VERITAS FINANCE

EMERGING STRONGER

Sixth Annual Report

2020 - 2021

Business Highlights

(Rs. in crores)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Branch Network (Nos)	**204**	202	147	72	43	17
Loan Disbursements	**614.56**	838.99	559.09	315.49	104.74	6.19
Loan Assets Under Management	**1,562.75**	1,300.67	745.21	335.03	92.31	6.11
Net worth	**888.02**	821.79	443.70	165.70	40.09	41.68
Borrowings	**1,254.15**	1,009.82	592.16	295.89	70.86	-
Total Revenue	**361.67**	275.68	140.93	54.95	12.67	0.72
Net Interest Income	**207.59**	146.80	77.99	27.85	5.40	0.17
Profit Before Tax	**82.04**	43.81	28.28	6.50	(2.84)	(1.92)
Profit After Tax	**61.12**	33.03	20.49	6.06	(2.84)	(1.92)
Key Ratios						
Gross NPA (%)	**2.70**	1.86	0.90	0.74	0.95	-
Net NPA (%)	**1.37**	1.28	0.76	0.53	0.71	-
Capital Adequacy Ratio (%)	**50.65**	59.28	48.04	48.02	42.15	594.49
Return on Total Asset (ROTA) (%)	**3.03**	2.27	2.67	2.06	(3.62)	(9.18)
Return on Equity (ROE) (%)	**7.15**	5.24	6.72	5.89	(6.94)	(9.23)
Basic Earnings Per Share (Rs.)	**17.69**	10.58	6.85	2.50	(1.86)	(2.90)
Diluted Earnings Per Share (Rs.)	**6.50**	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 is not directly comparable with 2019-20 and 2020-21 which has been presented under Ind AS.

Mission Statement

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

Vision Statement

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

Emerging Stronger

Trees, standing tall as a symbol of longevity, wisdom, prosperity, a source of life and resurrection too, play a great role in inspiring us to stay grounded and centered in life. Strongest trees are those that endure the most violent storms and challenging weather conditions. The secret is in their roots that grow stronger and deeper enough to set the foundation for sustainable growth.

Resilience is the very nature of the tree. Growth of the tree has a great analogy to business. While the roots strengthen the tree, the trunk holds the tree upwards, providing stability and structure for growth. Like a tree, that grows upward and outward by strengthening its roots deeper constantly, structuring business too requires a strong foundation that accelerates consistent growth.

Deeper the root, stronger the foundation!

"*Much of what we do is like planting a tree under which we may never sit; but plant we must.*"

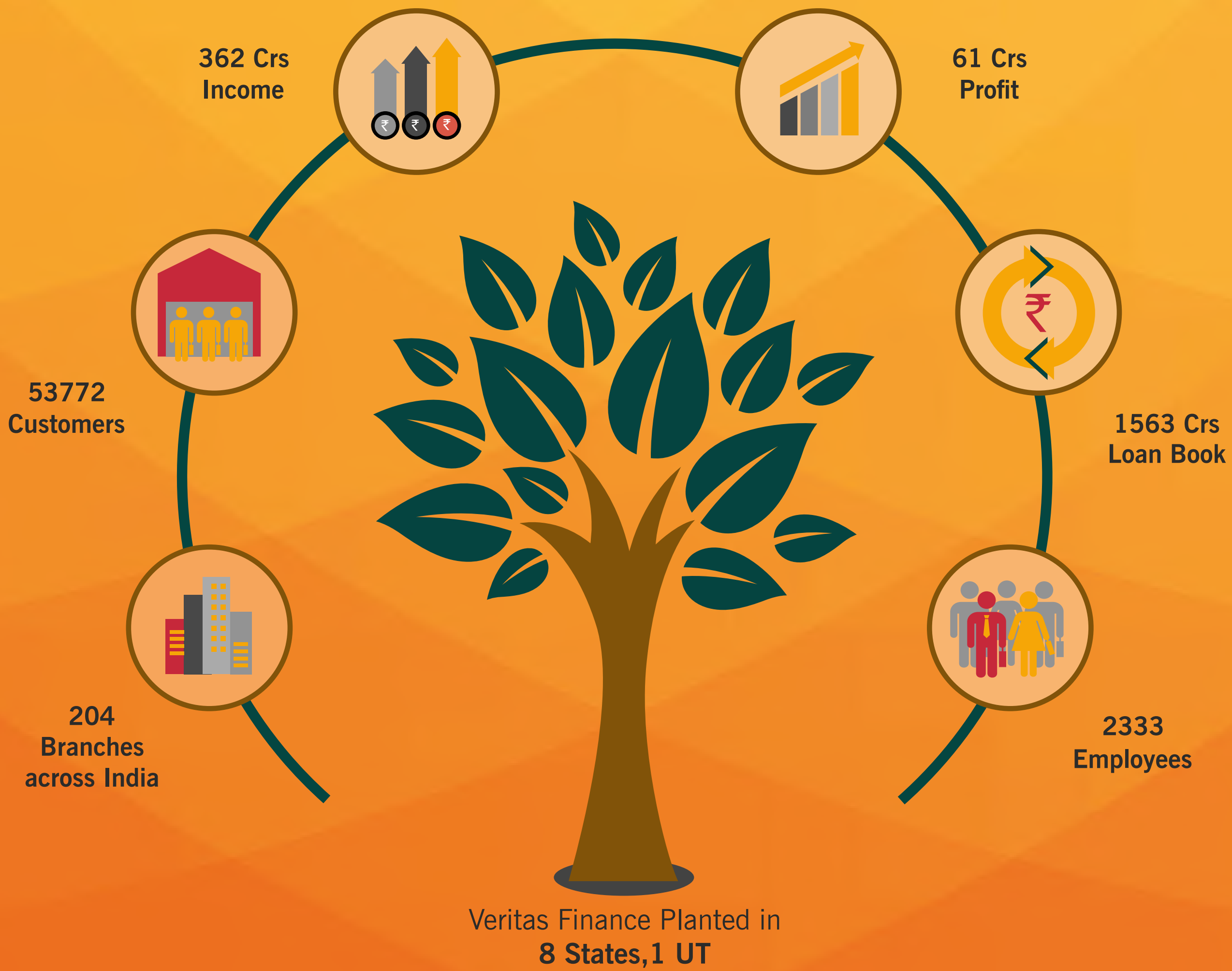
About Veritas Finance

Veritas Finance, a Non - Banking Finance Company, promoted with the primary purpose of meeting the working capital and business credit requirements of the small businesses in the MSME sector. It aims to make availing credit easy for below the line segment customers, who are part of the underserved or unserved segment.

It started with a passion to make a positive impact in the lives of million informal customers. Veritas finance has a geographical presence in more than 200 locations across 8 states & 1 Union Territory and has so far transformed the lives of 53000+ MSME customers. The very nature of any strong tree is resilience which is also the core of Veritas.

FY 20-21 was a year of adversity and a year of resilience too. COVID-19 Pandemic left a long lasting impact on business and the lives of individuals globally. During the initial phase of Pandemic, we learnt to tide over this turbulence, got accustomed to the new normalcy and we began to set out on a growth path with resilience.

Veritas is well poised to grow and touch greater heights.



Growth Milestones

Veritas Incepted

2015

Commenced business from 12 branches in TN

Corporate office inaugurated in Chennai

Received CoR from RBI to commence NBFC operations

2016

Loan Book Crossed Rs.50 Crores

Customer base grows to 5000 nos

Capital base grows to Rs.43.60 Crores

Sarva Capital and Caspian Invest Rs.30 Crores

2017

Loan Book Crosses Rs.250 Crores

Disbursement Crossed Rs.100 Crores for the year

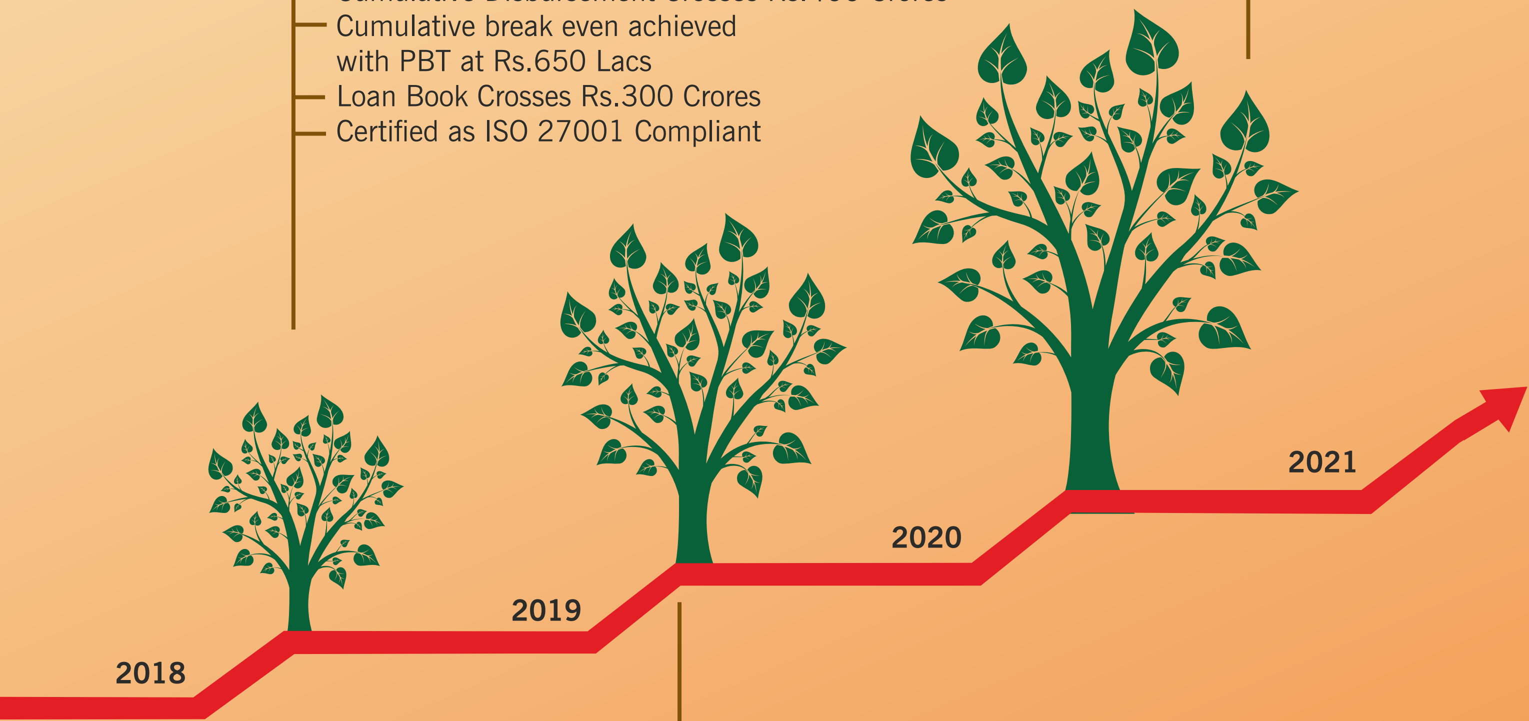
Received long term investment grade rating of BBB – with Stable outlook from CARE Ratings

2300+ employees across 200 branches made a positive impact in the lives of over 53,000 customers

Credit rating upgraded to "CARE A- with stable outlook" (CARE A minus)

NORWEST VENTURE PARTNERS

- Cumulative Disbursement Crosses Rs.400 Crores
- Cumulative break even achieved with PBT at Rs.650 Lacs
- Loan Book Crosses Rs.300 Crores
- Certified as ISO 27001 Compliant



- Loan Book Crosses Rs.1000 Crores (accomplished the set target of 1000 crores in 1000 days)
- Received long term investment grade rating of CARE BBB+; Stable (Triple B Plus; Outlook: Stable)

KEDAARA NORWEST VENTURE PARTNERS LOK CAPITAL

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Corporate Information

BOARD OF DIRECTORS
D. Arulmany, Managing Director & Chief Executive Officer
Abhijit Sen, Independent Director
M.Sivaraman, Independent Director
N.Mohanraj, Independent Director
Gaurav Malhotra, Nominee Director
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

KEY MANAGERIAL PERSONNEL
K P Venkatesh
Executive Director & Chief Business Officer
J. Prakash Rayen
Executive Director & Chief Operating Officer
V.G. Suchindran
Executive Director & Chief Financial Officer

BANKS
AU Small Finance Bank Limited
Axis Bank Limited
CSB Bank Limited
Capital Small Finance Bank Limited
DCB Bank Limited
Equitas Small Finance Bank Limited
Federal Bank Limited
HDFC Bank Limited
IDFC First Bank Limited
Indusind Bank Limited
Indian Bank
Karur Vysya Bank Limited
RBL Bank Limited
SBM Bank (India) Limited
State Bank of India
Ujjivan Small Finance Bank Limited

NBFCs
AK Capital Finance Private Limited
APAC Financial Services Private Limited
Bajaj Finance Limited
Cholamandalam Investment and Finance Limited
Fedbank Financial Services Limited
Hero FinCorp Limited
Hinduja Leyland Finance Limited
Nabkisan Finance Limited
Sundaram Finance Limited
Tata Capital Financial Services Limited

FINANCIAL INSTITUTION
Small Industries Development Bank of India

DEBENTURE HOLDERS
Aav Sarl
Masala Investments Sarl
Microfinance Initiative for Asia (MIFA) Debt Fund SA, SICAV-SIF
Blueorchard Microfinance Fund
UTI International Wealth Creator - 4
CDC Emerging Markets Limited
Punjab and Sind Bank
State Bank of India
Bank of Maharashtra
Bank of India
Indian Bank
Punjab National Bank
Indian Overseas Bank
Axis Mutual Fund Trustee Limited

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 Aprtments,
Gopalakrishna Street, 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 CRBS & Associates, Chartered Accountants, 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

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'm glad the way Veritas managed the COVID crisis last year.

I was aware that we had built a very strong resilient organization. I was also aware that we had built the organization carefully with right amount of aggression and caution. We remained well capitalized that gave comfort to lenders. We consistently demonstrated ability to borrow and leverage that gave confidence to investors. We were careful in our customer selection. We were methodical in expanding to new geographies. We were conscious of cost. We had built a strong and committed team.

And therefore, when the crisis hit, I was confident that we were in a better position to overcome the crisis than many others, so long as the team continued to work hard and focused on doing the right things. I'm happy they did that and when I see the results, I must admit that they meet, and in certain areas, exceed my expectations.

I also therefore remain confident that the team would overcome the impact of second wave, which looks even more menacing than the crisis that hit us last year. The second wave brings with itself certain lessons we can choose to learn from. A lesson that we cannot celebrate victory too soon. A lesson that we may have to pay a heavy price if we become complacent or let our guards down too early.

Veritas as it faces the second wave, is richer by the experience of having handled the uncertainty and chaos of the first wave. I'm sure if we continue to display the same tenacity, perseverance and resilience as we did last year, we will emerge stronger out of this crisis as well.

I wish the team all the best!

P S Pai

Letter from MD & CEO

D ARULMANY
Managing Director & CEO

Dear Shareholders

FY21 was by far the most difficult year we have had since inception. The pandemic that hit the world in early 2020 indeed was a black swan event in every sense. Most businesses were shut for months together, leaving a huge impact on the economy. No one was prepared for such a deeply disorienting experience that had no parallel in the recent history.

At Veritas, while we were caught in the middle of the chaos, we stood strong and managed the crisis well. While we were a bit anxious initially, we did get our act together and responded effectively.

At this juncture, I recall what I wrote in my letter last year.

"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 the ability of our customers to bounce back. We believe in possibilities of what an organization which understands their needs and supports them can achieve."

That's exactly what we did. We believed in possibilities. We remained calm. We worried less and worked more. Every employee rose to the occasion. Constantly guided by the Board and Investors, we kept our focus on the right things. Our prudence and foresight helped us overcome the crisis. Customers were far more resilient than we expected them to be and bounced back quickly. At the end, when we look back at what we have managed to achieve during a difficult year, we draw a sense of satisfaction.

- Assets under management increased to Rs. 1,563 cs from Rs. 1,300 crs in FY 2019-20.
- Total Income increased to Rs. 362 crs from Rs. 276 crs in FY 2019-20.
- PAT increased to Rs. 61 crs from Rs. 33 crs in FY 2019-20.
- NPA contained at 2.70%
- Credit rating enhanced to A- from BBB+
- Customer base crossed 53,000.

We thank every employee, investors, our eminent board and the regulators who intervened at regular intervals to offer appropriate guidelines and support. Having successfully managed a crisis, we set ourselves challenging new milestones for the coming year. We were looking ahead with confidence and were ready to scale new heights.

As I'm writing this letter, though, it looks like the FY22 would be another demanding year. The second wave of the pandemic, the threat of which was always looming large, has finally hit us. And hit us very hard. Just as we come out of the most difficult years in our journey, we may well be stepping into yet another challenging year.

However, we do hope we will be able to handle the challenges of the coming year as well successfully. What we faced in FY21 was indeed a storm. A storm which pushed us to focus on developing deeper roots. As they say, trees that take deeper roots, in a storm, emerge stronger.

We do hope to emerge stronger out of the current crisis as well.

D Arulmany
Managing Director & Chief Executive Officer

Profile of Directors

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.

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.

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 14 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.

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

Venkatesh Natarajan
Observer, Lok Capital Growth Fund

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

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

Shiv Chaudhary
Observer, Norwest Venture Partners X- Mauritius

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

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

Profile of Senior Management Team

K P Venkatesh
Executive Director & Chief Business Officer

K P Venkatesh a Mechanical Engineer from University of Madras and an MBA from XIM 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
Executive Director & Chief Operating Officer

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

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

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

V .G. Suchindran
Executive Director & Chief Financial Officer

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

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

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

Sekhar Vikas
Executive Vice President - East & Business Head –WC

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

K. Kannan
Senior Vice President - MSME - South

K Kannan is a Veterinarian, graduating from Tamil Nadu Veterinary and Animal Sciences University and an MBA from IIM, Ahmedabad. He has more than17 years of experience in Banking and Financial Services. He has worked across organizations including Axis Bank, Yes Bank and Cholamandalam Investment and Finance Company Limited (Chola). He has experience across functions including Relationship Management, Sales and Credit spanning corporate and retail finance businesses. His last role in Chola involved setting up a new vertical to cater to the rural markets utilizing the deep branch network of the group.

Vijay Subramanian R
Senior Vice President - Credit

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

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

D. Kanchana Srikanth
Senior Vice President - Legal

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

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

Kumareshan Sivam
Senior Vice President - Human Resources

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

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

Madhavi N A
Company Secretary & Compliance Officer

Madhavi N A has rich experience of over 7 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 Sixth annual report of your Company together with the audited financial statements for the financial year ended March 31, 2021 which is the fifth full year of operations of the Company.

Financial Results:

The highlights of the Financial Statements of the Company for the financial years 2020-21 and 2019-20 are as under:

Rs. in crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income from Operations	361.67	275.68
Less: Employee cost	84.21	78.65
Finance Cost	121.65	106.27
Other Operating Cost	60.44	34.49
Profit/(Loss) before Depreciation & Tax	95.37	56.27
Less: Depreciation	13.33	12.46
Profit/(Loss) Before Tax	82.04	43.81
Less: Tax Expenses	20.02	10.47
Profit/(Loss) After Tax	62.02	33.34
Other comprehensive income for the year	(0.90)	(0.31)
Total comprehensive income for the year	61.12	33.03
Add: Brought forward Profit / (Loss)	36.79	10.43
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	12.40	6.67
Balance Carried Forward	85.51	36.79

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

During the year under review, the Company has successfully grown its Loan Assets under Management from Rs. 1,300.67 Crores to Rs. 1,562.75 Crores, the Net Worth increased from Rs. 821.79 Crores to Rs. 888.02 Crores, the Interest Income increased from Rs. 259.53 Crores to Rs. 349.02 Crores and the Customer Base increased from 48,774 customers to 53,772 customers.

Share Capital:

During the year 2020-21, the Company has raised capital as follows:

- In January 2021, Rs.0.22 Crores allotment of shares 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 2021, the paid-up equity capital and preference share capital of the Company stood at Rs. 35.16 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. 12.40 Crores to statutory reserves constituting 20% of the profits made during the year under review.

Deposits:

The Company is registered as NBFC-ND-SI and does not accept any deposits. Hence, no deposit was accepted from the public for the year ended March 31, 2021.

