Believe in

Possibilities

Veritas Finance Private Limited

Fifth Annual Report

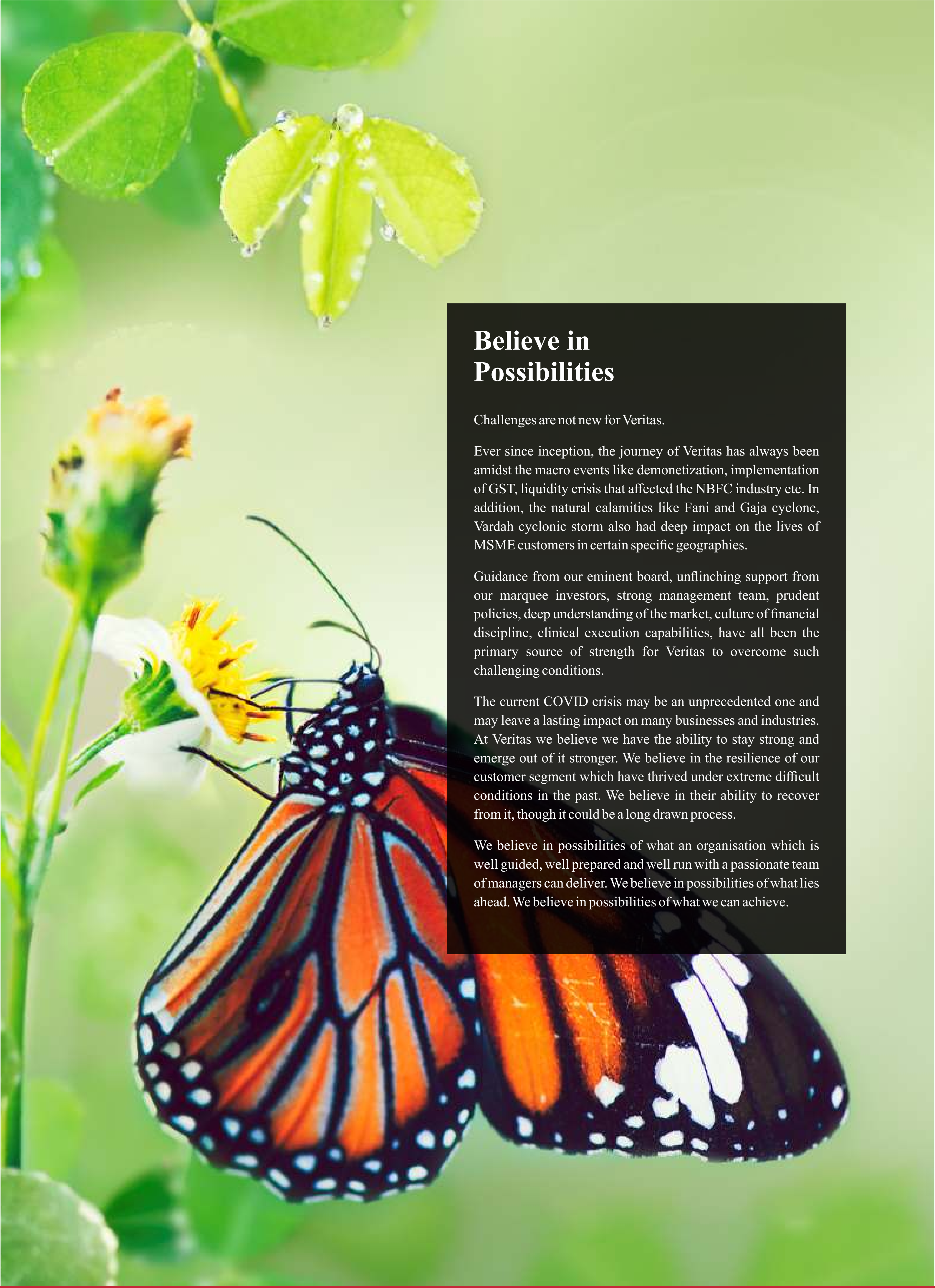
2019 - 2020

Business Highlights

Rs. in lakhs

Particulars / Financial year	2019-20	2018-19	2017-18	2016-17	2015-16
Branch Network (Nos.)	202	147	72	43	17
Loan Disbursements	83,899	55,909	31,549	10,474	619
Loan Asset Under Management (AUM)	130,067	74,521	33,503	9,231	612
Networth	82,178	44,370	16,570	4,009	4168
Borrowings	99,935	59,216	29,589	7,086	-
Total Revenue	27,568	14,093	5,495	1,267	72
Net Interest Income	13,596	7,799	2,785	540	17
Profit Before Tax	4,381	2,828	650	(284)	(192)
Profit After Tax	3,303	2,049	606	(284)	(192)
Key Ratios					
Gross NPA (%)	1.86	0.90	0.74	0.95	-
Net NPA (%)	1.29	0.76	0.53	0.71	-
Capital Adequacy Ratio (%)	59.28	48.04	48.02	42.15	594.49
Return on Total Assets (ROTA) (%)	2.48	3.19	2.59	(4.39)	(43.14)
Return on Equity (ROE) (%)	6.90	6.49	7.35	(6.90)	(7.19)
Basic Earnings Per Shares (Rs.)	10.58	6.85	2.50	(1.86)	(2.90)
Diluted Earnings Per Shares (Rs.)	3.63	2.68	1.14	(1.86)	(2.43)

Note: The Financial data presented up to 2018-19 has been accounted under IGAAP and hence its not directly comparable with 2019-20 which has been presented under Ind AS



Believe in Possibilities

Challenges are not new for Veritas.

Ever since inception, the journey of Veritas has always been amidst the macro events like demonetization, implementation of GST, liquidity crisis that affected the NBFC industry etc. In addition, the natural calamities like Fani and Gaja cyclone, Vardah cyclonic storm also had deep impact on the lives of MSME customers in certain specific geographies.

Guidance from our eminent board, unflinching support from our marquee investors, strong management team, prudent policies, deep understanding of the market, culture of financial discipline, clinical execution capabilities, have all been the primary source of strength for Veritas to overcome such challenging conditions.

The current COVID crisis may be an unprecedented one and may leave a lasting impact on many businesses and industries. At Veritas we believe we have the ability to stay strong and emerge out of it stronger. We believe in the resilience of our customer segment which have thrived under extreme difficult conditions in the past. We believe in their ability to recover from it, though it could be a long drawn process.

We believe in possibilities of what an organisation which is well guided, well prepared and well run with a passionate team of managers can deliver. We believe in possibilities of what lies ahead. We believe in possibilities of what we can achieve.

About Us

Veritas Finance Private Limited (Veritas), an NBFC registered with RBI, is focussed on meeting the financial needs of the micro, small and medium enterprises (MSME) in India. This segment has remained largely under-served despite several initiatives, by various institutions. Veritas, run by professionals with rich experience in financial services industry, aims to make availing credit easy to this segment and make a positive impact on the lives of millions of Indians engaged in informal activities and who actually build the nation.

Incorporated in April 2015, the Company has grown significantly and has a loan book of Rs.1300 Crores with a customer base of 48,638 customers and presence in eight states and one Union territory with 202 branches.

View report Online
Our Annual Report, Accounts and other information about Veritas Finance can be found at: www.veritasfin.in

Table of Contents

Vision Statement

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

Mission Statement

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

BRANCHES ACROSS INDIA
202

EMPLOYEES
1850

CUSTOMERS
48638

COVERED STATES
8 States,1 UT

LOAN BOOK
INR 1300 Crores

INCOME
INR 276 Crores

NET PROFIT
INR 33 Crores

- Veritas Finance is a specialized lender to the MSME segment
- Has built a credible loan portfolio of Rs.1300 Crores in 4 ½ years

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
Nishant Sharma, Nominee Director
Priyamvada Ramkumar, Nominee Director

BOARD OBSERVERS
Venkatesh Natarajan, Observer - Lok Capital
Shiv Chaudhary, Observer - Norwest Venture Partners

STRATEGIC ADVISOR
P. Surendra Pai

PRESIDENT & CHIEF BUSINESS OFFICER
K P Venkatesh

CHIEF OPERATING OFFICER
J. Prakash Rayen

CHIEF FINANCIAL OFFICER
V.G. Suchindran

BANKS
AU Small Finance Bank Limited
Axis Bank Limited
Bandhan Bank Limited
CSB Bank Limited
Capital Small Finance Bank Limited
DCB Bank Limited
Equitas Small Finance Bank Limited
Federal Bank Limited
Fincare Small Finance Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDFC First Bank Limited
Karur Vysya Bank Limited
RBL Bank Limited
State Bank of India
Utkarsh Small Finance Bank Limited
Ujjivan Small Finance Bank Limited
Yes Bank Limited

NBFCs
AK Capital Finance Private Limited
APAC Financial Services Private Limited
Bajaj Finance Limited
Cholamandalam Investment and Finance Co. Limited
Fedbank Financial Services Limited
Hero FinCorp Limited
Hinduja Leyland Finance Limited
Maanaveeya Development & Finance Private Limited
NABKISAN Finance Limited
Sundaram Finance Limited
TATA Capital Financial Services Limited
UGRO Capital Limited

HOUSING FINANCE COMPANIES
HDFC Limited

DEBENTURE HOLDERS
Incofin CVBA (Cpp-Incofin)
CDC Emerging Markets Limited
Aav Sarl
Masala Investments Sarl
Microfinance Initiative for Asia (MIFA) Debt Fund
BlueOrchard Microfinance Fund
PAI Investments
UTI International Wealth Creator - 4

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

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

REGISTRAR & TRANSFER AGENT
KFIN Technnologies Private Limited
(Formerly Karvy Fintech Private Limited)
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda
Hyderabad – 500 032

SECRETARIAL AUDITORS
JM & Associates
Company Secretaries
No.18, 3rd Floor, RMS Apartments, 12,
Gopalakrishna Street
Pondy Bazar, T. Nagar, Chennai – 600017

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

INTERNAL AUDITORS
M/s Kumbhat & Co., Chennai

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

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

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

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

Profile Of Strategic Advisor

P. Surendra Pai, 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

I wish the team all the very best and urge them to use the crisis as an opportunity to build better in the coming days!

P. Surendra Pai

The country and the world is reeling under the impact of a COVID pandemic crisis, the recovery of which can be long drawn and protracted. It would test the resilience of many organizations. It would make many organizations to re-think on their business models.

Catastrophes likes this serve as reality check. More often organizations forget that good times don't last forever. Couple of years of good performance at times push the organization policies to have prosperity or boom time biases. Inefficiencies are often hidden in the profits. Organizations which don't need major tweaks in the model even at times like these are the ones that have always been prudent. That have been focused on productivity. That have always had the paucity mindset.

Therefore, when Arul asked me for my message for the Annual Report this time, I only had to ask him to look at my messages of all these years.

- I had asked the team to look at all costs as opportunities to enhance shareholder value. Not today. But in my second year's message.
- I had asked the team to focus on constant and continuous improvement in productivity and resist the temptation to add unproductive manpower. Not today. But as part of my third year's message.
- I had asked the team to conserve capital, improve efficiency and avoid indiscriminate expansion. Not today. That was my message last year.

All the same, I'm happy the way we have built Veritas. We have built a very strong resilient organization. We have done well since inception across all parameters. I may have, though, preferred a little more focus on profitability. A little more attention to efficiency. And a bit more emphasis on productivity. I'm sure this crisis would have taught not only Veritas but many other organizations the importance of all the above. After all, as James Russell Lowell puts it ”One thorn of experience is worth a whole wilderness of warning”.

I'm confident Veritas will emerge stronger out of this crisis. They have done a lot of things right since inception. The team have built the organization carefully with right amount of aggression and caution. Have raised capital always at opportune moments. Have had methodical expansion with focus on portfolio quality. Therefore, with a strong capital base, quality loan book and a strong management not only at the top but also across the country, they are in a better position to overcome this crisis than many others.

P. Surendra Pai

Letter from MD & CEO

Dear Shareholders,

As I sit down to write this letter, we are well in the midst of COVID pandemic crisis that has spread its tentacles globally and is expected to not only be a significant health risk but also leave a devastating effect on the economy. A crisis that has affected every nation and every industry. A true black swan event that most of us haven't seen in our lifetime.

Veritas, ever since it was incorporated, has faced several challenges. Whether it is the demonetization that hit the cash economy, implementation of GST that affected the unorganized enterprises and the liquidity crisis that impacted the NBFC and Housing Finance industry, we overcame all of them successfully with nil or least impact.

But unlike the earlier events, the magnitude of the current COVID crisis is alarmingly different both in its intensity and spread. The informal segment, small businesses and micro enterprises of the MSME industry have borne the brunt of the crisis and are badly hit. The recovery as it looks is going to be a long drawn process. The impact of this unprecedented crisis would be remembered for a long time. So would our response and actions of handling the crisis.

Veritas entered this crisis from the position of strength. The year 2019-20 was yet another year of strong performance across all parameters. Loan book grew from Rs.744 Crores to Rs.1300 Crores, with more than 48000 customers. The income grew from

We believe in the possibilities of what a team of passionate employees can deliver. We believe in the possibilities of what a strong organization supported by marquee investors with long term outlook can achieve. We believe in the resilience and their ability of our customers to bounce back.

D Arulmany
Managing Director & CEO

Rs. 136 Crores to Rs.276 Crores and PBT grew from Rs.23 Crores to Rs.44 Crores, while NPA was maintained at 1.86%. Over the first few years of its operations, Veritas had laid a strong platform and built a wide branch network with a robust credit delivery platform and it is well placed to grow and build on its momentum.

However, the COVID pandemic which stuck India in March 2020 and the resultant impact on the MSME sector has made it necessary for us to re align our priorities. Given the economic challenges, travel restrictions and business curbs due to COVID-19, we have redrawn our business plan for the financial year 2020-21 and are adopting a cautious growth on business and loan book while focusing on the collections and maintaining the portfolio quality. We would also be using the opportunity to further strengthen ourselves and lay the emphasis on operational efficiency and productivity enhancement. The financial year 2020-21 would essentially be an year where we would be consolidating our operations and build strength to leap ahead in the coming years, when we eventually come out of this COVID crisis.

Building a Digital Leadership

The journey that began last year with the launch of TAB based digital sourcing systems, state of the art Loan Management Systems, new Financial and Treasury Systems and Business Intelligence systems would continue into the current year with the theme of a "Digital Leadership" and Technology becoming a true Business enabler. The current year would be a year of consolidation with emphasis being on rolling out ancillary systems like a new fully digital collections mobile application and Business Intelligence for our analytics requirement.

The new collections application would ensure we have advanced collection allocation facilities based on location, DPD, Pincode, Distance and would have inbuilt capabilities for a collection route optimization and executive tracking etc. The system would be intelligent enough to suggest an optimized travel route for each executive, while also monitoring the actual travel path of the executive as well as tracking the location of each receipting activity.

- The development of a Data Warehouse that pulls in data from across the Loan Origination (TAB) systems, the Loan Management Systems (LMS), the Mobile Collection App and from the HR applications into a single source of truth.

- Management dashboards and operational metrics based dashboards for the Sales credit and collection teams of the both MSME and Working Capital products.

- In addition to the above, a very comprehensive set of Investor dashboards and data slicing at a granular level.

Deepening the Reach

While we evaluate the situation and respond to the environment and build our business volumes for the year, the primary focus, while doing so, would be to deepen the geographies and grow the business in the states where we have already set foot last year and where we have built a quality book and stabilized. Much of our growth in disbursement and loan book would come from deepening the operation in these states, while we may choose to wait for the right opportunity this year to make foray into new geographies in West and Central – Rajasthan, Chhattisgarh, and Maharashtra.

Diversifying the Portfolio

The financing requirement of the heterogeneous MSME sector are significantly different based on the size of the enterprises, variety of products and services produced and the levels of manpower and technology employed. While a large number of these enterprises we address are in the unorganized sector, the sector also comprises of large number of rural enterprises which are highly innovative and high growth enterprises and are not totally unorganized yet facing acute financing constraints. These have not been our focus segment.

During the financial year 2019-20 we experimented with a small quantum of loans to such enterprises where the loan amounts were higher. This pilot was done selectively across the locations in South and East. With a little over 800 accounts and a loan book of about Rs.100 Crores, we find the experience in terms of their ability to service the loan and repayment highly satisfactory.

Coming years would see us accelerating the efforts to diversify our portfolio across locations with intensified efforts.

Building a Strong People Organization

At Veritas, employees are an integral part of the organization's journey isn't a trite saying. Every HR strategy that we adopt, aims at helping employees contribute at the highest, perform at their peak by building the right skills, eliciting the right attitude.

During the year, we ran a Veritas Leadership Program in association with Great Lakes Institute of Management. We selected 23 senior managers across locations who underwent a specially designed one year Post Graduate Program with intense modules focused at building them as leaders of tomorrow.

Going forward, we are planning to run a Veritas Young Leaders Program on similar lines for the middle level area managers. Challenges of COVID 19 has also accelerated our efforts to develop a robust e learning platform for inducting the new employees and also train the existing employees on product, process.

Believe in Possibilities

It is no denying that the current crisis is something we have not witnessed in a century. However, at Veritas, we would like to believe the answer lies in staying strong and doing the right things. We believe in the possibilities of what a team of passionate employees can deliver. We believe in the possibilities of what a strong organization supported by marquee investors with long term outlook can achieve. We believe in the resilience and their ability of our customers to bounce back. We believe in possibilities of what an organization which understands their needs and supports them can achieve.

We believe that ***It might be stormy right now. But it can't rain forever!.***

D Arulmany

Profile 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 Trent Ltd, Ugro Capital Limited, Kalyani Forge Ltd, Cashpor Micro Credit and Ujjivan MicroFinance Ltd. In the past, Abhijit Sen served on the Board of National Securities Depository Ltd, IDFC First Bank Limited and India First Life Insurance Company Limited. He has also been an External Advisor to General Atlantic. As Chief Financial Officer, India Subcontinent – Citi, he was responsible for the Finance function in India, Bangladesh and Sri Lanka for the entire Citi franchise including Controllership, Corporate Treasury, Financial Planning, Product Control and Tax. He holds a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.

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). Mr Sivaraman also serves as Director in the board of National Insurance Company.

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, 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 Bangalore.

Nishant Sharma
Nominee Director, Kedaara Capital Fund II LLP.

Nishant Sharma is a Co-Founder & Partner of Kedaara Capital, a private equity investment fund focused on India. Nishant has over 13 years of investment experience, encompassing the full lifecycle of private equity in India across a variety of industries and across private and public markets. He has driven investments, managed the portfolio and successfully divested investments over this period.

Before co-founding Kedaara, Nishant served as a Principal and one of the core members of the India investment team at General Atlantic ("GA"), a leading growth oriented private equity firm with over $17bn under management. He co-led GA's investments across financial services, healthcare, business services & technology including investments in IndusInd Bank, Jubilant Lifesciences, IBS Software among others. Prior to GA, Nishant worked with McKinsey & Company focused on clients across the information technology services, financial services, healthcare and government sectors. In addition, he worked at the Bill & Melinda Gates Foundation in setting up the largest HIV/AIDS prevention program in India.

Nishant served on the Board of Au Financiers (now Au SFB) and currently serves on the Boards of Aavas Financiers, Vijaya Diagnostics, Vishal Mega Mart, Ami Life Sciences and Veritas Finance. Nishant received an M.B.A. from Harvard Business School, and a Dual Degree (B.Tech. and M.Tech.) in Biochemical Engineering and Biotechnology from Indian Institute of Technology, Delhi.

Priyamvada Ramkumar
Nominee Director, Lok Capital Growth Fund

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

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

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.

Profile of Senior Management Team

K P Venkatesh
President & Chief Business Officer

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

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

J. Prakash Rayen
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
Chief Financial Officer

V.G. Suchindran is the Chief Financial Officer at Veritas Finance. He has experience of more than 19 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
Senior Vice President - Sales - East - MSME

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

K. Kannan
Senior Vice President - MSME - South

K Kannan is a Veterinarian, graduating from Tamil Nadu Veterinary and Animal Sciences University and an MBA from IIM, Ahmedabad. He has more 16 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 18 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 (MCA) from ICFAI Business School. He carries rich experience in Underwriting, Portfolio & Risk Management and implementation of scorecard model for mortgage underwriting.

R. Krishnaraj
Senior Vice President - Collections - MSME

R.Krishnaraj has rich experience in financial services, most of which is in Credit & Collection function. He has over two decades of experience cutting across credit, operations, risk management, recovery and collections. Before joining Veritas Finance, he was with Cholamandalam as DGM Credit Operations-Vehicle Finance.

He is credited with introduction of many new innovations and first to adapt and put in place any new initiatives including Risk Scoring Model, Lean Cell Concept etc. in the Vehicle Finance vertical. He is an MBA graduate from PSG Institute of Technology.

D. Kanchana Srikanth
Senior Vice President - Legal

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

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

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

Madhavi N A
Company Secretary & Compliance Officer

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

She has played a vital role in advising the top management on policymaking. She underwent her secretarial training with TVS Sundaram Clayton. Prior to training, she was employed with Indian Railways for 7 years. Currently, at Veritas Finance, she is the Company Secretary & Compliance Officer. She is an Associate member of Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICMAI). She has also completed her Master's in Business Laws with the National Law School of India University, Bangalore (NLSIU).

Directors Report

Dear Shareholders,

Your Directors have immense pleasure in presenting the Fifth annual report of your Company together with the audited financial statements for the financial year ended March 31, 2020 which is the fourth full year of operations of the Company.

Financial Results:

The highlights of the Financial Statements of the Company for the financial years 2019-20 and 2018-19 are as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income from Operations	275.68	135.72
Less: Employee cost	78.65	46.36
Finance Cost	106.27	40.41
Other Operating Cost	34.49	17.30
Profit / (Loss) before Depreciation & Tax	56.27	31.65
Less: Depreciation	12.46	8.22
Profit / (Loss) Before Tax	43.81	23.43
Less: Tax Expenses	10.47	6.37
Profit / (Loss) After Tax	33.34	17.06
Total comprehensive income for the year	33.03	17.03
Add: Brought forward Profit / (Loss)	10.42	(2.51)
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	6.67	4.10
Balance Carried Forward	36.78	10.42

Note : The figures for financial year 2018-19 is also as per IND AS

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.743.80 Crores to Rs.1300.67 Crores, the Net Worth increased from Rs.438.90 Crores to Rs.821.79 Crores backed by infusion of Rs.352.44 Crores of additional capital, the Interest Income increased from Rs.129.19 Crores to Rs. 259.53 Crores and the Customer Base increased from 30,183 Customers to 48,638 Customers.

