liability Management

(a) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2022:

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	6,238.55	219.93	436.56	4,084.85	4,163.96	12,442.61	25,032.97	89,317.68	56,602.35	23,116.78	2,21,656.24
Investment in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits with Banks	-	-	13,002.14	5,001.17	-	11,521.62	-	-	-	-	29,524.93
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	1,020.97	205.18	1,835.04	2,469.46	3,315.55	8,949.78	18,453.18	42,094.01	17,549.14	-	95,892.31
Debt securities	-	-	-	5,183.49	5.80	13,578.93	3,000.00	2,500.00	-	-	24,268.22
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Refer note 1 & 2

(b) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2021:

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	4,218.22	237.43	375.25	2,804.08	2,803.56	8,450.53	17,131.39	65,576.07	41,134.05	15,578.16	1,58,308.74
Investment in mutual funds	17,500.74	-	-	-	-	-	-	-	-	-	17,500.74
Fixed Deposits with Banks	-	-	2,513.33	12,565.52	5,010.33	7,525.08	-	-	-	-	27,614.27
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	918.55	337.39	1,705.87	3,674.62	3,248.91	9,164.19	15,765.85	29,953.74	7,914.10	-	72,683.22
Debt securities	-	-	46.38	3,500.00	-	1,785.72	30,183.49	17,760.00	-	-	53,275.59
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Refer note 1 & 2

Note:

1 Excludes the unamortised component of sourcing cost/ income which is adjusted as part of loan balances.

2 Estimated expected cashflows considering the moratorium and restructuring given to the customers. Also refer note 51.1 and 57.

3 The above table represents Maturity pattern of certain items of Assets and Liabilities. Please refer note 51 for the Maturity pattern of all assets and liabilities.

46 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
a) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured	24,207.26	-	53,074.52	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	93,401.58	-	70,840.01	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans*	1,956.38	-	1,500.00	-
*Represents Working Capital Demand Loans and Cash Credit from banks				
b) Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Particulars	As at 31 March 2022	As at 31 March 2021
Assets side:		
c) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured (refer note 6)	2,06,546.50	1,50,102.74
(b) Unsecured (refer note 6)	12,188.87	6,172.26
d) Break up of Leased Assets and stock on hire and other assets counting		
(i) Lease assets including lease rentals under sundry debtors:		
a) Financial lease	-	-
b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on Hire	-	-
b) Repossessed Assets	-	-
(iii) Other loans counting towards asset financing activities		
a) Loans where Assets have been repossessed	-	-
b) Loans other than (a) above	-	-

Particulars	As at 31 March 2022	As at 31 March 2021
e) Break-up of Investments (at fair value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	17,500.74
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
Long Term Investments:		
I. Quoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-

f) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	As at 31 March 2022 (Net of Provisions)		As at 31 March 2021 (Net of Provisions)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	2,01,181.70	12,027.47	1,46,378.51	6,044.98
	2,01,181.70	12,027.47	1,46,378.51	6,044.98

g) **Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) :**

Category	Market Value / Break up or fair value or Net Asset Value as on 31 March 2022	Book Value as on 31 March 2022 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on 31 March 2021	Book Value as on 31 March 2021 (Net of provisions)
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
	-	-	-	-

h) **Other Information** (Also refer note 57)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets (Stage 3 assets)	-	8,614.19	-	4,216.93
(ii) Net Non-Performing Assets (Stage 3 assets)	-	5,041.99	-	2,107.36
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

47 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at 31 March 2022	As at 31 March 2021
a) Loans and advances in the nature of loans to subsidiaries	-	-
b) Loans and advances in the nature of loans to associates	-	-
c) Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
d) Loans and advances in the nature of loans to firms / companies in which directors are interested	-	-

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

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

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Expenditure		
Expenditure in foreign currency	-	-

The Company did not have any unhedged foreign currency exposure as on the balance sheet date and did not enter into any derivative contracts at any time during the year and none were outstanding as at 31 March 2022 and 31 March 2021

50.1 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

As at 31 March 2022

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5) = (3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,99,013.87	854.27	1,98,159.60	809.49	44.78
	Stage 2	11,107.31	1,099.73	10,007.58	666.98	432.75
Subtotal for Standard		2,10,121.18	1,954.00	2,08,167.18	1,476.47	477.53
Non-performing assets (NPA)						
Substandard	Stage 3	6,643.77	2,768.90	3,874.87	1,422.39	1,346.51
Doubtful - up to 1 year	Stage 3	1,970.42	803.30	1,167.12	785.57	17.73
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,970.42	803.30	1,167.12	785.57	17.73
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		8,614.19	3,572.20	5,041.99	2,207.96	1,364.24
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	1,99,013.87	854.27	1,98,159.60	809.49	44.78
	Stage 2	11,107.31	1,099.73	10,007.58	666.98	432.75
	Stage 3	8,614.19	3,572.20	5,041.99	2,207.96	1,364.24
		2,18,735.37	5,526.20	2,13,209.17	3,684.43	1,841.77