Capital Adequacy Ratio:

The Company had a Capital to Risk Adjusted Assets ratio of 50.65% against the statutory requirement of 15% due to higher capital base and lower leverage. The above ratio includes Tier 2 capital of 0.22% towards 1% provision made on Standard Assets against the requirement of 0.40% prescribed by RBI for NBFC- ND-SI companies.

Operational Highlights:

Some of the highlights for the year ended March 31, 2021 are:

1) The Company disbursed Rs. 614.56 Crores during the period resulting in the assets under management of Rs. 1,562.75 Crores.

2) The Branch Network has increased to 204 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 & West Bengal which together constitute around 68% of the loan book. The Company has expanded its presence in the other states during the last few years. During FY 2021-22, the Company plans to focus on increasing the productivity with minimal branch expansion, capitalising on existing infrastructure to achieve the desired growth levels.

Credit Rating

The company got a rating upgrade to "**CARE A-**" with stable outlook (CARE A Minus) for the Long Term Bank loans and Non-Convertible Debentures.

Issue of Listed Debt Securities:

The Company has issued Listed Secured Rated Redeemable NCDs of Rs. 270 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, 2013 various tax statutes and other regulatory bodies.

Board of Directors:

There was no 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 thereunder, the following employees are the whole-time key managerial personnel of the Company:

1. Mr. D. Arulmany, Managing Director & Chief Executive Officer
2. Mr. K.P. Venkatesh, *Executive Director* & Chief Business Officer
3. Mr. J. Prakash Rayen, *Executive Director* & Chief Operating Officer
4. Mr. V. G. Suchindran, *Executive Director* & 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.

Statutory auditors appointment is subject to RBI clearance and relevant notification.

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 2020 - 21.

The Secretarial Audit Report for the FY 2020-21 forms part of the Annual Report as 'Annexure-III'.

Subsidiary / Joint Ventures / Associate Companies:

As on March 31, 2021, the Company does not have any subsidiaries, joint ventures or associate companies.

Material changes and commitments:

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Corporate Governance Report:

A report on Corporate Governance is attached and forms part of the Directors' Report.

Committees:

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

Internal Financial controls:

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

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

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

Annual Return as per the Companies Act 2013:

As per Section 134 (3) (a) of the Companies Act, 2013, annual return as referred to in Section 92(3) of the act, for the year 2020 – 21 will be uploaded in the website of the Company : https://www.veritasfin.in/annualreturn.html

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

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

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

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

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

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

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 year ended March 31, 2021:

During the period, six meetings of the Board of Directors was held on June 15, 2020, July 15, 2020, October 8, 2020, October 27, 2020, January 20, 2021 and March 25, 2021.

Directors Responsibility Statement:

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

a. that in preparation of the annual financial statements for the year ended March 31, 2021, the Indian Accounting Standards (Ind-AS) and other applicable accounting standards have been followed along with proper explanations to material departures, if any;

b. that the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for year ended March 31, 2021;

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. M. Sivaraman, Mr. Abhijit Sen 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 Director's Databank.

All our Independent Directors, Mr. M. Sivaraman, Mr. Abhijit Sen 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	Lifetime
Mr. M. Sivaraman	IDDB-DI-202001-006226	Five years till Jan 2026

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 three years, as on the date of inclusion of their names in the databank, in one or more of the following, namely:-

(a) listed public company; or

(b) unlisted public company having a paid-up share capital of rupees ten crore or more; or

(c) body corporate listed on a recognized stock exchange

Further, in accordance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, Mr. M. Sivaraman, Mr. Abhijit Sen and Mr. N. Mohanraj, have given declaration of compliance of sub rule (1) and sub-rule (2) 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 during the pandemic. 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
& Chief Executive Officer

Date: 22 April, 2021
Place: Chennai

Website: http://www.veritasfin.in

Report on Corporate Governance

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

Corporate Governance Philosophy

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

Board of Directors

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

During the financial year ended March 31, 2021, six (6) Board Meetings were held with a gap of not more than one hundred and twenty days (120) between any two meetings. Particulars of the Directors' attendance to the Board Meeting and particulars of their other company directorships are given below:

Name and DIN of the Director	Date of Appointment	Nature of Directorship	No. of directorships excluding the Company	Board Meetings attended (Meetings held after the appointment as Director till Resignation, wherever applicable)
Mr. D. Arulmany (00009981)	April 30, 2015	Managing Director & CEO (First Director)	NIL	06(06)
Mr. M. Sivaraman (02045100)	May 28, 2015	Independent Director	NIL	06(06)
Mr. N. Mohanraj Nair (00181969)	December 1, 2015	Independent Director	02	06(06)
Mr. Abhijit Sen (00002593)	November 9, 2017	Independent Director	11	06(06)
Ms. Priyamvada Ramkumar (07878808)	October 12, 2018	Nominee Director of Lok Capital Growth Fund	NIL	06(06)
Mr. Nishant Sharma (03117012)	March 26, 2020	Nominee Director of Kedaara Capital Fund II LLP	06	05(06)
Mr. Gaurav Malhotra (07640504)	March 26, 2020	Nominee Director of CDC Group PLC	03	06(06)

Changes in Board Constitution

During the year ended March 31, 2021, there were no changes in the Board constitution.

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 20 January, 2021 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, 2021, 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 Committee
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 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 Directors' Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013

   ii. Changes, if any, in accounting policies and practices and reasons for the same

   iii. Major accounting entries involving estimates based on the exercise of judgment by management

   iv. Significant adjustments made in the Financial Statements arising out of audit findings

   v. Compliance with accounting and other legal requirements relating to Financial Statements

   vi. Disclosure of any related party transactions

   vii. Qualifications in the draft Auditors' Report.

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

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

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

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

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

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

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

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

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

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

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

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

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;

4. Internal audit reports relating to internal control weaknesses.

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Composition & Meetings

The Audit committee was reconstituted in the Board meeting held on June 15, 2020 as below:

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

The composition of the Audit committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, four (4) meetings of the Committee were held on June 15, 2020, July 15, 2020, October 27, 2020, and January 20, 2021.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. M. Sivaraman (Chairman)	4 (4)
Mr. Abhijit Sen	4 (4)
Ms. Priyamvada Ramkumar	1(1)
Mr. N. Mohanraj	4 (4)
Mr. Nishant Sharma	3 (3)
Mr. Gaurav Malhotra	3 (3)

II. Nomination and Remuneration Committee:

Terms of Reference:

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

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

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

3. To assess the independence of Independent Non-Executive Directors.

4. To review the results of the Board performance evaluation process that relate to the composition of the Board.

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

6. To recommend remuneration payable to Non-Executive Directors of the Company from time to time.

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

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

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

Composition & Meetings

The Nomination and Remuneration Committee was reconstituted in the Board meeting held on June 15, 2020 as below:

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

The composition of the Nomination and Remuneration Committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, two (2) meetings of the Committee were held on June 15, 2020 and January 07, 2021.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. Abhijit Sen (Chairman)	2 (2)
Mr. N. Mohanraj	2 (2)
Ms. Priyamvada Ramkumar	2 (2)
Mr. Gaurav Malhotra	1 (1)
Mr. Nishant Sharma	1 (1)

III. Corporate Social Responsibility Committee:

Terms of Reference:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Schedule VII of Companies Act, 2013 as may be amended or modified from time to time.

2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company.

3. To monitor the CSR policy of the Company from time to time.

4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Composition & Meetings:

The composition of the committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, two (2) meetings of the Committee were held on June 12, 2020 and October 16, 2020.

Name of the Members	Committee Meetings attended (Meetings held)
Mr. N. Mohanraj (Chairman)	2 (2)
Mr. M. Sivaraman	2 (2)
Mr. D. Arulmany	2 (2)

IV. IT Strategy Committee:

Terms of Reference:

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

Composition & Meetings:

The IT Strategy Committee was reconstituted in the Board meeting held on October 08, 2020 as below:

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

The composition of the committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, three (3) meetings of the Committee was held on June 05, 2020, October 08, 2020 and January 07, 2021.

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

V. Stakeholders Relationship Committee:

Terms of Reference:

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

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

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

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

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

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

Composition & Meetings:

The composition of the committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, four (4) meetings of the Committee were held on June 12, 2020, July 15, 2020, October 16, 2020 and January 07, 2021.

Name of the Members	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:

The Risk Management Committee was reconstituted in the Board meeting held on June 15, 2020 as below:

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

The composition of the committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, two (2) meetings of the Committee were held on June 12, 2020, and October 27, 2020.

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

VII. ALCO Committee:

Terms of Reference:

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

Composition & Meetings:

The ALCO Committee was reconstituted in the Board meeting held on January 20, 2021 as below:

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

The composition of the committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, twelve (12) meetings of the Committee were held on April 15, 2020, May 22, 2020, June 25, 2020, July 20, 2020, August 14, 2020, September 15, 2020, October 15, 2020, November 16, 2020, December 14, 2020, January 21, 2021, February 17, 2021 and March 16, 2021.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. D. Arulmany (Chairman)	12 (12)
Mr. K. P. Venkatesh	12 (12)
Mr. J. Prakash Rayen	12 (12)
Mr. V. G. Suchindran	12 (12)
Mr. M. Mahesh	12 (12)
Mr. R. Krishnaraj	8 (9)
Mr. R. Vijay	10 (10)

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 Resources & Business Committee.

Composition & Meetings:

The Resources & Business Committee was reconstituted in the Board meeting held on June 15, 2020 as below:

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

The composition of the committee as on March 31, 2021 is given below:

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

During the year ended March 31, 2021, three (3) meetings of the Committee were held on July 15, 2020, October 08, 2020 and January 20, 2021.

Name of the Members	Committee Meetings attended (Meetings held till change in membership, wherever applicable)
Mr. N. Mohanraj (Chairman)	3 (3)
Mr. D. Arulmany	3 (3)
Ms. Priyamvada Ramkumar	3 (3)
Mr. Gaurav Malhotra	3 (3)

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 referred to as "E&S Action Plan".

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

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

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

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

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

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

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

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

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

   i. monitoring compliance of Clients with the ESG Standards.

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

The composition of the committee as on March 31, 2021 is given below:

Name of the Members
Mr. Gaurav Malhotra (Chairman)
Mr. D. Arulmany
Name of the E&S Managers
Mr. Kumareshan Sivam
Ms. N. A. Madhavi

During the year ended March 31, 2021, two meetings of the Committee were held on June 12, 2020 and January 20, 2021.

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

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

Remuneration of Non-Executive Directors

For FY 2020-21, the Company paid sitting fees of Rs.25,000/- to Independent Directors for attending every Board meeting and Rs. 20,000/- for every meeting of Committees constituted by the Board, as decided, in the Board Meeting held on June 15, 2020.

The details of the sitting fees paid to Directors during the financial year 2020-21 are as follows:

Name of the Independent Director	Sitting Fees (Amount in Rs.)		Commission (Amount in Rs.)
	Board	Committees	
Mr. M. Sivaraman	1,50,000	2,40,000	15,00,000
Mr. N. Mohanraj	1,50,000	3,70,000	15,00,000
Mr. Abhijit Sen	1,50,000	2,65,000	15,00,000
Total	**4,50,000**	**8,75,000**	**45,00,000**
Grand Total		**58,25,000**	

General Body Meetings

During the period from April 01, 2020 to March 31, 2021, apart from the Annual general meeting (AGM), two Extra-ordinary General Meetings (EGM) were held as per details given below:

Date	Type of meeting	Time	Venue
July 08, 2020	AGM	10:00 am	Video-conferencing mode
April 09, 2020	EGM	10:00 am	Video-conferencing mode
February 11, 2021	EGM	10:00 am	Registered office of the Company

The Annual General Meeting for the last three years were held on June 11, 2018, May 22, 2019, and July 08, 2020 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 Indian Accounting Standard 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, 2021

Equity Shares:

Category	Number of Shares	% of total
Promoter & Relatives	1,71,48,744	36.39%
Resident Individual Investors	10,00,000	2.12%
Non- Resident Individual Investors	98,92,367	20.99%
Employees & their Relatives	41,62,500	8.83%
Institutional Investors	1,49,24,141	31.67%
Total	4,71,27,752	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

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

M. Sivaraman
Independent Director

N. Mohanraj
Independent Director

D. Arulmany
Managing Director
& Chief Executive Officer

Date: 22 April, 2021
Place: Chennai

Website: http://www.veritasfin.in

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 – 50.79:1 Mr. Abhijit Sen – 8.84:1 Mr. M. Sivaraman – 8.73:1 Mr. N. Mohanraj – 9.33:1
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 – Nil Chief Financial Officer – Nil Company Secretary– Nil
3.	The percentage increase in the median remuneration of employees in the financial year	7.09%
4.	The number of permanent employees on the rolls of Company	2,333
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: 12% Average % increase in KMP salary: Nil
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;

S.No	Particulars	Remarks
i.	Name of the employee:	Mr. D. Arulmany
ii.	Designation of the employee:	Managing Director and Chief Executive officer
iii.	remuneration received*:	Rs. 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:	April 30, 2015
vii.	the age of such employee:	58 years
viii.	the last employment held by such employee before joining the Company:	Aptus Value Housing Finance
ix.	the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) and	35.33%
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	22,36,500
e. The total no. of shares arising as a result of exercise of option	22,36,500
f. Options Lapsed / Surrendered	Nil
g. Variation of terms of option	Nil
h. Total number of options in force	7,13,500
i. Money realized by exercise of options	2,41,80,000
j.	
(a) Details of options granted to Key Managerial Personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2021	Nil
(c) Identified employees who were granted Options, during the period ended 31.03.2021, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 33	NA
l. The exercise price of Options	Exercise Price was Rs.10 for Options granted on 18.01.2016 Exercise Price was Rs.20 for Options granted on 10.11.2016 Exercise Price was Rs.20 for Options granted on 20.03.2017 Exercise Price was Rs.160 for Options granted on 15.06.2020

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

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	10,00,000
b. Options Granted	9,50,000
c. Options Vested	5,87,300
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	50,000
g. Variation of terms of option	Nil
h. Total number of options in force	5,87,300
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 the period ended 31.03.2021	Nil
(c) Identified employees who were granted Options, during the period ended 31.03.2021, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 33	NA
l. The exercise price of Options	Exercise Price was Rs.40 for Options granted on 22.03.2018. Exercise Price was Rs.160 for Options granted on 15.06.2020.

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

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	20,00,000
b. Options Granted	18,85,000
c. Options Vested	2,94,000
d. Options Exercised	Nil
e. The total no. of shares arising as a result of exercise of option	Nil
f. Options Lapsed / Surrendered	1,15,000
g. Variation of terms of option	Nil
h. Total number of options in force	2,94,000
i. Money realized by exercise of options	Nil
j.	
(a) Details of options granted to Key Managerial Personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2021	Nil
(c) Identified employees who were granted Options, during the period ended 31.03.2021, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Indian Accounting Standard - 33	NA
l. The exercise price of Options	Exercise Price was Rs.120 for Options granted on 06.12.2018. Exercise Price was Rs.125 for Options granted on 26.04.2019. Exercise Price was Rs.160 for Options granted on 15.06.2020.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021
[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 practices by M/s. VERITAS FINANCE PRIVATE LIMITED (hereinafter called the "Company") during the financial year from 1st April 2020 to 31st March 2021 ("Audit period" / "period under review"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

We are issuing this report based on:

i. Our examination / verification of the books, papers, minutes books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related action taken by the Company during the audit period;

ii. Certificates confirming compliances with the laws applicable to the Company, given by the directors and noted by the Board;

iii. Report regarding the compliances as stated by the Internal Auditors report and noted by the Audit committee;

iv. Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

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

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, 2021 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (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

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j. Master Direction – Liberalized Remittance Scheme (LRS)

k. Master Direction – Information technology framework for the NBFC Sector

l. Reserve Bank – Commercial Paper Directions, 2017

m. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952

n. The Employment Exchange (Compulsory notification of Vacancies) Act, 1959

o. The Employees' State Insurance Act, 1948

p. The Minimum Wages Act, 1948

q. The Payment of Wages Act, 1936

r. The Payment of Bonus Act, 1965

s. Maternity Benefit Act, 1961

t. The Equal Remuneration Act, 1976

u. The Payment of Gratuity Act, 1972

v. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

w. Shops and Establishment Act, 1947

x. E-Waste Management Rules, 2016

y. Information Technology Act, 2000

z. Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

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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.

We further report that,

I. Board Processes:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive Directors and Independent Directors. During the year under review, the Company has appointed Mr. Nishant Sharma and Mr. Gaurav Malhotra as the Nominee Directors of the Investors with effect from 26th March, 2020 vide circular resolution and the same was taken on record by the Board of Directors in their meeting held on 15th June, 2020. The approval of members was also taken in the Extra ordinary General Meeting of the Company held on 9th April, 2020.

b. Mr. D. Arulmany was reappointed as the Managing Director and CEO of the Company for a period of 5 years with effect from 03.07.2020 by the Board of Directors in their meeting held on 15th June, 2020.

c. As on 31st March, 2021 and after taking the above changes into consideration, the Board comprises of :

i. 3 (Three) Independent Non- executive Directors.
ii. 1 (One) Women and Nominee - Non-executive Director.
iii. 2 (Two) Nominee - Non-executive Directors.
iv. 1 (One) Executive Director.

II. Board Meetings:

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

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

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

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

III. Compliance Mechanism:

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.

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IV. Specific Events/Actions:

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

a. Restated Articles of Association:

The Company has restated the Articles of Association of the Company in the extra-ordinary general meeting held on 09.04.2020 in order to incorporate the terms and conditions of the Shareholders' agreement dated 27.02.2020.

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)
08/07/2020	15/07/2020	16/07/2020	25
08/07/2020	15/07/2020	05/08/2020	20
08/07/2020	15/07/2020	12/08/2020	50
08/07/2020	15/07/2020	03/09/2020	50
08/07/2020	15/07/2020	28/09/2020	50
08/07/2020	08/10/2020	11/11/2020	50
08/07/2020	20/01/2021	27/01/2021	25
	Total		**270**

c. Listing of Non-convertible Debentures:

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

ISIN	Date of Listing
INE448U07091	21/07/2020
INE448U07109	12/08/2020
INE448U07117	18/08/2020
INE448U07125	09/09/2020
INE448U07158	14/11/2020
INE448U07133	01/10/2020
INE448U07174	29/01/2021

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d. Redemption of Debentures:

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

ISIN No.	Date Of Redemption	Date Of Satisfaction	Quantum (In Crores)	Nature Of Security
INE448U07067	31.07.2020	31.07.2020	60	Listed, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07018	15.03.2021	22.03.2021	19	Unlisted, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07026	26.03.2021	07.04.2021	23	Unlisted, Secured, Rated, Redeemable Non-Convertible Debentures
INE448U07042	30.03.2021	08.04.2021	32	Unlisted, Secured, Rated, Redeemable Non-Convertible Debentures

e. Variation in terms of Non-Convertible Debentures:

The Company has varied the Interest rate on two series of NCD's for the reasons stated below:

1. The interest rate of the NCD bearing INE448U07059 has been revised from 11.8648% p.a. to 11.75% p.a. based on the terms and conditions of Debenture trust deed dated 21st March, 2019. Pursuant to the change in rate of interest, the existing ISIN has been deactivated and a fresh ISIN INE448U07141was applied for. This decision was approved by the Board of Directors in their meeting held on 08.10.2020.

2. The interest rate of the NCD bearing INE448U07034 has been revised from 12.00% p.a. to 11.50% p.a., considering the upgrade in rating. Pursuant to the change in rate of interest, the existing ISIN has been deactivated and a fresh ISIN INE448U07166 was applied for. This decision was approved by the Board of Directors in their meeting held on 27.10.2020.

Date of Allotment	ISIN No.(Old)	ISIN No.(New)	Name of Debenture Holder	Quantum (In Crores)	Details
28.03.2019	INE448U07059	INE448U07141	Blue Orchard Microfinance Fund	80	Interest Coupon Reset
16.03.2018	INE448U07034	INE448U07166	CDC Emerging Markets Limited	35	Interest Coupon Reset

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

f. 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)
07.01.2021	ESOS A, 2016	1,40,000	21.50

g. Increase of Borrowing powers of the Company:

The Company has secured approval of members to increase their borrowing powers from Rs. 1600,00,00,000/- (Rupees One Thousand Six Hundred Crores Only) to Rs. 2000,00,00,000/- (Rupees Two Thousand Crores only). Even though Section 180 is exempted to Private Companies, the Company has complied with the provisions of the section and passed special resolution to increase borrowing powers vide Annual General Meeting held on 08.07.2020.

h. Amendment of Employee Stock Option Scheme:

The Company has decided to extend the exercise period of options to give additional time to employees to exercise their options in the following manner:

Particulars	Authority to approve
Extension of exercise period within three months	Managing Director and CEO
Extension of exercise period beyond three months	Board of Directors and Nomination and Remuneration Committee
Any other variations or modifications other than mentioned above	Subject to approval of shareholders of the Company.