SHARE CAPITAL:

During the financial year 2019-20, the Company has raised capital as follows:

- In March 2020, the Company has raised Rs. 224.16 Crores from new investor, Kedaara Capital Fund II LLP.
- In March 2020, along with the above, the Company raised Rs. 126.07 Crores from existing shareholders, existing investors namely Norwest Venture Partners X – Mauritius, Lok Capital Growth Fund and family of Mr. Pai.
- In March 2020, Rs.2.19 Crores was raised upon exercise of stock option by our employees under the Company's employees stock option scheme Veritas ESOS A, 2016.

With the above capital infusion, as on 31st March 2020, the paid-up equity capital and preference share capital of the Company stood at Rs.35.02 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.6.67 Crores to statutory reserves constituting 20% of the profits made during the financial 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 financial year ended March 31, 2020.

Capital Adequacy Ratio:

The Company had a Capital to Risk Adjusted Assets ratio of 59.28% against the statutory requirement of 15% due to higher capital base and lower leverage. The above ratio includes Tier 2 capital of 0.63%.

Operational Highlights:

Some of the highlights for the financial year ended March 31, 2020 are:

1) The Company disbursed Rs.838.99 Crores during the period resulting in the assets under management of Rs. 1300.67 Crores.

2) The Company has started operations in Jharkhand during the year apart from expanding operations in Andhra Pradesh, Telangana and Madhya Pradesh. The Branch Network has increased to 202 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 Company continues to focus on loans to Micro, Small & Medium Enterprises (MSMEs) including term loans secured by property, working capital loans as well as home construction loans. Veritas Finance has built a significant presence in Tamil Nadu with around 50% of the loan book and has already expanded its presence to other states during the last few years. During the financial year 2020-21, due to the on-going Covid-19 situation, Veritas Finance will be selective in branch expansion.

Credit Rating :

The Company continues to have a credit rating of CARE BBB+ with stable outlook (CARE Triple BBB Plus) for the Long Term Bank loans and Non-Convertible Debentures. There was no change in rating during the financial year 2019-20.

Issue of Listed Debt Securities:

The Company has issued Listed Secured Redeemable NCDs of Rs.146 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.

Other Statutory Compliance:

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

Board of Directors:

During the financial year ended March 31, 2020, Mr. Venkatesh Natarajan, Nominee Director of Sarva Capital LLC resigned from the Board with effect from September 25, 2019.

Mr. Hemant Kaul, Nominee Director of CDC Group Plc resigned from the Board with effect from January 24, 2020.

Mr. Nishant Sharma was appointed as Nominee Director of Kedaara Capital Fund II LLP with effect from March 26, 2020.

Mr. Gaurav Malhotra was appointed as Nominee Director of CDC Group Plc with effect from March 26, 2020.

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

Key Management Personnel:

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

1. Mr. D. Arulmany, Managing Director & CEO

2. Mr. K.P. Venkatesh, President & Chief Business Officer

3. Mr. J. Prakash Rayen, Chief Operating Officer

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

5. Ms. N. A. Madhavi, Company Secretary & Compliance Officer

Statutory Auditors:

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company for a term of five years in the Annual General Meeting held on 10th June 2016 to hold office until the conclusion of the sixth AGM of the Company to be held in the year 2021, subject to the ratification by the members at every Annual General Meeting (AGM) to be held during their term.

The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

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 2019 - 20.

The Secretarial Audit Report for the financial year 2019-20 forms part of the Annual Report as 'Annexure-III'.

Subsidiary / Joint Ventures / Associate Companies:

As on March 31, 2020, 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 financial year 2019 – 20 will be uploaded in the website of the Company : https://www.veritasfin.in/annualreturn.html

As per Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the annual return in Form MGT-9 is annexed with this report as 'Annexure-IV'.

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 financial year under review, the Company does not have foreign currency earnings or expenditure.

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 financial year:

During the financial year, Eight meetings of the Board of Directors was held on April 26, 2019, June 12, 2019, July 24, 2019, September 6, 2019, November 11, 2019, December 20, 2019, January 23, 2020, February 26, 2020.

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)© and 134(5) of the Companies Act, 2013:

a. that in preparation of the annual financial statements for the year ended March 31, 2020, 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 the financial year ended March 31, 2020;

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 our 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. N. Mohanraj	IDDB-DI-202001-004589	One year from 08 January 2020 to 07 January 2021
Mr. M. Sivaraman	IDDB-DI-202001-006226	One year from 25 January 2020 to 24 January 2021

Upon registration in the Independent Director's Databank all are required to pass an online proficiency self-assessment test within a period of 1 year from the date of inclusion of his name in the data bank.

All our 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 ten 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

A copy of their registration certificates with the Independent Director's Databank have been submitted to the Board by all the three Independent Directors.

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, 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. We look forward to their continued patronage and encouragement in all our future endeavours.

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

Abhijit Sen **Independent Director**	**M. Sivaraman** **Independent Director**	**D. Arulmany** **Managing Director & CEO**

Date: 15 June 2020
Place: Chennai

Report on Corporate Governance

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

Corporate Governance Philosophy

The Company'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, the Company has inducted two Nominee Directors.

During the financial year ended March 31, 2020, Eight (08) 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	08(08)
Mr. M. Sivaraman (02045100)	May 28, 2015	Independent Director	1	07(08)
Mr. N. Mohanraj Nair (00181969)	December 1, 2015	Independent Director	2	08(08)
Mr. Venkatesh Natarajan (02453219)	March 18, 2016	Nominee Director of Sarva Capital LLC	8	04(04)
Mr. Abhijit Sen (00002593)	November 9, 2017	Independent Director	13	07(08)
Mr. Hemant Kaul (00551588)	October 12, 2018	Nominee Director Of CDC Group PLC	8	05(07)
Ms. Priyamvada Ramkumar (07878808)	October 12, 2018	Nominee Director Of LOK Capital Growth Fund	NIL	08(08)
Mr. Nishant Sharma (03117012)	March 26, 2020	Nominee Director Of Kedaara Capital Fund II LLP	6	-
Mr. Gaurav Malhotra (07640504)	March 26, 2020	Nominee Director Of CDC Group PLC	2	-

Changes in Board Constitution:

During the year ended March 31, 2020, the following change took place in the constitution of the Board:

Mr. Venkatesh Natarajan, Nominee Director of Sarva Capital LLC resigned from the Board with effect from September 25, 2019.

Mr. Hemant Kaul, Nominee Director of CDC Group Plc resigned from the Board with effect from January 24, 2020.

Mr. Nishant Sharma was appointed as Nominee Director of Kedaara Capital Fund II LLP with effect from March 26, 2020.

Mr. Gaurav Malhotra was appointed as Nominee Director of CDC Group Plc with effect from March 26, 2020.

Mr. Abhijit Sen, Mr. N. Mohanraj and Mr. M. Sivaraman were re-appointed as Independent Directors for a second term of 5 (five) consecutive years w.e.f. from May 22, 2019 in the Annual General Meeting (AGM) held on May 22, 2019.

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 February 26, 2020 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, 2020, the Company has Nine Committees of the Board, constituted in accordance with the provisions of the Act viz.,

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

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

I. Audit Committee

The Audit and Risk Management Committee was Reconstituted and renamed as Audit Committee and a separate Risk Management Committee was constituted, in the Board Meeting held on November 09, 2018.

The Audit committee was later reconstituted in the Board meeting held on April 26, 2019.

The Audit Committee shall provide advice and overall guidance to the Company regarding the audit, accounting policies etc.

Terms of Reference:

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.

2. The recommendation for appointment, reappointment, replacement, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company for audit or any other services rendered by the auditors

3. Reviewing, with the management, the quarterly, half yearly and annual Financial Statements before submission to the Board for approval, with particular reference to:

   i. Matters required to be included in the Director's Responsibility Statement to be included in the board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013
   ii. Changes, if any, in accounting policies and practices and reasons for the same
   iii. Major accounting entries involving estimates based on the exercise of judgment by management
   iv. Significant adjustments made in the Financial Statements arising out of audit findings
   v. Compliance with accounting and other legal requirements relating to Financial Statements
   vi. Disclosure of any related party transactions
   vii. Qualifications in the draft Auditors Report

4. Reviewing the Accounting Policies from time to time including those on Provisions.

5. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

7. Discussion with Internal Auditors any significant findings and follow up there on.

8. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

9. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

11. Approval or any subsequent modification of transactions of the company with related parties

12. Scrutiny of inter-corporate loans and quarterly review of investment activities;

13. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

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

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

The Audit Committee shall mandatorily review the following information:

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

The powers of the Audit Committee shall include the following:

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

Composition & Meetings

The Audit committee was reconstituted in the Board meeting held on April 26, 2019.

During the year ended March 31, 2020, Four (4) meetings of the Committee were held on April 26, 2019, July 24, 2019, November 4, 2019 and January 23, 2020.

Name of the Member	Committee Meetings attended (Meetings held till Resignation, wherever applicable)
Mr. M. Sivaraman (Chairman)	4 (4)
Mr. Abhijit Sen	4 (4)
Mr. Hemant Kaul*	4 (4)
Ms. Priyamvada Ramkumar	4 (4)
Mr. N. Mohanraj	3 (3)

* Mr. Hemant Kaul resigned from the Board with effect from January 24, 2020.

The composition of the committee as on March 31, 2020 is given below:

Name of the Member
Mr. M. Sivaraman (Chairman)
Mr. Abhijit Sen
Ms. Priyamvada Ramkumar
Mr. N. Mohanraj

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. President & 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.

During the year ended March 31, 2020, two (2) meetings of the Committee were held on April 26, 2019 and December 20, 2019.

Name of the Member	Committee Meetings attended (Meetings held till Resignation, wherever applicable)
Mr. Abhijit Sen (Chairman)	2 (2)
Mr. N. Mohanraj	2 (2)
Mr. Venkatesh Natarajan*	1 (1)
Mr. Hemant Kaul*	2 (2)

*Mr. Venkatesh Natarajan resigned from the Board with effect from September 25, 2019.
*Mr. Hemant Kaul resigned from the Board with effect from January 24, 2020.

The Nomination and Remuneration Committee was re-constituted in the Board meeting held on February 26, 2020.

The composition of the committee as on March 31, 2020 is given below:

Name of the Member
Mr. Abhijit Sen (Chairman)
Mr. N. Mohanraj
Ms. Priyamvada Ramkumar

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:

During the year ended March 31, 2020, one (1) meeting of the Committee was held on July 24, 2019.

Name of the Member	Committee Meetings attended (Meetings held till Resignation, wherever applicable)
Mr. N. Mohanraj (Chairman)	1 (1)
Mr. M. Sivaraman	1 (1)
Mr. D. Arulmany	1 (1)
Mr. Venkatesh Natarajan*	1 (1)

*Mr. Venkatesh Natarajan resigned from the Board with effect from September 25, 2019

The composition of the committee as on March 31, 2020 is given below:

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

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:

During the year ended March 31, 2020, three (3) meetings of the Committee was held on April 26, 2019, September 6, 2019 and January 23, 2020.

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Abhijit Sen (Chairman)	3 (3)
Ms. Priyamvada Ramkumar	3 (3)
Mr. J. Prakash Rayen	3 (3)
Mr. S. Parthiban	3 (3)

V. Stakeholders Relationship Committee:

The terms of the Stakeholders Relationship Committee was amended as below in its Meeting held on January 23, 2020 and was subsequently approved and noted by the Board in its meeting held on January 23, 2020.

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:

During the year ended March 31, 2020, four (4) meetings of the Committee were held on April 26, 2019, July 24, 2019, November 4, 2019 and January 23, 2020.

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

VI. Risk Management Committee :

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

Terms of Reference:

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

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

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

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

During the year ended March 31, 2020, three (3) meetings of the Committee were held on April 26, 2019, July 24, 2019 and November 4, 2019.

Name of the Member	Committee Meetings attended (Meetings held till Resignation, wherever applicable)
Mr. Venkatesh Natarajan (Chairman)*	2 (2)
Mr. D. Arulmany	3 (3)
Mr. Abhijit Sen	3 (3)
Mr. N. Mohanraj	3 (3)

*Mr. Venkatesh Natarajan, resigned from the Board with effect from September 25, 2019
Mr. Abhijit Sen, Independent Director was designated as the Chairman of the committee

The composition of the committee as on March 31, 2020 is given below:

Name of the Member
Mr. Abhijit Sen (Chairman)
Mr. D. Arulmany
Mr. N. Mohanraj

VII. ALCO Committee:

Terms of Reference:

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

Composition & Meetings:

During the year ended March 31, 2020, twelve (12) meetings of the Committee were held on April 08, 2019, May 10, 2019, June 13, 2019, July 09, 2019, August 23, 2019, September 27, 2019, October 30, 2019, November 28, 2019, December 30, 2019, January 31, 2020, February 28, 2020 and March 18, 2020.

Name of the Member	Committee Meetings attended (Meetings held)
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. R. Krishnaraj	10 (12)
Mr. M. Mahesh	11 (12)

VIII. Resources & Business Committee:

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

Terms of Reference:

1. To allot Non - Convertible Debentures (NCD) from time to time, to one or more subscribers, in one or more tranches on such terms and conditions as it thinks fit, subject however that the total amount of NCDs so issued during a financial year shall not exceed the limits approved by the Board from time to time.

2. To consider and approve Securitization and Direct Assignment arrangements and to authorize carrying out of all actions connected therewith.

3. To review the existing loan products and recommend new loan products to the board for approval

4. Any loan to be given by the Company including loans against property, SME loans and other loans exceeding Rs.1 crore to be approved by Resourcing & Business Committee.

Composition & Meetings:

During the year ended March 31, 2020, one (1) meeting of the Committee was held on July 24, 2019.

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

IX. Business Impact Committee:

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

Terms of Reference:

1. Oversight of the development and implementation of the developmental impact action plan of the Company hereinafter referred to as "DI Action Plan".

2. Oversight of the development and implementation of the Environmental, social and governance action plan defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the Environmental, Social and Governance (ESG) Requirements in the business activities of the Company hereinafter to as "E&S Action Plan".

3. Oversight of the establishment of the the overall management system of the Company dedicated to the systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in both the Company's activities and in the loan and investment appraisal and management processes, integrated in the Company's organizational structure, planning activities, responsibilities, practices, procedures, processes and resources, which is referred to as ESG Management System which shall include compliance with the ESG requirements namely:

    a. Examining ESG policies and procedures and their implementation and making recommendations for their improvement to the Board;

b. Providing half-yearly reports to the Board on any material issue that has arisen as a result of the operation of the ESG Management System since the last meeting and an explanation as to how it is being dealt with;

c. Considering half-yearly reports from the management on implementation of the E&S Action Plan;

d. Reviewing and recommending a report on annual basis to the Board on matters in relation to ESG;

e. Considering ESG assessment reports, action points arising out of any social and environmental impact assessments and project specific action plans;

f. Vetting new projects where there is deemed to be a material risk of violation of the ESG Requirements;

g. Recommending appointment of consultants to Board to investigate alleged breaches of ESG Requirements, ESG policies and procedures;

h. Ensuring that the Company has put in place adequate systems and resources (including employees of sufficient expertise and seniority) to understand and determine the applicability of the ESG Requirements to the Company and monitor the underlying ESG Laws, IFC Performance Standards as updated by IFC in their webpage http://www.ifc.org/PerformanceStandards and the convention of the International Labour Organisation (ILO), the tripartite United Nations agency, whose conventions are available in their website http://www.ilo.org/global/standards/lang--en/index.htm

i. Monitoring compliance of Clients with the ESG Standards

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

Composition & Meetings:

During the financial year ended March 31, 2020, one meeting of the Committee was held on November 4, 2019.

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

Name of the Member	Committee Meetings attended (Meetings held)
Mr. Kumareshan Sivam	1(1)
Ms. N. A. Madhavi	1(1)

*Mr. Hemant Kaul resigned from the Board with effect from January 24, 2020.

The composition of the committee as on March 31, 2020 is given below:

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

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

The details of the remuneration paid to Directors during the financial year 2019-20 are as follows:

Name of the Independent Director	Sitting Fees (Amount in Rs.)		Commission (Amount in Rs.)
	Board	Committees	
Mr. M. Sivaraman	1,75,000	2,75,000	14,50,000
Mr. N. Mohanraj	2,00,000	3,75,000	14,50,000
Mr. Abhijit Sen	1,75,000	2,75,000	14,50,000
Total	**5,50,000**	**9,25,000**	**43,50,000**
Grand Total		**58,25,000**	

General Body Meetings

During the period from April 01, 2019 to March 31, 2020, apart from the Annual general meeting (AGM), two Extraordinary General Meetings (EGM) were held as per details given below:

Date	Type of meeting	Time	Venue
May 22, 2019	AGM	10:00 am	Registered office of the Company
January 17, 2020	EGM	10:00 am	Registered office of the Company
March 05, 2020	EGM	10:00 am	Registered office of the Company

The Annual General Meeting for the last three years were held on May 30, 2017, June 11, 2018 and May 22, 2019 respectively. All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

Compliance Report

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

Risk Management

The Company 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 IND AS 24, 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, 2020

Equity Shares:

Category	Number of Shares	% of total
Promoter & Relatives	1,71,48,744	36.50%
Resident Individual Investors	7,50,000	1.60%
Non- Resident Individual Investors	98,92,367	21.05%
Employees & their Relatives	42,72,500	9.09%
Institutional Investors	1,49,24,141	31.76%
Total	**4,69,87,752**	**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,

M.Sivaraman
Independent Director

N.Mohanraj
Idependent Director

D. Arulmany
Managing Director

Date: 15 June 2020
Place: Chennai

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 - 54.39:1 Mr. Abhijit Sen – 7.17:1 Mr. M. Sivaraman – 7.17:1 Mr. N. Mohanraj – 7.17:1
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 – 37.52% Chief Financial Officer – 32.00% Company Secretary – 15.22%
3.	The percentage increase in the median remuneration of employees in the financial year	33.43%
4.	The number of permanent employees on the rolls of company	1,850
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: 17% Average % increase in KMP salary: 20%
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 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;

i.	**Name of the employee**	Mr. D. Arulmany
ii.	**Designation of the employee;**	Managing Director and Chief Executive officer
iii.	**remuneration received;***	Rs. 110.01 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;**	30.04.2015
vii.	**the age of such employee;**	57 years
viii.	**the last employment held by such employee before joining the company;**	Aptus Value Housing Finance India Ltd
ix.	**the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) and**	35.43%
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	30,00,000
c. Options Vested	30,00,000
d. Options Exercised	20,96,500
e. The total no. of shares arising as a result of exercise of option	20,96,500
f. Options Lapsed / Surrendered	50,000
g. Variation of terms of option	Nil
h. Total number of options in force	8,53,500
i. Money realized by exercise of options	2,20,30,000
j. (a) Details of options granted to Key Managerial Personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the financial year ended March 31, 2020	Nil
(c) Identified employees who were granted Options, during the period ended March 31, 2020, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with IND AS 33	NA
i. The exercise price of Options	Exercise Price was Rs.10 for 26,00,000 Options (Batch 1 granted on January 18, 2016) Exercise Price was Rs.20 for 3,00,000 Options (Batch 2 granted on November 10, 2016) Exercise Price was Rs.20 for 1,00,000 Options (Batch 3 granted on March 20, 2017)

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

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	10,00,000
b. Options Granted	9,30,000
c. Options Vested	4,00,500
d. Options Exercised	1,000
e. The total no. of shares arising as a result of exercise of option	1,000
f. Options Lapsed / Surrendered	40,000
g. Variation of terms of option	Nil
h. Total number of options in force	3,99,500
i. Money realized by exercise of options	40,000
j. (a) Details of options granted to Key Managerial Personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during financial year ended March 31, 2020	Nil
(c) Identified employees who were granted Options, during the period financial year ended March 31, 2020, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with IND AS33	NA
i. The exercise price of Options	Exercise Price was Rs.40 for 9,30,000 Options granted on March 22, 2018.

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	11,25,000
c. Options Vested	80,000
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	80,000
i. Money realized by exercise of options	Nil
j. (a) Details of options granted to Key Managerial Personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the financial year ended March 31, 2020	NIL
(c) Identified employees who were granted Options, during the financial year ended March 31, 2020, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL Employees were granted 7,25,000 options on April 26, 2019
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with IND AS 33	NA
i. The exercise price of Options	Exercise Price was Rs.120 for 4,00,000 Options granted on December 06, 2018. Exercise Price was Rs.125 for 7,25,000 Options granted on April 26, 2019.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[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. 120,00,00,000/-

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate ractices by **M/s. VERITAS FINANCE PRIVATE LIMITED** (hereinafter called the "Company") during the financial year from 1st April 2019 to 31st March 2020 ("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. Inspection report issued by the Reserve Bank of India and noted by the Board;

v. 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, 2020 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'):

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@saspartners.com

a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c. 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;

d. The Securities Exchange Board of India (Debenture Trustee) Regulations 1993

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 – Liberalised 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 Employee's 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 period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above.

It is to be noted that the Company has not clearly mentioned whether the rate of interest is yearly or monthly in the samples that were verified. However it has been reported that subsequent to 1st of March 2020 the same has been rectified by the Company. Further the loan application, agreement & sanction letter, disbursement schedule and all the terms and conditions regarding loan and fair practices code were not made available in vernacular language to the customers.

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.
The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with theapplicable provisions of the Act.

b. As on 31st March, 2020, 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.

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 through and the dissenting members' views are captured and recorded as part of the minutes.

III. Compliance Mechanism:

a. 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. Debt-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.