Veritas Finance Private Limited
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As at 31 March 2021

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5) = (3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,43,968.16	365.73	1,43,602.43	578.51	1,132.28
	Stage 2	8,089.91	1,376.21	6,713.70	31.15	
Subtotal for Standard		1,52,058.07	1,741.94	1,50,316.13	609.66	1,132.28
Non-performing assets (NPA)						
Substandard	Stage 3	3,437.48	1,714.04	1,723.44	353.91	1,360.13
Doubtful - up to 1 year	Stage 3	779.45	395.53	383.92	180.88	214.65
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		779.45	395.53	383.92	180.88	214.65
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		4,216.93	2,109.57	2,107.36	534.79	1,574.78
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total						
	Stage 1	1,43,968.16	365.73	1,43,602.43	578.51	1,132.28
	Stage 2	8,089.91	1,376.21	6,713.70	31.15	
	Stage 3	4,216.93	2,109.57	2,107.36	534.79	1,574.78
		1,56,275.00	3,851.51	1,52,423.49	1,144.45	2,707.06

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at 31 March 2021 and accordingly, no amount is required to be transferred to impairment reserve.

50.2 Disclosure pursuant to Reserve Bank of India circular DOR.No.BPBC.63/21.04.048/2019-20 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID 19 Regulatory Package

Particulars	As at 31 March 2022	As at 31 March 2021
Respective amount in SMA/ overdue categories, where the moratorium/ deferment was extended	-	-
Respective amount where asset classification benefits is extended	-	-
General provision made	-	-
General provision adjusted during the period against the slippages and the residual provisions	-	-

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

51 Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Particulars	31-Mar-22			31-Mar-21		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents	33,474.91	-	33,473.91	14,810.97	-	14,810.97
Bank balances other than cash and cash equivalents	11,521.62	-	11,521.62	27,614.27	-	27,614.27
Loans	44,172.36	1,69,036.81	2,13,209.17	36,020.44	1,16,403.05	1,52,423.49
Investments	-	-	-	17,500.74	-	17,500.74
Other financial assets	298.22	394.59	692.81	185.75	255.16	440.91
Current tax assets (Net)	412.56	-	412.56	338.79	-	338.79
Deferred tax Assets (Net)	-	2,226.76	2,226.76	-	1,684.71	1,684.71
Property, plant and equipment	-	492.73	492.73	-	656.66	656.66
Right of use assets	-	1,561.28	1,561.28	-	1,270.28	1,270.28
Intangible assets	-	225.06	225.06	-	425.62	425.62
Intangible assets under development	-	45.76	45.76	-	43.56	43.56
Other non-financial assets	385.57	-	385.57	276.17	-	276.17
Total Assets	90,264.24	1,73,982.99	2,64,247.23	96,747.13	1,20,739.04	2,17,486.17
Liabilities						
Financial Liabilities						
Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	4.89	-	4.89	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	326.21	-	326.21	291.61	-	291.61
Debt Securities	21,707.26	2,500.00	24,207.26	35,515.59	17,558.92	53,074.52
Borrowings (Other than Debt Securities)	35,714.81	59,643.15	95,357.96	34,815.38	37,524.63	72,340.01
Other financial liabilities	1,868.66	-	1,868.66	577.15	909.32	1,486.47
Non-Financial Liabilities						
Provisions	178.68	237.48	416.16	38.04	352.08	390.12
Other non-financial liabilities	1,261.27	-	1,261.27	1,101.64	-	1,101.64
Total Liabilities	61,061.78	62,380.63	1,23,442.41	72,339.41	56,344.96	1,28,684.37
Net	29,202.46	1,11,602.36	1,40,804.82	24,407.72	64,394.09	88,801.80
Other undrawn commitments /Cancellable at the instance of the Company	1,589.16	-	1,589.16	1,013.95	-	1,013.95
Total commitments	1,589.16	-	1,589.16	1,013.95	-	1,013.95

51A Changes in liability arising from financing activities

Particulars	01-Apr-21	Cash Flows	New leases	Others*	31-Mar-22
Debt Securities	53,074.52	(28,000.00)	-	(867.26)	24,207.26
Borrowings (other than debt securities)	72,340.01	23,199.45	-	(181.50)	95,357.96
Lease Liability	1,384.44	(807.61)	1,157.38	-	1,734.19
Total	1,26,798.97	(5,608.16)	1,157.38	(1,048.76)	1,21,299.41

Particulars	01-Apr-20	Cash Flows	New leases	Others*	31-Mar-21
Debt Securities	38,704.88	13,600.00	-	769.64	53,074.52
Borrowings (other than debt securities)	62,277.22	10,234.88	-	(172.09)	72,340.01
Lease Liability	1,387.57	(713.01)	709.88	-	1,384.44
Total	1,02,369.67	23,121.87	709.88	597.55	1,26,798.97

* Other column includes the effect of accrued interest on borrowing and amortisation of processing fees.