Accordingly, the terms of following Employee Stock Option Schemes:

1. Veritas Employees Stock Option Scheme (ESOS) A, 2016
2. Veritas Employees Stock Option Scheme (ESOS) B, 2018
3. Veritas Employees Stock Option Scheme (ESOS) C, 2018

were amended to insert the aforementioned terms and the same was approved by the shareholders of the Company by way of special resolution in the Extra – ordinary general meeting held on 11.02.2021.

i. Adoption of Employees Stock Option Scheme:

The Company has created a pool of 10,00,000 options convertible into equivalent no. of equity shares of Rs.10 each under the Veritas Employees Stock Option Scheme, 2021 and the same was approved by the Board of Directors in their meeting held on 20.01.2021. The Scheme was approved by the shareholders of the Company by way of special resolution passed in the Extra- Ordinary General Meeting held on 11.02.2021.

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j. Amendment to the Shareholder's Agreement

The Company has entered into a First Amendment Agreement to record the revised commercial understanding between the shareholders of the Company. In this regard, the shareholders agreement dated 27.02.2020 has been amended to extend the time period for making the partly paid up shares as fully paid up on or before 30.11.2022 instead of terms agreed earlier. Consequently, this amendment was entrenched in the Articles of Association of the Company and was approved by the members in the Extra-ordinary general meeting dated 19.04.2021.

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: A013852C000159371

Place: Chennai
Date : 22.04.2021

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

JM & Associates
Company Secretaries
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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: **A013852C000159371**

Place: Chennai
Date : 22.04.2021

JM & Associates
Company Secretaries
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Corporate Social Responsibility (CSR) Report

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

1. Brief outline on CSR Policy of the Company:

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

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

2. Composition of CSR Committee:

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

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

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

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

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

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

Sl. No	Name of Director	Amount available for set-off from preceding financial years (in Rs. Lakhs)		
		CSR Budget	Amount Spent	Amount available for set-off
1	2017-18	NIL	NIL	NIL
2	2018-19	1.16	1.23	0.07
3	2019-20	21.30	22.00	0.70
	Total	**22.46**	**23.23**	**0.77**

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in Rs. Lakhs)	Amount required to be set-off for the financial year, if any (in Rs. Lakhs)
1	2020-21	0.77	NIL
	Total	**0.77**	**NIL**

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

Particulars	(in Rs. Lakhs)
Profit/(Loss) - 2019-20	4,385.92
Profit/(Loss) - 2018-19	2,801.14
Profit/(Loss) - 2017-18	649.94
Average PROFIT for CSR purpose	**2,612.33**

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

Particulars	(in Rs. Lakhs)
2% of average Profit/Loss for last three years *	52.25

* Prescribed CSR Expenditure

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c). – Rs. 52.25 Lakhs

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.
NIL					

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

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

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

1)	2)	3)	4)	5)		6)	7)	8)	
Sl.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent in the current financial Year in lakhs (Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1	Antiviral Spray (Microorganism) at Adyar Cancer Institute	(i)	Yes	Tamil Nadu	Chennai	1.89	Yes	NA	NA
2	Hospital Equipment (Trolleys) purchased for Adyar cancer Institute	(i)	Yes	Tamil Nadu	Chennai	1.25	Yes	NA	NA
3	Emergency response to COVID-19	(xii)	No	Maharashtra	Mumbai	5.00	No	The P.R.I.D.E India	NA
4	Hospital Equipment purchased for Adyar cancer Institute	(i)	Yes	Tamil Nadu	Chennai	0.42	Yes	NA	NA
5	Youth and women skilling project	(ii) & (iii)	Yes	Tamil Nadu	Kanchipuram	44.00	No	Hand in Hand India	NA
					TOTAL in lakhs (Rs.)	52.56			

(d) Amount spent in Administrative Overheads- NIL

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

(f) Total amount spent for the Financial Year- Rs. 52.56 Lakhs
(8b+8c+8d+8e)

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

Sl. No	Particulars	Amount in lakhs (Rs.)
i.	Two percent of average net profit of the Company as per section 135(5)	52.25
ii.	Total amount spent for the Financial Year	52.56
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.31
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.31

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

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

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

1)	2)	3)	4)	5)	6)	7)	8)	9)
Sl.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in Rs.).	Amount spent on the project in the reporting financial Year (in Rs.).	Cumulative Amount spent at the end of reporting financial year (in Rs.).	Status of the Project Completed /Ongoing
Not Applicable								

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

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

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

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

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

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

Sd/-	**Sd/-**
D. Arulmany	**N. Mohanraj**
(Managing Director & CEO)	**(Independent Director,**
	Chairman - CSR Committee)

SKILL TRAINING FOR RURAL YOUTH

VERITAS FINANCE | HAND IN HAND INDIA

Veritas Finance Pvt. Ltd, partnered with Hand in Hand India, a public charitable trust that works to alleviate poverty through a unique integrated community development approach. Veritas is working with HiH on skill development of rural youths to offer skill development training to about 1000+ beneficiaries, equipping them with a Certificate Programme in Micro Finance Management / Housing Finance / Insurance Service, etc in a phased manner.

Helping Hands

Small gestures that create a positive impact.

Campaign Gratitude

When the world was gripped with the unknown pandemic called Covid – 19 , which caused panic and havoc as the world had not seen anything like this in the last few decades. The pandemic was spreading like wildfire and we saw people losing their near and dears to this virus. Government had announced a lockdown to stop the spread of the virus, business units were shut down, people lost their jobs and got stranded, this largely affected their livelihood.

The situation was heart wrenching, we wanted to do our bit of support to the informal settlements, especially migrant populations and slum dwellers. Our investor Norwest was already raising donations for the needy and were working with 5 charities, which would put the money to the work. Inspired by this, we opened this voluntary contribution called "campaign Gratitude", entire Veritas team volunteered and contributed generously, total gratitude collected was Rs.10,72,476/-. We joined hands with Norwest, who had matched the donation 1:1 to make it twice as impactful. Collected amount was transferred to PRIDE INDIA and SNEHA (Society for Nutrition, Education and Health Action), for distribution of daily essential kit which includes Rice, Wheat Flour, Toor Dal, Salt, Soap and Detergent Powder etc.,

Mobile Medical Units to serve people during Covid 19 Crisis.

Distribution of Food and Hygiene Kits

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:

I. Fixed compensation:

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

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

II. Variable Compensation:

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

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

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

III. Retirement Benefits:

a) Provident Fund,

b) Gratuity

c) Contribution to a Superannuation Fund

IV. Other Benefits:

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

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

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

6. Remuneration to Independent Director

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

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

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

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

7. Policy Review

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

Annexure A

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

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

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

MATRIX FOR EVALUATION OF INDEPENDENT DIRECTOR

S. No.	Criteria of Evaluation	Rating				
		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

Macro-economic Overview:

The World Economic Situation and Prospects 2021, produced by the United Nations Department of Economic and Social Affairs (UN DESA), said the world economy was hit by a once-in-a-century crisis a Great Disruption unleashed by the Covid-19 pandemic in 2020. The report observed that in 2020, the world economy shrank by 4.3%, over two and half times more than during the global financial crisis of 2009 and the modest recovery of 4.7% expected in 2021 would barely offset the losses of 2020.

The World Bank in its recent report expects the Indian economy to contract by 8.5% in FY21 and estimates that growth for FY 21-22 at 10.1%. It also stated that given the significant uncertainty pertaining to both epidemiological and policy developments, real GDP (gross domestic product) growth for FY21-22 can range from 7.5 to 12.5%, depending on how the ongoing vaccination campaign proceeds, whether new restrictions to mobility are required and how quickly the world economy recovers.

With sustained policy support and a faster rollout of vaccines, India can be well-equipped to fight the second wave effectively.

Msme Industry Insights:

The Micro, Small and Medium Enterprises (MSME) sector plays a vital role in the Indian economy. India has approximately 6.3 crore MSMEs which contribute around 30% towards the GDP through its national and international trade. The sector is a critical source of livelihood and provides nearly 110 million jobs. Lack of adequate and timely access to finance continues to remain the biggest challenge for the sector and has constrained its growth. Acknowledging the importance of the sector, the government of India (in 2019) envisioned that the sector would account for half of India’s GDP and add 50 million fresh jobs over the next five years. Prioritizing their development is critical to the future of the country. 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.

The Covid-19 pandemic has had a significant impact on the MSME sector, critically affecting the procurement of raw material, supply of finished goods and availability of employees to work in production and supply processes. Survey reports have shown that the disruptions have impacted MSMEs earnings by 20-50%. Revival of this sector is imperative for the Indian economy’s recovery as it holds the answer to critical questions like employment generation, local economy development, fiscal deficit and trade balance.

Market Opportunity:

The IFC estimates that 65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of USD 5,200 billion every year, which is equivalent to 1.4 times the current level of the global MSME lending. India has a huge proportion of un-banked and underbanked consumers and businesses. NBFCs play an important role in economic growth and financial inclusion. As India's economy grows, the requirement for credit will rise more than proportionately. NBFCs with robust business models, strong liquidity mechanisms and governance & risk management standards are poised to reap the benefit of the market opportunity.

The role of NBFCs in powering small businesses in the post-pandemic new world will be even more significant. NBFCs that were well prepared with their business continuity and contingency plans quickly bounced back in the post COVID-19 era. With proper planning and strategic initiatives, NBFCs can limit and overcome the impact of this disruption.

With millions of MSMEs looking for financing to rebuild their businesses, the opportunities have improved dramatically in the post COVID scenario. The risk levels of financing this segment has also more than doubled and any organisation lending to MSME segment needs to factor the same in their underwriting process when lending to the segment, keeping the market environment as a key factor.

Key focus areas of the Company:

Veritas Finance Private Limited, a Non-Banking Financial Company (“NBFC”) registered with Reserve Bank of India (“RBI”), has presence across eight states namely, Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Madhya Pradesh and Jharkhand and in the union territory of Puducherry. The Company was incorporated in April 2015 and commenced its operations in November 2015. This is the fifth full year 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 MSMEs including business loans secured by property, working capital loans as well as home construction loans.

What sets us apart

- Understanding the customer - We understand our customers who are from the rural and semi-urban India and offer them with suitable products based on their needs.
- Strong work-force - With over 2,000 employees and equipped with high teeth-to-tail ratio we are better placed to offer best-in-class customer experience.
- Geographical presence - Spread across 8 states and 1 union territory our network of over 200 branches covers wider geographies catering to customers from the southern, eastern and central parts of India.
- Efficient Disbursal mechanism - Powered with the help of technology, we keep our turnaround time for disbursal to the minimum.

Veritas Underwriting Methodology

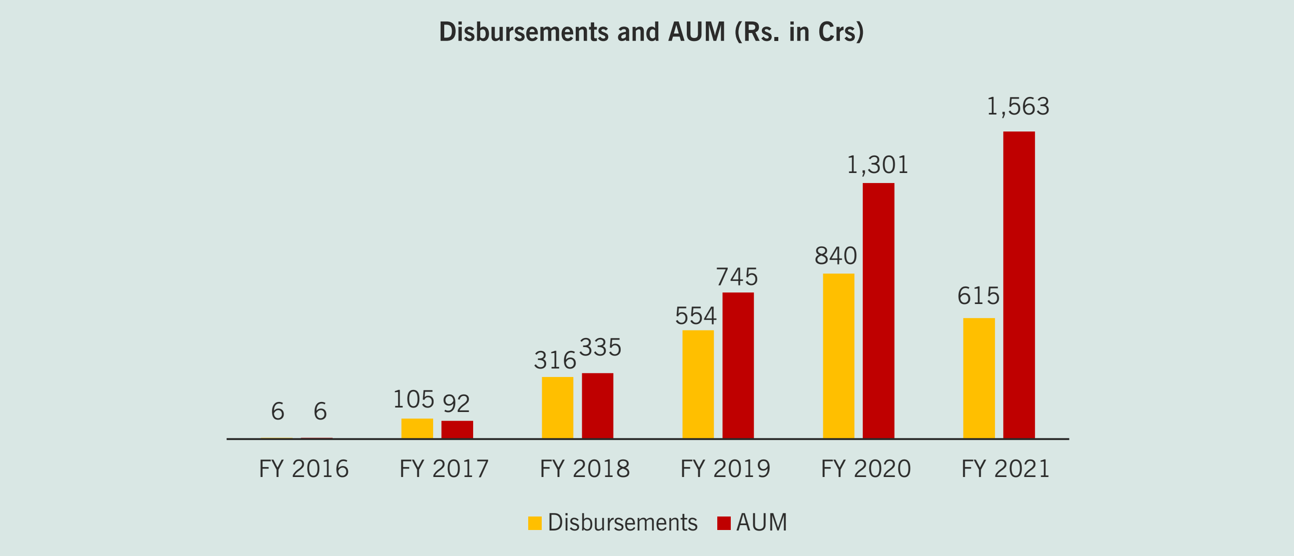
As an organization that operates in providing loans to MSME segment, Veritas has unique credit methodologies for different customer segments. We study our customers’ enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability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

While we do undertake income document checks with available documents and credit bureau checks, the primary credit assessment is through non-traditional income documents and reference checks. The 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.

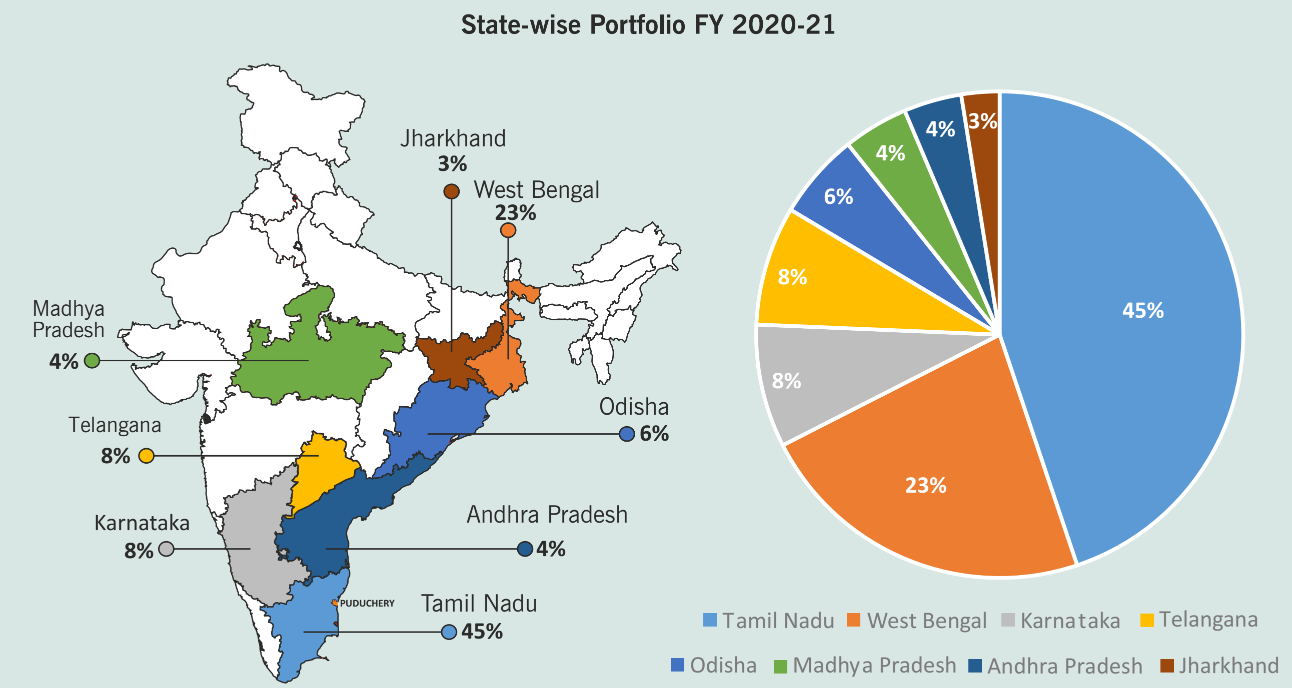
Portfolio Growth

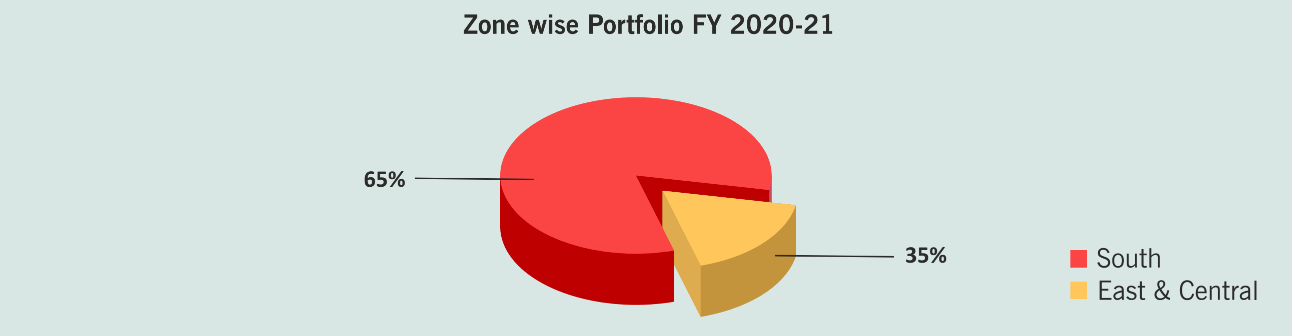
As of March 31, 2021, Veritas Finance has served over 53,000 small business entrepreneurs. The gross loan portfolio stood at Rs. 1,562.75 crores as of March 31, 2021 increasing from Rs. 1,300.67 crores as of March 31, 2020. The share of secured loan portfolio, i.e., MSME Loans and Construction Finance Loans stands at 96% and unsecured loan portfolio, i.e., Working Capital loans stands at 4% of gross loan portfolio. The disbursements were impacted during first half of the year and momentum picked up during the second half of the year and the total disbursements for the year was lower than previous year at Rs. 615 Crores.

Disbursements and Assets under management (AUM) over the years since inception is given below:



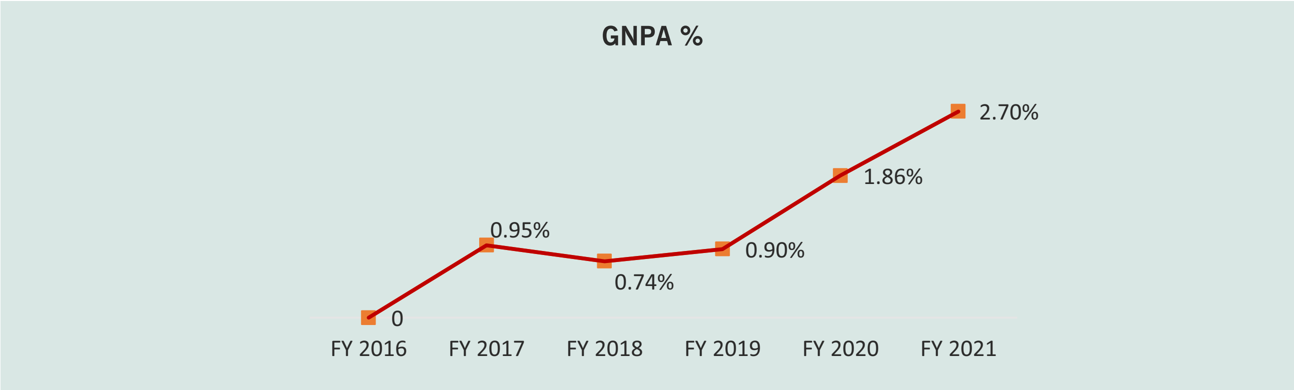
As of March 31, 2021, the Company has 204 branches spread across 8 states and 1 union territory.