ISIN	Date of Listing
INE448U07083	28-08-2019
INE448U07067	02-07-2019
INE448U07059	03-04-2019

b. Allotment and issue of Non- convertible Debentures:

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

Date of Members approval	Date of offer in Board	Date of Allotment	Amount (INR in Crs)
22.05.2019	12.06.2019	26.06.2019	60
22.05.2019	24.07.2019	31.07.2019	41.60
22.05.2019	24.07.2019	20.08.2019	86

c. Re-classification of Authorised Share Capital and amendment to the Memorandum of association:

The Company has reclassified a portion of its preference share capital (0.30 Crores) into Equity Share Capital and consequent amendment has been effected in its Memorandum of Association.

d. Re-appointment of Independent Directors;

The Company has re-appointed its Independent Directors for another term (2nd term) of 5 years by way of special resolution considering the requirement to appoint such directors in accordance with the provisions of the regulations and the act.

e. Increase in Authorised Share Capital of the Company:

The Company has increased the limits of its Authorised Share Capital in Extraordinary General Meeting convened on 17.01.2020 from Rs.100 Crores to Rs.120 Crores and consequent amendment has been carried out in the capital clause of Memorandum of Association of the Company.

f. Amendment of Employee Stock Option Scheme:

The Company has varied the terms of Employee Stock Option Scheme by way of special resolution in the Extra – ordinary general meeting held on 17.01.2020 for providing an additional time of three months for exercising the employees' vested option.

g. Issue of Preference Shares:

The Company has approved the issue of 1,49,86,218 Series E 0.0001% Compulsory Convertible Preference shares at a face value of Rs.10/- per share and a premium of Rs.205.17/- per share to M/s. Lok Capital Growth Fund, M/s.Kedaara Capital II LLP and M/s.Norwest Venture Partners X on Extra ordinary General Meeting of the Company held on 05.03.2020 and the shares have been allotted in the Board Meeting held on 18.03.2020.

h. Issue of Partly Paid-up Equity Shares:

The Company has approved the issue of 23,23,744 Partly Paid-up Equity Shares to Mr.Arulmany, Promoter and Managing Director of the Company at a face value of Rs.10/- per share and a premium of Rs.205.17/- per share by way of preferential allotment, on the Extra ordinary General meeting of the Company held on 05.03.2020 and the shares have been allotted vide Board Meeting held on 18.03.2020.

i. Further Issue of Equity Shares:

The Company has approved the issue of 12,79,990 equity shares to Ms.Sheela Pai Cole and Ms.Sunaina Pai Ocalan through private placement at a at a face value of Rs.10/- per share and a premium of Rs.205.17/- per share on Extra ordinary General Meeting of the Company held on 05.03.2020 and the same have been allotted in the Board Meeting held on 18.03.2020.

j. 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 can be tabulated as follows:

DATE OF ALLOTMENT	SCHEME	NO.OF SHARES	AMOUNT (INR in Lakhs)
27.09.2019	ESOS A, 2016	6,500	1.7
27.09.2019	ESOS B, 2018	1,000	
18.03.2020	ESOS A 2016	2,60,000	37.5
26.03.2020	ESOS A 2016	18,15,000	181.5

Note: Please note that the specific observations/ qualification / reservation / remarks in respect of the Board structure / system and processes are relating to the Audit period

For JM & Associates,
Company Secretaries

Sd/-

Soy Joseph
Partner
(ACS-13852, CP-5612)
UDIN: A013852B000344358

Place: Chennai
Date : 15/06/2020

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

Annexure to Secretarial Audit 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 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: A013852B000344358

Place: Chennai
Date : 15/06/2020

Annexure - IV

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON 31.03.2020
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.REGISTRATION AND OTHER DETAILS:

CIN	U65923TN2015PTC100328
Registration Date	April 30, 2015
Name of the Company	VERITAS FINANCE PRIVATE LIMITED
Category / Sub-Category of the Company	Company Limited by Shares / Non - Govt Company
Address of the Registered office and contact details	SKCL Central Square 1, South Wing, 1st Floor, Unit # C28-C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600032. Tel: +91 - 44 - 4615 0011 Email: corporate@veritasfin.in
Whether listed company	Debt-Listed Company
Name, Address and Contact details of Registrar and Transfer Agent, if any	**Mr. S.P. Venugopal,** General Manager, **Kfin Technologies Private Limited,** **Corporate Registry,** Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Tel:040 6716 1718, Email:venu.sp@karvy.com

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Extending credit to micro and small enterprises typically self-employed small business	K-64-64920	99.9%

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address Of The Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
NOT APPLICABLE					

IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoter									
1) Indian									
a) Individual/ HUF	15,075,000	-	15,075,000	36.5	17,148,744	-	17,148,744	36.5	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**15,075,000**	-	**15,075,000**	**36.5**	**17,148,744**	-	**17,148,744**	**36.5**	-
2) Foreign		-							
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-		-	-	-	-	-	-	-
j) Banks / FI	-		-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-		-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	6,36,193	-	6,36,193	1.54	42,33,234	-	42,33,234	9.01	7.47
(ii) Overseas	1,21,27,948	-	1,21,27,948	29.36	1,06,90,907	-	1,06,90,907	22.75	6.61
b) Individuals									
(I) Individual shareholders holding nominal share capital upto Rs.1lakh	-	-	-	-	7,500	-	7,500	0.02	0.02
(ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh	1,34,62,377	-	1,34,62,377	32.60	1,49,07,367	-	1,49,07,367	31.73	0.87
c) Others									
Sub-total (B)(2)	**2,62,26,518**	-	**2,62,26,518**	**63.50**	**2,98,39,008**	-	**2,98,39,008**	**63.50**	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2,62,26,518**	-	**2,62,26,518**	**63.50**	**2,98,39,008**	-	**2,98,39,008**	**63.50**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**4,13,01,518**	-	**4,13,01,518**	**100.00**	**4,69,87,752**	-	**4,69,87,752**	**100.00**	-

ii.Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share-holding during the year
1.	Mr. D Arulmany	1,45,75,000	17.27	-	1,66,48,744	15.85	-	1.42
2.	Mrs. Vidya Arulmany	5,00,000	0.59	-	5,00,000	0.48	-	0.11
	Total	**1,50,75,000**	**17.86**	**-**	**1,71,48,7444**	**16.33**		**1.53**

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

S.No		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. D ARULMANY**				
	At the beginning of the year	1,45,75,000	17.27	1,45,75,000	17.27
	Date wise Increase / Decrease in Promoters Shareholding during the year: 1.Allotment on 18.03.2020 2.Transfer on 18.03.2020	- -	- -	23,23,744 (2,50,000)	- -
	At the End of the year	-	-	1,66,48,744	15.85
2.	**MRS. VIDYA ARULMANY**				
	At the beginning of the year	5,00,000	0.59	5,00,000	0.59
	Date wise Increase / Decrease in Promoters Shareholding during the year:	NIL	NIL	NIL	NIL
	At the End of the year	-	-	5,00,000	0.48

iv. Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

S.No		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Norwest Venture Partners X Mauritius**				
	At the beginning of the year	1,37,99,428	16.36	1,37,99,428	16.36
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer-18.03.2020 – Equity 2.Transfer-18.03.2020-CCPS 3.Allotment-18.03.2020	- - -	- - -	62,58,974 6,09,025 24,76,820	- - -
	At the End of the year	-	-	2,31,44,247	22.03

S.No		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	**CDC Group Plc.**				
	At the beginning of the year	2,07,61,783	24.61	2,07,61,783	24.61
	Date wise Increase / Decrease in Shareholding during the year:	NIL	NIL	NIL	NIL
	At the End of the year	-	-	2,07,61,783	19.76
3.	**Kedaara Capital Fund II LLP**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year: 1.Allotment-18.03.2020 2.Transfer-18.03.2020-Equity 3.Transfer-18.03.2020-CCPS	- - -	- - -	1,04,18,028 35,97,041 4,66,244	- - -
	At the End of the year	-	-	1,44,81,313	13.79
4.	**Lok Capital Growth Fund**				
	At the beginning of the year	1,18,82,584	14.08	1,18,82,584	14.08
	Date wise Increase / Decrease in Shareholding during the year: 1.Allotment-18.03.2020	-	-	20,91,370	-
	At the End of the year	-	-	1,39,73,954	13.30
5.	**Ms. Sheela Pai cole**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer- 30.09.2019 2.Allotment-18.03.2020	- -	- -	34,45,775 6,18,472	- -
	At the End of the year	-	-	40,64,247	3.87
6.	**Ms. Sunaina Pai Ocalan**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer- 30.09.2019 2.Allotment-18.03.2020	- -	- -	33,00,000 6,61,518	- -
	At the End of the year	-	-	39,61,518	3.77
7.	**Mr. J. Prakash Rayen**				
	At the beginning of the year	15,00,000	1.78	15,00,000	1.78
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer on 18.03.2020 2.Allotment on 26.03.2020	- -	- -	(6,25,000) 9,75,000	- -
	At the End of the year	-	-	18,50,000	1.76

S.No		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8.	**Mr. V G Suchindran**				
	At the beginning of the year	12,50,000	1.48	12,50,000	1.48
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer on 18.03.2020 2.Allotment on 26.03.2020	- -	- -	(5,00,000) 5,00,000	- -
	At the End of the year	-	-	12,50,000	1.19
9.	**Ms. Savita S Pai**				
	At the beginning of the year	46,34,401	5.49	46,34,401	5.49
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer- 30.09.2019	-	-	(37,45,775)	-
	At the End of the year	-	-	8,88,626	0.85
10.	**Caspian Impact Investment Adviser Private Limited**				
	At the beginning of the year	6,21,093	0.74	6,21,093	0.74
	Date wise Increase / Decrease in Shareholding during the year	NIL	NIL	NIL	NIL
	At the End of the year	-	-	6,21,093	0.59

v. Shareholding of Directors and Key Managerial Personnel:

S.No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. D Arulmany, MD & CEO**				
	At the beginning of the year	1,45,75,000	17.27	1,45,75,000	17.27
	Date wise Increase / Decrease in Promoters Shareholding during the year: 1.Allotment on 18.03.2020 2.Transfer on 18.03.2020	- -	- -	23,23,744 (2,50,000)	- -
	At the End of the year	-	-	1,66,48,744	15.85
2.	**Mr. J. Prakash Rayen, COO**				
	At the beginning of the year	15,00,000	1.78	15,00,000	1.78
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer on 18.03.2020 2.Allotment on 26.03.2020	- -	- -	(6,25,000) 9,75,000	- -
	At the End of the year	-	-	18,50,000	1.76

S.No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	**Mr. V G Suchindran, CFO**				
	At the beginning of the year	12,50,000	1.48	12,50,000	1.48
	Date wise Increase / Decrease in Shareholding during the year: 1.Transfer on 18.03.2020 2.Allotment on 26.03.2020	 - -	 - -	 (5,00,000) 5,00,000	 - -
	At the End of the year	-	-	12,50,000	1.19

V.INDEBTEDNESS (Rs.in Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	40,315.62	-	-	40,315.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	124.63	-	-	124.63
Total (i+ ii+ iii)	40,440.25	-	-	40,440.25
Change in Indebtedness during the financial year				
- Addition	44,096.11	-	-	44,096.11
- Reduction	22,136.70	-	-	22,136.70
Net Change	21,959.41	-	-	21,959.41
Indebtedness at the end of the financial year				
i) Principal Amount	62,275.03	-	-	62,275.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	222.26	-	-	222.26
Total (i+ ii+ iii)	62,497.29	-	-	62,497.29

VI.REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Rs.in Lakhs)

S. No	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. D. Arulmany (Managing Director and CEO)	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	110.01	110.01
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	 - -	 - -
5.	Others, please specify	-	-
6.	Total (A)	110.01	110.01
	Ceiling as per the Act	NA	NA

B. Remuneration to other directors: (Rs. In Lakhs)

S. No	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. M Sivaraman	Mr. N Mohanraj	Mr. Abhijit Sen	
	Independent Directors				
	• Fee for attending board committee meetings	4.50	5.75	4.50	14.75
	• Commission as % of profit	14.50	14.50	14.50	43.50
	• Others, please specify				
	Total (1)	**19.00**	**20.25**	**19.00**	**58.25**
	Other Non-Executive Directors	-	-	-	-
	• Fee for attending board committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	-		-
	Total (B)=(1+2)	**19.00**	**20.25**	**19.00**	**58.25**
	Total Managerial Remuneration (A+B)				**168.26**
	Overall Ceiling as per the Act				NA

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD (Rs. In Lakhs)

S. No	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. J Prakash Rayen (COO)	Ms. N.A Madhavi (Company Secretary)	Mr. V.G. Suchindran (CFO)	Mr. K.P Venkatesh (CBO)	
	Gross salary					
1.	(a) Salary as per provisions	80.49	9.73	85.14	85.08	260.44
	contained in section 17(1)		-			
	of the Income-tax Act, 1961		-			
	(b) Value of perquisites u/s		-	-	-	-
	17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under		-	-	-	-
	section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option (in options)	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
	Commission					
4.	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
6.	Total- Remuneration	**80.49**	**9.73**	**85.14**	**85.08**	**260.44**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty					
Punishment			NIL		
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment			NIL		
Compounding					

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

M.Sivaraman
Independent Director

N.Mohanraj
Independent Director

D. Arulmany
Managing Director & CEO

Date: 15 June, 2020
Place: Chennai

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. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

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.

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

2. The Composition of the CSR Committee as on March 31, 2020 was:

Composition of the CSR Committee:

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

3. The average net profit of the company for last three financial years has been:

Particulars	Rs.in lakhs
Profit/(Loss) - 2018-19	2829.44
Profit/(Loss) - 2017-18	649.94
Profit/(Loss) - 2016-17	(283.95)
Average Profit for CSR purpose	1065.14
2% of average Profit/Loss for last three years *	**21.30**

*Prescribed CSR Expenditure

4. Details of CSR contribution made by the Company during the Financial Year:

Details of CSR spent during the financial year	-	(2019 – 2020)
Amount required to be spent by the Company during the year	-	Rs. 21.30 Lakhs
Amount spent during the year	-	Rs. 22.00 Lakhs

5. Details of expenditure:

I: Contribution to Shram Sarathi :

Shram Sarathi is a section 8 company, incubated by Aajeevika Bureau in 2007 with a vision to ensure secure, dignified lives of communities dependent on migration and labour. Shram Sarathi's financial services work is situated within a larger ecosystem, of migration support and services offered by Aajeevika Bureau. It is the first dedicated financial services institution in the country that offers financial services to vulnerable migrant workers and their households.

Veritas Finance contributed Rs. 10 Lakhs to Shram Sarathi as a part of the CSR funds. The funding from Veritas Finance shall help Shram Sarathi reach a total of 1000 beneficiaries each year. Some of the outputs and outcomes of the project are given below:

Outputs of the Project	Outcomes
Number of migrant families receiving access to credit: 100	Financial Inclusion of a previously unbanked community
Number of migrant families linked to savings and social security programs: 300	Behavior change & increased confidence in financial decision making among migrant families; protection of families from financial frauds
Number of village level financial literacy meetings: 30 (Average of 20 participants per meeting)	

II: Contribution to PM CARES Fund:

The Government of India has set up the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) with the primary objective of dealing with any kind of emergency or distress situation such as that posed by COVID 19 pandemic.

Item no. (viii) of the Schedule VII of the Companies Act, 2013, which enumerates activities that may be undertaken by companies in discharge of their CSR obligations, inter alia provides that contribution to any fund set up by the Central Government for socio-economic development and relief qualifies as CSR expenditure.

The PM-CARES Fund has been set up to provide relief to those affected by any kind of emergency or distress situation. Accordingly, it is clarified that any contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act, 2013.

Veritas Finance has contributed Rs.12 Lakhs to PM CARES Fund as a part of the CSR funds.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

We hereby confirm on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Chennai
June 15, 2020

N. Mohanraj
(Chairman CSR Committee)

Director's 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, policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees had been formulated including criteria for determining qualifications, positive attributes, Independence of a Director and other matters as required under the said Act and Listing Regulations.

Definitions:

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

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

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

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

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

The objectives of this policy:

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

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

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

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

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

Nomination and Remuneration Committee:(NRC)

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

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

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

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

2. Role of the Committee:

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

a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

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

c) To assess the independence of Independent Directors;

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

e) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.

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

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

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

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

At present, the Committee comprises of following Members:

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

ii. Mr. N. Mohanraj (Independent Director)

iii. Ms. Priyamvada Ramkumar (Nominee Director)

iv. Mr. Gaurav Malhotra (Nominee Director)

v. Mr. Nishant Sharma (Nominee Director)

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

Appointment criteria and qualification:

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

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

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

II. Personal, Professional or business standing;

III. Diversity of the Board.

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

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

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

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

Removal:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The remuneration / compensation / commission, etc., as the case may be, to the Managing Director and/or Chief Executive Officer, KMPs and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company 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:

1. Fixed compensation:

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

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

2. Variable Compensation:

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

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

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

3. Retirement Benefits:

a) Provident Fund,

b) Gratuity

c) Contribution to a Superannuation Fund

4. Other Benefits:

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

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

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

6. Remuneration to Independent Director

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

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

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

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

7. Policy Review

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

Annexure A

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

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

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

MATRIX FOR EVALUATION OF INDEPENDENT DIRECTOR

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

Rating:

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

MATRIX FOR EVALUATION OF NOMINEE DIRECTOR

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

Rating:

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

Management Discussion & Analysis

MSME Industry Overview:

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

Company Overview:

Veritas Finance Private Limited is Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") has presence across union territory of Pondicherry and States of Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Madhya Pradesh and Jharkhand. The Company commenced operations in April, 2015 and has completed five years of operations. The primary focus 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 Micro, Small & Medium Enterprises (MSMEs) including business loans secured by property, working capital loans as well as home construction loans.

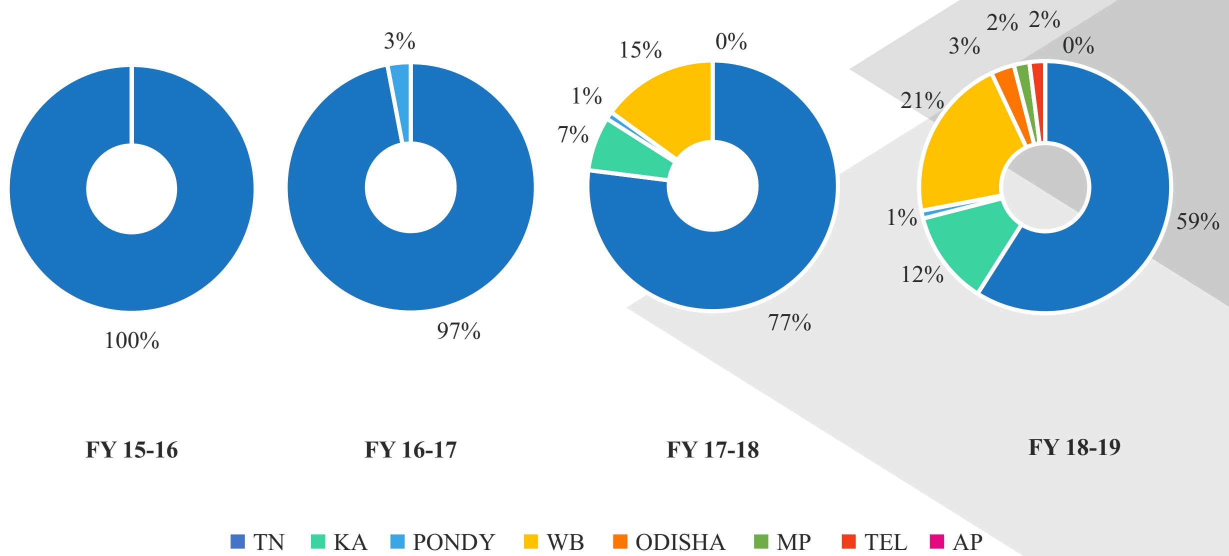
Veritas Funding Methodology

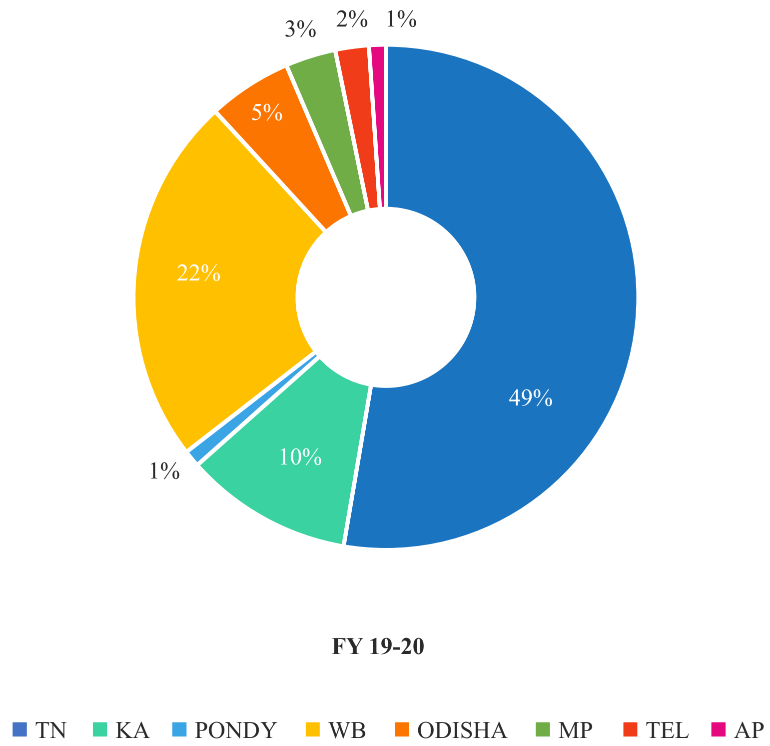
As an organization that operates in providing loans to MSME segment, Veritas has unique credit methodologies for different customer segments. We study our customers' enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability 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 database of references is maintained segment-wise and updated regularly. The segments are continuously monitored and studied and the changes are incorporated in the credit assessment accordingly. The credit assessment gets additional strength from the collateral, which is taken for moral suasion.

Portfolio Performance - FY 20:

As on 31st March 2020, Veritas Finance catering to 48,303 small business entrepreneurs and 335 salaried/others. The gross loan portfolio was up by 74% to Rs.1300.67 Crores as of March 31, 2020 compared to Rs.743.80 Crores as of March 31, 2019. The share of secured loan portfolio, i.e., MSME Loans and Construction Finance Loans stands at 97% and unsecured loan portfolio, i.e., Working Capital loans stands at 3% of gross loan portfolio.