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Notes to the financial statements for the year ended 31 March 2022

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

51.1 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated for the year ended 31 March 2022

Type of Restructuring Asset Classification details	Other than CDR and SME Debt Restructuring*			Total		
	Standard	Sub-standard	Doubtful	Loss	Total	Total
Restructured assets as on April 01, 2021	No. of borrowers	62	2	-	64	64
	Amount Outstanding	310.11	5.35	-	315.46	315.46
	Provision there on	150.40	2.60	-	153.00	153.00
Fresh restructuring during the year	No. of borrowers	2,156	1,052	-	3,208	3,208
	Amount Outstanding	6,068.13	3,367.35	-	9,435.48	9,435.48
	Provision there on	-	-	-	-	-
Upgradations to restructured standard category during the year	No. of borrowers	1,054	(1,054)	-	-	-
	Amount Outstanding	3,372.70	(3,372.70)	-	-	-
	Provision there on	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision there on	-	-	-	-	-
Downgradation of restructured accounts during the year	No. of borrowers	(403)	402	1	-	-
	Amount Outstanding	(1,468.93)	1,464.61	4.32	0.00	0.00
	Provision there on	-	-	-	-	-
Recoveries during the year	Amount	(672.07)	130.87	0.74	(540.46)	(540.46)
	No. of borrowers	475	-	-	475	475
	Amount Outstanding	1,245.09	-	-	1,245.09	1,245.09
Restructured accounts as on March 31, 2022	No. of borrowers	2,394	402	1	2,797	2,797
	Amount Outstanding	6,364.85	1,595.47	5.06	7,965.38	7,965.38
	Provision there on	669.07	639.97	1.89	1,310.93	1,310.93

* represents one time restructuring in accordance with notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020 and RBI/2021-22/31 DOR STR.REC..11/21.04.048/2021-22 dated 5 May 2021

Veritas Finance Private Limited

Notes to the financial statements for the year ended 31 March 2022

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

51.1 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated for the year ended 31 March 2021

Type of Restructuring		Other than CDR and SME Debt Restructuring*						Total			
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as on April 01, 2020	No. of borrowers Amount Outstanding Provision there on	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Fresh restructuring during the year	No. of borrowers Amount Outstanding Provision there on	62 310.11 150.40	2 5.35 2.60	- - -	- - -	64 315.46 153.00	62 310.11 150.40	2 5.35 2.60	- - -	- - -	64 315.46 153.00
Upgradations to restructured standard category during the year	No. of borrowers Amount Outstanding Provision there on	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of borrowers Amount Outstanding Provision there on	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Downgradation of restructured accounts during the year	No. of borrowers Amount Outstanding Provision there on	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Write off restructured accounts during the year	No. of borrowers Amount Outstanding	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Restructured accounts as on March 31, 2021	No. of borrowers Amount Outstanding Provision there on	62 310.11 150.40	2 5.35 2.60	- - -	- - -	64 315.46 153.00	62 310.11 150.40	2 5.35 2.60	- - -	- - -	64 315.46 153.00

* represents one time restructuring in accordance with notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020.