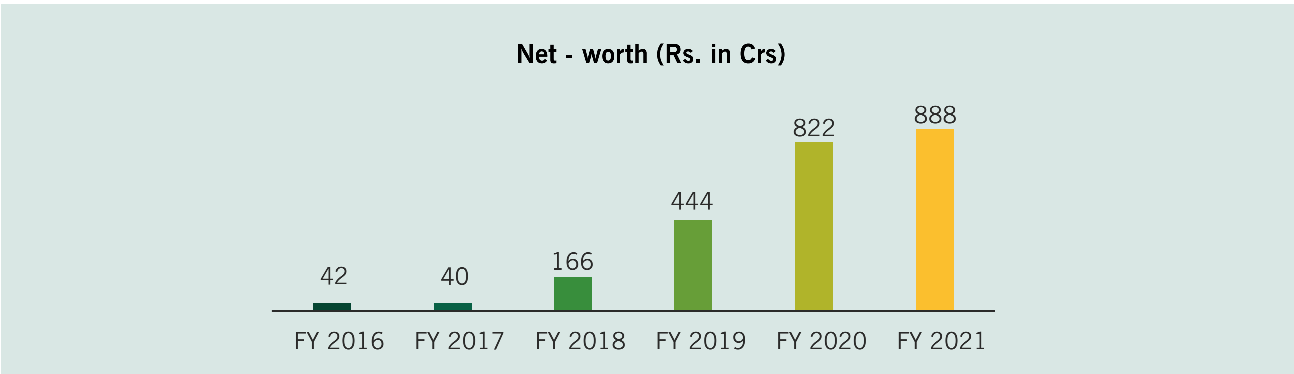
Asset Quality

COVID -19 did pose a significant challenge to the entire economy and more specifically to MSME sector. Veritas managed the crisis astutely and ensured the COVID crisis had very minimal impact on its portfolio. The percentage of gross non-performing assets (GNPA) on the loan portfolio as of March 31, 2021, stood at 2.70% as against 1.86% as of March 31, 2020. Despite having passed through one of the most challenging years, the Company has been able to contain its GNPAs. The trend of GNPAs has been as follows:



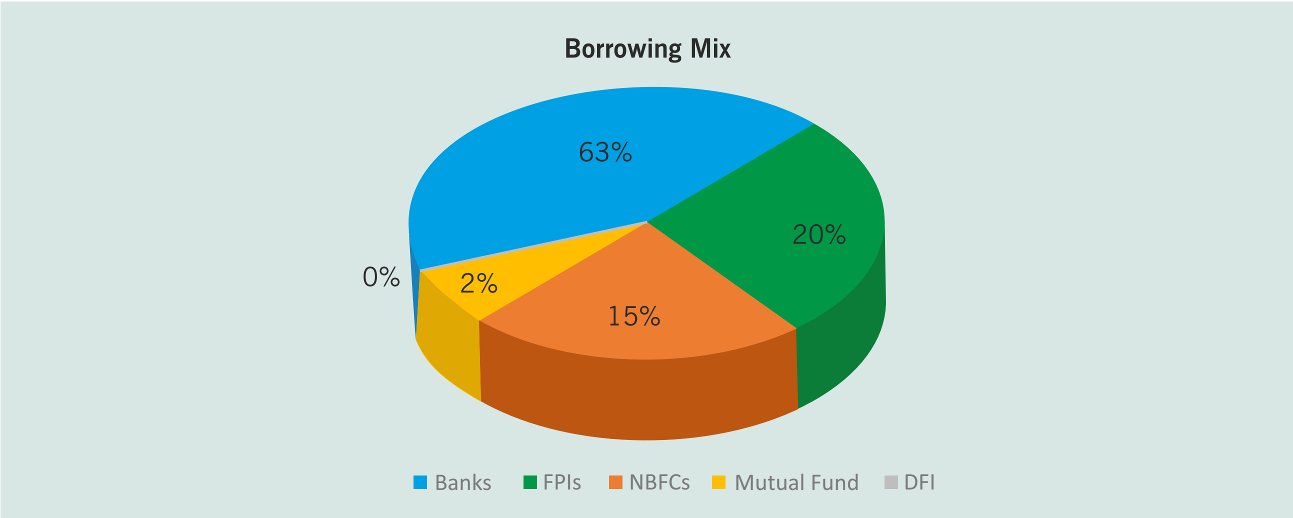
Capital

The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs. 166 crores on March 31, 2018 to Rs. 444 Crores as of March 31, 2019. In the financial year 2019-20, the Company raised an amount of Rs. 352.44 Crores as fresh equity capital from Kedaara Capital Fund II LLP and the existing investors. This helped the Company to build a strong capital base. The Net worth as of March 31, 2021 stood at Rs. 888.02 crores. The Company has maintained a healthy capital adequacy ratio well above the levels directed by the RBI. As of March 31, 2021, the overall capital adequacy ratio of the Company is 50.65% with Tier-I capital adequacy at 50.43%. The net-worth of the Company has grown as follows:



Diversified Funding Profile

The Company has successfully diversified its liability portfolio with an array of 39 different lenders including Banks, NBFCs, Mutual Fund, FPIs & Development Financial Institution in FY 2020-21. During the year, the Company has added new lender institutions like Indian Bank, Bank of Maharashtra, Bank of India, Punjab National Bank, Indian Overseas Bank, Punjab & Sind Bank, IndusInd Bank, SBM Bank (India) Ltd and SIDBI. Also, during the year, the Company had issued NCDs of Rs. 25 Crores subscribed by Axis Mutual Fund.



During the year, the rating agency CARE Ratings has upgraded the credit rating for Long-term Bank loans and Non-Convertible Debentures to "CARE A- with stable outlook" (CARE A minus) from "CARE BBB+ with stable outlook" (CARE BBB plus).

Asset Liability Management

The Company has a conservative and prudent policy for matching funding to assets which translates to a robust Asset-Liability stability. As a key strategy to manage healthy cash flows, the Company typically maintains three months of cash requirements in the form of un-drawn limits or in cash equivalents, which got increased to a minimum amount of Rs. 500 Crores during the financial year due to uncertainty brought in by Covid-19, which will be reduced gradually as business disbursements gain momentum. 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 borrows on both fixed and floating rates. These ensure maintenance of net interest spread at optimum levels based on market movements in interest rates.

Internal Control Systems

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

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

Information Technology

Since inception, Veritas Finance has made significant strides in the area of technology. 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.

The year of 2020-21 was predominantly a year of consolidation and maintenance with regards to IT initiatives at Veritas, on account of the Covid-19 pandemic. Nevertheless, certain significant IT developments were made during the year including the following:

- Launch of a new collection application with advanced features and robust executive tracking;
- Enabling additional payment options for our customers to pay through UPI apps;
- Development of a comprehensive credit scorecard for identifying risks while onboarding customers

Furthermore, during the time when nation-wide lockdown was imposed due to the pandemic, our IT team enabled seamless work-from-home options for our employees, with appropriate information security controls in place.

The Company complies with the IT Framework Master Directions laid down by RBI on Information and Cyber Security. The Company continues to scale up and modernise its IT infrastructure to provide best-in-class capabilities to support the business needs. Being a technology-driven Company, we will continue investing in systems to develop end-to end digital processes for MSME loans right from lead-sourcing to machine assisted underwriting, taking into account the future growth of the Company.

Risk Management

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

The key risks are:

Credit Risk

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

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

Operational Risk

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

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

Interest rate risk

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

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

Liquidity Risk

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

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

Competition Risk

The financial services space in India is quite competitive.

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

Regulatory and Compliance Risk

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

Mitigation: The Company is of the view that these changes are structurally beneficial for the financial services industry from a long term perspective. The Company strictly adheres to the Capital Adequacy requirements, Fair Practice Codes, RBI Reporting, Asset Classification and Provisioning Norms, etc. including all periodic guidelines. The Compliance team works with business and operations to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. Products and processes are reviewed for adherence to regulatory norms prior to rollout. Internal policies are reviewed and updated periodically as per agreed frequency or based on market action or regulatory guidelines / action. The internal auditor reviews the compliance on quarterly basis and the report is submitted to both the Audit Committee and the Board of Directors.

Operational Overview

The key operational highlights of the year 2020-21 are:

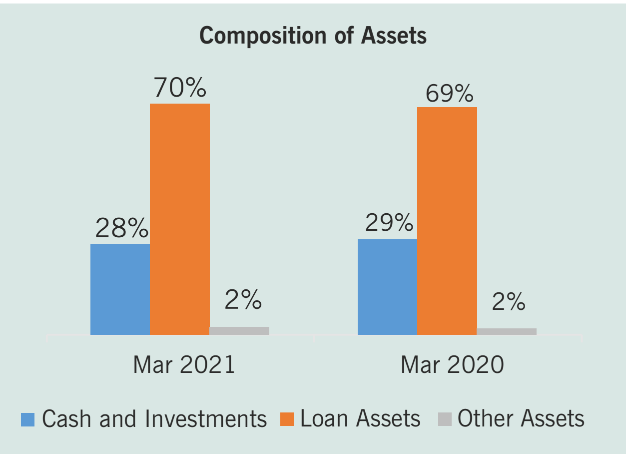
- Assets under management increased to Rs. 1,562.75 crs from Rs. 1,300.67 crs in FY 2019-20.
- Total Income increased to Rs. 361.67 crs from Rs. 275.68 crs in FY 2019-20.
- PAT increased to Rs. 61.12 crs from Rs. 33.03 crs in FY 2019-20.
- Customer base crossed 53,000.
- Increased employee base to over 2,300.

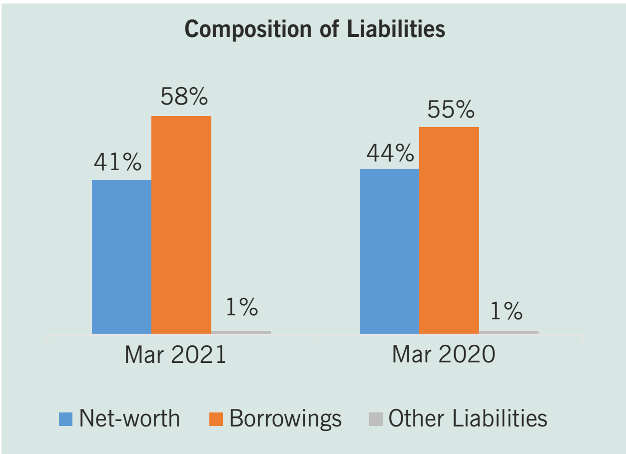
Balance sheet

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

Rs. in Crores

Particulars	As at 31 March 2021	As at 31 March 2020	YOY Growth %
Assets			
Cash & Cash Equivalents & Short-term Investments	599.26	532.61	13%
Loan Assets	1,524.23	1,279.32	19%
Other Assets	51.37	46.65	10%
TOTAL	**2,174.86**	**1,858.58**	
Liabilities			
Net-worth	888.02	821.79	8%
Borrowings	1,254.14	1,009.82	24%
Other Liabilities	32.70	26.97	21%
TOTAL	**2,174.86**	**1,858.58**	





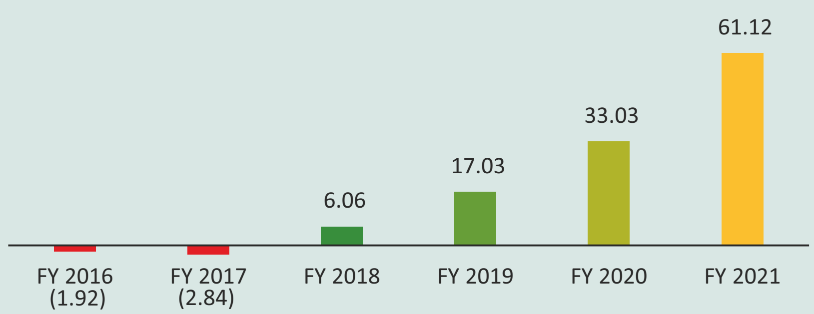
Statement of Profit & Loss

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

Rs.in Crores

Particulars	FY 2020-21	FY 2019-20	YOY Growth %
Revenue from operations	360.10	275.58	31%
Other Income	1.57	0.10	1546%
Total Income (A)	361.67	275.68	31%
Finance Cost	121.65	106.27	14%
Other Operating Cost	117.53	110.50	6%
Provisions & Losses	40.45	15.10	168%
Total Expense (B)	279.63	231.87	21%
Profit Before tax (PBT) (A-B)	82.04	43.81	87%
Current and Deferred Tax	20.02	10.47	91%
Profit After Tax (PAT)	62.02	33.34	86%
Other Comprehensive Income	(0.90)	(0.31)	188%
Total Comprehensive income, net of Income Tax	61.12	33.03	85%

Profit After Tax (Rs. in Crs)



Key Financial ratios are as follows:

Particulars	FY 2020 -21	FY 2019 -20
PBT / Total Income	22.68%	15.89%
NIM	14.50%	14.36%
Return on Total Assets (RoTA)	3.03%	2.27%
Return on Equity (RoE)	7.15%	5.24%
EPS		
Basic (Rs.)	17.69	10.58
Diluted (Rs.)	6.50	3.63
Debt/ Equity	1.4x	1.2x
Capital Adequacy	50.65%	59.28%

Human Resources

At Veritas, our people are our most valuable asset. We constantly endeavor to create an environment that provides our employees with continuous learning opportunities, work-life balance and inclusivity. The Company seeks out the right talent that are best-suited for the different products & geographies and also focuses on retaining the talent enabling them to grow professionally and personally. As part of its talent retention initiatives, the Company identifies employees with high potential and provides them necessary training to hone their leadership skills and enable them to become future ready.

Employee health and safety are of utmost importance to us. We responded swiftly to the COVID-19 outbreak by adopting various measures to ensure health and safety of our employees. Temperature and oxygen levels of the employees were tested upon entry into office premises. We also regularly sanitised our offices, ensured availability of hand sanitisers and masks to our employees and enabled social distancing by operating with 50% attendance on rotational basis. Health status of our employees were constantly tracked and required support was extended as needed.

As on March 31, 2021, the Company had 2,333 employees.

Outlook

The effect of COVID in the economy and particularly in the financial services sector has been significant. The MSME segment which Veritas Finance serves has been deeply impacted. Unlike the earlier natural calamities like Fani and Gaja cyclone which also affected certain geographies where we are present, COVID crisis has hit the length and breadth of the nation, sparing no one.

As we step into the next financial year, we have been hit by the second wave of the pandemic and it is uncertain what impact it would leave on the economy and the performance of the various sectors including MSME.

Veritas intends to continue its focus on serving the informal segment in the rural and semi-urban areas and scale up business by deepening the penetration levels of existing branch network to reach more unorganized enterprises in the rural and semi-urban areas. Veritas Finance would be selective in choosing the customer segments, after effective credit underwriting and enhanced risk management framework to maintain portfolio quality. On the liquidity front, we would continue to maintain higher than required liquidity during the early part of the year. While we have comfortable liquidity, the focus would be to raise fresh borrowings through diversified sources to minimize risks and optimize the borrowing cost.

We would take every step into the coming year cautiously. Protecting the portfolio, ensuring safety of our employees, containing cost and improving efficiency would be our key focus areas for the coming months till the environment becomes clear.

Cautionary Note

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

Coping-up with Covid

Necessity is the mother of invention. This pandemic totally transformed the way organisations function and manage their operation & resources. A clear shift from Business as usual to New Normalcy. During lockdown our core functions like IT, Finance, HR and Operations had to keep the flow going smoothly, they worked relentlessly and remotely from their respective locations.

IT & IS departments had to be on their toes to facilitate Work from Home options to our core function staff, who could work from the comfort of their home safely, without compromising on information / data security standards.

Function heads sharing their experience :

Infotech & Infosec (information Technology & Information Security)

In addition to enabling all our applications to be accessible from remote locations, we also had to ensure the highest level of security for critical company/customer data. We set about achieving this task, by the following means

- Employees who were not provided with Laptops were provided, with standby laptops, using which they could connect to applications from their homes.
- An approval matrix of Functional heads was created, who could approve work from home, for critical employees.
- Secure VPN were created for all approved employees, which would allow them to access applications from their residence.
- The IT/Infra support teams, were equipped with remote support tools, using which they could provide remote assistance to employees.

Overall, except for a few limited activities like (Physical PDC presentation), we were able to carry out all of our BAU activities across functions, right through the lockdown period.

Finance Department:

As per the Government Notification, complete lockdown started from 22 March 2020 till almost end of July 2020. As a finance function, it was a crucial period for Accounts Finalisation, Statutory Audit, IFC audit and Internal Audit.

Since there was no other option, we quickly adapted to work from home mode which was new to the entire team as well as the audit staff. We trained the team and then arranged laptops to all the finance team members with VPN connection, so all the payments can continue to be processed without any delay.

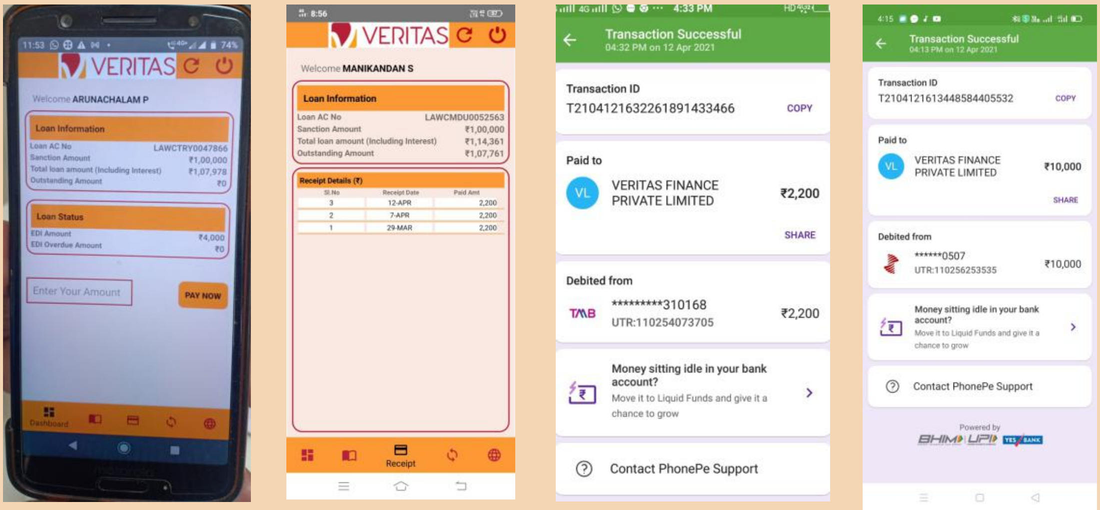
Since it was the first year of IND AS post transition, we had prepared detailed notes towards disclosure as part of financial statements. Statutory Audit was handled through online mode where explanations and clarifications were given through both voice calls and videos conferences wherever required. Though it was tough, we co-ordinated with all the auditors very well and we were glad when we completed all the audits, RBI returns and tax compliance within the stipulated time.

Operations (WC & MSME) Department:

Outbreak of Covid 19 and lockdown imposed by Government has initially left us clueless for about 2 or 3 days, as the biggest challenge we had infront of us was WC loan repayment collection and MSME PDC presentation process for customers who opted to continue with their loan instalment repayment.

For WCL, the business model is such that the field force need to meet customers on a daily / weekly / fortnightly basis (as per the agreed repayment mode), to collect the repayment instalment, which was not possible due to lockdown. Many of customers who are in to daily essential business started to contact us and confirmed that they are willing to service their working capital loan instalment, but clueless about the mode of repayment. We have quickly crafted an action plan and rolled out contactless payment model - i.e . we have advised these customers to pay through digital mode. We have educated and encouraged customers to pay through customer app or through an SMS with a link which will redirect to payment gateway linked to website. This became a significant milestone in the working capital loan repayment model as we were able to convert around 30% customers to remit through digital platform, thus, about 18% transaction volume moved to online payment mode.

For MSME, we had to ensure PDC presentation process promptly, for customers who wanted to continue their EMI payment as usual. After obtaining due approval from respective authorities, HO Operations team operated from office in order to ensure PDC presentation on time smoothly. Original documents for the loan disbursed till Mar 2021 was properly scrutinized and stored in the Documents depository.



HR Department

During lock down, HR team had to maintain the same levels of the service. Lock down announcement caught HR team by surprise and especially when the teams were split and based at different locations.

Our HR team had to ensure BAU (business as usual) despite the lock down.

1. HR team touched base with employees on regular basis and made sure that employees and their families are safe. We ensured quick processing of salary advance, facilitated full paid leave for Covid affected employees and extended all possible means of support to the needy staff.