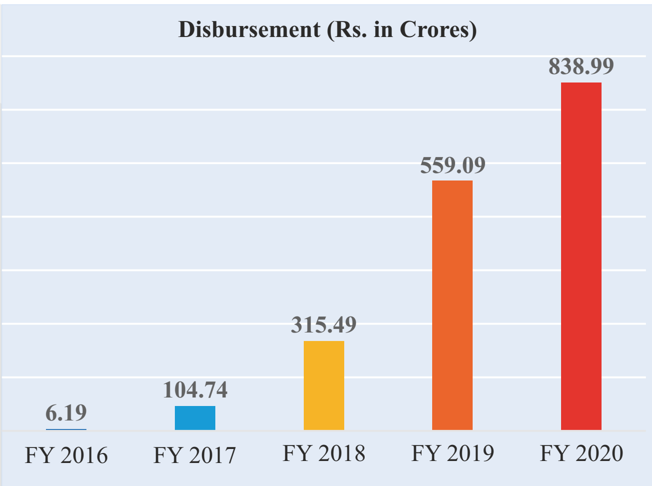


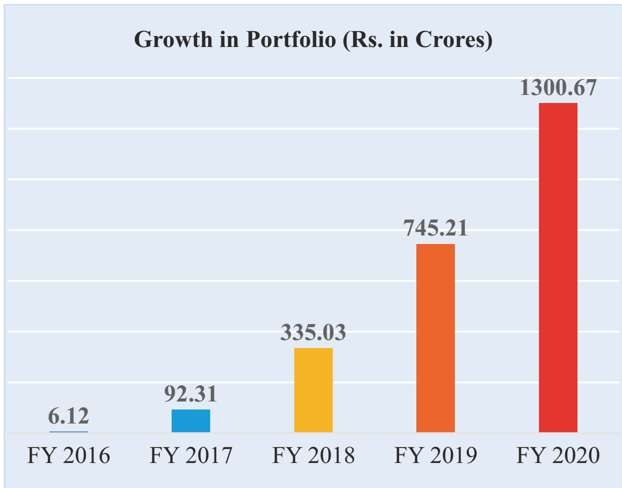


During the year, the Company rolled-out new branches taking the total count of branches to 202 spread across 8 states and 1 Union territory as of March 31, 2020. The Company registered growth in terms of loan disbursements from Rs.559.09 Crores in financial year 2018-19 to Rs.838.99 Crores in financial year 2019-20.

Asset Quality

Asset quality is one area where the company truly has a competitive edge. The percentage of gross non-performing assets (GNPA) & net non-performing assets (NNPA) on the loan portfolio as of March 31, 2020, was at 1.86% and 1.29% respectively. Despite having passed through difficult phases (rupee and liquidity crisis, demonetization, GST & Vardah cyclone) that saw many players in the financial services sector witness an increase in NPAs, the Company, on the contrary has been able to contain its GNPAs.





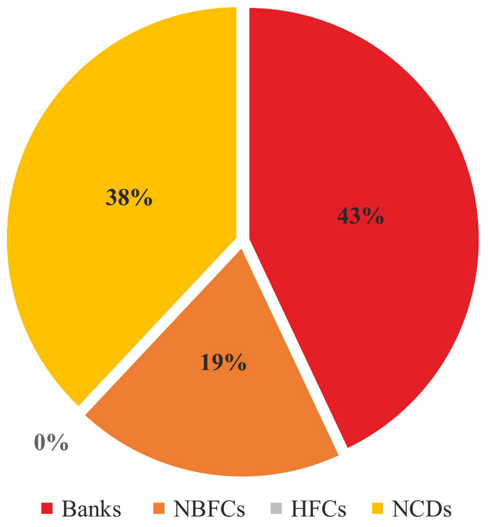
Capital

The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs.165 crores on March 31, 2018 to Rs.444 Crores as of March 31, 2019. In the financial year 2019-20, the company has raised an amount of Rs.352.44 Crores as fresh equity capital from Kedaara Capital Fund II LLP and the existing investors. This will help the Company to continue its future growth plans on a strong capital base. The company has maintained a healthy capital adequacy ratio well above the levels directed by the RBI. As of March 31, 2020, the overall capital adequacy ratio of the Company is 59.28% with Tier-I capital adequacy at 58.65%.

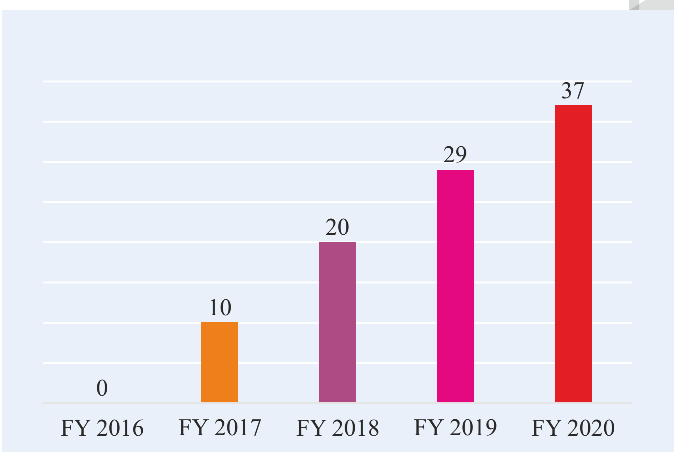
Diversified Funding Profile

The company has successfully diversified its liability portfolio with an array of 37 different lenders including Banks, Housing finance company, NBFCs & Foreign Portfolio Investors in FY20. During the financial year, the company has received Sanctions from new lender Banks like State bank of India, CSB Bank Ltd, Federal Bank Ltd, Ujjivan Small Finance Bank Ltd, Capital Small Finance Bank Ltd & UTI International Wealth Creator 4.

LENDERS MIX



NO. OF LENDERS



The credit rating of the company is "CARE BBB+ with stable outlook" (CARE Triple BBB Plus) for the Long term Bank loans and Non-Convertible Debentures. During the year, in December 2019, the Credit rating of the company was reaffirmed to "CARE BBB with stable outlook".

Asset Liability Management

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

Internal Control Systems

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

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

Information Technology

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

Risk Management

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

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

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

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

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

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

Operational Overview

Balance sheet

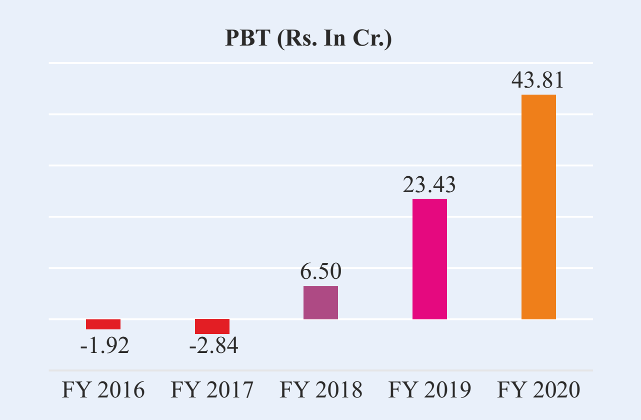
The company's balance sheet has significantly grown compared to the previous year. The summarized version of the same is given below:

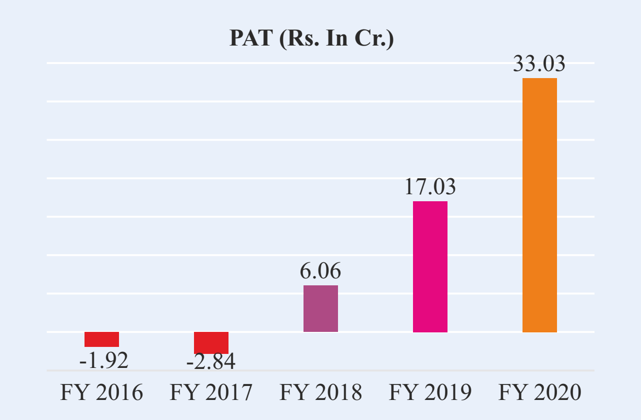
Rs. in Crores

Particulars	March 2020	%	March 2019	%	YOY Growth %
Assets					
Cash, & Cash Equivalents & Shorterm Investments	532.61	29%	280.30	27%	90%
Loan Assets	1,300.67	70%	743.80	71%	74%
Other Assets	25.30	1%	31.26	3%	(10%)
TOTAL	**1,858.58**	**100%**	**1,055.36**	**100%**	
Liabilities					
Networth	821.79	44%	438.90	42%	87%
Borrowings	999.35	54%	592.16	56%	69%
Other Liabilities	37.44	2%	24.30	2%	54%
TOTAL	**1,858.58**	**100%**	**1,055.36**	**100%**	

Statement of Profit & Loss

During the financial year, the company's total income has increased by 103% from Rs.135.72 Crores to Rs.275.68 Crores and PBT was increased by 87% from Rs.23.43 Crores to Rs.43.81 Crores.





Summary of financials - The summary of last two years financials is as below

Rs.in Crores

Particulars	FY 2019-20	%	FY 2018-19	%	YOY Growth %
Revenue from operations	275.58	100%	135.69	100%	103%
Other Income	0.10	0%	0.03	0%	188%
Total Income (A)	**275.68**	**100%**	**135.72**	**100%**	**103%**
Finance Cost	106.27	46%	40.41	46%	163%
Other Operating Cost	110.50	47%	67.42	47%	64%
Provisions & Losses	15.10	7%	4.47	7%	238%
Total Expense (B)	**231.87**	**100%**	**112.29**	**100%**	**106%**
Profit before tax (PBT) (A-B)	**43.81**	-	**23.43**	-	**87%**
Current and Deferred Tax	10.47	-	6.37	-	64%
Profit After Tax (PAT)	**33.34**	-	**17.06**	-	**95%**
Other Comprehensive Income	(0.31)	-	(0.03)	-	-
Total Comprehensive income, net of Income Tax	**33.03**	-	**17.03**	-	**94%**

Human Resource

People remain the most valuable asset of the Company. Company is professionally managed by the MD & CEO with senior management personnel having rich experience. The Company follows a policy of building strong teams of talented professionals. Veritas Finance encourages, appreciates and facilitates long term careers. The Company continues to build on its capabilities in getting the right talent to support different products & geographies and is taking effective steps to retain the talent. As on March 31, 2020, the Company had 1850 employees.

Out look

Veritas aims to continue its focus on serving the informal segment in the rural areas and scale up business by deepening the penetration levels of existing branch network to reach more unorganized enterprises in the rural areas. While the current COVID crisis is expected to halt the momentum temporarily, we are confident of the resilience of the segment and expect them to bounce back sooner and consolidate their operations. Veritas would be selective in choosing the customer segments and also evaluate the opportunities to extend support the requirement sectors selectively, after proper credit screening and enhanced risk management framework to maintain portfolio quality. On the liquidity front, we would continue to maintain higher than required liquidity right through year. While we are comfortably capitalized, the focus would be to raise finances through diversified sources to minimize risks and optimize the borrowings cost. We are a technology-driven Company and we will continue investing in technology to develop end-to end digital processes for MSME loans right from lead-sourcing to machine assisted underwriting. Given the current situation, which has brought in additional focus on cost and productivity we would remain laser focused on building high level of operational efficiency and improve turnaround times without proportionately increasing the operating expenses thereby improving our profitability.

Business Responsibility Report

Introduction

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

Section A: General Information about the Company

S.No	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	U65923TN2015PTC100328
2.	Name of the Company	Veritas Finance Private Limited
3.	Registered address	SKCL Central Square 1, South Wing Unit # C28 - C35 CIPET Road, Thiru Vi Ka Industrial Estate, Guindy ,Chennai Chennai , Tamil Nadu 600032
4.	Website	http://www.veritasfin.in
5.	Email id	corporate@veritasfin.in
6.	Financial year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code: 64920
8.	Three key products/services of the Company (as in balance sheet)	Lending to Micro, Small and Medium sized Enterprises (MSME)
9.	Number of international locations	Nil
10.	Number of National locations	202 Branches spread across 8 states and 1 UT
11.	Markets served by the Company – Local/State/National/ International	The company serves Local/State level markets with focus on providing loans primarily for small business in these locations.

Section B: Financial Details of the Company

S.No	Particulars	Details
1.	Paid up capital excluding reserve and surplus (Rs. in lakh)	Rs.10,003.80
2.	Total turnover (Gross Revenue) (Rs. in lakh)	Rs. 27,567.67
3.	Total profit after taxes and OCI (Rs. in lakh)	Rs. 3,303.10
4.	Total spending on Corporate Social Responsibility (CSR) (Rs. in lakh)	Rs. 22
5.	List of activities in which expenditure in 4 above has been incurred	(I) Veritas Finance contributed Rs.10 Lakhs to Shram Sarathi as a part of the CSR funds. The funding from Veritas Finance shall help Shram Sarathi to reach a total of 1000 beneficiaries each year. Shram Sarathi's financial services work is situated within a larger ecosystem, of migration support and services offered by Aajeevika Bureau. It is the first dedicated financial services institution in the country that offers financial services to vulnerable migrant workers and their households. (ii) The Government of India has set up the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) with the primary objective of dealing with any kind of emergency or distress situation such as that posed by COVID 19 pandemic. Item no. (viii) of the Schedule VII of the Companies Act, 2013, which enumerates activities that may be undertaken by companies in discharge of their CSR obligations, inter alia provides that contribution to any fund set up by the Central Government for socio-economic development and relief qualifies as CSR expenditure. Veritas Finance has contributed Rs.12 Lakhs to PM CARES Fund as a part of the CSR funds.

SECTION C – OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director(s) responsible for BR

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

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

(b) Details of the BR head

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

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

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

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

S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy(ies) for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online	All Policieswhicharestatutorilyrequired be displayed on the website are available on www.veritasfin.in under Policies section.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies covering all internal and external are being displayed in our website.								
8.	Does the Company have in-house structure to implement the policy(ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy(ies) to address stakeholders' grievances related to the policy(ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of these policies by an internal or external agency?	Our management independently evaluates the workings of these policies								

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

# Principle-wise policies		
P1	Ethics, Transparency & Accountability	The Company follows highest level of Corporate Governance and ethics. It has adopted internal Guidelines on Corporate Governance, Whistle Blower Policy & Vigil Mechanism, KYC & Anti Money Laundering Policy, Fair Practice Code
P2	Sustainability in Life cycle of product	The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability. The Company is in the process of finalizing a Corporate Social Responsibility Policy. The Company has also formulated the Fair Practice Code and Policy on Interest Rate Model
P3	Employee wellbeing	In line with the general laws and regulations and sound ethical practices followed, the Company has adopted employee oriented policies covering areas such as employee benefits, leave, travel, relocation, staff loans, work schedule, work environment, dress code & grooming standard, insurance benefits and prevention of sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations. In addition to the above, the Company has also formulated Whistle Blower Policy / Vigil Mechanism of the Company which help the company in taking necessary action.
P4	Stakeholders Engagement	The Company uses multiple forums for stakeholder's engagements. The company has rolled out "V talk" app for employee engagement where among other features, they will a hot line to the MD & CEO. For Customers, the company has a toll free number apart from inbound and outbound call center to meet the service requirements. Investors have access to monthly information apart from quarterly meetings with the senior management.
P5	Promotion of Human Rights	The Company has Employees Code of Conduct, Policy on Prevention of Sexual Harassment. The company also has a policy on Equal opportunities for persons with disabilities.
P6	Environment Protection	The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in e-waste regulations towards addressing environmental issues. Veritas Green Program, an exclusive initiative by our company was conducted on the eve of World Environment Day- June 5, 2019 with the sole aim to increase the green cover by planting trees. The program was inaugurated by Mr. Arulmany, MD & CEO who planted a tree at the head office along with the senior management. The objective of the program was to ensure each branch of the company across India planted a tree at the same time and the title of "Veritas Green Champion" to be conferred to the branch whose tree was well-maintained and healthy.

# Principle-wise policies		
P7	Responsible public policy advocacy	While there is no specific policy outlined for this principle, the Company is in compliance with all applicable public policies.
P8	Inclusive growth	The company lends to first time borrowers, whose source of borrowings is traditional money lenders. By lending to the above segment, the company creates formal credit history for borrowers.
P9	Customer Value	The Fair Practice Code the Company and Policy on Interest Rate Model and Gradation of Risk, Policy on PLR (Prime Lending Rate) are available on website of the Company.

3. Governance related to BR

(a)Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).	The performance on aspects of BR is reviewed by MD & CEO on a periodical basis i.e., at least once a year.
(b)Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report is made part of the Annual Report, which is available in www.veritasfin.in from financial year 2018-19 onwards.

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

	Complaint received during the year 2019-20	% of complaints resolved
Customer complaints	16	100%
Investor complaints	Nil	Nil

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

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

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

- Small business loans
- Home construction loans
- Asset creation loans
- Working capital loans

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

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

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

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

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

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

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

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

The business of company is service oriented and not material resource intensive. The human resources and other services required for our operations are generally sourced from within the local area to the extent feasible. The financial products offered by Veritas are aimed at encouraging

Entrepreneurship, innovation and capacity building among the financially vulnerable sections of the society as well as to enable them to scale up their business operations.

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

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

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

1.	Total Number of Employees	1850
2.	Total number of employees hired on contractual basis	Nil
3.	Number of permanent women employees	112
4.	Number of permanent employees with disabilities	Nil
5.	Is there an employee association that is recognized by Management?	Veritas engages with employees through various forums to obtain constructive feedback.
6.	Percentage of your permanent employees who are members of this recognized employee association	While there is a structured employee grievance redressal mechanism in place, employees are also Encouraged to directly approach MD and Audit & Risk Management Committee in case of Serious grievances, misgivings or unethical practices.

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

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

*Our Business verification team will include enquiry on child labour and general Health & Safety and we do not grant loans to businesses employing child labour and involved in tobacco production.

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

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

The company has an EHS (Environmental Health & Safety) risk assessment procedure covering following:

- Identification of day-day business EHS issues (driving, office EHS issues, visiting clients etc)
- List standard mitigation actions to be followed
- The final EHS procedure must be provided to employees and signed off on by them
- First two weeks of joining the company

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

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

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

I) Employees
ii) Customers
iii) Investors
iv) Lenders
v) Vendors / Service Providers
vi) Regulators
vii) Rating Agency
viii) Community

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

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

Not Applicable

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

The company has board approved CSR policy, displayed in the website link https://veritasfin.in/csr- policy.html.
The CSR report for the year is enclosed

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

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

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

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

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

None

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

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

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

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

   No.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

Financial Literacy video has been made and it is shown to every new customer at the time of on boarding of customer. We have also distributed financial literacy pamphlets and conducted focus group meetings.

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

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

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

Yes, the impact assessment study was done by an external agency.

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

NIL

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

Not Applicable

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

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

NIL customer complaints are pending out of sixteen Complaints received during the year and seven Customer Complaints were pending in the consumer court at the end of financial year.

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

Yes. The company complies with disclosure requirements to its products and services as per applicable regulations.

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

None.

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

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

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

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

Website: Customers can access the company's website www.veritasfin.in for monthly updates and information.

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

For and on behalf of the Board of Directors

D. Arulmany
Managing Director and CEO

Chennai
June 15, 2020

Independent Auditors Report

To the Members of Veritas Finance Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Veritas Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

As more fully described in Note 53 to the financial statements, 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 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve bank of India COVID-19 Regulatory Package.

Further, the extent of impact of the COVID - 19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, which cannot be predicted with any degree of certainty.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
Adoption of new accounting framework (Ind AS) – refer note 3 to the financial statements	
Effective 1 April 2019, the Company adopted the Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2018. The following are the major impact areas for the Company upon transition: • Classification and measurement of financial assets including assessment of the Business model and financial liabilities, • Measurement of loan losses (expected credit losses) • Accounting for loan fees and borrowing costs • Accounting for employee stock options • Accounting for leases The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition including regulatory matter related compliances. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	In view of the significance of the matter, the following key audit procedures were performed by us: • Assessing the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101. • We have confirmed the approvals of Audit Committee on the key transition date choices and exemptions made by the Company for compliance / acceptability of Ind AS 101. • Understood the methodology implemented by management to give impact on the transition and assessed the accuracy of the computations. • Assessed areas of significant estimates and management judgment in line with principles under Ind AS. • Assessing the factual accuracy and appropriateness of

Impairment of loans to customers – refer notes 6 and 26 to the financial statements

Recognition and measurement of impairment of loans involve significant management judgement.

Under Ind AS 109 - Financial Instruments, allowances of loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following:

- Segmentation of loans given to the customer
- Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package
- Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD")
- Use of management overlay for considering the probability weighted scenarios, credit risk of the customers, the forward looking macro-economic factors, economic environment and timing of cash flows.
- In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy

The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Accordingly, we identified impairment of loans given to customers as key audit matter because the management

In view of the significance of the matter, the following key audit procedures were performed by us:

- Evaluation of the appropriateness of the impairment principles used by the management based on the requirements of Ind AS 109.
- Assessed the design and implementation and operating effectiveness in respect of computation of impairment allowance process.
- Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package.
- Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
- We have engaged our modelling specialist to test the model methodology and reasonableness of assumptions used including management overlays.
- Performed test of details, on a sample basis, on underlying data relating to segmentation, management overlays, staging and other key inputs for computation of ECL.
- Assessing the factual accuracy and appropriateness of the additional financial statement disclosures made by the Company regarding impact of COVID-19.

Implementation of new Information Technology (IT) systems

During the year, the Company migrated to new IT systems from its legacy IT systems. The new IT systems are used by the Company to record its transactions across processes and is the core IT system for financial reporting.

Implementation of a new IT system presents inherent risks including the loss of integrity of key financial data being migrated and the breakdown in operation or monitoring of IT dependent controls within critical business processes, which could lead to financial errors or misstatements and inaccurate financial reporting.

In view of the significance of the matter, the following key audit procedures were performed by us:

- Engaged our IT specialists to understand the Company's process surrounding implementation of the new IT systems.
- Our IT specialists tested the General IT control environment of the new IT systems, IT access and segregation of duties, as well as IT dependent controls within critical business processes.
- In relation to the system migration itself, our IT specialists tested the controls specifically established over the implementation of new IT system and migration of key financial data from the legacy to the new IT systems.
- Performed independent testing of the data migration and reconciliation between legacy systems and the new IT systems.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements and our auditors' report thereon) which we obtained prior to the date of this Auditor's Report, and the remaining sections of Annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Conclude on the appropriateness of the Management and Board of Directors 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

2. (A) 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 (including other comprehensive income), 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 Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

ii. The Company 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.