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022

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

52. Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	Omitted *	-	-
(b)	Omitted *	-	-
(c)	Debt equity ratio Debt equity ratio is (Debt securities + Borrowings) / Net worth)	0.85 times	1.41 times
(d)	Omitted *	-	-
(e)	Omitted *	-	-
(f)	Debt service coverage ratio	Not Applicable Debt service coverage ratio is not applicable for Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India and accordingly no disclosure has been made.	
(g)	Interest service coverage ratio	Not Applicable Interest service coverage ratio is not applicable for Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India and accordingly no disclosure has been made.	
(h)	Outstanding redeemable preference shares (quantity & value)	NIL. The Company does not have any redeemable preference shares as at 31 March 2022 and hence this clause is Nil	
(i)	Capital Redemption Reserve / Debenture redemption reserve	Not Applicable Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.	
(j)	Net worth (Net worth is equal to share capital plus reserves & surplus less deferred revenue expenditure)	Rs. 1,40,804.82	88,801.80
(k)	Net profit after tax -For the period ended 31 March 2022 (Total comprehensive income)	Rs. 7,584.99	6,112.43
(l)	Earnings per equity share of Rs. 10 each	18.12	17.69
	Basic - Diluted	6.59	6.50
(m)	Current Ratio	1.61 times	1.32 times
(n)	Long term debt to Working Capital	60.12 times	82.61 times
(o)	Bad debts to Account Receivable Ratio (Bad debts / Accounts Receivables)	3.94%	2.70%
(p)	Current Liability Ratio	23.28%	33.71%
(q)	Total Debts to Total Assets Ratio (Debt Securities+ Borrowings (other than debt securities)+ Subordinated Debts) / Total Assets	45.25%	57.67%
(r)	Debtors Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed	
(s)	Inventory Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed	
(t)	Operating Margin (%) Operating Margin / Total Income	51.91%	56.32%
(u)	Net Profit Margin(%) Profit after tax / Total Income	17.10%	16.90%

Veritas Finance Private Limited**Notes to the financial statements for the year ended 31 March 2022**

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

Particulars		As at 31 March 2022	As at 31 March 2021
(v)	Sector Specific Equivalent Ratio		
	i) GNPA % (Gross Stage 3)	i) 3.94%	2.70%
	ii) NNPA %	ii) 2.34%	1.37%
	iii) Provision Coverage Ratio ("PCR") (%)	iii) 41.47%	50.03%
	Impairment loss allowance for Stage III / Gross Stage III Loans		
	iv) Asset Cover Ratio	iv) 1.10 times	1.09 times
	v) Liquidity Coverage Ratio	v) 3129%	3359%
	vi)Capital Adequacy Ratio	vi) 64.43%	50.65%

Note : * Omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021, w.e.f. 13 August 2021.

53 Ex-gratia Payment

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company had implemented the Scheme and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

54 Pursuant to RBI circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, towards Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications, the Company has revised its process of NPA classification. Had the Company followed the earlier method, the profit before tax for the year ended 31 March 2022 would have been higher by Rs. 2.94 crores. If the company had availed the relaxation thereof referred to in RBI circular dated 15 February 2022 which had deferred the upgradation requirement to 30 September 2022, the Gross stage 3 would have been 3.35%.

55 Details of loans transferred / acquired during the year ended 31 March 2022 under the RBI Master Direction on Transfer of Loan Exposures dated 24 September 2021 are given below:
 (i) The Company has not transferred any Non Performing Assets (NPAs).
 (ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.
 (iii) The Company has not acquired any loans not in default through assignment.
 (iv) The Company has not acquired any stressed loan."

56 Interest on Interest

RBI circular dated 7 April 2021 advised all lending institutions to immediately put in place a Board-approved policy to refund / adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020. Further, the circular stated that the methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ended 31 March 2021. Based on the guidance provided by IBA vide letter dated 19 April 2021 and considering that all eligible customers were covered under the afore mentioned Ex-gratia scheme, the Company has made an assessment on the impact of the said circular and concluded that there are no refunds / adjustments that need to be recorded in the financial statements of the Company.

57 Impact of COVID-19

While the third wave of COVID has abated, the impact of further waves of COVID on the economy needs to be seen and would be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID pandemic will further impact the company's business, cash flows and financial results, is dependent on such future developments, which cannot be predicted with any degree of certainty.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued

Veritas Finance Private Limited**Notes to the financial statements for the year ended 31 March 2022**

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

thereto, the Company has granted moratorium upto six months on the payment of installments falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers on a suo-moto basis. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. In the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefits have been granted, the staging of those accounts as at 31 March 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

The Company has considered the aforesaid context of the pandemic in applying the assumptions used to determine the expected credit losses on loans. During the year, the Company has recognized an expected credit loss on loans of Rs. 5935.56 lakhs (Previous year Rs. 4,044.59 lakhs) (including write offs). The impact assessment of COVID-19 is a continuing process, given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

In accordance with the guidelines on one time restructuring issued by the RBI Circular dated, 5 May 2021 vide Circular No. RBI/2021-22/31,DOR.STR.REC.11/21.04.048/21-22, "Resolution Framework 2.0: Resolution of Covid related stress of Individuals and Small businesses" dated 5 May 2021 and pursuant to the Board approved policy in this regard, the Company has invoked resolution plans for eligible borrowers. This is supplementary to the restructuring plans implemented for the customers as per the RBI circular no.RBI/2020-21/16DOR.No.BP/BC/3/21.04.048/2020-21 on Resolution Framework for Covid related stress dated 6 August 2020.