2. Processing Salary and incentive on time for all employees was challenging since team members were operating from different locations.

3. Veritas completed 5 years of inception on April 30th 2021, for which, an employee engagement activity was initiated to celebrate the same.

4. HR team on boarded 16 employees between April 20 to July 20.

Our IT infrastructure / Systems have handled the Digital switch necessitated by the Covid lockdown, seamlessly, allowing the respective business function to work in an uninterrupted manner. Apart from a few critical activities like PDC presentment where physical presence was unavoidable, we were able to perform most activities digitally and from remote locations

Incessant Sourcing

Our sourcing system LOS (TAB) is hosted on the AWS cloud and is remotely accessible

Our employees are provided with TAB using which they can access the LOS

Sourcing activities can continue unhindered

Contactless Collection

Our mobile app based collections is also hosted on AWS cloud, and employees access the same using their hand held devices.

Employees can raise digital paperless receipts on the field (using SMS), avoiding physical contact

Underwriting Online

For WC product the credit appraisal happens via the TAB (can work remotely)

For the MSME product, critical credit resources were provided with VPN connectivity to the LMS for loan underwriting

Operations & Finance
Powered by VPN

Critical resource were enabled with Laptops and secure VPN connectivity to access the LMS and the Oracle Financials / Treasury systems remotely

Business Responsibility Report

Introduction

Veritas Finance Private Limited ("Veritas") is a Non-Banking Finance Company Registered with Reserve Bank of India. The disclosures in this report are aligned to the Principles of Business Responsibility ("BR") 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, 1st Floor, Unit # C28-C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600032.
4.	Website	http://www.veritasfin.in
5.	Email id	corporate@veritasfin.in
6.	Financial year reported	2020-21
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	204 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	Rs. 10017.80 lakhs
2.	Total turnover (Gross Revenue)	Rs. 36167.29 lakhs
3.	Total profit after taxes	Rs. 6112.43 lakhs
4.	Total spending on Corporate Social Responsibility (CSR)	Rs. 52.56 lakhs
5.	List of activities in which expenditure in 4 above has been incurred	(I) Purchase of Antiviral Spray (Microorganism) for Adyar Cancer Institute (ii) Purchase of Hospital Equipment (Trolleys) for Adyar cancer Institute (iii) Hospital Equipment purchased for Adyar cancer Institute (iv) Contribution to 'The P.R.I.D.E India', NGO for activities relating to emergency response to COVID- 19 to vulnerable families. (v) Contribution to 'Hand in Hand India', a public charitable trust for Youth and women skilling project. Hand in Hand India currently serves in 17 States & 1 Union Territory in India & 8 countries across 3 continents. They serve in 22 Districts in the state of Tamil Nadu. Their vision consists of alleviation of Poverty with a focus on access to Education, Affordable Healthcare, Skill Development, Entrepreneurship, Financial Inclusion and Clean Environment and their mission consists of working hand in hand with Poor Women, Children and Communities to provide them with Dignity, Hope and Choice for Sustainable Development.

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	Managing Director & Chief Executive Officer

(b) Details of the BR head

S.No.	Particulars	Details
1.	DIN (if applicable)	00009981
2.	Name	Mr. D. Arulmany
3.	Designation	Managing Director & Chief Executive Officer
4.	Telephone number	+91 44 4615 0011
5.	E-mail id	corporate@veritasfin.in

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

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

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

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy(ies) for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the policy been approved by the Board? If 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 Policies which are statutorily required to 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 well being	In line with the general laws and regulations and sound ethical practices followed, the Company has adopted employee oriented policies covering areas such as employee benefits, leave, travel, relocation, staff loans, work schedule, work environment, dress code & grooming standard, insurance benefits and prevention of sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations. In addition to the above, the Company has also formulated Whistle Blower Policy / Vigil Mechanism of the Company which help the company in taking necessary action.
P4	Stakeholders Engagement	The Company uses multiple forums for stakeholder's engagements. The company has rolled out “V talk” app for employee engagement, where among other features, there is a hot line ”Talk to MD” which facilitates direct and confidential communication with MD & CEO. For Customers, the company has a toll free number apart from inbound and outbound call center to meet the service requirements. Investors have access to monthly information apart from quarterly meetings with the senior management.
P5	Promotion of Human Rights	The Company has policies like Employees Code of Conduct, Policy on Prevention of Sexual Harassment to promote equal rights and opportunities for all employees.
P6	Environment Protection	The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in e-waste regulations towards addressing environmental issues.
P7	Responsible public policy advocacy	While there is no specific policy outlined for this principle, the Company is in compliance with all applicable public policies.
P8	Inclusive growth	The company typically lends to first time borrowers, whose source of borrowings is traditional money lenders. By lending to the above segment, the company creates formal credit history for borrowers.
P9	Customer Value	The Fair Practice Code and Policy on Interest Rate Model and Gradation of Risk, Policy on PLR (Prime Lending Rate) are available on website of the Company.

3. **Governance related to BR**

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

Section E: Principle-wise Performance

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

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

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

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

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

	Complaint received during 2020-21	% of complaints resolved
Customer complaints	9	100%
Investor complaints	Nil	Nil

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

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

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

   - MSME Loans
   - Working capital loans
   - Home Construction Loans

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

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

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

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

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

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

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

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

   The business of Company is service oriented and not material resource intensive. The human resources and other services required for our operations are generally sourced from within the local area to the extent feasible. The financial products offered by Veritas are aimed at encouraging entrepreneurship, innovation and capacity building among the financially vulnerable sections of the society as well as to enable them to scale up their business operations.

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

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

Principle 3 - Businesses should promote the well-being of all employees		
1.	Total Number of Employees	2333
2.	Total number of employees hired on contractual basis	Nil
3.	Number of permanent women employees	106
4.	Number of permanent employees with disabilities	Nil
5.	Is there an employee association that is recognized by Management?	Veritas Finance engages with employees through various forums to obtain constructive feedback.
6.	Percentage of your permanent employees who are members of this recognized employee association	While there is a structured employee grievance redressal mechanism in place, employees are also Encouraged to directly approach MD and Audit Committee in case of serious grievances, misgivings or unethical practices.

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

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

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

   Not Applicable.

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

   Not Applicable.

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

   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 are disposed of as per the applicable regulations.

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

   None.

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

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

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

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

   No.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

   The Company uses direct marketing activities to source the customers.

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

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

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

   As the Company was not making profits in the last two years, no direct contribution made for the community development projects. However, the Company has engaged Indian Association for Blind which is fully operated by visually challenged people for the Company's call center activities.

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

   Not Applicable

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

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

   NIL customer complaints are pending out of three complaints received during the year and ten customer complaints are pending in the consumer court as on 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 with regards to it's loan products and services as per applicable regulations.

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

   None.

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

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

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

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

   Website: Customers can access the company's website www.veritasfin.in for providing feedback.

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

For and on behalf of the Board of Directors,

Place: Chennai
Date : 22 April 2021

D. Arulmany
Managing Director and CEO

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 2021, 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 2021, 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 54 to the financial statements, the extent to which the on going COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determined the expected credit losses on loans. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions.

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
Impairment of loans to customers – refer notes 6 and 25 to the financial statements **Charge: INR 4,044.59 lakhs (including write offs) for year ended 31 March 2021** **Provision: INR 3,851.51 lakhs as at 31 March 2021**	
Under Ind AS 109 - Financial Instruments, credit loss assessment is based on 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. Further, 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 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, specifically 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") and the completeness and accuracy of that data. • Use of management overlay for considering the forward looking macro-economic factors, economic environment and timing of cash flows. 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.	In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence: • Performed process walkthroughs to identify the controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance. • Obtained understanding of management's revised processes, compliance with the RBI circulars pertaining to impairment loss allowance, systems and controls implemented in relation to impairment allowance process, specifically in view of providing moratorium as per board approved policy read with RBI COVID-19 regulatory package including management rationale for determination of criteria of significant increase in credit risk. • 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. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods.

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers – refer notes 6 and 25 to the financial statements	
Given the size of loan portfolio relative to the balance sheet and the impact of impairment loss allowance on the financial statements, we have considered this as a key audit matter.	• Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of impairment allowance including the management overlays, particularly in response to the pandemic with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management. • Performed test of details, on a sample basis, on underlying data relating to segmentation, staging as at 31 March 2021 and other key inputs for computation of ECL. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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".

(B) 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 has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements – Refer Note 33 to the Financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) 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 : 21203491AAAABW4462

Place : Chennai
Date : 22 April 2021

Annexure A to the Independent Auditor's Report to the members of Veritas Finance Private Limited for the year ended 31 March 2021

(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 2021 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 except for the following dues.

Name of the statute	Nature of dues	Amount of dues (Rs.)	Period to which amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	5,473,637	AY 2018-19	Commissioner of Income-tax (Appeals)

(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 with schedule 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(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 : 21203491AAAABW4462

Place : Chennai
Date : 22 April 2021

Annexure "B" to the Independent Auditors' report on the financial statements of Veritas Finance Private Limited for the year ended 31 March 2021

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 2021 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 2021 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 : 21203491AAAABW4462

Place : Chennai
Date : 22 April 2021

Balance Sheet as at 31 March 2021

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	14,810.97	42,244.86
Bank balances other than cash and cash equivalents	5	27,614.27	4,697.98
Loans	6	1,52,423.49	1,27,932.22
Investments	7	17,500.74	6,318.13
Other financial assets	8	440.91	402.65
		2,12,790.38	**1,81,595.84**
Non-financial assets			
Current tax assets (net)	9	338.79	121.59
Deferred tax assets (net)	29.2	1,684.71	1,103.70
Property, plant and equipment	10.1	656.66	910.35
Right of use assets	10.2	1,270.28	1,291.21
Intangibles assets	10.3	425.62	614.02
Intangibles assets under development	10.4	43.56	34.43
Other non-financial assets	11	276.17	186.60
		4,695.79	**4,261.90**
Total		**2,17,486.17**	**1,85,857.74**
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		291.61	204.21
Debt securities	13	53,074.52	38,704.88
Borrowings (other than debt securities)	14	72,340.01	62,277.22
Other financial liabilities	15	1,486.47	1,405.39
		1,27,192.61	**1,02,591.70**
Non-financial liabilities			
Provisions	16	390.12	167.91
Other non-financial liabilities	17	1,101.64	919.27
		1,491.76	**1,087.18**
Equity			
Equity share capital	18	10,017.80	10,003.80
Other equity	19	78,784.00	72,175.06
		88,801.80	**82,178.86**
Total		**2,17,486.17**	**1,85,857.74**

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 : 22 April 2021

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

V.G. Suchindran
Chief Financial Officer

Madhavi

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

Place : Chennai
Date : 22 April 2021

Statement of Profit and Loss for the year ended 31 March 2021

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Revenue from operations			
Interest income	20	34,902.17	25,952.87
Fee income	21	492.54	541.20
Net gain on fair value changes	22	615.07	1,064.03
Total revenue from operations		**36,009.78**	**27,558.10**
Other income	23	157.51	9.57
Total income		**36,167.29**	**27,567.67**
Expenses			
Finance costs	24	12,164.59	10,627.39
Impairment on financial instruments	25	4,044.59	1,510.27
Employee benefits expenses	26	8,421.28	7,864.84
Depreciation and amortization	27	1,332.59	1,246.20
Other expenses	28	2,000.10	1,937.56
Total expenses		**27,963.15**	**23,186.26**
Profit before tax		**8,204.14**	**4,381.41**
Tax expense			
Current tax	29	2,553.00	1,544.42
Deferred tax		(550.88)	(497.25)
		2,002.12	**1,047.17**
Profit after tax for the year		**6,202.02**	**3,334.24**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit obligation		(119.72)	(41.61)
Income tax relating to items that will not be reclassified to profit or loss	29.2	30.13	10.47
Other comprehensive income for the year		**(89.59)**	**(31.14)**
Total comprehensive income for the year, net of income tax		**6,112.43**	**3,303.10**
Earnings per equity share of Rs. 10 each			
- Basic		17.69	10.58
- Diluted		6.50	3.63

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 : 22 April 2021

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

M. Sivaraman
Director
DIN : 02045100

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Chief Executive Officer
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V.G. Suchindran

V.G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 22 April 2021

Veritas Finance Private Limited
Statement of changes in equity for the year ended 31 March 2021
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

A Equity share capital

Particulars	Equity Share capital	Instruments entirely equity in nature (Compulsory Convertible Preference Shares)	Total
Balance as at 31 March 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**
Add : Issued during the financial year 2020-21	14.00	-	14.00
Balance as at 31 March 2021	**3,515.89**	**6,501.91**	**10,017.80**

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 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**
Premium received on shares issued during the year	-	7.50	-	-	-	**7.50**
Utilised during the year for share issue expenses	-	-	-	-	-	**-**
Profit after tax for the year	-	-	-	6,202.02	-	**6,202.02**
Transfer to securities premium on exercise of options	-	3.37	(3.37)	-	-	**-**
Transfer to statutory reserve	1,240.40	-	-	(1,240.40)	-	**-**
Remeasurements of defined benefit plan	-	-	-	-	(89.59)	**(89.59)**
Transferred to retained earnings	-	-	-	(89.59)	89.59	**-**
Share based payment expense	-	-	489.01	-	-	**489.01**
As at 31 March 2021	**2,438.26**	**67,009.17**	**786.04**	**8,550.53**	**-**	**78,784.00**

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

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

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 : 22 April 2021

Veritas Finance Private Limited

Cash flow statement for the year ended 31 March 2021

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

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities			
Profit before tax for the year		8,204.14	4,381.41
Adjustments for:			
Depreciation and amortisation	27	1,332.59	1,246.20
Impairment on financial instruments	25	4,044.59	1,510.27
Stock based payment to employees	26	489.02	204.94
Change in fair value of financial assets designed as FVTPL	22	14.93	(12.64)
Interest income on security deposit	20	(24.63)	(22.97)
Profit on disposal of leased assets	23	(4.75)	(2.79)
Finance costs	24	12,164.59	10,627.39
(Gain) / loss on sale of PPE	23	-	(0.04)
Interest income on fixed deposits	20	(2,106.13)	(798.57)
Gain on sale of investments, net	22	(613.45)	(1,051.39)
Operating cash flow before working capital changes		**23,500.90**	**16,081.81**
Changes in working capital			
Increase in loans		(28,535.86)	(55,777.72)
Increase in other financial assets		(32.74)	(67.55)
Increase in other non-financial assets		(89.57)	(46.72)
Increase in trade payables		87.40	117.50
Increase in other financial liabilities		84.21	(65.36)
Increase in provisions		102.49	62.60
Increase in other non-financial liabilities		182.37	297.01
Cash used by operations		**(4,700.80)**	**(39,398.43)**
Finance costs paid		(11,410.06)	(9,651.07)
Direct taxes paid (net)		(2,770.20)	(1,628.56)
Net cash used by operations	**(A)**	**(18,881.06)**	**(50,678.06)**
Cash flows from investing activities			
Purchase of fixed assets		(302.08)	(827.83)
Proceeds from sale of fixed assets		-	1.03
Increase in bank balances other than cash and cash equivalents		(22,916.29)	(2,170.35)
Interest received on bank balances other than cash and cash equivalents		2,106.13	798.57
Purchase of investments		(3,07,393.20)	(3,64,790.13)
Proceeds from sale of investments		2,96,805.87	3,74,039.95
Net cash generated from / (used in) investing activities	**(B)**	**(31,699.57)**	**7,051.23**

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from financing activities			
Proceeds from issue of preference shares including securities premium		-	32,245.84
Proceeds from issue of equity shares including securities premium		24.87	2,998.10
Payment of lease liabilities		(713.01)	(627.15)
Payment of share issue expenses		-	(463.45)
Proceeds from debt securities		27,000.00	18,760.00
Proceeds from borrowings (other than debt securities)		45,474.97	44,095.01
Repayment of debt securities		(13,400.00)	-
Repayment of borrowings (other than debt securities)		(35,240.09)	(22,135.60)
Net cash generated from financing activities	**(c)**	**23,146.74**	**74,872.75**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		**(27,433.89)**	**31,245.92**
Cash and cash equivalents at the beginning of the year		42,244.86	10,998.94
Cash and cash equivalents at the end of the year		**14,810.97**	**42,244.86**

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Notes to cash flow statement			
Components of cash and cash equivalents:	4		
Cash on hand		295.45	15.33
Balances with banks			
In current accounts		14,515.52	4,345.08
In deposit accounts (Original maturity less than three months)		-	37,884.45
		14,810.97	**42,244.86**

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 : 22 April 2021

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 : 22 April 2021

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.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 22 April 2021.

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

2.2 Presentation of financial statements

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

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

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

2.5 Use of estimates and judgements

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

Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are set out below. Also refer note 54 - 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 AS115 :

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) Interest income on deposits

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

C) Fee income

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

D) Other income

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

3.2 Financial instrument - Initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

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.

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 2021 and 31 March 2020.

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.

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. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

3.10 Intangibles

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

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

3.11 Impairment of non-financial assets

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

3.12 Employee benefits

(i) Post – employment benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

Gratuity

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

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

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

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

(ii) Other long-term employee benefit

Compensated absences

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

(iii) Short-term employee benefits

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

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

(iv) Stock based compensation

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

3.13 Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liability

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

Contingent asset

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

3.14 Leases

As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid 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.

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 Recent pronouncements

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

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

	Particulars	As at 31 March 2021	As at 31 March 2020
4	**Cash and cash equivalents**		
	Cash on hand	295.45	15.33
	Balances with banks		
	In current accounts	14,515.52	4,345.08
	In deposit accounts (Original maturity less than three months)	-	37,884.45
		14,810.97	**42,244.86**
5	**Bank balances other than cash and cash equivalents**		
	Bank balances other than cash and cash equivalents		
	In other deposit accounts	27,614.27	4,697.98
		27,614.27	**4,697.98**
	Balances with bank to the extent held as margin money or security against the borrowings.	-	-
6	**Loans**		
	At Amortised cost		
A	**Based on nature**		
	Loans	**1,55,560.07**	**1,29,567.89**
	Interest accrued	3,230.05	2,670.51
	Advance from customers	(481.38)	(224.06)
	Unamortised processing fees	(2,033.74)	(1,946.94)
		1,56,275.00	**1,30,067.40**
	Less: Impairment loss allowance	(3,851.51)	(2,135.18)
		1,52,423.49	**1,27,932.22**
B	**Based on security**		
	Secured (refer note 6.1)		
	Secured by tangible assets	1,49,175.41	1,26,084.01
	Interest accrued	3,212.68	2,633.04
	Advance from customers	(321.06)	(68.19)
	Unamortised processing fees	(1,964.29)	(1,922.61)
		1,50,102.74	**1,26,726.25**
	Less: Impairment loss allowance	(3,724.23)	(2,043.06)
		1,46,378.50	**1,24,683.19**
	Unsecured		
	Unsecured loans	6,384.66	3,483.88
	Interest accrued	17.37	37.47
	Advance from customers	(160.32)	(155.87)
	Unamortised processing fees	(69.45)	(24.33)
		6,172.26	**3,341.15**
	Less: Impairment loss allowance	(127.28)	(92.12)
		6,044.98	**3,249.03**
		1,52,423.49	**1,27,932.22**

Particulars	As at 31 March 2021	As at 31 March 2020
C Based on region		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	1,55,560.07	1,29,567.89
Total	**1,55,560.07**	**1,29,567.89**
Interest accrued	3,230.05	2,670.51
Advance from customers	(481.38)	(224.06)
Unamortised processing fees	(2,033.74)	(1,946.94)
	1,56,275.00	**1,30,067.40**
Less: Impairment loss allowance	(3,851.51)	(2,135.18)
	1,52,423.49	**1,27,932.22**
(II) Loans outside India		
Loans outside India	-	-
	1,52,423.49	**1,27,932.22**

6.1 Loans are secured wholly by mortgage of property.

Particulars	As at 31 March 2021	As at 31 March 2020
7 Investments		
At fair value through profit or loss		
Investment in mutual funds	17,499.12	6,301.58
Investments	**17,499.12**	**6,301.58**
Investment outside India	-	-
Investments in India	17,499.12	6,301.58
Gross investments	**17,499.12**	**6,301.58**
Fair value changes	1.62	16.55
Net investments	**17,500.74**	**6,318.13**
Aggregate book value of quoted investments	17,500.74	6,318.13
Aggregate market value of quoted investments	17,500.74	6,318.13
Aggregate amount of fair value changes in investments	1.62	16.55
8 Other financial assets		
Unsecured, considered good		
Security deposits	392.57	367.59
Other receivables	9.28	12.63
Employee loans	39.06	22.43
Total	**440.91**	**402.65**
9 Current tax assets (net)		
Advance income tax (net of provisions)	338.79	121.59
Total	**338.79**	**121.59**