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

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

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

S Sethuraman
Partner
Membership No. 203491
UDIN : 20203491AAAABS7876

Place : Chennai
Date : 15 June 2020

Annexure A to the Independent Auditor's Report to the members of Veritas Finance Private Limited for the year ended 31 March 2020

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

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

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

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

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

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any loan, investment, guarantees and security which requires compliance under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits as mentioned in the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and any other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

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

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

(ix) According to the information and explanations given to us, the Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

(x) According to the information and explanations given to us, no material fraud by or on the Company by its officers or employees have been noticed or reported during the year.

(xi) The Company being a private Company, the provisions of section 197 read withschedule V to the Companies Act, 2013 is not applicable. Accordingly, paragraph 3(xi) of the Order is not applicable.

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

(xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the relevant accounting standards. The Company is a private limited company and hence the provisions of section 177 of the Act is not applicable.

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

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

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

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

S Sethuraman
Partner
Membership No. 203491
UDIN : 20203491AAAABS7876

Place : Chennai
Date : 15 June 2020

Annexure "B" to the Independent Auditors' report on the financial statements of Veritas Finance Private Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013
(Referred to in paragraph 2A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Veritas Finance Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020 based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI").

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which cannot be predicted with any degree of certainty.

Our opinion is not modified in respect of the above matter.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

S Sethuraman
Partner
Membership No. 203491
UDIN : 20203491AAAABS7876
Place : Chennai
Date : 15 June 2020

Balance Sheet

Veritas Finance Private Limited
Balance sheet as at 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Note	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
ASSETS				
Financial assets				
Cash and cash equivalents	4	42,244.86	10,998.94	12,086.65
Bank balances other than cash and cash equivalents	5	4,697.98	2,527.63	168.58
Loans	6	127,932.22	73,664.77	32,901.02
Investments	7	6,318.13	14,503.91	-
Other financial assets	8	402.65	330.44	162.70
		181,595.84	**102,025.69**	**45,318.95**
Non-financial assets				
Current tax assets (net)	9	121.59	57.93	78.29
Deferred tax assets (net)	30.2	1,103.70	595.98	207.99
Property, plant and equipment	10.1	910.35	886.05	331.98
Right of use assets	10.2	1,291.21	1,267.02	701.39
Intangibles assets	10.3	614.02	279.36	165.86
Intangibles assets under development	10.4	34.43	284.48	0.51
Other non-financial assets	11	186.60	139.88	76.83
		4,261.90	**3,510.70**	**1,562.85**
Total		**185,857.74**	**105,536.39**	**46,881.80**
LIABILITIES AND EQUITY				
Financial liabilities				
Trade payables	12			
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		204.21	86.71	54.75
Debt securities	13	38,704.88	19,209.59	10,882.71
Borrowings (other than debt securities)	14	62,277.22	40,252.99	18,644.18
Other financial liabilities	15	1,405.39	1,390.33	707.94
		102,591.70	**60,939.62**	**30,289.58**
Non-financial liabilities				
Current tax liabilities	16	-	20.48	-
Provisions	17	167.91	63.70	20.52
Other non-financial liabilities	18	919.27	622.26	227.59
		1,087.18	**706.44**	**248.11**
Equity				
Equity share capital	19	10,003.80	8,145.69	5,190.64
Other equity	20	72,175.06	35,744.64	11,153.47
		82,178.86	**43,890.33**	**16,344.11**
Total		**185,857.74**	**105,536.39**	**46,881.80**

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 15 June 2020

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 15 June 2020

Statement of Profit & Loss

Veritas Finance Private Limited
Statement of profit and loss for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
Interest income	21	25,952.87	12,919.26
Fee income	22	541.20	275.18
Net gain on fair value changes	23	1,064.03	374.51
Total revenue from operations		**27,558.10**	**13,568.95**
Other income	24	9.57	3.32
Total income		**27,567.67**	**13,572.27**
Expenses			
Finance costs	25	10,627.39	4,040.83
Impairment on financial instruments	26	1,510.27	447.41
Employee benefits expenses	27	7,864.84	4,635.78
Depreciation and amortization	28	1,246.20	822.44
Other expenses	29	1,937.56	1,283.35
Total expenses		**23,186.26**	**11,229.81**
Profit before tax		**4,381.41**	**2,342.46**
Tax expense	30		
Current tax		1,544.42	1,023.69
Deferred tax		(497.25)	(386.76)
		1,047.17	**636.93**
Profit after tax for the year		**3,334.24**	**1,705.53**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit obligation		41.61	4.23
Income tax relating to items that will not be reclassified to profit or loss	30.1	(10.47)	(1.23)
Other comprehensive income for the year		**31.14**	**3.00**
Total comprehensive income for the year, net of income tax		**3,303.10**	**1,702.53**
Earnings per equity share of Rs. 10 each	35		
- Basic		10.58	5.70
- Diluted		3.63	2.23

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 15 June 2020

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

M. Sivaraman
Director
DIN : 02045100

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Managing Director and Chief Executive Officer
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V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 15 June 2020

Veritas Finance Private Limited
Statement of changes in equity for the year ended 31 March 2020
(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 1 April 2018	2,825.07	2,365.57	5,190.64
Add : Issued during the financial year 2018-19	317.33	2,637.72	2,955.05
Balance as at 31 March 2019	**3,142.40**	**5,003.29**	**8,145.69**
Add : Issued during the financial year 2019-20	359.49	1,498.62	1,858.11
Balance as at 31 March 2020	**3,501.89**	**6,501.91**	**10,003.80**

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	Retained earnings	Re-measurements of defined benefit plan	
As at 1 April 2018	**121.24**	**11,249.12**	**33.62**	**(250.51)**	**-**	**11,153.47**
Premium received on shares issued during the year	-	23,156.20	-	-	-	**23,156.20**
Utilised during the year for share issue expenses	-	(359.72)	-	-	-	**(359.72)**
Profit after tax for the year	-	-	-	1,705.53	-	**1,705.53**
Transfer to statutory reserve	409.77	-	-	(409.77)	-	**-**
Remeasurements of defined benefit plan	-	-	-	-	(3.00)	**(3.00)**
Transferred to retained earnings	-	-	-	(3.00)	3.00	**-**
Share based payment expense	-	-	92.16	-	-	**92.16**
As at 31 March 2019	**531.01**	**34,045.60**	**125.78**	**1,042.25**	**-**	**35,744.64**
Premium received on shares issued during the year	-	33,385.83	-	-	-	**33,385.83**
Utilised during the year for share issue expenses	-	(463.45)	-	-	-	**(463.45)**
Profit after tax for the year	-	-	-	3,334.24	-	**3,334.24**
Transfer to securities premium on exercise of options	-	30.32	(30.32)	-	-	**-**
Transfer to statutory reserve	666.85	-	-	(666.85)	-	**-**
Remeasurements of defined benefit plan	-	-	-	-	(31.14)	**(31.14)**
Transferred to retained earnings	-	-	-	(31.14)	31.14	**-**
Share based payment expense	-	-	204.94	-	-	**204.94**
As at 31 March 2020	**1,197.86**	**66,998.30**	**300.40**	**3,678.50**	**-**	**72,175.06**

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 15 June 2020

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 15 June 2020

Cash Flow Statement

Veritas Finance Private Limited

Cash flow statement for the year ended 31 March 2020

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

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Profit before tax for the year		4,381.41	2,342.46
Adjustments for:			
Depreciation and amortisation	28	1,246.20	822.44
Impairment on financial instruments	26	1,510.27	447.41
Stock based payment to employees	27	204.94	92.16
Change in fair value of financial assets designed as FVTPL	23	(12.64)	(3.91)
Interest income on security deposit	21	(22.97)	(15.63)
Profit on disposal of leased assets	24	(2.79)	(0.36)
Finance costs	25	10,627.39	4,040.83
(Gain) / loss on sale of PPE	24	(0.04)	0.15
Interest income on fixed deposits	21	(798.57)	(461.45)
Gain on sale of investments, net	23	(1,051.39)	(370.60)
Operating cash flow before working capital changes		**16,081.81**	**6,893.50**
Changes in working capital			
Increase in loans		(55,777.72)	(41,211.16)
Increase in other financial assets		(67.55)	(186.54)
Increase in other non-financial assets		(46.72)	(63.05)
Increase in trade payables		117.50	31.96
Increase in other financial liabilities		(65.36)	58.14
Increase in provisions		62.60	38.95
Increase in other non-financial liabilities		297.01	394.67
Cash used by operations		**(39,398.43)**	**(34,043.53)**
Finance costs paid		(9,651.07)	(3,598.36)
Direct taxes paid (net)		(1,628.56)	(982.85)
Net cash used by operations	**(A)**	**(50,678.06)**	**(38,624.74)**
Cash flows from investing activities			
Purchase of fixed assets		(827.83)	(1,396.08)
Proceeds from sale of fixed assets		1.03	0.49
Increase in bank balances other than cash and cash equivalents		(2,170.35)	(2,359.05)
Interest received on bank balances other than cash and cash equivalents		798.57	461.45
Purchase of investments		(364,790.13)	(226,900.00)
Proceeds from sale of investments		374,039.95	212,770.60
Net cash generated from / (used in) investing activities	**(B)**	**7,051.23**	**(17,422.59)**
Cash flows from financing activities			
Proceeds from issue of preference shares including securities premium		32,245.84	23,745.06
Proceeds from issue of equity shares including securities premium		2,998.10	2,366.19
Payment of lease liabilities		(627.15)	(418.66)
Payment of share issue expenses		(463.45)	(359.72)
Proceeds from debt securities		18,760.00	8,000.00
Proceeds from borrowings (other than debt securities)		44,095.01	33,500.00
Repayment of borrowings (other than debt securities)		(22,135.60)	(11,873.25)
Net cash generated from financing activities	**(C)**	**74,872.75**	**54,959.62**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		**31,245.92**	**(1,087.71)**
Cash and cash equivalents at the beginning of the year		10,998.94	12,086.65
Cash and cash equivalents at the end of the year		**42,244.86**	**10,998.94**

Veritas Finance Private Limited
Cash flow statement for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
Notes to cash flow statement			
Components of cash and cash equivalents:	4		
Cash on hand		15.33	37.12
Balances with banks			
In current accounts		4,345.08	10,961.82
In deposit accounts (Original maturity less than three months)		37,884.45	-
		42,244.86	**10,998.94**

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 15 June 2020

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 15 June 2020

Notes Forming Part of Financial Statements

Notes to the financial statements for the year ended 31 March 2020
(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 confirmity with generally accepted accounting principles in India and other relevant provisions of the Act.

The Company’s financial statements up to and for the year ended 31 March 2019 were prepared under historical cost convention and accrual basis of accounting, unless otherwise stated and in accordance with generally accepted accounting principles in India ('Indian GAAP') and conform to the statutory requirements, circulars, regulations and guidelines issued by Reserve Bank of India ('RBI') from time to time. Indian GAAP comprises mandatory Accounting Standards as prescribed under Section 133 of the Act and other relevant provisions of the Act. The Company followed the prudential norms for the income recognition, asset classification and provisioning as prescribed by the RBI for Systemically Important Non-deposit taking Non-Banking Finance Companies ('NBFC-ND-SI').

As these are the Company’s first financial statements prepared in accordance with Ind AS, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 42.

These financial statements were approved by the Company’s Board of Directors and authorised for issue on 15 June 2020.

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, 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 53 - 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 behavioral 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 behavior 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:

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 ASs.

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

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) Fee income

Fees income such as legal, documentation, inspection 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.

C) Other income

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

Profit / loss on sale of investments is recognised at the time of such sale / redemption and is computed based on weighted average cost. Income / expense on account of changes in fair value is recognised based on the fair value of the investments as on the balance sheet date.
All 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.

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 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)

A financial asset which is not classified in any of the above categories are measured 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.

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

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 2020 and 31 March 2019 and also as at transition date 1 April 2018.

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.

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 catagorises 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.

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:

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. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognised as at 1 April 2018, measured as per the previous GAAP and use that carrying value as the deemed cost of such PPE.

iii. 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.

iv. 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

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. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2018, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. 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.

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;
(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

The Company has adopted Ind AS 116, effective 1 April 2018 (transition date) and applied it to all lease contracts existing on that date using the full retrospective method. At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 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.

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.

3.15 Income tax (continued)

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.

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.

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 There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 1 April 2020

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

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
4	**Cash and cash equivalents**			
	Cash on hand	15.33	37.12	8.55
	Balances with banks			
	In current accounts	4,345.08	10,961.82	2,474.29
	In deposit accounts (Original maturity less than three months)	37,884.45	-	9,603.81
		42,244.86	**10,998.94**	**12,086.65**
5	**Bank balances other than cash and cash equivalents**			
	Bank balances other than cash and cash equivalents			
	In other deposit accounts	4,697.98	2,527.63	168.58
		4,697.98	**2,527.63**	**168.58**
	Balances with bank to the extent held as margin money or security against the borrowings.	-	-	25.10
6	**Loans**			
	At Amortised cost			
A	**Based on nature**			
	Loans	**129,567.89**	**74,521.33**	**33,503.02**
	Interest accrued	2,670.51	1,310.25	565.50
	Advance from customers	(224.06)	(242.83)	(286.10)
	Unamortised processing fees	(1,946.94)	(1,208.74)	(565.53)
		130,067.40	**74,380.01**	**33,216.89**
	Less: Impairment loss allowance	(2,135.18)	(715.24)	(315.87)
		127,932.22	**73,664.77**	**32,901.02**
B	**Based on security**			
	Secured by tangible assets (refer note 6.1)	126,084.01	72,177.67	32,034.95
	Interest accrued	2,633.04	1,304.25	550.81
	Advance from customers	(68.19)	(67.66)	(27.35)
	Unamortised processing fees	(1,922.61)	(1,185.54)	(552.43)
		126,726.25	**72,228.72**	**32,005.98**
	Less: Impairment loss allowance	(2,043.06)	(691.59)	(223.85)
		124,683.19	**71,537.13**	**31,782.13**
	Unsecured	3,483.88	2,343.66	1,468.07
	Interest accrued	37.47	6.00	14.69
	Advance from customers	(155.87)	(175.17)	(258.75)
	Unamortised processing fees	(24.33)	(23.20)	(13.10)
		3,341.15	**2,151.29**	**1,210.91**
	Less: Impairment loss allowance	(92.12)	(23.65)	(92.02)
		3,249.03	**2,127.64**	**1,118.89**
		127,932.22	**73,664.77**	**32,901.02**
C	**Based on region**			
	(I) Loans in India			
	(i) Public Sector	-	-	-
	(ii) Others	129,567.89	74,521.33	33,503.02
	Total	**129,567.89**	**74,521.33**	**33,503.02**
	Interest accrued	2,670.51	1,310.25	565.50
	Advance from customers	(224.06)	(242.83)	(286.10)
	Unamortised processing fees	(1,946.94)	(1,208.74)	(565.53)
		130,067.40	**74,380.01**	**33,216.89**
	Less: Impairment loss allowance	(2,135.18)	(715.24)	(315.87)
		127,932.22	**73,664.77**	**32,901.02**
	(II) Loans outside India			
	Loans outside India	-	-	-
		127,932.22	**73,664.77**	**32,901.02**

6.1 Loans are secured wholly by mortgage of property.

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
7 Investments			
At fair value through profit or loss			
Investment in mutual funds	6,301.58	14,500.00	-
Investments	**6,301.58**	**14,500.00**	**-**
Investment outside India	-	-	-
Investments in India	6,301.58	14,500.00	-
Gross investments	**6,301.58**	**14,500.00**	**-**
Fair value changes	16.55	3.91	-
Net investments	**6,318.13**	**14,503.91**	**-**
Aggregate book value of quoted investments	6,318.13	14,503.91	-
Aggregate market value of quoted investments	6,318.13	14,503.91	-
Aggregate amount of fair value changes in investments	16.55	3.91	-
8 Other financial assets			
Unsecured, considered good			
Security deposits	367.59	299.40	161.30
Other receivables	12.63	9.21	1.40
Employee loans	22.43	21.83	-
Total	**402.65**	**330.44**	**162.70**
9 Current tax assets (net)			
Advance income tax (net of provisions)	121.59	57.93	78.29
Total	**121.59**	**57.93**	**78.29**

(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 or Deemed cost					
Balance as at 1 April 2018	**110.90**	**76.62**	**26.85**	**117.61**	**331.98**
Additions	271.13	110.68	58.30	440.36	880.47
Disposals	-	-	(0.79)	-	(0.79)
Balance as at 31 March 2019	**382.03**	**187.30**	**84.36**	**557.97**	**1,211.66**
Additions	203.15	67.83	68.37	147.14	486.49
Disposals	-	-	-	(1.40)	(1.40)
Balance as at 31 March 2020	**585.18**	**255.13**	**152.73**	**703.71**	**1,696.75**
Accumulated depreciation					
Additions	130.39	77.85	15.89	101.63	325.76
On disposals	-	-	(0.15)	-	(0.15)
Balance as at 31 March 2019	**130.39**	**77.85**	**15.74**	**101.63**	**325.61**
Additions	161.71	70.04	20.89	208.56	461.20
On disposals	-	-	-	(0.41)	(0.41)
Balance as at 31 March 2020	**292.10**	**147.89**	**36.63**	**309.78**	**786.40**
Net block					
As at 1 April 2018	**110.90**	**76.62**	**26.85**	**117.61**	**331.98**
As at 31 March 2019	**251.64**	**109.45**	**68.62**	**456.34**	**886.05**
As at 31 March 2020	**293.08**	**107.24**	**116.10**	**393.93**	**910.35**

10.2 Right of use assets ('ROUA')

Particulars	Office premises	Total
Cost or Deemed cost		
Balance as at 1 April 2018	**792.92**	**792.92**
Additions	934.08	934.08
Deletions	(40.69)	(40.69)
Balance as at 31 March 2019	**1,686.31**	**1,686.31**
Additions	590.50	590.50
Deletions	(80.32)	(80.32)
Balance as at 31 March 2020	**2,196.49**	**2,196.49**
Accumulated depreciation		
Balance as at 1 April 2018	**91.53**	**91.53**
Additions	365.82	365.82
Deletions	(38.06)	(38.06)
Balance as at 31 March 2019	**419.29**	**419.29**
Additions	540.99	540.99
Deletions	(55.00)	(55.00)
Balance as at 31 March 2020	**905.28**	**905.28**
Net block		
As at 1 April 2018	**701.39**	**701.39**
As at 31 March 2019	**1,267.02**	**1,267.02**
As at 31 March 2020	**1,291.21**	**1,291.21**

Also refer note 33

(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 or Deemed cost		
Balance as at 1 April 2018	**165.86**	**165.86**
Additions	244.36	244.36
Disposals	-	-
Balance as at 31 March 2019	**410.22**	**410.22**
Additions	578.67	578.67
Disposals	(154.30)	(154.30)
Balance as at 31 March 2020	**834.59**	**834.59**
Accumulated amortization		
Additions	130.86	130.86
On disposals	-	-
Balance as at 31 March 2019	**130.86**	**130.86**
Additions	244.01	244.01
On disposals	(154.30)	(154.30)
Balance as at 31 March 2020	**220.57**	**220.57**
Net block		
As at 1 April 2018	**165.86**	**165.86**
As at 31 March 2019	**279.36**	**279.36**
As at 31 March 2020	**614.02**	**614.02**

10.4 Intangible fixed assets under development

Particulars	Software under development	Total
Balance as at 1 April 2018	**0.51**	**0.51**
Additions	298.84	298.84
Capitalized during the year	(14.87)	(14.87)
Balance as at 31 March 2019	**284.48**	**284.48**
Additions	26.75	26.75
Capitalized during the year	(276.80)	(276.80)
Balance as at 31 March 2020	**34.43**	**34.43**

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
11	**Other non-financial assets**			
	Capital & other advances	22.63	21.40	14.81
	Prepaid expenses	44.07	27.14	45.65
	Balance with government authorities	119.90	91.34	16.37
	Total	**186.60**	**139.88**	**76.83**
12	**Payables**			
	Trade payables (also refer note 37)			
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	204.21	86.71	54.75
	Total	**204.21**	**86.71**	**54.75**
13	**Debt securities (refer note 13.1 and 13.2)**			
	At amortised cost			
	Secured debentures			
	800 (31 March 2019: 800; 1 April 2018: Nil) Series 5 redeemable non-convertible debentures of Rs. 10 lakhs each	8,000.00	8,000.00	-
	190 (31 March 2019: 190; 1 April 2018: 190) Series 3 redeemable non-convertible debentures of Rs. 10 lakhs each	1,900.00	1,900.00	1,900.00
	350 (31 March 2019: 350; 1 April 2018: 350) Series 2 redeemable non-convertible debentures of Rs. 10 lakhs each	3,500.00	3,500.00	3,500.00
	600 (31 March 2019: Nil; 1 April 2018: Nil) Series 6 redeemable non-convertible debentures of Rs. 10 lakhs each	6,000.00	-	-
	230 (31 March 2019: 230; 1 April 2018: 230) Series 1 redeemable non-convertible debentures of Rs. 10 lakhs each	2,300.00	2,300.00	2,300.00
	320 (31 March 2019: 320; 1 April 2018: 320) Series 4 redeemable non-convertible debentures of Rs. 10 lakhs each	3,200.00	3,200.00	3,200.00
	416 (31 March 2019: Nil; 1 April 2018: Nil) Series 7 redeemable non-convertible debentures of Rs. 10 lakhs each	4,160.00	-	-
	860 (31 March 2019: Nil; 1 April 2018: Nil) Series 8 redeemable non-convertible debentures of Rs. 10 lakhs each	8,600.00	-	-
		37,660.00	18,900.00	10,900.00
	Add: Interest accrued but not due	1,230.29	381.56	42.18
	Less: Unamortised processing fees	(185.41)	(71.97)	(59.47)
	Total	**38,704.88**	**19,209.59**	**10,882.71**
	Debt securities in India	38,704.88	19,209.59	10,882.71
	Debt securities outside India	-	-	-
		38,704.88	**19,209.59**	**10,882.71**

13.1 Details of terms of redemption / repayment and security provided in respect of debt securities:

Particulars	Tenure	Maturity date / call (or) put option date	Amount outstanding as at 31 March 2020	Amount outstanding as at 31 March 2019	Amount outstanding as at 1 April 2018
800 (31 March 2019: 800; 1 April 2018: Nil) Series 5 redeemable non-convertible debentures of Rs. 10 Lakhs each	54 months	27 September 2023 / 28 September 2020 / 28 March 2022	8,000.00	8,000.00	-
190 (31 March 2019: 190; 1 April 2018: 190) Series 3 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	15 March 2021	1,900.00	1,900.00	1,900.00
230 (31 March 2019: 230; 1 April 2018: 230) Series 1 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	26 March 2021	2,300.00	2,300.00	2,300.00
320 (31 March 2019: 320; 1 April 2018: 320) Series 4 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	28 March 2021	3,200.00	3,200.00	3,200.00
350 (31 March 2019: 350; 1 April 2018: 350) Series 2 redeemable non-convertible debentures of Rs. 10 Lakhs each	48 months	16 March 2022 / 30 March 2021	3,500.00	3,500.00	3,500.00
208 (31 March 2019: Nil; 1 April 2018: Nil) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29 July 2022	2,080.00	-	-
208 (31 March 2019: Nil; 1 April 2018: Nil) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29 July 2022	2,080.00	-	-
860 (31 March 2019: Nil; 1 April 2018: Nil) Series 8 redeemable non-convertible debentures of Rs. 10 Lakhs each	72 months	20 August 2025 / 22 August 2022	8,600.00	-	-
600 (31 March 2019: Nil; 1 April 2018: Nil) Series 6 redeemable non-convertible debentures of Rs. 10 Lakhs each	48 months	26 June 2023	6,000.00	-	-
Total			**37,660.00**	**18,900.00**	**10,900.00**
As at balance sheet date, interest rates range for the NCD			12.00% to 13.14%	12.00% to 13.14%	12.00% to 13.14%

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 needs to maintain a security cover ranging from 1 to 1.10 times of the outstanding loan amount at any point of time.