for **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration No. 004207S



S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

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



N. Mohanraj
Director
DIN : 00181969



V.G. Suchindran
Chief Financial Officer

Place : Chennai
Date : 28 April 2022



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



V. Aruna
Company Secretary and
Compliance Officer
Membership No.: A60078

GLOSSARY

Terms

Loan Disbursements	Loan Disbursements are net of cancellations
Loan Assets Under Management (AUM)	AUM represents Gross loan book after adjustment of unamortised processing fee and before adjustment of impairment loss allowance
Borrowings	Borrowings consists of Debt securities, Term Loans & Cash Credit availed after adjustment of unamortised processing fee
Net Interest Income	Interest income on Loans less Finance Cost (Excluding Interest expense on lease liabilities)
Profit After Tax (Post OCI)	Profit After Tax is post adjustment of Other Comprehensive Income

Key Ratios

Gross NPA (%)	Stage 3 Loan Book / Total Loan Book (Gross NPA as per RBI's new IRACP norms as per 12th November 2021 circular is taken as Stage 3 Loan Book)
Net NPA (%)	(Stage 3 Loan Book minus Stage 3 ECL Provision) / (Total Loan Book minus Stage 3 ECL Provision)
Capital Adequacy Ratio (%)	Tier I & Tier II Capital / Risk Weighted Assets
Return on Total Assets (%)	Profit After Tax (PAT) / Average of Closing Total Assets
Return on Equity (%)	Profit After Tax (PAT) / Average of Closing Networkth
Basic Earnings Per Share (Rs.)	Profit After Tax (PAT) / Weighted Average number of shares (Basic)
Diluted Earnings Per Share (Rs.)	Profit After Tax (PAT) / Weighted Average number of shares (Diluted)
Net Interest Margin (NIM)	(Interest Income on Loans-Finance Cost (excluding interest expense on lease liabilities))/ Average of Closing AUM
Debt - Equity ratio	Borrowings / Net Worth
Growth Ratios (in %)	
AUM Growth	(Closing AUM of this Financial Year minus Closing AUM of last Financial Year) / Closing AUM of last Financial Year
Disbursement Growth	(Total Disbursements in this Financial Year minus Total Disbursements in last Financial Year) / Total Disbursements in last Financial Year

2015 - 16

First loan disbursed on 22nd Oct 2015

Loan book crossed Rs. 600 lacs

2016 - 17

Commenced Operations in East

Loan book crossed Rs. 100 Crores

2017 - 18

Customer Base crossed 15,000

Loan book crossed Rs. 330 Crores

2018 - 19

100th Branch inauguration in Burdwan, WB

Loan book crossed Rs. 745 Crores

2019 - 20

202 branches across India

Loan book crossed Rs. 1,300 Crores

2020 - 21

Credit rating upgraded to A- from BBB+

Loan book crossed Rs. 1,560 Crores

2021 - 22

Reached out to 71,000+ customers

Loan book crossed Rs. 2,100 Crores



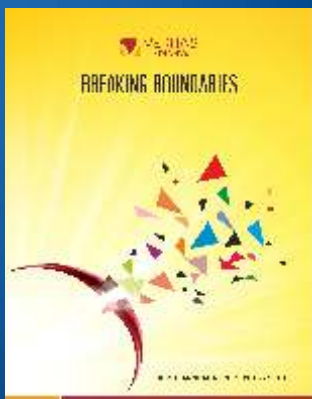
FY 15-16



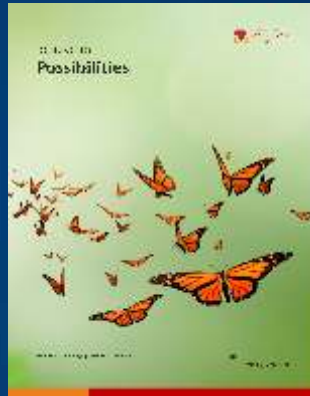
FY 16-17



FY 17-18



FY 18-19



FY 19-20



FY 20-21

In the year 2015

A Vision to Empower Lives began

Our core values nurtured a

Solid foundation & Stronger Growth

That set us on the path for

Scaling New Heights

Bracing challenges and

Breaking Boundaries

Enriched our journey as we always

Believe in Possibilities

Amidst turbulences, we were

Emerging stronger

With a strong will to soar high, We are

Staying ahead



VERITAS



STAYING AHEAD



Annual Business Meet - 2022
Puducherry



VERITAS FINANCE PRIVATE LIMITED

CORPORATE AND REGISTERED OFFICE

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