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

10 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and fixtures	Office equipments	Computers and accessories	Total
Cost					
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**
Additions	21.37	24.71	8.33	136.50	190.91
Disposals	-	-	-	-	-
Balance as at 31 March 2021	**606.55**	**279.84**	**161.06**	**840.21**	**1,887.66**
Accumulated depreciation					
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**
Additions	157.49	47.96	28.64	210.51	444.60
On disposals	-	-	-	-	-
Balance as at 31 March 2021	**449.59**	**195.85**	**65.27**	**520.29**	**1,231.00**
Net block					
As at 31 March 2020	**293.08**	**107.24**	**116.10**	**393.93**	**910.35**
As at 31 March 2021	**156.97**	**83.99**	**95.79**	**319.92**	**656.66**

10 Right of use assets ('ROUA')

Particulars	Office premises	Total
Gross block value		
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**
Additions	611.01	611.01
Deletions	(549.59)	(549.59)
Balance as at 31 March 2021	**2,257.91**	**2,257.91**
Accumulated depreciation		
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**
Additions	597.56	597.56
Deletions	(515.21)	(515.21)
Balance as at 31 March 2021	**987.63**	**987.63**
Net block value		
As at 31 March 2020	**1,291.21**	**1,291.21**
As at 30 March 2021	**1,270.28**	**1,270.28**

Also refer note 32

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

10.3 Intangible fixed assets

Particulars	Computer Softwares	Total
Cost		
Balance as at 31 March 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**
Additions	102.04	102.04
Disposals	-	-
Balance as at 31 March 2021	**936.63**	**936.63**
Accumulated amortization		
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**
Additions	290.43	290.43
On disposals	-	-
Balance as at 31 March 2021	**511.01**	**511.01**
Net block		
As at 31 March 2020	**614.02**	**614.02**
As at 31 March 2021	**425.62**	**425.62**

10.4 Intangible fixed assets under development

Particulars	Software under development	Total
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**
Additions	91.59	91.59
Capitalized during the year	(82.46)	(82.46)
Balance as at 31 March 2021	**43.56**	**43.56**

Particulars	As at 31 March 2021	As at 31 March 2020
11 Other non-financial assets		
Capital and other advances	44.03	22.63
Prepaid expenses	107.74	44.07
Balance with government authorities	124.40	119.90
Total	**276.17**	**186.60**
12 Payables		
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	291.61	204.21
Total	**291.61**	**204.21**

Particulars	As at 31 March 2021	As at 31 March 2020
13 Debt securities		
At amortised cost		
Secured debentures		
800 (31 March 2020: 800) Series 5 redeemable non-convertible debentures of Rs. 10 lakhs each	8,000.00	8,000.00
Nil (31 March 2020: 230) Series 1 redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,300.00
Nil (31 March 2020: 190) Series 3 redeemable non-convertible debentures of Rs. 10 lakhs each	-	1,900.00
Nil (31 March 2020: 600) Series 6 redeemable non-convertible debentures of Rs. 10 lakhs each	-	6,000.00
Nil (31 March 2020: 320) Series 4 redeemable non-convertible debentures of Rs. 10 lakhs each	-	3,200.00
350 (31 March 2020: 350;) Series 2 redeemable non-convertible debentures of Rs. 10 lakhs each	3,500.00	3,500.00
416 (31 March 2020 : 416) Series 7 redeemable non-convertible debentures of Rs. 10 lakhs each	4,160.00	4,160.00
860 (31March 2020 : 860) Series 8 redeemable non-convertible debentures of Rs. 10 lakhs each	8,600.00	8,600.00
250 (31 March 2020 : Nil) Series 9A redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	-
200 (31 March 2020: Nil) Series 9B redeemable non-convertible debentures of Rs. 10 lakhs each	2,000.00	-
500 (31 March 2020 : Nil) Series 9C redeemable non-convertible debentures of Rs. 10 lakhs each	5,000.00	-
500 (31 March 2020 : Nil) Series 9D redeemable non-convertible debentures of Rs. 10 lakhs each	5,000.00	-
500 (31 March 2020 : Nil) Series 9E redeemable non-convertible debentures of Rs. 10 lakhs each	5,000.00	-
250 (31 March 2020: Nil) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	-
250 (31 March 2020 ; Nil) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	-
250 (31 March 2020: Nil) Series 11 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	-
	51,260.00	37,660.00
Add: Interest accrued but not due	2,015.59	1,230.29
Less: Unamortised processing fees	(201.07)	(185.41)
Total	**53,074.52**	**38,704.88**
Debt securities in India	53,074.52	38,704.88
Debt securities outside India	-	-
Total	**53,074.52**	**38,704.88**

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

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

Particulars	Tenure	Maturity date / call (or) put option date	Amount outstanding as at 31 March 2021	Amount outstanding as at 31 March 2020
800 (31 March 2020: 800) Series 5 redeemable non-convertible debentures of Rs. 10 Lakhs each	54 months	28-Mar-22;27-Sep-23	8,000.00	8,000.00
Nil (31 March 2020: 190) Series 3 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	15-Mar-21	-	1,900.00
Nil (31 March 2020: 230) Series 1 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	26-Mar-21	-	2,300.00
Nil (31 March 2020: 320) Series 4 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	28-Mar-21	-	3,200.00
350 (31 March 2020: 350) Series 2 redeemable non-convertible debentures of Rs. 10 Lakhs each	48 months	31-May-21	3,500.00	3,500.00
208 (31 March 2020: 208) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29-Jul-22	2,080.00	2,080.00
208 (31 March 2020: 208) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29-Jul-22	2,080.00	2,080.00
860 (31 March 2020: 860) Series 8 redeemable non-convertible debentures of Rs. 10 Lakhs each	72 months	22-Aug-22;20-Aug-25	8,600.00	8,600.00
Nil (31 March 2020: 600) Series 6 redeemable non-convertible debentures of Rs. 10 Lakhs each	48 months	26-Jun-23	-	6,000.00
250 (31 March 2020: Nil) Series 9A redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	16-Jan-22	2,500.00	-
200 (31 March 2020: Nil) Series 9B redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	05-Feb-22	2,000.00	-
500 (31 March 2020: Nil) Series 9C redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	12-Feb-22	5,000.00	-
500 (31 March 2020: Nil) Series 9D redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	03-Mar-22	5,000.00	-
500 (31 March 2020: Nil) Series 9E redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	28-Mar-22	5,000.00	-
250 (31 March 2020: Nil) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	11-May-22	2,500.00	-
250 (31 March 2020: Nil) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	11-May-22	2,500.00	-
250 (31 March 2020: Nil) Series 11 redeemable non-convertible debentures of Rs. 10 lakhs each	36 months	27-Jan-22;27-Jan-23; 27-Jan-24	2,500.00	-
Total			**51,260.00**	**37,660.00**
As at balance sheet date, interest rates (per annum) range for the NCD			9.25 % to 12.96%	12.00% to 13.14%

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

13.2 Details of debentures issued by the Company:

a) NCDs are secured by specific charge on loans in favour of the Trustee for the benefit of the debenture holders. The Company has maintained a security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time.

b) Interest for the above NCDs are payable on Quarterly/Half yearly/Yearly basis.

c) The principal repayment for all the NCDs is on the date of maturity or up on exercise of put / call option respectively.

d) The Company has not defaulted in the repayment of dues to the debenture holders.

	Particulars	As at 31 March 2021	As at 31 March 2020
14	**Borrowings (Other than debt securities) (refer note 14.1 and 14.2)**		
	At amortised cost		
	Term loans (secured)		
	From banks	51,774.31	43,144.16
	From other parties	19,235.60	19,130.87
	Loans repayable on demand (secured)		
	From banks	1,500.00	-
		72,509.91	**62,275.03**
	Add: Interest accrued but not due	173.31	222.26
	Less: Unamortised processing fee	(343.21)	(220.07)
	Total	**72,340.01**	**62,277.22**
	Borrowings in India	72,340.01	62,277.22
	Borrowings outside India	-	-
	Total	**72,340.01**	**62,277.22**

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 10.45% to 12.25% (31 March 2020: 11.70% to 13.05%) . The Company has not defaulted in repayment of loans repayable on demand.

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2021
(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 2020
AU Small Finance Bank Limited	36 months	03 March 2019	Monthly	3,608.33	3,491.67
Axis Bank Limited	36 months	30 April 2019	Monthly	328.00	664.00
Bandhan Bank Limited	36 months	01 May 2019	Monthly	-	1,388.89
Capital Small Finance Bank Limited	27 /39 months	01 February 2020	Monthly	1,163.17	925.22
CSB Bank Limited	39/60 months	17 June 2020	Monthly	1,722.22	1,000.00
DCB Bank Limited	36 months	31 January 2019	Monthly	1,772.73	818.18
Equitas Small Finance Bank Limited	36 /48 months	05 December 2020	Quarterly	8,324.72	2,333.36
Federal Bank Limited	36 months	30 October 2019	Monthly	250.00	416.67
Fincare Small Finance Bank Limited	24 months	30 April 2019	Monthly	-	796.88
HDFC Bank Limited	36/60 months	03 November 2018	Monthly	1,544.44	527.78
IDFC First Bank Limited	36/ 60 months	29 February 2020	Monthly	13,475.00	14,333.33
IndusInd Bank Limited	48 months	31 October 2020	Monthly	2,375.00	-
Indian Bank	60 months	15 July 2021	Monthly	5,000.00	-
Karur Vyasa Bank Limited	36 months	29 April 2019	Monthly	333.33	666.67
RBL Bank Limited	36 months	30 November 2018	Monthly	2,338.24	4,817.65
State Bank of India Limited	45 months	30 June 2020	Quarterly	7,599.74	8,000.00
State Bank of Mauritius	48 months	30 June 2021	Quarterly	2,000.00	-
Ujjivan Small Finance Bank Limited	36 months	29 February 2020	Monthly	1,439.39	2,348.48
Utkarsh Small Finance Bank Limited	39 months	25 January 2018	Quarterly	-	615.38
Total term loans from banks				**53,274.31**	**43,144.16**

As at balance sheet date, interest rates (per annum) range for the term loans from banks 8.02% to 12.25% 9.78% to 13.05%

Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2021
(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 2021	Amount outstanding as at 31 March 2020
(i) From Housing Finance Companies					
Housing Development Finance Corporation Limited	36 months	31 March 2018	Monthly	-	347.69
(ii) From Non-Banking Finance Companies					
AK Capital Finance Private Limited	24 / 36 months	30 April 2020	Quarterly/ Monthly	4,117.65	3,400.00
APAC Financial Services Limited	11 months	03 June 2021	Monthly	1,000.00	750.00
Bajaj Finance Limited	24/36 months	31 August 2019	Monthly	2,466.67	666.67
Cholamandalam Investment and Finance Limited	36 months	01 August 2019	Monthly	1,167.82	1,784.65
Fedbank Financial Services Limited	36 months	01 August 2019	Monthly	590.91	1,136.36
Hero FinCorp Limited	24/30 months	03 June 2019	Monthly	3,731.23	1,430.98
Hinduja Leyland Finance Limited	36 months	26 April 2019	Monthly	1,588.95	2,905.28
Maanaveeya Development & Finance Private Limited	36/21 months	28 June 2018	Quarterly/ Monthly	-	2,213.90
NABKISAN Finance Limited	36 months	01 November 2018	Quarterly	708.27	1,574.94
Sundaram Finance Limited	36 months	22 December 2016	Monthly	570.10	1,252.03
TATA Capital Financial Services Limited	36/48 months	05 June 2019	Monthly	2,958.00	1,423.73
UGRO Capital Limited	24 months	01 March 2019	Monthly	-	244.64
Small Industries Development Bank of India	10 months	10 August 2020	Monthly	336.00	-
Total term loans from others				**19,235.60**	**19,130.87**
As at balance sheet date, interest rates (per annum) range for the term loans from others				6.85% to 12.50%	11.00% to 12.95%

14.2 Details of term loans availed by the Company:

a) All the above loans are secured by specific charge on loans. The Company has maintained security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time.

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 2021, 31 March 2020

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

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

	Particulars	As at 31 March 2021	As at 31 March 2020
15	**Other financial liabilities**		
	Lease liabilities	1,384.44	1,387.57
	Other liabilities	102.03	17.82
		1,486.47	**1,405.39**
16	**Provisions**		
	Provision for employee benefits		
	Provision for gratuity	230.17	85.46
	Provision for compensated absences	159.95	82.45
		390.12	**167.91**
17	**Other non-financial liabilities**		
	Statutory dues payable	178.65	221.50
	Employee benefits payable	922.99	697.77
		1,101.64	**919.27**

	Particulars	As at 31 March 2021	As at 31 March 2020
18	**Equity share capital**		
	Authorised		
	48,000,000 (31 March 2020 : 48,000,000) equity shares of Rs. 10 each	4,800.00	4,800.00
	51,000,000 (31 March 2020 :51,000,000) compulsory convertible preference shares ("CCPS") of Rs.10 each	5,100.00	5,100.00
	14,000,000 (31 March 2020: 14,000,000) CCPS of Rs. 15 each	2,100.00	2,100.00
		12,000.00	**12,000.00**
	Issued, subscribed and paid-up		
	Fully paid-up		
	33,829,008 (31 March 2020: 33,689,008) equity shares of Rs. 10 each	3,382.90	3,368.90
	23,655,716 (31 March 2020: 23,655,716) 0.01% CCPS of Rs. 10 each	2,365.57	2,365.57
	20,480,732 (31 March 2020: 20,480,732) 0.0001% CCPS of Rs. 10 each	2,048.07	2,048.07
	13,921,801 (31 March 2020: 13,921,801) 0.0001% CCPS of Rs. 15 each	2,088.27	2,088.27
	Issued, subscribed, called and paid-up		
	Partly paid-up		
	13,298,744 (31 March 2020:13,298,744) equity shares of Rs. 10 each, Re. 1 paid up	132.99	132.99
		10,017.80	**10,003.80**

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

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each*				
At the commencement of the year	4,69,87,752	3,501.89	4,13,01,518	3,142.40
Add: Issued during the year	1,40,000	14.00	56,86,234	359.49
At the end of the year	**4,71,27,752**	**3,515.89**	**4,69,87,752**	**3,501.89**
* includes 13,298,744 partly paid up equity shares of Rs. 10 each (Re. 1 paid up)				
0.01% CCPS of Rs. 10 each				
At the commencement of the year	2,36,55,716	2,365.57	2,36,55,716	2,365.57
Add: Issued during the year	-	-	-	-
At the end of the year	**2,36,55,716**	**2,365.57**	**2,36,55,716**	**2,365.57**
0.0001% CCPS of Rs. 10 each				
At the commencement of the year	2,04,80,732	2,048.07	**54,94,514**	**549.45**
Add: Issued during the year	-	-	1,49,86,218	1,498.62
At the end of the year	**2,04,80,732**	**2,048.07**	**2,04,80,732**	**2,048.07**
0.0001% CCPS of Rs. 15 each				
At the commencement of the year	1,39,21,801	2,088.27	1,39,21,801	2,088.27
Add: Issued during the year	-	-	-	-
At the end of the year	**1,39,21,801**	**2,088.27**	**1,39,21,801**	**2,088.27**

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

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs. 10*				
D. Arulmany	1,66,48,744	35.33%	1,66,48,744	35.43%
Norwest Venture Partners X Mauritius	1,06,90,807	22.68%	1,06,90,807	22.75%
Sheela Pai cole	40,64,247	8.62%	40,64,247	8.65%
Sunaina Pai Ocalan	39,61,518	8.41%	39,61,518	8.43%
Kedaara Capital Fund II LLP	35,97,041	7.63%	35,97,041	7.66%
0.01% CCPS of Rs. 10 each				
CDC Group Plc.	1,39,78,396	59.09%	1,39,78,396	59.09%
Lok Capital Growth Fund	86,02,051	36.36%	86,02,051	36.36%
0.0001% CCPS of Rs. 10 each				
Lok Capital Growth Fund	53,56,803	26.16%	53,56,803	26.16%
CDC Group Plc.	22,29,081	10.88%	22,29,081	10.88%
Kedaara Capital Fund II LLP	1,04,18,028	50.87%	1,04,18,028	50.87%
Norwest Ventures X Mauritius	24,76,820	12.09%	24,76,820	12.09%
0.0001% CCPS of Rs. 15 each				
CDC Group Plc.	45,54,206	32.71%	45,54,206	32.71%
Norwest Ventures X Mauritius	93,67,595	67.29%	93,67,595	67.29%

* includes 13,298,744 partly paid up equity shares of Rs.10 each (Re.1 paid up)

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

A. Equity shares

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

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. i) Series A : 0.01% Compulsory Convertible Preference Shares

Series A 0.01% CCPS having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. The date on which a new round of investment is made by a third party investor in the Company of not less than Rs. 3,000 lakhs;

b. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; and

c. The date which is 19 (nineteen) years from the date of allotment of the Series A CCPS i.e., 17 March 2035.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

During the financial year 2017-18, all the Series A, 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 25 July 2017.

ii) Series B : 0.01% Compulsory Convertible Preference Shares

Series B 0.01% CCPS having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and

c. The final conversion date is 3 May 2036.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

During the financial year 2017-18, 2,150,539 out of 25,806,255, Series B 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 13 July 2017.

iii) Series C : 0.0001% Compulsory Convertible Preference Shares

Series C 0.0001% CCPS having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and

c. The final conversion date is 10 May 2037.

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

iv) Series D : 0.0001% Compulsory Convertible Preference Shares

Series D 0.0001% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 15 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement; and

c. The final conversion date is 19 September 2038.

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

v) Series E : 0.0001% Compulsory Convertible Preference Shares

Series E 0.0001% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and

c. The final conversion date is 26 February 2039.

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

18.4 Employee Stock Option Scheme (also refer note 37)

On 8 January 2016, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS A), 2016. Under the plan, the Company is authorized to issue 3,000,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.

On 26 February 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS B), 2018. Under the plan, the Company is authorized to issue 1,000,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.

On 6 December 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS C), 2018. Under the plan, the Company is authorized to issue 2,000,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.

18.5 Preferential offer to Promoter

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

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

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

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

During the previous year 2018-19, the Company has issued 10,975,000 partly paid equity shares of Rs. 10 each at a premium of Rs. 62.69 per share each paid up to the extent of Re. 1 per share to the Promoter through rights issue in lieu of the accumulated options. Accordingly, the options issued to the Promoter has been extinguished. The unpaid amount of Rs. 71.69 per share including premium has not been called as at 31 March 2021.

During the year 2019-20, the Company has issued 2,323,744 partly paid equity shares of Rs. 10 each at a premium of Rs. 205.17 per share each paid up to the extent of Re. 1 per share to the Promoter through a preferential offer. The unpaid amount of Rs. 214.17 per share including premium has not been called as at 31 March 2021.

18.6 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.