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

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

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
14 Borrowings (Other than debt securities) (refer note 14.1 and 14.2)			
At amortised cost			
Term loans (secured)			
From banks	43,144.16	21,741.34	4,230.38
From other parties	19,130.87	18,574.28	13,557.62
Loans repayable on demand (secured)			
From banks	-	-	900.87
	62,275.03	**40,315.62**	**18,688.87**
Add: Interest accrued but not due	222.26	124.63	36.85
Less: Unamortised processing fee	(220.07)	(187.26)	(81.54)
Total	**62,277.22**	**40,252.99**	**18,644.18**
Borrowings in India	62,277.22	40,252.99	18,644.18
Borrowings outside India	-	-	-
Total	**62,277.22**	**40,252.99**	**18,644.18**

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 11.70% to 13.05% (31 March 2019: 11.70% ; 1 April 2018: 12.50% to 13.00%). The Company has not defaulted in repayment of loans repayable on demand.

(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 term loans from banks:

Bank Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31 March 2020	Amount outstanding as at 31 March 2019	Amount outstanding as at 1 April 2018
AU Small Finance Bank Limited	36 months	05 October 2017	Monthly	3,491.67	3,902.78	833.33
Axis Bank Limited	36 months	30 April 2019	Monthly	664.00	1,000.00	-
Bandhan Bank Limited	36 months	01 May 2019	Monthly	1,388.89	2,000.00	-
Capital Small Finance Bank Limited	27 months	01 February 2020	Monthly	925.22	-	-
CSB Bank Limited	39 months	17 June 2020	Monthly	1,000.00	-	-
DCB Bank Limited	36 months	31 January 2019	Monthly	818.18	1,363.64	-
Equitas Small Finance Bank Limited	36 / 24 months	05 June 2019	Quarterly / Monthly	2,333.36	3,749.22	753.84
Federal Bank Limited	36 months	30 October 2019	Monthly	416.67	-	-
Fincare Small Finance Bank Limited	24 months	30 April 2019	Monthly	796.88	1,500.00	-
HDFC Bank Limited	36 months	03 November 2018	Monthly	527.78	861.11	-
IDFC First Bank Limited (formerly known as 'IDFC Bank Limited')	36 months	29 February 2020	Monthly	14,333.33	375.00	-
Karur Vyasa Bank Limited	36 months	29 April 2019	Monthly	666.67	1,000.00	-
RBL Bank Limited	36 months	29 March 2018	Monthly	4,817.65	4,758.82	797.06
State Bank of India Limited	45 months	30 June 2020	Quarterly	8,000.00	-	-
Ujjivan Small Finance Bank Limited	36 months	29 February 2020	Monthly	2,348.48	-	-
Utkarsh Small Finance Bank Limited	39 months	25 January 2018	Quarterly	615.38	1,230.77	1,846.15
Total term loans from banks				**43,144.16**	**21,741.34**	**4,230.38**
As at balance sheet date, interest rates range for the term loans from banks				9.78% to 13.05%	10.50% to 15.00%	12.22% to 13.50%

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

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 31 March 2020	Amount outstanding as at 31 March 2019	Amount outstanding as at 1 April 2018
(i) From Housing Finance Companies						
Housing Development Finance Corporation Limited	36 months	31 March 2018	Monthly	347.69	812.43	1,280.88
Micro Housing Finance Corporation Limited	24 months	31 July 2016	Monthly	-	-	270.44
(ii) From Non-Banking Finance Companies						
AK Capital Finance Private Limited	24 / 30 months	30 June 2018	Quarterly/ Monthly	3,400.00	2,930.36	4,437.50
APAC Financial Services Limited	11 months	25 March 2020	Monthly	750.00	-	-
Avanse Financial Services Limited	18 months	25 October 2017	Monthly	-	-	516.28
Bajaj Finance Limited	24 months	31 August 2019	Monthly	666.67	-	-
Caspian Impact Investment Advisers Private Limited	24 months	26 September 2019	At maturity	-	1,500.00	1,500.00
Cholamandalam Investment and Finance Limited	36 months	01 August 2019	Monthly	1,784.65	-	-
Fedbank Financial Services Limited	36 months	01 August 2019	Monthly	1,136.36	1,500.00	-
Hero FinCorp Limited	24 months	03 June 2019	Monthly	1,430.98	371.30	700.00
Hinduja Leyland Finance Limited	36 months	26 April 2019	Monthly	2,905.28	3,000.00	-
IDFC First Bank Limited (Formerly known as 'Capital First Limited')	36 months	20 March 2017	Quarterly	-	-	875.00
Maanaveeya Development & Finance Private Limited	36 months /	28 June 2018	Quarterly /	2,213.90	4,125.00	1,791.67
Mahindra & Mahindra Financial Services Limited	24 months	31 July 2017	Monthly	-	436.66	1,049.79
NABKISAN Finance Limited	36 months	01 November 2018	Quarterly	1,574.94	1,250.00	-
Reliance Commercial Finance Limited	24 months	31 August 2017	Monthly	-	185.13	834.26
Sundaram Finance Limited	36 months	22 December 2016	Monthly	1,252.03	1,981.85	301.80
TATA Capital Financial Services Limited	36 months	05 June 2019	Monthly	1,423.73	-	-
UGRO Capital Limited	24 months	01 March 2019	Monthly	244.64	481.55	-
Total term loans from others				**19,130.87**	**18,574.28**	**13,557.62**
As at balance sheet date, interest rates range for the term loans from others				11.00% to 12.95%	12.15 to 14.25%	11.75% to 15.00%

14.2 Details of term loans availed by the Company:

a) All the above loans are secured by specific charge on loans. The Company needs to maintain a security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time. Further, the Company has given cash collateral amounting to Rs. Nil (31 March 2019: Nil; 1 April 2018: Rs. 25.10 lakhs) for the loans taken.

b) Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2020, 31 March 2019 and 1 April 2018.

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

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
15	**Other financial liabilities**			
	Lease liabilities	1,387.57	1,294.43	682.90
	Other liabilities	17.82	95.90	25.04
		1,405.39	**1,390.33**	**707.94**
16	**Current tax liabilities**			
	Provision for tax	-	20.48	-
		-	**20.48**	**-**
17	**Provisions**			
	Provision for employee benefits			
	Provision for gratuity	85.46	24.22	6.21
	Provision for compensated absences	82.45	39.48	14.31
		167.91	**63.70**	**20.52**
18	**Other non-financial liabilities**			
	Statutory dues payable	221.50	116.54	77.14
	Employee benefits payable	697.77	505.72	150.45
		919.27	**622.26**	**227.59**

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
19	**Equity share capital**			
	Authorised			
	48,000,000 (31 March 2019: 45,000,000; 1 April 2018: 30,000,000) equity shares of Rs. 10 each	4,800.00	4,500.00	3,000.00
	51,000,000 (31 March 2019: 34,000,000; 1 April 2018: 32,000,000) compulsory convertible preference shares ("CCPS") of Rs. 10 each	5,100.00	3,400.00	3,200.00
	14,000,000 (31 March 2019: 14,000,000; 1 April 2018: Nil) CCPS of Rs. 15 each	2,100.00	2,100.00	-
		12,000.00	**10,000.00**	**6,200.00**
	Issued, subscribed and paid-up			
	Fully paid-up			
	33,689,008 (31 March 2019: 30,326,518; 1 April 2018: 28,250,739) equity shares of Rs. 10 each	3,368.90	3,032.65	2,825.07
	23,655,716 (31 March 2019: 23,655,716; 1 April 2018: 23,655,716) 0.01% CCPS of Rs. 10 each	2,365.57	2,365.57	2,365.57
	20,480,732 (31 March 2019: 5,494,514; 1 April 2018: Nil) 0.0001% CCPS of Rs. 10 each	2,048.07	549.45	-
	13,921,801 (31 March 2019: 13,921,801; 1 April 2018: Nil) 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 2019: 10,975,000; 1 April 2018: Nil) equity shares of Rs. 10 each, Re. 1 paid up	132.99	109.75	-
		10,003.80	**8,145.69**	**5,190.64**

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

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No. of shares	Amount in Lakhs of INR	No. of shares	Amount in Lakhs of INR	No. of shares	Amount in Lakhs of INR
Equity shares of Rs. 10 each						
At the commencement of the year	41,301,518	3,142.40	28,250,739	2,825.07	15,300,100	1,530.01
Add: Issued during the year	5,686,234	359.49	13,050,779	317.33	12,950,639	1,295.06
At the end of the year	**46,987,752**	**3,501.89**	**41,301,518**	**3,142.40**	**28,250,739**	**2,825.07**
0.01% CCPS of Rs. 10 each						
At the commencement of the year	23,655,716	2,365.57	23,655,716	2,365.57	10,799,900	1,079.99
Add: Issued during the year	-	-	-	-	25,806,255	2,580.62
Less: Exercised / converted into equity shares	-	-	-	-	12,950,439	1,295.04
At the end of the year	**23,655,716**	**2,365.57**	**23,655,716**	**2,365.57**	**23,655,716**	**2,365.57**
0.0001% CCPS of Rs. 10 each						
At the commencement of the year	5,494,514	549.45	-	-	-	-
Add: Issued during the year	14,986,218	1,498.62	5,494,514	549.45	-	-
At the end of the year	**20,480,732**	**2,048.07**	**5,494,514**	**549.45**	-	-
0.0001% CCPS of Rs. 15 each						
At the commencement of the year	13,921,801	2,088.27	-	-	-	-
Add: Issued during the year	-	-	13,921,801	2,088.27	-	-
At the end of the year	**13,921,801**	**2,088.27**	**13,921,801**	**2,088.27**	-	-

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

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs. 10						
D. Arulmany (including partly paid up shares)	16,648,744	35.43%	14,575,000	35.29%	4,500,000	15.93%
Norwest Venture Partners X Mauritius	10,690,807	22.75%	4,431,833	10.73%	-	-
Sheela Pai cole	4,064,247	8.65%	-	-	-	-
Sunaina Pai Ocalan	3,961,518	8.43%	-	-	-	-
Kedaara Capital Fund II LLP	3,597,041	7.66%	-	-	-	-
Savita S. Pai	888,626	1.89%	4,634,401	11.22%	3,255,377	11.52%
P. Surendra Pai	592,376	1.26%	3,977,976	9.63%	2,895,162	10.25%
Sarva Capital LLC	-	-	7,696,015	18.63%	10,800,000	38.23%
0.01% CCPS of Rs. 10 each						
CDC Group Plc.	13,978,396	59.09%	13,978,396	59.09%	13,978,396	59.09%
Lok Capital Growth Fund	8,602,051	36.36%	8,602,051	36.36%	8,602,051	36.36%
0.0001% CCPS of Rs. 10 each						
Lok Capital Growth Fund	5,356,803	26.16%	3,265,433	59.43%	-	-
CDC Group Plc.	2,229,081	10.88%	2,229,081	40.57%	-	-
Kedaara Capital Fund II LLP	10,418,028	50.87%	-	-	-	-
Norwest Ventures X Mauritius	2,476,820	12.09%	-	-	-	-
0.0001% CCPS of Rs. 15 each						
CDC Group Plc.	4,554,206	32.71%	4,554,206	32.71%	-	-
Norwest Ventures X Mauritius	9,367,595	67.29%	9,367,595	67.29%	-	-

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

A. Equity shares

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

The holders of party 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.

19.3 Rights, preferences and restrictions attached to each class of shares (continued)

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.

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.

19.4 Employee Stock Option Scheme (Also refer note 38)

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.

19.5 Preferential offer to Promoter

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

- Agreement dated 30 November 2015, the Promoter shall have the option to subscribe to 6,000,000 equity shares of the Company at a pre-determined price of Rs. 25 per share.

- Agreement dated 1 June 2017, the Promoter shall have the option to subscribe to 400,000 equity shares of the Company at a pre-determined price of Rs. 75 per share.

- Agreement dated 12 October 2018, the Promoter shall have the option to subscribe to 4,575,000 equity shares of the Company at a pre-determined price of Rs. 135.04 per share.

19.5 Preferential offer to Promoter (continued)

During the year ended 31 March 2019, 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 2020. During the year ended 31 March 2020, 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 2020..

19.6 Share warrants to certain employees

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

	Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
20	**Other equity**			
	Statutory reserve	1,197.86	531.01	121.24
	Share options outstanding account	300.40	125.78	33.62
	Securities premium	66,998.30	34,045.60	11,249.12
	Retained earnings	3,678.50	1,042.25	(250.51)
	Other comprehensive income	-	-	-
		72,175.06	**35,744.64**	**11,153.47**
i.	**Statutory reserve**			
	Opening balance	531.01	121.24	-
	Add: Amount transferred from surplus in the statement of profit	666.85	409.77	121.24
	Closing balance	**1,197.86**	**531.01**	**121.24**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 666.85 lakhs (31 March 2019: Rs. 409.77 lakhs; 1 April 2018: Rs. 121.24 lakhs), out of the profit after tax for the year ended 31 March 2020 to Statutory Reserve. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

ii.	**Share options outstanding account**			
	Opening balance	125.78	33.62	-
	Add: Share based payment expense	204.94	92.16	33.62
	Less : Transfer to securities premium on exercise of options	(30.32)	-	-
	Closing balance	**300.40**	**125.78**	**33.62**

The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Also refer note 38 for further details of these plans.

iii.	**Securities premium**			
	Opening balance	34,045.60	11,249.12	1,875.00
	Add: Premium on shares issued during the period	33,385.83	23,156.20	9,419.36
	Add: Transfer from share options outstanding account on exercise of options	30.32	-	-
	Less: Utilised during the year for share issue expenses	(463.45)	(359.72)	(45.24)
	Closing balance	**66,998.30**	**34,045.60**	**11,249.12**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with provisions of Companies Act, 2013.

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

iv. Retained earnings

Opening balance	1,042.25	(250.51)	(490.35)
Add: Net Profit for the year	3,334.24	1,705.53	363.48
Less : Appropriations			
- Transfer to statutory reserve	(666.85)	(409.77)	(121.24)
Add: Transfer from other comprehensive income	(31.14)	(3.00)	(2.40)
Closing balance	**3,678.50**	**1,042.25**	**(250.51)**

v. Other comprehensive income

Opening balance	-	-	-
Add: Remeasurements of defined benefit asset / (liability)	31.14	3.00	2.40
Less: Transferred to retained earnings	(31.14)	(3.00)	(2.40)
Closing balance	**-**	**-**	**-**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.

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

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
21	**Interest income**		
	(On financial assets measured at amortised cost)		
	Interest on loans	25,131.33	12,442.18
	Interest on deposits	798.57	461.45
	Interest income on security deposit	22.97	15.63
		25,952.87	**12,919.26**
22	**Fee income**		
	Legal, documentation and inspection fees	175.23	109.22
	Others	365.97	165.96
		541.20	**275.18**
23	**Net gain / (loss) on fair value changes**		
	Net gain / (loss) on financial instruments at fair value through profit or loss		
	On trading portfolio		
	-Mutual fund investments - Realised	1,051.39	370.60
	-Mutual fund investments - Unrealised	12.64	3.91
		1,064.03	**374.51**
24	**Other income**		
	Profit on sale of PPE (net)	0.04	-
	Profit on disposal of leased assets	2.79	0.36
	Recovery of bad debts	2.24	2.96
	Interest on income tax refund	4.50	-
		9.57	**3.32**
25	**Finance costs**		
	At financial liabilities measured at amortised cost		
	Interest on borrowings		
	- term loans from banks	3,743.70	869.20
	- cash credits and overdraft from banks	0.06	13.37
	- term loans from others	2,540.22	1,546.37
	Interest on debt securities	3,961.09	1,377.66
	Other borrowing cost (EIR)	206.11	100.70
	Interest expenses on lease liabilities	176.21	133.53
		10,627.39	**4,040.83**
26	**Impairment on financial instruments**		
	At amortised cost		
	Impairment loss allowance on loans	1,419.94	399.37
	Loans written off	90.33	48.04
		1,510.27	**447.41**
27	**Employee benefits expenses**		
	Salaries and wages	6,882.64	4,084.27
	Contribution to provident and other funds	482.23	311.31
	Stock based payment to employees	204.94	92.16
	Gratuity and compensated absence	67.16	50.12
	Staff welfare expenses	227.87	97.92
		7,864.84	**4,635.78**
28	**Depreciation and amortization**		
	Depreciation of property, plant and equipment	461.20	325.76
	Depreciation of right of use assets	540.99	365.82
	Amortisation of intangible assets	244.01	130.86
		1,246.20	**822.44**

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
29	**Other expenses**		
	Rent and energy costs	86.53	87.70
	Rates and taxes	169.14	159.79
	Repairs and maintenance	160.73	132.45
	Communication costs	209.76	129.99
	Printing and stationery	86.48	83.36
	Advertisement and business promotion	82.15	45.72
	Directors fees, allowances and expenses	58.25	13.50
	Auditors' fees and expenses (refer note 29.1)	22.75	22.01
	Legal and professional charges	343.09	181.19
	Insurance	8.53	2.81
	Corporate social responsibility expenses (refer note 29.2)	22.00	1.23
	Travel and conveyance expenses	404.69	260.44
	Information technology expenses	275.85	148.07
	Loss on sale of PPE	-	0.15
	Bank charges	7.51	7.61
	Other expenses	0.10	7.33
		1,937.56	**1,283.35**
29.1	**Payments to auditors**		
	Statutory audit	18.00	11.00
	Other services	4.00	9.50
	Reimbursement of expenses	0.75	1.51
		22.75	**22.01**
29.2	**Details of expenditure on corporate social responsibility (CSR)**		
	(a) Amount required to be spent by the Company during the year	21.11	1.16
	(b) Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	22.00	1.23
		22.00	**1.23**
30	**Income tax**		
	The component of income tax expenses:		
	Current tax	1,593.86	1,029.16
	Changes in estimates related to prior years	(49.44)	(5.47)
	Deferred tax	(497.25)	(386.76)
		1,047.17	**636.93**

Notes to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
30.1	**Reconciliation of total tax expense**		
	Accounting profit before tax	4,381.41	2,342.46
	Applicable tax rate	25.17%	29.12%
	Computed tax expense	1,102.71	682.12
	Tax effect of :		
	Permanent differences	(86.78)	(39.72)
	Change in tax rate (refer note below)	80.68	-
	Income tax expense recognised in statement of profit and loss excluding change in estimates relating to previous years	**1,096.61**	**642.40**
	Effective tax rate	25.03%	27.42%

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.

30.2 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 2019	Statement of profit and loss	Other comprehensive income	As at 31 March 2020
Deferred tax asset/ (liability) in relation to -				
Fixed assets	40.07	15.21	-	55.28
Impairment on financial assets	208.28	329.10	-	537.38
Provision for employee benefits	40.96	35.45	10.47	86.88
Unamortised processing fee income (net)	276.61	111.45	-	388.06
Others	30.06	6.04	-	36.10
	595.98	**497.25**	**10.47**	**1,103.70**

Components of deferred tax asset (liability)	As at 1 April 2018	Statement of profit and loss	Other comprehensive income	As at 31 March 2019
Deferred tax asset/ (liability) in relation to -				
Fixed assets	(10.13)	50.20	-	40.07
Impairment on financial assets	87.02	121.26	-	208.28
Provision for employee benefits	14.15	25.58	1.23	40.96
Unamortised processing fee (net)	116.95	159.66	-	276.61
Others	-	30.06	-	30.06
	207.99	**386.76**	**1.23**	**595.98**

31 Employee benefits

31.1 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. 391.17 lakhs (31 March 2019 - Rs. 232.30 lakhs).