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

	Particulars	As at 31 March 2021	As at 31 March 2020
19	**Other equity**		
	Statutory reserve	2,438.26	1,197.86
	Share options outstanding account	786.04	300.40
	Securities premium	67,009.17	66,998.30
	Retained earnings	8,550.53	3,678.50
		78,784.00	**72,175.06**
i.	**Statutory reserve**		
	Opening balance	1,197.86	531.01
	Add: Amount transferred from surplus in the statement of profit and loss	1,240.40	666.85
	Closing balance	**2,438.26**	**1,197.86**
ii.	**Share options outstanding account**		
	Opening balance	300.40	125.78
	Add: Share based payment expense	489.01	204.94
	Less : Transfer to securities premium on exercise of options	(3.37)	(30.32)
	Closing balance	**786.04**	**300.40**
iii.	**Securities premium**		
	Opening balance	66,998.30	34,045.60
	Add: Premium on shares issued during the period	7.50	33,385.83
	Add: Transfer from share options outstanding account on exercise of options	3.37	30.32
	Less: Utilised during the year for share issue expenses	-	(463.45)
	Closing balance	**67,009.17**	**66,998.30**
iv.	**Retained earnings**		
	Opening balance	3,678.50	1,042.25
	Add: Net Profit for the year	6,202.02	3,334.24
	Less : Appropriations		
	- Transfer to statutory reserve	(1,240.40)	(666.85)
	Add: Transfer from other comprehensive income	(89.59)	(31.14)
	Closing balance	**8,550.53**	**3,678.50**
v.	**Other comprehensive income**		
	Opening balance	-	-
	Add: Remeasurements of defined benefit asset / (liability)	(89.59)	(31.14)
	Less: Transferred to retained earnings	89.59	31.14
	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 2021	Year ended 31 March 2020
20	**Interest income**		
	(On financial assets measured at amortised cost)		
	Interest on loans	32,771.41	25,131.33
	Interest on deposits	2,106.13	798.57
	Interest income on security deposit	24.63	22.97
		34,902.17	**25,952.87**
21	**Fee income**		
	Legal, documentation and inspection fees	115.94	175.23
	Others	376.60	365.97
		492.54	**541.20**
22	**Net gain / (loss) on fair value changes**		
	Net gain on financial instruments at fair value through profit or loss		
	On trading portfolio		
	-Mutual fund investments - Realised	613.45	1,051.39
	-Mutual fund investments - Unrealised	1.62	12.64
		615.07	**1,064.03**
23	**Other income**		
	Rent waiver	34.82	-
	Profit on:		
	- Sale of PPE (net)	-	0.04
	- Disposal of leased assets	4.75	2.79
	Interest on income tax refund	-	4.50
	Others	117.94	2.24
		157.51	**9.57**
24	**Finance costs**		
	At financial liabilities measured at amortised cost		
	Interest on borrowings		
	- term loans from banks	4,368.30	3,743.70
	- cash credits and overdraft from banks	0.18	0.06
	- term loans from others	1,774.18	2,540.22
	Interest on debt securities	5,534.14	3,961.09
	Interest expenses on lease liabilities	151.69	176.21
	Other borrowing costs	336.10	206.11
		12,164.59	**10,627.39**
25	**Impairment on financial instruments**		
	At amortised cost		
	Impairment loss allowance on loans	1,716.33	1,419.94
	Loans written off	2,328.26	90.33
		4,044.59	**1,510.27**
26	**Employee benefits expenses**		
	Salaries and wages	7,161.76	6,882.64
	Contribution to provident and other funds	512.36	482.23
	Stock based payment to employees	489.02	204.94
	Expenses related to post-employment defined benefit plans (refer note 30)	34.07	20.05
	Expenses related to compensated absences	91.99	47.11
	Staff welfare expenses	132.08	227.87
		8,421.28	**7,864.84**

Particulars		Year ended 31 March 2021	Year ended 31 March 2020
27	**Depreciation and amortization**		
	Depreciation of property, plant and equipment	444.60	461.20
	Depreciation of right of use assets	597.56	540.99
	Amortisation of intangible assets	290.43	244.01
		1,332.59	**1,246.20**
28	**Other expenses**		
	Rent and energy costs	65.82	86.53
	Rates and taxes	162.23	169.14
	Repairs and maintenance	153.01	160.73
	Communication costs	182.81	209.76
	Printing and stationery	54.99	86.48
	Advertisement and business promotion	12.74	82.15
	Directors fees, allowances and expenses	58.25	58.25
	Auditors' fees and expenses (refer note 28.1)	43.08	22.75
	Legal and professional charges	290.25	343.09
	Insurance	9.56	8.53
	Corporate social responsibility expenses (refer note 28.2)	52.56	22.00
	Travel and conveyance expenses	582.38	404.69
	Information technology expenses	310.75	275.85
	Bank charges	17.87	7.51
	Other expenses	3.80	0.10
		2,000.10	**1,937.56**
28.1	**Payments to auditors**		
	Statutory audit	29.00	18.00
	Other services	13.00	4.00
	Reimbursement of expenses	1.08	0.75
		43.08	**22.75**
28.2	**Details of expenditure on corporate social responsibility (CSR)**		
	(a) Gross amount required to be spent by the Company during the year	52.25	21.11
	(b) Amount approved by the Board to be spent during the year	52.25	21.11
	(c) Amount spent during the year (in cash)		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	52.56	22.00
	(d) Contribution to related parties	-	-
		52.56	**22.00**
		As at 31 March 2021	**As at 31 March 2020**
	(e) Excess amount spent		
	Opening balance	0.89	-
	Amount required to be spent during the year	(52.25)	(21.11)
	Amount spent during the year	52.56	22.00
	Closing balance	**1.20**	**0.89**
29	**Income tax**		
	The component of income tax expenses:		
	Current tax	2,553.00	1,593.86
	Changes in estimates related to prior years	-	(49.44)
	Deferred tax	(550.88)	(497.25)
		2,002.12	**1,047.17**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
29.1 Reconciliation of total tax expense		
Accounting profit before tax	8,204.14	4,381.41
Applicable tax rate	25.17%	25.17%
Computed tax expense	2,064.82	1,102.71
Tax effect of :		
Permanent differences	(62.70)	(86.78)
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	**2,002.12**	**1,096.61**
Effective tax rate	24.40%	25.03%

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.

29.2 Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expenses

Components of deferred tax asset (liability)	As at 31 March 2020	Statement of profit and loss	Other comprehensive income	As at 31 March 2021
Deferred tax asset/ (liability) in relation to -				
Fixed assets	55.28	60.65	-	115.93
Impairment on financial assets	537.38	431.97	-	969.35
Provision for employee benefits	86.88	68.01	30.13	185.02
Unamortised processing fee income (net)	388.06	(12.84)	-	375.22
Others	36.10	3.09	-	39.19
	1,103.70	**550.88**	**30.13**	**1,684.71**

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	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**

30 Employee benefits

30.1 Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as expense towards contribution to provident fund for the year aggregated to Rs. 423.24 lakhs (31 March 2020 - Rs. 391.17 lakhs).

30.2 Defined benefit plans

"**Gratuity"**
The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of continued service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age / resignation date."

The defined benefit plans expose the Company to risks such as Actuarial risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefit will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Details of Actuarial valuation of gratuity pursuant to Ind AS 19:

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

	As at 31 March 2021	As at 31 March 2020
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	85.46	24.22
Current service cost	29.80	18.42
Interest cost	4.27	1.63
Benefits paid	(9.09)	(0.42)
Actuarial loss / (gain) recognised in other comprehensive income	119.73	41.61
Present value of defined benefit obligation at the end of the year	**230.17**	**85.46**
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	9.09	0.42
Benefits paid	(9.09)	(0.42)
Actuarial loss / (gain) recognised in other comprehensive income	-	-
Fair value of plan assets at the end of the year	**-**	**-**
C. Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	**-**	**-**
D. Reconciliation of present value of the defined benefit obligation and the fair value of the plan assets		
Present value of defined benefit obligations at the end of the year	230.17	85.46
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**230.17**	**85.46**
The liability in respect of the gratuity plan comprises of the following non-current and Current		
	38.04	19.82
	192.13	65.64
	230.17	**85.46**
E. Expense recognised in statement of profit and loss		
Current service cost	29.80	18.42
Interest cost	4.27	1.63
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss	**34.07**	**20.05**
F. Remeasurements recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation	119.73	41.61
Return on plan assets excluding interest income	-	-
	119.73	**41.61**

F. Assumptions at balance sheet date

	As at 31 March 2021	As at 31 March 2020
Discount rate (refer note (b))	5.04%	5.28%
Interest rate (rate of return on assets)	NA	NA
Future salary increase (refer note (a))	11.73%	10.00%
Mortality table	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)
Attrition rate (refer note (a))	30.20%	43.30%

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 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation	230.17	85.46	24.22	6.21	5.57
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit)	(230.17)	(85.46)	(24.22)	(6.21)	(5.57)
Experience adjustments on plan liabilities - (loss) / gain	(119.73)	(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 2021	As at 31 March 2020
Discount rate		
-0.5% increase	(4.82)	(1.30)
-0.5% decrease	5.01	1.33
Future salary growth		
-0.5% increase	5.15	1.45
-0.5% decrease	(5.02)	(1.43)
Attrition rate		
-0.5% increase	(2.89)	(1.10)
-0.5% decrease	2.96	1.12

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

31 Segment information

An operating segment is a Component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resource to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated reporting segments. The Company is primarily engaged in providing small business loans, loans for house construction / extensions and unsecured working capital loans etc. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans, loans for house construction / extensions and unsecured working capital loans etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

32 Disclosures under Ind AS 116

A. Implementation of Ind AS 116

On 24th July 2020, the MCA issued a notification as the Companies (Ind AS) Amendment Rules, 2020, which has come into force as on the data of publication. These amendments provide relief for lessees in the accounting for rent concessions granted as direct consequences of COVID-19. The Company have received the rental concession for 103 branches during the period April 2020 to July 2020 amounting to Rs.34.82 lakhs (disclosed under "other income"). Out of which the full waiver of rent amounts to Rs.21.96 lakhs for 26 branches and partial rental waiver amounts to Rs.12.86 lakhs for 77 branches.

(i) Measurement of Lease Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Lease liability recognised as at	1,384.44	1,387.57

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.

(i) Amounts recognised in the Balance sheet

Particulars	As at 31 March 2021	As at 31 March 2020
a) Right-of-use assets (net)	1,270.28	1,291.21
b) Lease liabilities		
Current	475.12	480.83
Non-current	909.32	906.74
Total Lease liabilities	**1,384.44**	**1,387.57**
c) Additions to the Right-of-use assets	611.01	590.50

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

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Depreciation charge for right-of-use assets	597.56	540.99
b) Interest expense (included in finance cost)	151.69	176.21
c) Expense relating to short-term leases	-	-

(iii) Cash Flows

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
The total cash outflow of leases	713.01	626.90

		Year ended 31 March 2021	Year ended 31 March 2020
33	**Contingent liabilities**		
	Income tax related matters	54.74	-
	Bank Guarantee	25.00	-
33A	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	44.13	7.60
	Undrawn committed sanctions to borrowers	1,013.95	1,025.74
34	**Earnings Per Share (EPS)**		
	Profit for the year	6,202.02	3,334.24
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	**3,50,51,102**	**3,15,25,399**
	Effect of dilutive potential equity shares:		
	Compulsory convertible preference shares	5,80,58,249	5,80,58,249
	Employee stock options and share warrants	23,27,846	21,52,543
	Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**9,54,37,197**	**9,17,36,191**
	Face value per share	10.00	10.00
	Earnings per share (in Rs.)		
	- Basic	17.69	10.58
	- Diluted	6.50	3.63

35 Related party transactions

35.1 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
	Ms. N.A Madhavi, Company Secretary
	Mr. M Sivaraman, Independent Director
	Mr. N Mohan Raj, Independent Director
	Mr. Abhijit Sen, Independent Director

35.2 Transactions during the year

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Remuneration to Key Managerial Personnel *		
Mr. D. Arulmany	110.01	110.01
Mr. J. Prakash Rayen	80.49	80.49
Mr. V.G. Suchindran	85.14	85.14
Mr. K.P. Venkatesh	85.08	85.08
Ms. N. A. Madhavi	9.65	9.73
Mr. M Sivaraman	3.90	18.75
Mr. N Mohan Raj	5.20	20.25
Mr. Abhijit Sen	4.15	19.25
Partly paid up equity shares issued during the year		
Mr. D. Arulmany #	-	23.24
Partly paid up equity shares issued during the year (in number of shares)		
Mr. D. Arulmany #	-	23,23,744
Employee stock options exercised during the year (in number of options)		
Mr. J. Prakash Rayen	-	9,75,000
Mr. V.G. Suchindran	-	5,00,000
Employee stock options exercised during the year		
Mr. J. Prakash Rayen	-	97.50
Mr. V.G. Suchindran	-	50.00
Also refer note 18		

35.3 Balances as at the year-end:

Particulars	As at 31 March 2021	As at 31 March 2020
Remuneration payable to Key Managerial Personnel *		
Mr. D. Arulmany	25.00	25.00
Mr. J. Prakash Rayen	20.00	20.00
Mr. V.G. Suchindran	20.00	20.00
Mr. K.P. Venkatesh	20.00	20.00
Ms. N. A. Madhavi	1.50	1.00
Mr. M Sivaraman	15.00	14.50
Mr. N Mohan Raj	15.00	14.50
Mr. Abhijit Sen	15.00	14.50
Employee stock option (in number of options)		
Mr. J. Prakash Rayen	5,25,000	5,25,000
Mr. K.P. Venkatesh	5,00,000	4,00,000
Share warrants (in number of options)		
Mr. J. Prakash Rayen	1,33,334	1,33,334
Mr. V.G. Suchindran	1,33,333	1,33,333

Note:

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

* Remuneration includes performance linked incentive and sitting fees. The remuneration is entirely short-term employee benefits

Refer note 18.5

36 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 2021 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.

	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

37 Employee Stock Option Scheme (ESOS)

The Company has issued stock options on its own shares to specified employees of the Company. The Company uses fair value to account for the compensation cost of stock options to employees in the financial statements. The following are the vesting pattern of ESOS:

Particulars	Veritas ESOS A, 2016	Veritas ESOS B, 2018	Veritas ESOS C, 2018
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%

37.1 Options outstanding under Veritas ESOS 2018 and ESOS 2016

As at 31 March 2021, the outstanding options under the Veritas ESOS, 2018 and Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in Rs.	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	5,25,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	1,32,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	56,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	8,39,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	4,00,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	5,70,000	125.00	1 to 4 years	Time and performance based vesting
ESOS 2016 A	15-Jun-20	50,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 B	15-Jun-20	1,10,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	9,15,000	160.00	1 to 4 years	Time and performance based vesting
		35,97,500			

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	5,90,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	1,85,000	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	8,89,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	4,00,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	6,60,000	125.00	1 to 4 years	Time and performance based vesting
		28,02,500			

37.2 Reconciliation of outstanding options

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	63.70	28,02,500	27.95	42,25,000
Forfeited during the year	94.64	(1,40,000)	125.00	(65,000)
Exercised during the year	15.36	(1,40,000)	10.60	(20,82,500)
Granted during the year	160.00	10,75,000	125.00	7,25,000
Outstanding as at end of year	**92.79**	**35,97,500**	**63.70**	**28,02,500**
Vested and exercisable as at end of year	**42.87**	**15,94,500**	**27.57**	**13,33,000**

The weighted average share price on the date of exercise of options during the year ended 31 March 2021 is Rs. 230.31 (31 March 2020: Rs.215.57)

37.3 Expense recognised in the statement of profit and loss

	Year ended 31 March 2021	Year ended 31 March 2020
Total expense (stock based compensation under employee benefit expenses)	489.02	204.94

37.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The various inputs considered in computation of fair value are as follows:

	As at 31 March 2021	As at 31 March 2020
Share price on Grant date (In Rs.)	9.51 - 218.19	9.51 - 123.22
Exercise price (In Rs.)	10.00 - 160.00	10.00 - 125.00
Fair value of options at grant date	2.48 - 108.64	2.48 - 48.24
Expected volatility	22.00% - 41.60%	22.00% - 41.60%
Option term	2.00 - 5.63 years	2.00 - 5.5 years
Expected dividends	Nil	Nil
Risk free interest rate	4.53% - 7.79%	6.14% - 7.79%
Weighted average remaining contractual life (in years)	4.31	4.50

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

38 Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital Management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i Net Debt to Equity Ratio

Consistent with the others in industry, the Company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the Company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The Company has complied with this covenant through out the year.

	As at 31 March 2021	As at 31 March 2020
Equity	**88,801.80**	**82,178.86**
Debt	1,25,414.53	1,00,982.10
Cash and Cash equivalents	14,810.97	42,244.86
Net Debt	**1,10,603.56**	**58,737.24**
Net Debt to Equity Ratio	1.25	0.71

ii Capital Adequacy ratio

The Company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk. Also refer Note 45.1

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

39 Fair Value Measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	14,810.97	-	14,810.97
Bank balances other than cash and cash equivalents	5	27,614.27	-	27,614.27
Loans	6	1,52,423.49	-	1,52,423.49
Investments	7	-	17,500.74	17,500.74
Other financial assets	8	440.91	-	440.91
Total		**1,95,289.64**	**17,500.74**	**2,12,790.38**
Liabilities:				
Trade payables	12	291.61	-	291.61
Debt securities	13	53,074.52	-	53,074.52
Borrowings (Other than debt securities)	14	72,340.01	-	72,340.01
Other financial liabilities	15	1,486.47	-	1,486.47
Total		**1,27,192.61**	**-**	**1,27,192.61**

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	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	1,27,932.22	-	1,27,932.22
Investments	7	-	6,318.13	6,318.13
Other financial assets	8	402.65	-	402.65
Total		**1,75,277.71**	**6,318.13**	**1,81,595.84**
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		**1,02,591.70**	**-**	**1,02,591.70**

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

39 Fair Value Measurement

b. This section explain the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standards.

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Note	Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Assets:						
Cash and cash equivalents	4	14,810.97				-
Bank balances other than cash and cash equivalents	5	27,614.27				-
Loans	6	1,52,423.49				-
Investments	7	17,500.74	17,500.74	-	-	17,500.74
Other financial assets	8	440.91				-
Total		**2,12,790.38**	**17,500.74**	**-**	**-**	**17,500.74**
Liabilities:						
Trade payables	12	291.61				-
Debt securities	13	53,074.52				-
Borrowings (Other than debt securities)	14	72,340.01				-
Other financial liabilities	15	1,486.47				-
Total		**1,27,192.61**	**-**	**-**	**-**	**-**

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	1,27,932.22				-
Investments	7	6,318.13	6,318.13	-	-	6,318.13
Other financial assets	8	402.65				-
Total		**1,81,595.84**	**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		**1,01,186.31**	**-**	**-**	**-**	**-**

40 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk
Credit risk and
Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company's board of directors and risk committee have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management council along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management council oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(I) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company's borrowings are carried at amortised cost. The borrowings with fixed rate are therefore not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

	As at 31 March 2021	As at 31 March 2020
Fixed rate instruments		
Financial assets	1,83,174.34	1,72,150.32
Financial liabilities	69,099.67	45,866.45
	2,52,274.01	**2,18,016.77**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	54,670.24	54,068.58
	54,670.24	**54,068.58**

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 2021				
Variable-rate instruments	(546.70)	546.70	(409.11)	409.11
Cash flow sensitivity (net)	**(546.70)**	**546.70**	**(409.11)**	**409.11**
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**

(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 54

Company's internal rating and PD estimation process
The Company's independent Credit Risk Department operates its internal rating models in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behavior.