31.2 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 2020	As at 31 March 2019
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	24.22	6.21
Current service cost	18.42	13.59
Interest cost	1.63	0.42
Benefits paid	(0.42)	(0.23)
Actuarial loss / (gain) recognised in other comprehensive income	41.61	4.23
Present value of defined benefit obligation at the end of the year	**85.46**	**24.22**
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	0.42	0.23
Benefits paid	(0.42)	(0.23)
Actuarial loss / (gain) recognised in other comprehensive income	-	-
Fair value of plan assets at the end of the year	**-**	**-**

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

31.2 Defined benefit plans (continued)

	As at 31 March 2020	As at 31 March 2019
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	85.46	24.22
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**85.46**	**24.22**

	Year ended 31 March 2020	Year ended 31 March 2019
E. Expense recognised in statement of profit and loss		
Current service cost	18.42	13.59
Interest cost	1.63	0.42
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss	**20.05**	**14.01**
F. Remeasurements recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation	41.61	4.23
Return on plan assets excluding interest income	-	-
	41.61	**4.23**

F. Assumptions at balance sheet date	As at 31 March 2020	As at 31 March 2019
Discount rate (refer note (b))	5.28%	6.77%
Interest rate (rate of return on assets)	NA	NA
Future salary increase (refer note (a))	10.00%	15.00%
Mortality table	Indian Assured Lives (2012 - 14)	Indian Assured Lives (2006 - 08)
Attrition rate (refer note (a))	43.30%	40.00%

Notes:

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

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

c) Experience adjustments:

	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Defined benefit obligation	85.46	24.22	6.21	5.57	0.92
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit)	(85.46)	(24.22)	(6.21)	(5.57)	(0.92)
Experience adjustments on plan liabilities - (loss) / gain	(41.61)	(4.23)	3.56	(0.18)	-
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 2020	As at 31 March 2019
Discount rate		
-0.5% increase	(1.30)	(0.29)
-0.5% decrease	1.33	0.29
Future salary growth		
-0.5% increase	1.45	0.29
-0.5% decrease	(1.43)	(0.29)
Attrition rate		
-0.5% increase	(1.10)	(0.06)
-0.5% decrease	1.12	0.06

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.

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

32 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.

33 Lease disclosures under Ind AS 116 for the current year ended 31 March 2020

A. Implementation of Ind AS 116

Under Ind AS 116, these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

(i) Measurement of Lease Liabilities

Particulars	31 March 2019	1 April 2018
Lease liability recognised as at	1,294.43	682.90

The Company has considered weighted average rate of borrowings for discounting.

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.

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

(i) Amounts recognised in the Balance sheet

Particulars	As at 31 March 2020	As at 31 March 2019
a) Right-of-use assets (net)	1,291.21	1,267.02
b) Lease liabilities		
Current	480.83	379.79
Non-current	906.74	914.64
Total Lease liabilities	**1,387.57**	**1,294.43**
c) Additions to the Right-of-use assets	590.50	934.08

(ii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a) Depreciation charge for right-of-use assets	540.99	365.82
b) Interest expense (included in finance cost)	176.21	133.53

(iii) Cash Flows

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
The total cash outflow of leases	626.90	410.23

		Year ended 31 March 2020	Year ended 31 March 2019
34	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	7.60	159.45
	Undrawn committed sanctions to borrowers	1,025.74	823.57

		Year ended 31 March 2020	Year ended 31 March 2019
35	**Earnings Per Share (EPS)**		
	Profit for the year	3,334.24	1,705.53
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	**31,525,399**	**29,918,699**
	Effect of dilutive potential equity shares:		
	Compulsory convertible preference shares	58,058,249	43,072,031
	Employee stock options and share warrants	2,152,543	3,478,634
	Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**91,736,191**	**76,469,364**
	Face value per share	10.00	10.00
	Earnings per share (in Rs.)		
	- Basic	10.58	5.70
	- Diluted	3.63	2.23

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

36 Related party transactions

36.1 Names of related parties and nature of relationship

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

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

36.2 Transactions during the year

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Remuneration to Key Managerial Personnel *		
Mr. D. Arulmany	110.01	80.00
Mr. J. Prakash Rayen	80.49	60.80
Mr. V.G. Suchindran	85.14	64.50
Mr. K.P. Venkatesh, Chief Business Officer (With effect from 8 October 2018)	85.08	32.08
Ms. N. A. Madhavi	9.73	-
Ms. Priyanka I Misser	-	8.44
Mr. M Sivaraman	18.75	4.25
Mr. N Mohan Raj	20.25	5.00
Mr. Abhijit Sen	19.25	3.50
Partly paid up equity shares issued during the year (in INR)		
Mr. D. Arulmany #	23.24	109.75
Partly paid up equity shares issued during the year (in number of shares)		
Mr. D. Arulmany #	2,323,744	10,975,000
Options for purchase of shares during the year (in number of shares)		
Mr. D. Arulmany #	-	4,575,000
Employee stock options granted during the year (in number of options)		
Mr. K.P. Venkatesh	-	400,000
Employee stock options exercised during the year (in number of options)		
Mr. J. Prakash Rayen	975,000	-
Mr. V.G. Suchindran	500,000	-
Employee stock options exercised during the year (in INR)		
Mr. J. Prakash Rayen	97.50	-
Mr. V.G. Suchindran	50.00	-

Also refer note 19

36.3 Balances as at the year-end:

Particulars	As at 31 March 2020	As at 31 March 2019
Remuneration payable to Key Managerial Personnel *		
Mr. D. Arulmany	25.00	15.00
Mr. J. Prakash Rayen	20.00	12.50
Mr. V.G. Suchindran	20.00	12.50
Mr. K.P. Venkatesh, Chief Business Officer (With effect from 8 October 2018)	20.00	5.99
N. A. Madhavi	1.00	-
Ms. Priyanka I Misser	-	0.68
Mr. M Sivaraman	14.50	-
Mr. N Mohan Raj	14.50	-
Mr. Abhijit Sen	14.50	-
Employee stock option (in number of options)		
Mr. J. Prakash Rayen	525,000	1,500,000
Mr. V.G. Suchindran	-	500,000
Mr. K.P. Venkatesh	400,000	400,000
Share warrants (in number of options)		
Mr. J. Prakash Rayen	133,334	133,334
Mr. V.G. Suchindran	133,333	133,333

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 19.5

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

37 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 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at 31 March 2020	As at 31 March 2019
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.	-	-

38 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
At the end of one year of service from grant date	30%	20%	20%
At the end of two years	35%	25%	25%
At the end of three years	35%	25%	25%
At the end of four years	-	30%	30%

38.1 Options outstanding under Veritas ESOS 2018 and ESOS 2016

As at 31 March 2020, 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	590,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	185,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	78,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	889,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	400,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	660,000	125.00	1 to 4 years	Time and performance based vesting
		2,802,500			

As at 31 March 2019, 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	2,550,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	300,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	85,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	890,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	400,000	120.00	1 to 4 years	Time and performance based vesting
		4,225,000			

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

38 Employee Stock Option Scheme (continued)

38.2 Reconciliation of outstanding options

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	27.95	4,225,000	18.19	3,895,000
Forfeited during the year	125.00	(65,000)	34.55	(55,000)
Exercised during the year	10.60	(2,082,500)	10.00	(15,000)
Granted during the year	125.00	725,000	120.00	400,000
Outstanding as at end of year	**63.70**	**2,802,500**	**27.95**	**4,225,000**
Vested and exercisable as at end of year	**27.57**	**1,333,000**	**12.63**	**2,978,250**

38.3 Expense recognised in the statement of profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
Total expense (stock based compensation under employee benefit expenses)	204.94	92.16

38.4 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:

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Share price on Grant date (In Rs.)	9.51 - 123.22	9.51 - 117.86	9.51 - 39.45
Exercise price (In Rs.)	10.00 - 125.00	10.00 - 120.00	10.00 - 40.00
Fair value of options at grant date	2.48 - 48.24	2.48 - 45.75	2.48 - 19.35
Expected volatility	22.00% - 41.60%	22.00% - 41.60%	34.22% - 41.60%
Option term	2.00 - 5.5 years	2.00 - 5.5 years	2.00 - 5.5 years
Expected dividends	Nil	Nil	Nil
Risk free interest rate	6.14% - 7.79%	6.14% - 7.79%	6.14% - 7.79%
Weighted average remaining contractual life (in years)	4.50	4.07	4.82

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

39 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.

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Equity	**82,178.86**	**43,890.33**	**16,344.11**
Debt	100,982.10	59,462.58	29,526.89
Cash and Cash equivalents	42,244.86	10,998.94	12,086.65
Net Debt	**58,737.24**	**48,463.64**	**17,440.24**
Net Debt to Equity Ratio	0.71	1.10	1.07

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.

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Tier I Capital	80,382.64	42,703.37	15,905.61
Tier II Capital	865.02	34.49	72.08
Total Capital	**81,247.66**	**42,737.86**	**15,977.69**
Risk Weighted Assets	**137,060.24**	**89,997.58**	**33,922.38**
CRAR%	59.28%	47.49%	47.10%
CRAR - Tier I Capital%	58.65%	47.45%	46.89%
CRAR - Tier II Capital%	0.63%	0.04%	0.21%

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

40 Fair Value Measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

Particulars	Note	Carrying amount			
		Amortised cost	Fair value through profit and loss	Other financial liabilities	Total carrying value
Assets:					
Cash and cash equivalents	4	42,244.86	-	-	42,244.86
Bank balances other than cash and cash equivalents	5	4,697.98	-	-	4,697.98
Loans	6	127,932.22	-	-	127,932.22
Investments	7	-	6,318.13	-	6,318.13
Other financial assets	8	402.65	-	-	402.65
Total		**175,277.71**	**6,318.13**	**-**	**181,595.84**
Liabilities:					
Trade payables	12	204.21	-	-	204.21
Debt securities	13	38,704.88	-	-	38,704.88
Borrowings (Other than debt securities)	14	62,277.22	-	-	62,277.22
Other financial liabilities	15	-	-	1,405.39	1,405.39
Total		**101,186.31**	**-**	**1,405.39**	**102,591.70**

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

Particulars	Note	Carrying amount			
		Amortised cost	Fair value through profit and loss	Other financial liabilities	Total carrying value
Assets:					
Cash and cash equivalents	4	10,998.94	-	-	10,998.94
Bank balances other than cash and cash equivalents	5	2,527.63	-	-	2,527.63
Loans	6	73,664.77	-	-	73,664.77
Investments	7	-	14,503.91	-	14,503.91
Other financial assets	8	330.44	-	-	330.44
Total		**87,521.78**	**14,503.91**	**-**	**102,025.69**
Liabilities:					
Trade payables	12	86.71	-	-	86.71
Debt securities	13	19,209.59	-	-	19,209.59
Borrowings (Other than debt securities)	14	40,252.99	-	-	40,252.99
Other financial liabilities	15	-	-	1,390.33	1,390.33
Total		**59,549.29**	**-**	**1,390.33**	**60,939.62**

The carrying value and fair value of financial instruments by categories as of 1 April 2018 were as follows:

Particulars	Note	Carrying amount			
		Amortised cost	Fair value through profit and loss	Other financial liabilities	Total carrying value
Assets:					
Cash and cash equivalents	4	12,086.65	-	-	12,086.65
Bank balances other than cash and cash equivalents	5	168.58	-	-	168.58
Loans	6	32,901.02	-	-	32,901.02
Investments	7	-	-	-	-
Other financial assets	8	162.70	-	-	162.70
Total		**45,318.95**	**-**	**-**	**45,318.95**
Liabilities:					
Trade payables	12	54.75	-	-	54.75
Debt securities	13	10,882.71	-	-	10,882.71
Borrowings (Other than debt securities)	14	18,644.18	-	-	18,644.18
Other financial liabilities	15	-	-	707.94	707.94
Total		**29,581.64**	**-**	**707.94**	**30,289.58**

Note:
For all of the financial assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

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

40 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 measures 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 2020 were as follows:

Particulars	Note	Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Assets:						
Cash and cash equivalents	4	42,244.86				-
Bank balances other than cash and cash equivalents	5	4,697.98				-
Loans	6	127,932.22				-
Investments	7	6,318.13	6,318.13	-	-	6,318.13
Other financial assets	8	402.65				-
Total		**181,595.84**	**6,318.13**	**-**	**-**	**6,318.13**
Liabilities:						
Trade payables	12	204.21				-
Debt securities	13	38,704.88				-
Borrowings (Other than debt securities)	14	62,277.22				-
Other financial liabilities	15	-				-
Total		**101,186.31**	**-**	**-**	**-**	**-**

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

Particulars	Note	Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Assets:						
Cash and cash equivalents	4	10,998.94				-
Bank balances other than cash and cash equivalents	5	2,527.63				-
Loans	6	73,664.77				-
Investments	7	14,503.91	14,503.91	-	-	14,503.91
Other financial assets	8	330.44				-
Total		**102,025.69**	**14,503.91**	**-**	**-**	**14,503.91**
Liabilities:						
Trade payables	12	86.71				-
Debt securities	13	19,209.59				-
Borrowings (Other than debt securities)	14	40,252.99				-
Other financial liabilities	15	-				-
Total		**59,549.29**	**-**	**-**	**-**	**-**

The carrying value and fair value of financial instruments by categories as of 1 April 2018 were as follows:

Particulars	Note	Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Assets:						
Cash and cash equivalents	4	12,086.65				-
Bank balances other than cash and cash equivalents	5	168.58				-
Loans	6	32,901.02				-
Investments	7	-				-
Other financial assets	8	162.70				-
Total		**45,318.95**	**-**	**-**	**-**	**-**
Liabilities:						
Trade payables	12	54.75				-
Debt securities	13	10,882.71				-
Borrowings (Other than debt securities)	14	18,644.18				-
Other financial liabilities	15	-				-
Total		**29,581.64**	**-**	**-**	**-**	**-**

Note:
For all of the financial assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

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

41 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:

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Fixed rate instruments			
Financial assets	172,150.32	77,048.96	43,275.41
Financial liabilities	45,866.45	32,344.17	24,302.99
	218,016.77	**109,393.13**	**67,578.40**
Variable rate instruments			
Financial assets	-	-	-
Financial liabilities	54,068.58	26,871.45	5,285.88
	54,068.58	**26,871.45**	**5,285.88**

Cash flow sensitivity analysis for variable-rate instruments:

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2020				
Variable-rate instruments	(540.69)	540.69	(404.61)	404.61
Cash flow sensitivity (net)	**(540.69)**	**540.69**	**(404.61)**	**404.61**
31 March 2019				
Variable-rate instruments	(268.71)	268.71	(195.02)	195.02
Cash flow sensitivity (net)	**(268.71)**	**268.71**	**(195.02)**	**195.02**

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

41 Financial risk management objectives and policies (continued)

(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

Also refer note 53

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

41 Financial risk management objectives and policies (continued)

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:

Geographic location

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

	Provisions	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Stage 1	12 month provision	0.69%	0.05%	0.22%
Stage 2	Life time provision	23.94%	22.87%	26.61%
Stage 3	Life time provision	31.87%	53.30%	60.54%

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.

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

41 Financial risk management objectives and policies (continued)

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**72,466.00**	**1,115.17**	**798.84**	**74,380.01**	**32,651.55**	**290.24**	**275.10**	**33,216.89**
Asset derecognised or repaid (including write-off)	(8,011.39)	(176.70)	(135.42)	(8,323.51)	(3,888.49)	(30.25)	(95.56)	(4,014.30)
Assets partially repaid	(8,556.06)	(69.57)	-	(8,625.63)	(4,141.49)	(8.74)	-	(4,150.23)
Roll forwards to higher stages	(2,724.89)	(514.03)	-	(3,238.92)	(1,374.55)	(153.57)	-	(1,528.12)
Roll forward from lower stages	-	1,638.77	1,600.15	3,238.92	-	944.68	583.44	1,528.12
Roll back from higher stages	-	(71.42)	(5.75)	(77.17)	-	(22.59)	(19.06)	(41.65)
Roll back to lower stages	71.42	5.75	-	77.17	25.17	16.47	-	41.64
New assets originated *	72,318.36	153.59	164.58	72,636.53	49,193.81	78.93	54.92	49,327.66
Gross carrying amount closing balance	**125,563.44**	**2,081.56**	**2,422.40**	**130,067.40**	**72,466.00**	**1,115.17**	**798.84**	**74,380.01**

* 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 53

Reconciliation of ECL balance is given below:

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - Opening balance	**34.49**	**254.99**	**425.76**	**715.24**	**72.08**	**77.24**	**166.55**	**315.87**
Addition during the year	837.57	433.68	541.55	1,812.80	22.25	235.79	346.77	604.81
Reversal / Utilization during the year	(7.04)	(190.44)	(195.38)	(392.86)	(59.84)	(58.04)	(87.56)	(205.44)
Impairment loss allowance - Closing balance	**865.02**	**498.23**	**771.93**	**2,135.18**	**34.49**	**254.99**	**425.76**	**715.24**

Also refer note 53

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 2020	As at 31 March 2019	As at 1 April 2018
Best case	1,737.34	668.41	258.70
Base case	2,020.41	703.57	293.74
Worst case	2,373.93	773.92	358.20

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

41 Financial risk management objectives and policies (continued)

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 :

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash credit facilities	2,000.00	1,000.00	1,500.00
Working capital demand loans	-	1,000.00	1,000.00
Total	**2,000.00**	**2,000.00**	**2,500.00**

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 2020:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	204.21	204.21	-	-	-
Debt securities	38,890.29	20,130.29	12,760.00	6,000.00	-
Borrowings (other than debt securities)	62,497.29	30,490.70	29,951.32	2,055.27	-
Other financial liabilities	1,804.18	617.88	612.14	265.82	308.33
Total	**103,395.97**	**51,443.08**	**43,323.46**	**8,321.09**	**308.33**
Financial assets					
Cash and cash equivalents	42,244.86	42,244.86	-	-	-
Bank balances other than cash and cash equivalents	4,697.98	4,697.98	-	-	-
Loans (also refer note 53)	132,014.34	27,700.78	55,624.40	36,443.07	12,246.09
Investments	6,318.13	6,318.13	-	-	-
Other financial assets	402.65	402.65	-	-	-
Total	**185,677.96**	**81,364.40**	**55,624.40**	**36,443.07**	**12,246.09**

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2019:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	86.71	86.71	-	-	-
Debt securities	19,281.56	381.56	18,900.00	-	-
Borrowings (other than debt securities)	40,440.25	18,349.74	22,045.06	45.45	-
Other financial liabilities	1,549.54	443.46	544.20	341.27	220.60
Total	**61,358.06**	**19,261.47**	**41,489.26**	**386.72**	**220.60**
Financial assets					
Cash and cash equivalents	10,998.94	10,998.94	-	-	-
Bank balances other than cash and cash equivalents	2,527.63	2,527.63	-	-	-
Loans (also refer note 53)	75,588.75	15,324.46	31,738.50	23,898.05	4,627.74
Investments	14,503.91	14,503.91	-	-	-
Other financial assets	330.44	330.44	-	-	-
Total	**103,949.67**	**43,685.38**	**31,738.50**	**23,898.05**	**4,627.74**

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

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 1 April 2018:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	54.75	54.75	-	-	-
Debt securities	10,942.18	42.18	7,400.00	3,500.00	-
Borrowings (other than debt securities)	18,725.72	9,600.88	9,124.84	-	-
Other financial liabilities	451.82	199.78	155.76	43.80	52.48
Total	**30,174.47**	**9,897.59**	**16,680.60**	**3,543.80**	**52.48**
Financial assets					
Cash and cash equivalents	12,086.65	12,086.65	-	-	-
Bank balances other than cash and cash equivalents	168.58	168.58	-	-	-
Loans (also refer note 53)	33,782.42	6,828.56	13,871.50	12,869.75	212.61
Investments	-	-	-	-	-
Other financial assets	162.70	162.70	-	-	-
Total	**46,200.35**	**19,246.49**	**13,871.50**	**12,869.75**	**212.61**

The amounts disclosed in the table above are estimated expected undiscounted cash flows. Balances due within a year equals their carrying amounts as the impact of discounting is not significant. Also refer note 53.

The borrowings and debt securities carry covenants, a future breach of same may require the company to repay the liability earlier than indicated in the above table.

42 Explanation of transition to Ind AS

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2019, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2020 including the comparative information for the year ended 31 March 2019 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2018.

In preparing its Ind AS balance sheet as at 1 April 2018 and in presenting the comparative information for the year ended 31 March 2019, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

i. Deemed cost for Property, plant and equipment and Intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
− fair value;
− or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.
The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38 Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets.

ii. Share based payment
Ind-AS 101 allows a first-time adopter to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind ASs. The Company has elected to avail the exemption.

B. Mandatory exceptions

i. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- EIR on borrowings, sourcing income and costs.

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist as on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

iii. Impairment of financial assets

The Company being NBFC Company is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (RBI Prudential Norms) as prevailed under previous GAAP.

Accordingly, the Company has applied the impairment requirement of Ind AS 109 on all financial assets recognised as per Ind AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.

2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.

3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.