Exposure at default
The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default
The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting
As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk
The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis
The Company calculates ECL on a collective basis for all asset classes.
The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

Loan type
Ticket size

ECL computation
Conditional ECL at DPD pool level was computed with the following method:
Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	Provisions	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Stage 1	12 month provision	0.25%	0.69%	0.05%
Stage 2	Life time provision	17.01%	23.94%	22.87%
Stage 3	Life time provision	50.03%	31.87%	53.30%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

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

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,25,563.44**	**2,081.56**	**2,422.40**	**1,30,067.40**	**72,466.00**	**1,115.17**	**798.84**	**74,380.01**
Asset derecognised or repaid (including write-off)	(15,778.28)	(651.96)	(1,775.48)	(18,205.72)	(8,011.39)	(176.70)	(135.42)	(8,323.51)
Assets partially repaid	(10,327.58)	-	-	(10,327.58)	(8,556.06)	(69.57)	-	(8,625.63)
Roll forwards to higher stages	(9,985.82)	(628.25)	-	(10,614.07)	(2,724.89)	(514.03)	-	(3,238.92)
Roll forward from lower stages	-	7,457.28	3,156.79	10,614.07	-	1,638.77	1,600.15	3,238.92
Roll back from higher stages	302.98	2.85	-	305.83	-	(71.42)	(5.75)	(77.17)
Roll back to lower stages	-	(296.07)	(9.76)	(305.83)	71.42	5.75	-	77.17
New assets originated *	54,193.42	124.50	422.98	54,740.90	72,318.36	153.59	164.58	72,636.53
Gross carrying amount closing balance	**1,43,968.16**	**8,089.91**	**4,216.93**	**1,56,275.00**	**1,25,563.44**	**2,081.56**	**2,422.40**	**1,30,067.40**

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or stage 3 at the year end.
Also refer note 54

Reconciliation of ECL balance is given below:

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - Opening balance	**865.02**	**498.23**	**771.93**	**2,135.18**	**34.49**	**254.99**	**425.76**	**715.24**
Addition during the year	129.85	1,276.06	1,749.71	3,155.62	837.57	433.68	541.55	1,812.80
Reversal / Utilization during the year	(629.14)	(398.08)	(412.07)	(1,439.29)	(7.04)	(190.44)	(195.38)	(392.86)
Impairment loss allowance - Closing balance	**365.73**	**1,376.21**	**2,109.57**	**3,851.51**	**865.02**	**498.23**	**771.93**	**2,135.18**

Also refer note 54

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.6 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

ECL Scenario	As at 31 March 2021	As at 31 March 2020
Best case	3,847.98	1,737.34
Base case	3,816.12	2,020.41
Worst case	3,880.62	2,373.93

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 2021	As at 31 March 2020
Cash credit facilities	3,500.00	2,000.00
Working capital demand loans	-	-
Total	**3,500.00**	**2,000.00**

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 2021:

Financial liabilities	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Trade payables	291.61	291.61	-	-	-
Debt securities	53,275.59	35,515.59	17,760.00	-	-
Borrowings (other than debt securities)	72,683.22	34,815.37	29,953.74	7,914.11	-
Other financial liabilities	1,863.35	708.03	627.06	285.14	243.12
Total	**1,28,113.77**	**71,330.60**	**48,340.80**	**8,199.25**	**243.12**
Financial assets					
Cash and cash equivalents	14,810.97	14,810.97	-	-	-
Bank balances other than cash and cash equivalents	27,614.27	27,614.27	-	-	-
Loans (also refer note 54)	1,58,308.74	36,020.44	65,576.08	41,134.05	15,578.17
Investments	17,500.74	17,500.74	-	-	-
Other financial assets	440.91	185.75	191.93	23.96	39.27
Total	**2,18,675.63**	**96,132.17**	**65,768.01**	**41,158.01**	**15,617.44**

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	**1,03,395.97**	**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 54)	1,32,014.34	27,700.78	55,624.40	36,443.07	12,246.09
Investments	6,318.13	6,318.13	-	-	-
Other financial assets	402.65	158.41	184.62	19.56	40.06
Total	**1,85,677.96**	**81,120.16**	**55,809.02**	**36,462.63**	**12,286.15**

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

41 Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2021 and year ended 31 March 2020. Accordingly, the disclosure requirements relating to the same are not applicable.

42 Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2021 and year ended 31 March 2020.

		As at 31 March 2021	As at 31 March 2020
43	**Movement of Non-Performing Assets (NPAs) (Stage 3 assets) (Credit impaired loans) (Refer note 54)**		
(a)	**Net impairment loss allowance to net loans (%)**		
	(Net of provision for credit impaired loans)	1.37%	1.29%
(b)	**Movement of credit impaired loans under Ind AS (Gross)**		
	Opening balance	2,422.40	798.84
	Additions during the year	6,823.72	2,789.37
	Reductions during the year	(5,029.19)	(1,165.81)
	Closing balance	**4,216.93**	**2,422.40**
(c)	**Movement in net credit impaired loans (Net of provision for credit impaired loans)**		
	Opening balance	1,650.47	373.08
	Additions during the year	5,074.01	2,247.82
	Reductions during the year	(4,617.12)	(970.43)
	Closing balance	**2,107.36**	**1,650.47**
(d)	**Movement of impairment loss allowance for credit impaired loans**		
	Opening balance	771.93	425.76
	Additions during the year	1,749.71	541.55
	Reductions during the year	(412.07)	(195.38)
	Utilised /write off during the year	-	-
	Closing balance	**2,109.57**	**771.93**
44	**Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans** (Refer note 54)		
	Opening balance	1,363.25	289.48
	Add : Charge for the year	1,405.91	1,271.25
	Less : Utilised during the year	(1,027.22)	(197.48)
	Closing balance	**1,741.94**	**1,363.25**

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

45.1 Capital adequacy ratio

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

Particulars	As at 31 March 2021	As at 31 March 2020
Tier I Capital	86,540.17	80,382.64
Tier II Capital	365.73	865.02
Total Capital	**86,905.90**	**81,247.66**
Total Risk Assets	1,71,590.00	1,37,060.24
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	50.43%	58.65%
Tier II Capital as a percentage of Total Risk Assets (%)	0.22%	0.63%
Total Capital (%)	**50.65%**	**59.28%**

45.2 Exposure to real estate sector

Particulars	As at 31 March 2021	As at 31 March 2020
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	8,981.98	6,368.31
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
Total exposure to real estate sector	**8,981.98**	**6,368.31**

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

45.3 Exposure to capital market

Particulars	As at 31 March 2021	As at 31 March 2020
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	-	-

45.4 Exposure to Perpetual Debt Instruments (PDI)

The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2021 and previous year ended 31 March 2020.

45.5 Provisions and contingencies (Break up of 'provisions and contingencies' shown under the head expenditure)	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Impairment allowance for credit impaired loans	1,337.64	346.17
Impairment allowance for low credit risk loans and significant increase in credit risk loans	378.69	1,073.77
Provision made towards current income taxes	2,553.00	1,593.86

	As at 31 March 2021	**As at 31 March 2020**
45.6 Concentration of advances		
Total advances to twenty largest borrowers	483.70	306.84
Percentage of advances to twenty largest borrowers to total advances	0.31%	0.24%
45.7 Concentration of exposures		
Total exposures to twenty largest borrowers	483.70	306.84
Percentage of exposures to twenty largest borrowers to total exposures	0.31%	0.24%
45.8 Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts	67.73	45.46
45.9 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	2.71%	1.87%
- Unsecured	2.30%	1.43%

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. Also refer note 54

45.10 Ratings assigned by credit rating agencies :

The credit rating details of the company as at 31 March 2021 are as follows:

Rating Agency	Term	Type	Rating	Amount (in Rs. Lakhs)
CARE Ratings Ltd	LT	TL	CARE A -; (Stable)	85,000
CARE Ratings Ltd	LT	NCD	CARE A -; (Stable)	51,300

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

45.11 Instances of fraud for the year ended 31 March 2021 (31 March 2020: Nil)

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

45.12 Registration / license / authorization obtained from financial sector regulators

Registration / license	Authority issuing the registration / license	Registration / License reference
Certificate of Registration	Reserve Bank of India	N-07.00810 dated 15 October 2015

45.13 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Value of investments*		
Gross value of investments	17,499.13	6,301.58
Unrealised fair value movement	1.62	16.55
Net value investments	17,500.74	6,318.13
* All investments are in India		
Movement of unrealised fair value change during the year		
Opening balance	16.55	3.91
Add: Increase in unrealised fair value change during the year	-	12.64
Less: Decrease in unrealised fair value change during the year	(14.93)	-
Closing balance	1.62	16.55

45.14 Derivatives

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

45.15 Details of non- performing financial assets purchases and sold

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

45.16 Details of financing of Parent Company products

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

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

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended 31 March 2021 and 31 March 2020.

45.18 Advances against intangible securities

The Company has not given any loans against intangible securities

45.19 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the year ended 31 March 2021 and 31 March 2020.

45.20 Draw down from reserves

The Company has made no drawdown from existing reserves.

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

There are no overseas assets owned by the Company.

45.22 Off-balance sheet SPVs sponsored

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

45.23 Customer complaints

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Number of complaints pending at the beginning of the year	7	7
Number of complaints received during the year	9	16
Number of complaints redressed during the year	6	16
Number of complaints pending at the end of the year	10	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)

45.24 Asset Liability Management

(a) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2021:

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	1,606.92	2,785.87	2,506.35	5,991.92	11,099.17	21,994.38	7,372.45	-	**53,357.06**
Borrowings from others	1,354.89	888.75	742.57	3,172.26	4,666.67	7,959.36	541.66	-	**19,326.16**
Debt securities	46.38	3,500.00	-	1,785.72	30,183.49	17,760.00	-	-	**53,275.59**
Assets									
Loans (Refer note 1 & 2)									
- Secured	4,259.47	2,172.15	2,210.29	6,859.62	14,750.87	65,102.41	41,134.05	15,578.17	**1,52,067.03**
-Unsecured	571.42	631.93	593.27	1,590.91	2,380.51	473.67	-	-	**6,241.71**
Investment in mutual funds	17,500.74	-	-	-	-	-	-	-	**17,500.74**

(b) 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	**1,28,648.86**
-Unsecured	-	-	722.26	1,872.51	706.30	64.41	-	-	**3,365.48**
Investment in mutual funds	6,318.13	-	-	-	-	-	-	-	**6,318.13**

Note:
1 Excludes the unamortised component of sourcing cost/ income which is adjusted as part of loan balances.
2 Estimated expected cashflows considering the moratorium and restructurng given to the customers. Also refer note 51.1, 51.2 and 54.

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

46 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars	As at 31 March 2021		As at 31 March 2020	
	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	53,074.52	-	38,704.88	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	70,840.01	-	62,277.22	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans	1,500.00	-	-	-
(Represents Working Capital Demand Loans and Cash Credit from banks)				
b) Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Particulars	As at 31 March 2021	As at 31 March 2020
Assets side:		
c) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured (refer note 6)	1,50,102.74	1,26,726.25
(b) Unsecured (refer note 6)	6,172.26	3,341.15
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 2021	As at 31 March 2020
e) Break-up of Investments (at fair value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	17,500.74	6,318.13
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 2021 (Net of Provisions)		As at 31 March 2020 (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	1,46,378.50	6,044.98	1,24,683.19	3,249.03
	1,46,378.50	**6,044.98**	**1,24,683.19**	**3,249.03**

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 2021	Book Value as on 31 March 2021 (Net of provisions)	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)
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 54)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets (Stage 3 assets)	-	4,216.93	-	2,422.40
(ii) Net Non-Performing Assets (Stage 3 assets)	-	2,107.36	-	1,650.47
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

47 Disclosure under clause 28 of the Listing Agreement for Debt Securities
Particulars

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

48 Disclosure under clause 16 of the Listing Agreement for Debt Securities
The Debentures are secured by way of a first and pari passu hypothecation of receivables under financing activities.

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

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Expenditure		
Expenditure in foreign currency	-	-

The Company did not have any unhedged foreign currency exposure as on the balance sheet date and did not enter into any derivative contracts at any time during the year and none were outstanding as at 31 March 2021, 31 March 2020

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

50.1 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019- 20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms

As at 31 March 2021

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5) = (3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,43,968.16	365.73	1,43,602.43	609.66	1,132.28
	Stage 2	8,089.91	1,376.21	6,713.70		
Subtotal for Standard		**1,52,058.07**	**1,741.94**	**1,50,316.13**	**609.66**	1,132.28
Non-performing assets (NPA)						
Substandard	Stage 3	3,437.48	1,714.04	1,723.44	353.91	1,360.13
Doubtful - up to 1 year	Stage 3	779.45	395.53	383.92	180.88	214.65
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**779.45**	**395.53**	**383.92**	**180.88**	**214.65**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,216.93**	**2,109.57**	**2,107.36**	**534.79**	**1,574.78**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**1,43,968.16**	**365.73**	**1,43,602.43**	**609.66**	**1,132.28**
	Stage 2	**8,089.91**	**1,376.21**	**6,713.70**		
	Stage 3	**4,216.93**	**2,109.57**	**2,107.36**	**534.79**	**1,574.78**
		1,56,275.00	**3,851.51**	**1,52,423.49**	**1,144.45**	**2,707.06**

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 Stage 2	1,25,563.44 2,081.56	865.02 498.23	1,24,698.42 1,583.33	832.15	531.10
Subtotal for Standard		**1,27,645.00**	**1,363.25**	**1,26,281.75**	**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** **Stage 2** **Stage 3**	**1,25,563.44** **2,081.56** **2,422.40** **1,30,067.40**	**865.02** **498.23** **771.93** **2,135.18**	**1,24,698.42** **1,583.33** **1,650.47** **1,27,932.22**	**832.15** **389.03** **1,221.18**	**531.10** **382.90** **914.00**

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at 31 March 2021 and accordingly, no amount is required to be transferred to impairment reserve.

50.2 Disclosure pursuant to Reserve Bank of India circular DOR.No.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 2021	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	-	-

51 Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

In Lakhs

	31-Mar-21			31-Mar-20		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents	14,810.97	-	14,810.97	42,244.86	-	42,244.86
Bank balances other than cash and cash equivalents	27,614.27	-	27,614.27	4,697.98	-	4,697.98
Loans	36,020.44	1,16,403.05	1,52,423.49	27,700.78	1,00,231.44	1,27,932.22
Investments	17,500.74	-	17,500.74	6,318.13	-	6,318.13
Other financial assets	185.75	255.16	440.91	158.41	244.24	402.65
Current tax assets (Net)	338.79	-	338.79	121.59	-	121.59
Deferred tax Assets (Net)	-	1,684.71	1,684.71	-	1,103.70	1,103.70
Property, plant and equipment	-	656.66	656.66	-	910.35	910.35
Right of use assets	-	1,270.28	1,270.28	-	1,291.21	1,291.21
Intangible assets under development	-	425.62	425.62	-	614.02	614.02
Intangible assets	-	43.56	43.56	-	34.43	34.43
Other non-financial assets	276.17	-	276.17	186.60	-	186.60
Total Assets	**96,747.13**	**1,20,739.04**	**2,17,486.17**	**81,428.35**	**1,04,429.39**	**1,85,857.74**
Liabilities						
Financial Liabilities						
Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	291.61	-	291.61	204.21	-	204.21
Debt Securities	35,515.59	17,558.92	53,074.52	20,130.29	18,574.59	38,704.88
Borrowings (Other than DebtSecurities)	34,815.38	37,524.63	72,340.01	30,490.70	31,786.52	62,277.22
Other financial liabilities	577.15	909.32	1,486.47	498.65	906.74	1,405.39
Non-Financial Liabilities						
Provisions	38.04	352.08	390.12	19.82	148.09	167.91
Other non-financial liabilities	1,101.64	-	1,101.64	919.27	-	919.27
Total Liabilities	72,339.41	56,344.96	1,28,684.37	52,262.94	51,415.94	1,03,678.88
Net	**24,407.72**	**64,394.09**	**88,801.80**	**29,165.41**	**53,013.45**	**82,178.86**
Other undrawn commitments	1,013.95	-	1,013.95	1,025.74	-	1,025.74
Total commitments	**1,013.95**	**-**	**1,013.95**	**1,025.74**	**-**	**1,025.74**

51A Changes in liability arising from financing activities

Particulars	01-Apr-20	Cash Flows	New leases	Others*	31-Mar-21
Debt Securities	38,704.88	13,600.00	-	769.64	53,074.52
Borrowings (other than debt securities)	62,277.22	10,234.88	-	(172.09)	72,340.01
Lease Liability	1,387.57	(713.01)	709.88	-	1,384.44
Total	**1,02,369.67**	**23,121.87**	**709.88**	**597.55**	**1,26,798.97**

Particulars	01-Apr-19	Cash Flows	New leases	Others*	31-Mar-20
Debt Securities	19,209.59	18,760.00	-	735.29	38,704.88
Borrowings (other than debt securities)	40,252.99	21,959.41	-	64.82	62,277.22
Lease Liability	1,294.43	(627.15)	720.29	-	1,387.57
Total	**60,757.01**	**40,092.26**	**720.29**	**800.11**	**1,00,982.10**

* Other column includes the effect of accrued interest on borrowing and amortisation of processing fees.

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

51.1 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated

Type of Restructuring		Other than CDR and SME Debt Restructuring*					Total				
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as on April 01, 2020	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Fresh restructuring during the year	No.of borrowers	62	2	-	-	64	62	2	-	-	64
	Amount Outstanding	310.11	5.35	-	-	315.46	310.11	5.35	-	-	315.46
	Provision there on	150.40	2.60	-	-	153.00	150.40	2.60	-	-	153.00
Upgradations to restructured standard category during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Downgradation of restructured accounts during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Write off restructured accounts during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31, 2021	No.of borrowers	62	2	-	-	64	62	2	-	-	64
	Amount Outstanding	310.11	5.35	-	-	315.46	310.11	5.35	-	-	315.46
	Provision there on	150.40	2.60	-	-	153.00	150.40	2.60	-	-	153.00

* represents one time restructuring in accordance with notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020.

51.2 **Disclosure as per formal prescribed under notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 for the year ended 31 March 2021**

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	64.00	315.46	-	-	133.04
Total	**64.00**	**315.46**	**-**	**-**	**133.04**

* As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016.

52 Ex Gratia Payment

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company had implemented the Scheme and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

53 Interest on Interest

RBI circular dated 7 April 2021 advised all lending institutions to immediately put in place a Board-approved policy to refund / adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020. Further, the circular stated that the methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ended 31 March 2021. Based on the guidance provided by IBA vide letter dated 19 April 2021 and considering that all eligible customers were covered under the afore mentioned Ex-gratia scheme, the Company has made an assessment on the impact of the said circular and concluded that there are no refunds / adjustments that need to be recorded in the financial results of the Company.

54 Impact of COVID-19

The impact of COVID-19 on the economy continues to be uncertain and the extent to which the ongoing COVID-19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of loans, is dependent on such future developments, the severity and duration of the pandemic, which cannot be predicted with any degree of certainty.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company has granted moratorium upto six months on the payment of installments falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers on a suo-moto basis. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. In the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit have been granted, the staging of those accounts as at 31 March 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

The Company has considered the aforesaid context of the pandemic in applying the assumptions used to determine the expected credit losses on loans. During the year, the Company has recognized an expected credit loss on loans of INR 4,044.59 lakhs (including write offs). The impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

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 : 22 April 2021

Power of Veritas

Palanisamy
SM - Salem
It gives me a lot of happiness and satisfaction when I see my customers progressing.. It feels great to be a part of their growth story . I thank Veritas for making a positive difference in the lives of customers and employees too !

Mageswari G
OPS - Chennai,
I saw many of my friends losing their job during the pandemic, quite a few managed to secure their job, but with a huge salary cut. Veritas management put our safety and well-being above all and ensured full salary throughout look-down period.
Thank you Veritas

Kumaresan,
SM - Thiruvarur
I was planning to buy a property since long, it became a reality after joining Veritas. Veritas's reward program is the best of its kind. Glad to be a part of Veritas.

V. Kalaiyarasan
SM - Tharamangalam
Veritas is one among the few organisations that ensured our salaries paid in full even during the lock down. A great gesture which would go a long way, Proud to be
a Veritasian

Saranya.P
Admin - Pondicherry
Parents never abandon their children in any predicament, and so is our Veritas. Our organisation's priority is always to ensure our well-being & safety. It feels great to be part of
Veritas family!

Power of Veritas

Mr. Kumar

Grocery Store Owner, Chennai

Veritas reached out to me at a time when I was struggling hard to meet my working capital need last year. The loan amount from Veritas gave me confidence and helped in rebuilding my business all over again. Im very grateful for the same. Veritas is a friend indeed, when I was in need !

Mr.Ramachandran

Two Wheeler Workshop Owner, Madurai

I availed a loan of Rs.2.1 lacs during June 2018. Their customer friendly approach and prompt service are some thing I value the most.
I am very happy that I have chosen Veritas .
Keep up the good work team Veritas !

Ms. V. Dhanalakshmi

Sweet Stall Owner, Salem

I have got a loan of Rs.3.25 lacs in July2018. That was the time I lost my husband and had to be on my own. The loan from Veritas was a timely help that ensured to put my business back on track. I ensure to pay my dues promptly. Thanks Veritas for being with me through my thick and thin.

Manikandan,

Beauty Saloon Owner, Kanchipuram

I had one small saloon in Kanchipuram at the time of availing MSME loan from Veritas in the year 2016. It has been almost 5 years now, my business growth is remarkable, I have opened 2 more shops. Im doing very well in life, I owe a big thanks to Veritas.

Mr. Alagarsamy,

Grocery Store Owner, Coimbatore

I availed a loan of Rs.6 lakhs for my business Expansion. With the financial assistance extended When it was much needed, i could focus on developing my business. From then on there is no look back. Today, i am a proud owner of a new house too, which is a dream come true moment for me. **I thank Team Veritas**

NOTES

NOTES

RUSTLING

Core Values, Culture and Principle: It is from these roots that we draw sustenance

Process and Systems: It is from this stem that we draw Strength and Stability

Stakeholders: It is from this crown that we draw the power to grow and grow

EMERGING STRONGER TOGETHER

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CORPORATE AND REGISTERED OFFICE
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