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

42 Explanation of transition to Ind AS (continued)

Reconciliation of equity

	Note	As at the date of transition 1 April 2018			As at 31 March 2019		
		Previous GAAP*	Adjustments on transition	Ind AS	Previous GAAP*	Adjustments on transition	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		12,086.65	-	12,086.65	10,998.94	-	10,998.94
Bank balances other than cash and cash equivalents		168.58	-	168.58	2,527.63	-	2,527.63
Loans	A, B, E	33,347.42	(446.40)	32,901.02	74,608.86	(944.09)	73,664.77
Investments	C	-	-	-	14,475.91	28.00	14,503.91
Other financial assets		227.02	(64.32)	162.70	384.26	(53.82)	330.44
		45,829.67	**(510.72)**	**45,318.95**	**102,995.60**	**(969.91)**	**102,025.69**
Non-financial assets							
Current tax assets (net)		78.29	-	78.29	57.93	-	57.93
Deferred tax assets (net)	K	126.29	81.70	207.99	370.76	225.22	595.98
Property, plant and equipment		331.98	-	331.98	886.05	-	886.05
Right of use assets	H	-	701.39	701.39	-	1,267.02	1,267.02
Intangibles assets		165.86	-	165.86	279.36	-	279.36
Intangibles assets under development		0.51	-	0.51	284.48	-	284.48
Other non-financial assets	H	45.79	31.04	76.83	139.88	-	139.88
		748.72	**814.13**	**1,562.85**	**2,018.46**	**1,492.24**	**3,510.70**
Total		**46,578.39**	**303.41**	**46,881.80**	**105,014.06**	**522.33**	**105,536.39**
LIABILITIES AND EQUITY							
Financial liabilities							
Trade payables							
- Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises		54.75	-	54.75	86.71	-	86.71
Debt securities	D	10,942.18	(59.47)	10,882.71	19,281.56	(71.97)	19,209.59
Borrowings (other than debt securities)	D	18,725.72	(81.54)	18,644.18	40,440.25	(187.26)	40,252.99
Other financial liabilities	G	37.59	670.35	707.94	128.69	1,261.64	1,390.33
		29,760.24	**529.34**	**30,289.58**	**59,937.21**	**1,002.41**	**60,939.62**
Non-financial liabilities							
Current tax liabilities		-	-	-	20.48	-	20.48
Provisions		20.52	-	20.52	63.70	-	63.70
Other non-financial liabilities		227.59	-	227.59	622.26	-	622.26
		248.11	**-**	**248.11**	**706.44**	**-**	**706.44**
Equity							
Equity share capital		5,190.64	-	5,190.64	8,145.69	-	8,145.69
Other equity		11,379.40	(225.93)	11,153.47	36,224.72	(480.08)	35,744.64
		16,570.04	**(225.93)**	**16,344.11**	**44,370.41**	**(480.08)**	**43,890.33**
		46,578.39	**303.41**	**46,881.80**	**105,014.06**	**522.33**	**105,536.39**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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

42 Explanation of transition to Ind AS (continued)

Reconciliation of total comprehensive income for the year ended 31 March 2019

	Note	Year ended 31 March 2019		
		Previous GAAP*	Adjustments on transition	Ind AS
Revenue from operations				
Interest income	A, B, G	13,444.00	(524.74)	12,919.26
Fee income		275.18	-	275.18
Net gain on fair value changes	C	346.51	28.00	374.51
Total revenue from operations		**14,065.69**	**(496.74)**	**13,568.95**
Other income	H	2.96	0.36	3.32
Total income		**14,068.65**	**(496.38)**	**13,572.27**
Expenses				
Finance costs	D, H	4,025.52	15.31	4,040.83
Impairment on financial instruments	E	490.22	(42.81)	447.41
Depreciation and amortization	H	456.62	365.82	822.44
Employee benefits expenses	F, I	4,547.85	87.93	4,635.78
Other expenses	G	1,720.38	(437.03)	1,283.35
Total expenses		**11,240.59**	**(10.78)**	**11,229.81**
Profit before tax		**2,828.06**	**(485.60)**	**2,342.46**
Tax expense				
Current tax	K	1,022.46	1.23	1,023.69
Deferred tax	**L**	(243.24)	(143.52)	(386.76)
		779.22	**(142.29)**	**636.93**
Profit for the period		**2,048.84**	**(343.31)**	**1,705.53**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit asset/ (liability)	K	-	4.23	4.23
Income tax relating to items that will not be reclassified to profit or loss	L	-	(1.23)	(1.23)
Net other comprehensive income not to be reclassified subsequently to profit or loss		**-**	**3.00**	**3.00**
Items that will be reclassified subsequently to profit or loss				
Income tax relating to items that will be reclassified to profit or loss		-		
Net other comprehensive income to be reclassified subsequently to profit or loss		**-**	**-**	**-**
Other comprehensive income for the year, net of income tax		**-**	**3.00**	**3.00**
Total comprehensive income, net of income tax		**2,048.84**	**(346.31)**	**1,702.53**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

42 Notes to the reconciliations (continued)

A Impact of recognition of processing fee income under effective interest rate method

On transition to Ind AS, the Company has recognised processing fee income under effective interest rate method as required by Ind AS 109. Consequently, unamortised processing fee has been recognised with corresponding impact in retained earnings on the date of transition and for the year ended 31 March 2019.

Loans at amortised cost

Based on Ind AS 109, financial assets in the form of loans have been accounted at amortised cost using effective interest rate method and accordingly, upfront fee and transaction costs have been recognised using the effective interest rate method and recorded under interest income in the statement of profit and loss account and unamortised portion netted off against the loans. Under previous GAAP, transaction costs were recognised upfront to the income statement and expense was disclosed under other expenses. Similarly, upfront fee collected from customers was also recognised in the income statement on a upfront basis and disclosed under other operating income.

B Recognition of suspended interest income

On transition to Ind AS, the Company has recognised impairment loss on loans measured at amortised cost based on the expected credit loss model as required by Ind AS 109. Consequently, the suspended interest income pertaining to stage 3 assets, which was hitherto derecognised under previous GAAP have been added to the loan assets with a corresponding increase in retained earnings on the date of transition.

C Investments at fair value through profit or loss

On transition to Ind AS, the Company has classified investments at fair value through profit or loss which requires re-measurement of fair value at the balance sheet date and recording the fair value movements in the profit and loss account. Under the previous GAAP, the Company measured its current investments at the lower of cost and net realisable value.

D Impact of recognition of processing fee on borrowings under effective interest rate method

On transition to Ind AS, the Company has recognised the processing fee paid on borrowings under effective interest rate method as required by Ind AS 109. Consequently, Unamortised processing fee has been recognised with corresponding impact in retained earnings on the date of transition and for the year ended 31 March 2019 and unamortised portion being netted off against the borrowings.

Borrowings at amortised cost

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using effective interest rate method. Accordingly, upfront transaction costs have been included in the effective interest rate computations and disclosed as interest cost in the statement of profit and loss. Under previous GAAP, these costs were charged to the statement of profit and loss upon incurrence of the same.

E Impact of application of Expected Credit Loss method for impairment allowance on loans

On transition to Ind AS, the Company has recognised impairment loss on receivables from financing activities measured at amortised cost based on the expected credit loss model as required by Ind AS 109. Consequently, receivables from financing activities have been adjusted with corresponding retained earnings on the date of transition and for the year ended 31 March 2019. The provision for standard assets and non-performing assets were disclosed as provisions in the previous GAAP. Under Ind AS, the expected credit loss has been disclosed as a deduction from loans to customers.

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

42 Notes to the reconciliations (continued)

F Share based payment

The Company granted equity-settled share-based payments to certain employees. The Company accounted for these share-based payment by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled shared-based payments and relevant reserve under "Other equity" - Employee stock option reserve has been recorded.

G Impact of fair valuation of security deposit and interest recognised

Security deposits are valued at fair value and difference to the actual deposit placed is considered as deferred rent. The same is charged to statement of profit and loss on a straightline basis. The changes to the fair value on a periodic basis is recognised as income on statement of profit and loss account.

H Recognition of right of use assets and liabilities

The Company has adopted Ind AS 116, effective 1 April 2018 (transition date) and applied it to all lease contracts existing on that date using the full retrospective method. On the transition date, the cumulative effect of adoption of the new standard resulted in recognition of Right-of-use asset and a lease liability with corresponding adjustment in Reserves.

On application of Ind AS 116, the nature of expenses have changed from lease rent in previous GAAP to depreciation for the right-to-use asset and finance cost for interest accrued on lease liability.

I Remeasurement of defined benefit liability / asset

Under the previous GAAP, actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability was forming part of the profit or loss for the year. However under Ind AS, such actuarial gains and losses are recognised in other comprehensive income. However, there is no major change on the total comprehensive income and total equity as at 1 April 2018 and 31 March 2019.

J Other comprehensive income

Under previous GAAP, the Company did not present other comprehensive income (OCI) separately. Hence, it has reconciled previous GAAP profit or loss to profit or loss as per Ind AS. Further, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

K Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transition adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

The reconciliation of net profit and equity as reported under previous GAAP and as restated under Ind AS are summarised below:

	Note	Year ended 31 March 2019	As at 1 April 2018	As at 31 March 2019
Net profit after tax / Equity as reported under previous GAAP		**2,048.84**	**16,570.04**	**44,370.41**
Adjustments resulting in increase/ (decrease) in profit after tax as reported under previous GAAP:				
Impact on recognition of processing fee on financial assets and financial liabilities under Effective Interest Rate (EIR)	A, D	(524.97)	(424.52)	(949.49)
Impact on application of Expected Credit Loss method for impairment allowance on loans	E	42.81	88.73	131.54
Recognition of fair value movement in investments	C	28.00	-	28.00
Employee Stock Option Plan (ESOP) cost adjustment on application of fair value method	F	(92.16)	-	-
Others	B, G & H	59.49	28.16	84.65
Tax impact on the above adjustments	K	143.52	81.70	225.22
Net profit after tax for the period under Ind AS		**1,705.53**	**16,344.11**	**43,890.33**
Other comprehensive income / (expense) - remeasurement loss on defined benefit liabilities, net of taxes	I & J	(3.00)	-	-
Total Comprehensive Income (after tax) / Equity under Ind AS		**1,702.53**	**16,344.11**	**43,890.33**

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

43 Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2020 and year ended 31 March 2019. Accordingly, the disclosure requirements relating to the same are not applicable.

44 Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2020 and year ended 31 March 2019.

		As at 31 March 2020	As at 31 March 2019
45	**Movement of Non-Performing Assets (NPAs) (Stage 3 assets) (Credit impaired loans) (Refer note 53)**		
(a)	**Net impairment loss allowance to net loans (%)**		
	(Net of provision for credit impaired loans)	1.29%	0.51%
(b)	**Movement of credit impaired loans under Ind AS (Gross)**		
	Opening balance	798.84	275.10
	Additions during the year	2,789.37	966.30
	Reductions during the year	(1,165.81)	(442.56)
	Closing balance	**2,422.40**	**798.84**
(c)	**Movement in net credit impaired loans (Net of provision for credit impaired loans)**		
	Opening balance	373.08	108.55
	Additions during the year	2,247.82	619.53
	Reductions during the year	(970.43)	(355.00)
	Closing balance	**1,650.47**	**373.08**
(d)	**Movement of impairment loss allowance for credit impaired loans**		
	Opening balance	425.76	166.55
	Additions during the year	541.55	346.77
	Reductions during the year	(195.38)	(87.56)
	Closing balance	**771.93**	**425.76**
46	**Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans** (Refer note 53)		
	Opening balance	289.48	149.32
	Add : Charge for the year	1,271.25	258.04
	Less : Utilised during the year	(197.48)	(117.88)
	Closing balance	**1,363.25**	**289.48**

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

47.1 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 2020	As at 31 March 2019
Tier I Capital	80,382.64	42,703.37
Tier II Capital	865.02	34.49
Total Capital	**81,247.66**	**42,737.86**
Total Risk Assets	137,060.24	89,997.58
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	58.65%	47.45%
Tier II Capital as a percentage of Total Risk Assets (%)	0.63%	0.04%
Total Capital (%)	**59.28%**	**47.49%**

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

47.2 Exposure to real estate sector

Particulars	As at 31 March 2020	As at 31 March 2019
The Company does not have any direct or indirect exposure to the real estate sector other than properties mortgaged as collateral by its customers		
Direct Exposure		
i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
ii) Commercial Real Estate *		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	6,368.31	2,172.47
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
Total exposure to real estate sector	**6,368.31**	**2,172.47**

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.

47.3 Exposure to capital market

Particulars	As at 31 March 2020	As at 31 March 2019
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

47.4 Exposure to Perpetual Debt Instruments (PDI)

The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2020 and previous year ended 31 March 2019.

		Year ended 31 March 2020	Year ended 31 March 2019
47.5	**Provisions and contingencies (Break up of 'provisions and contingencies' shown under the head expenditure)**		
	Impairment allowance for credit impaired loans	346.17	259.21
	Impairment allowance for low credit risk loans and significant increase in credit risk loans	1,073.77	140.16
	Provision made towards current income taxes	1,593.86	1,029.16

		As at 31 March 2020	As at 31 March 2019
47.6	**Concentration of advances**		
	Total advances to twenty largest borrowers	306.84	302.62
	Percentage of advances to twenty largest borrowers to total advances	0.24%	0.41%
47.7	**Concentration of exposures**		
	Total exposures to twenty largest borrowers	306.84	302.62
	Percentage of exposures to twenty largest borrowers to total exposures	0.24%	0.41%
47.8	**Concentration of NPAs (Stage 3 assets)**		
	Total exposure to top four NPA accounts	45.46	24.08
47.9	**Sector-wise NPAs (Stage 3 assets) (Percentage of NPAs to total advances in that sector)**		
	Agriculture & allied activities	-	-
	MSME	-	-
	Corporate borrowers	-	-
	Services	-	-
	Unsecured personal loans	-	-
	Auto loans	-	-
	Other loans (retail)		
	- Secured	1.87%	1.07%
	- Unsecured	1.43%	1.24%

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

47.10 Ratings assigned by credit rating agencies :

The credit rating details of the company as at 31 March 2020 are as follows:

Rating Agency	Term	Type	Rating	Amount (in Rs. Lakhs)
CARE Ratings Ltd	LT	TL	CARE BBB + ; (Stable)	65,000
CARE Ratings Ltd	LT	NCD	CARE BBB + ; (Stable)	37,700

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

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

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

47.11 Instances of fraud for the year ended 31 March 2020 (31 March 2019: Nil)

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

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

47.12 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

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

47.13 Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Value of investments*		
Gross value of investments	6,301.58	14,500.00
Unrealised fair value movement	16.55	3.91
Net value investments	6,318.13	14,503.91
* All investments are in India		
Movement of unrealised fair value change during the year		
Opening balance	3.91	-
Add: Increase in unrealised fair value change during the year	12.64	28.00
Less: Decrease in unrealised fair value change during the year	-	(24.09)
Closing balance	16.55	3.91

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

47.15 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.

47.16 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.

47.17 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 2020 and 31 March 2019.

47.18 Advances against intangible securities
The Company has not given any loans against intangible securities

47.19 Penalties imposed by RBI and other regulators
No penalties have been imposed by RBI and Other Regulators during the year ended 31 March 2020 and 31 March 2019.

47.20 Draw down from reserves
The Company has made no drawdown from existing reserves.

47.21 Overseas assets (for those with joint ventures and subsidiaries abroad)
There are no overseas assets owned by the Company.

47.22 Off-balance sheet SPVs sponsored
There are no SPVs which are required to be consolidated as per accounting norms.

47.23 Customer complaints

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Number of complaints pending at the beginning of the year	7	7
Number of complaints received during the year	16	31
Number of complaints redressed during the year	16	31
Number of complaints pending at the end of the year	7	7

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

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

47.24 Asset Liability Management

(a) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2020:

Particulars	Upto 30/31 days (1 Month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,316.37	1,328.52	2,071.56	4,792.14	9,387.24	22,349.17	2,055.27	-	**43,300.27**
Borrowings from others	1,038.73	1,081.29	1,325.71	2,795.54	5,353.60	7,602.15	-	-	**19,197.02**
Debt securities	1,230.29	-	-	8,000.00	10,900.00	12,760.00	6,000.00	-	**38,890.29**
Assets									
Loans (Refer note 1 & 2)									
- Secured	1,701.30	1,694.43	1,735.11	7,578.09	11,690.78	55,559.99	36,443.07	12,246.09	**128,648.86**
-Unsecured	-	-	722.26	1,872.51	706.30	64.41	-		**3,365.48**
Investment in mutual funds	6,318.13	-	-	-	-	-	-	-	**6,318.13**

(b) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2019:

Particulars	Upto 30/31 days (1 Month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	586.89	558.81	987.17	2,239.73	4,186.90	13,267.14	-	-	**21,826.64**
Borrowings from others	679.73	450.27	975.15	2,962.03	4,723.06	8,777.92	45.45	-	**18,613.61**
Debt securities	381.56	-	-	-	-	18,900.00	-	-	**19,281.56**
Assets									
Loans (Refer note 1)									
- Secured	2,089.77	910.98	928.94	2,899.81	6,322.63	31,737.31	23,898.05	4,626.77	**73,414.26**
- Unsecured	436.96	526.74	413.58	770.34	24.71	1.19	-	0.97	**2,174.49**
Investment in mutual funds	14,503.91	-	-	-	-	-	-	-	**14,503.91**

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 given to the customers. Also refer note 53.

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

48 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 2020		As at 31 March 2019	
	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	38,704.88	-	19,209.59	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				-
(b) Deferred credits	-	-	-	-
(c) Term loans	62,277.22	-	40,252.99	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans	-	-	-	-
(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 2020	As at 31 March 2019
Assets side:		
c) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured (refer note 6)	126,726.25	72,228.72
(b) Unsecured (refer note 6)	3,341.15	2,151.29
d) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors:		
a) Financial lease	-	-
b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on Hire	-	-
b) Repossessed Assets	-	-
(iii) Other loans counting towards asset financing activities		
a) Loans where Assets have been repossessed	-	-
b) Loans other than (a) above	-	-

	Particulars	As at 31 March 2020	As at 31 March 2019
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	6,318.13	14,503.91
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
	II. Unquoted:		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)		
	Long Term Investments:		
	I. Quoted:		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)		
	II. Unquoted:		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)		

f) **Borrower group-wise classification of assets financed as in (3) and (4) above:**

Category	As at 31 March 2020 (Net of Provisions)		As at 31 March 2019 (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	124,683.19	3,249.03	71,537.13	2,127.64
	124,683.19	**3,249.03**	**71,537.13**	**2,127.64**

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

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 2020	Book Value as on 31 March 2020 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on 31 March 2019	Book Value as on 31 March 2019 (Net of provisions)
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 53)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets (Stage 3 assets)	-	2,422.40	-	798.84
(ii) Net Non-Performing Assets (Stage 3 assets)	-	1,650.47	-	373.08
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

49 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at 31 March 2020	As at 31 March 2019
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	-	-

50 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.

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Expenditure		
Staff welfare	-	0.04

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 2020, 31 March 2019 and 1 April 2018.

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

52.1 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 2020

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	125,563.44	865.02	124,698.42	832.15	531.10
	Stage 2	2,081.56	498.23	1,583.33		
Subtotal for Standard		**127,645.00**	**1,363.25**	**126,281.75**	**832.15**	531.10
Non-performing assets (NPA)						
Substandard	Stage 3	1,408.62	450.43	958.19	146.46	303.97
Doubtful - up to 1 year	Stage 3	805.33	257.02	548.31	176.88	80.14
1 to 3 years	Stage 3	193.41	59.83	133.58	58.16	1.67
More than 3 years	Stage 3	15.04	4.65	10.39	7.53	(2.88)
Subtotal for doubtful		**1,013.78**	**321.50**	**692.28**	**242.57**	**78.93**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,422.40**	**771.93**	**1,650.47**	**389.03**	**382.90**
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**	**125,563.44**	**865.02**	**124,698.42**	**832.15**	**531.10**
	Stage 2	**2,081.56**	**498.23**	**1,583.33**		
	Stage 3	**2,422.40**	**771.93**	**1,650.47**	**389.03**	**382.90**
		130,067.40	**2,135.18**	**127,932.22**	**1,221.18**	**914.00**

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

52.1 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 2019

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	72,466.00	34.49	72,431.51	295.40	(5.92)
	Stage 2	1,115.17	254.99	860.18		
Subtotal for Standard		**73,581.17**	**289.48**	**73,291.69**	**295.40**	**(5.92)**
Non-performing assets (NPA)						
Substandard	Stage 3	549.65	290.71	258.94	57.50	233.21
Doubtful - up to 1 year	Stage 3	235.27	128.02	107.25	61.25	66.77
1 to 3 years	Stage 3	13.74	6.89	6.85	4.14	2.75
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**249.01**	**134.91**	**114.10**	**65.39**	**69.52**
Loss	Stage 3	0.18	0.14	0.04	0.18	(0.04)
Subtotal for NPA		**798.84**	**425.76**	**373.08**	**123.07**	**302.69**
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**	**72,466.00**	**34.49**	**72,431.51**	**295.40**	**(5.92)**
	Stage 2	**1,115.17**	**254.99**	**860.18**		
	Stage 3	**798.84**	**425.76**	**373.08**	**123.07**	**302.69**
		74,380.01	**715.24**	**73,664.77**	**418.47**	**296.77**

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 2020 and accordingly, no amount is required to be transferred to impairment reserve. Also refer note 53.

52.2 Disclosure pursuant to Reserve Bank of India circular DOR.No.BP.BC.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 2020
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	-

53 Impact of COVID-19

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will 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 and 17 April 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted moratorium upto three months on the payment of installments falling due between 1 March 2020 and 31 May 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. The Company continues to recognise interest income during the moratorium period and 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.

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available during the moratorium period, the Company has also used potential stress on probability of default, loss given default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 1,510.27 lakhs including an additional impairment provision amounting to INR 928.92 lakhs during the year. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, since 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.

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 15 June 2020

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 15 June 2020

Life at Veritas

Building Tomorrow's leaders

As a measure to get our managers to be prepared for the challenges of the ever changing world and get them future ready and train as leaders of tomorrow, we have launched a 'Veritas Leadership Program' in collaboration with Great Lakes Institute of Management. Selected managers across functions would undergo a Postgraduate Program in Business Management. The program specifically designed for Veritas would be spread over 9 month aims at imparting knowledge and build specific skills and capabilities not only to thrive in the competitive business environment but also to make people think, innovate and execute strategies.












Plant for a Greener Planet: Veritas Green Initiative

At Veritas Finance we truly believe in the saying ‘ We make a living by what we get but we make a life by what we give’. On the eve of World Environment day on June 5th 2019, Veritas Finance began the Veritas Green campaign at all its locations. Each branch of Veritas Finance planted a tree at their respective locations in an effort to give back to nature through a small contribution for making a better environment for all of us. All 150 live branches had planted a tree and have taken the responsibility to water and nurture them regularly. Veritas Finance plans to continue it’s efforts by setting larger milestones to create a greener and healthier environment.

1000 Crores Loan Book Celebrations

VERITAS
FINANCE

Reaching Rs.1000 crores within 1000 days of commencing business was the first milestone in the vision map of Veritas. A formidable task by any standards. But the team took up the challenge and went on to build the organization brick by brick. With a high performing team, supported by reputed investors and guided by an eminent board the milestone was reached within four years of commencing the operations. The moment called for a celebration. Starting from HO, all branches had cake cutting ceremonies and wore a festive look for a week. It culminated with a gala event, where all the high performers in the journey were recognized and EC members were facilitated. Venky Natarajan and Priyamvada Ramkumar from LOK capital, one of the first investors in Veritas, graced the occasion.

When the event ended, only one thought was resonating across in everyone's mind........

The journey has just begun!

Veritas Finance Private Limited
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