

Care Code

8TH ANNUAL REPORT 2023

BUSINESS HIGHLIGHTS

(Rs. in Crores)

Key Figures Particulars / Financial Year ended	IND AS				IGAAP			
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Employees (in nos.)	4,432	2,727	2,333	1,850	1,422	719	335	73
Branch Network (in nos.)	287	229	204	202	147	72	43	17
Districts (in nos.)	151	130	121	115	87	54	29	15
Loan Disbursements	2,244.65	1,188.28	614.56	838.99	559.09	315.49	104.74	6.19
Loan Assets Under Management (AUM)	3,533.73	2,187.35	1,562.75	1,300.67	745.21	335.03	92.31	6.11
Net worth	1,591.26	1,408.05	888.02	821.79	443.70	165.70	40.09	41.68
Borrowings	2,428.89	1,195.65	1,254.15	1,009.82	592.16	295.89	70.86	-
Total Revenue	682.21	443.65	361.67	275.68	140.93	54.95	12.67	0.72
Net Interest Income	466.76	282.26	207.59	146.80	77.99	27.85	5.40	0.17
Profit Before Tax	232.85	101.36	82.04	43.81	28.28	6.50	-2.84	-1.92
Profit After Tax (Post OCI)	174.70	75.85	61.12	33.03	20.49	6.06	-2.84	-1.92

Key Ratios

Gross NPA (%)	2.19	3.94	2.70	1.86	0.90	0.74	0.95	-
Net NPA (%)	1.26	2.34	1.37	1.28	0.76	0.53	0.71	-
Capital Adequacy Ratio (%)	45.00	64.43	50.65	59.28	48.04	48.02	42.15	594.49
Return on Total Assets (%)	5.19	3.15	3.03	2.27	2.67	2.06	-3.62	-9.18
Return on Equity (%)	11.65	6.61	7.15	5.24	6.72	5.89	-6.94	-9.23
Basic Earnings Per Share (Rs.)	36.15	18.12	17.69	10.58	6.85	2.50	-1.86	-2.90
Diluted Earnings Per Share (Rs.)	14.57	6.59	6.50	3.63	2.68	1.14	-1.86	-2.43

Growth Ratios (in %)

AUM Growth	61.55	39.97	20.15	74.54	122.43	262.94	1,410.80	-
Loan Disbursements Growth	88.90	93.36	-26.75	50.06	77.21	201.21	1,592.08	-

Note: Please refer Glossary in page number 186 for the explanation.

9:25



VERITAS
FINANCE



DECIDEDLY DIGITAL

In our endeavour to become the lender of choice to millions of underserved customers, veritas has taken a digital first approach. While the core of our philosophy relies on the fin-touch model, wherein we believe in meeting each customer for credit assessment, every other aspect of the customer loan journey would have a decidedly digital approach. The primary intention is to promote financial inclusion by creating customer awareness while making life easier for our customers. Keeping this in mind, not only have we adopted and customized the best-in-class technology to suit our customer profile, we have also innovated a few industry first digital initiatives.



By promoting digital awareness to our segment of underserved customers,

we aim to help them leverage the benefits of digital services and products for enhanced customer satisfaction and engagement, ultimately driving the organisation's and the customer's growth.



END TO END DIGITAL TECHNOLOGY

Customer Loan Life Cycle

9:25

← **DIGITAL ONBOARDING**



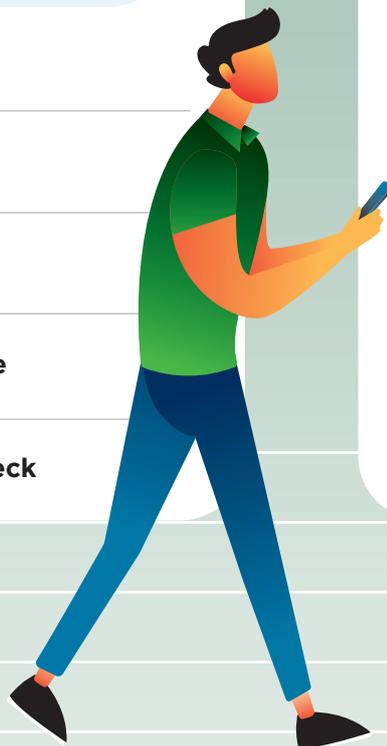
- ✓ **Zero Data Entry**
- ✓ **Digital KYC**
- ✓ **OTP Verification**
- ✓ **Digital Login Fee**
- ✓ **Multi Bureau Check**

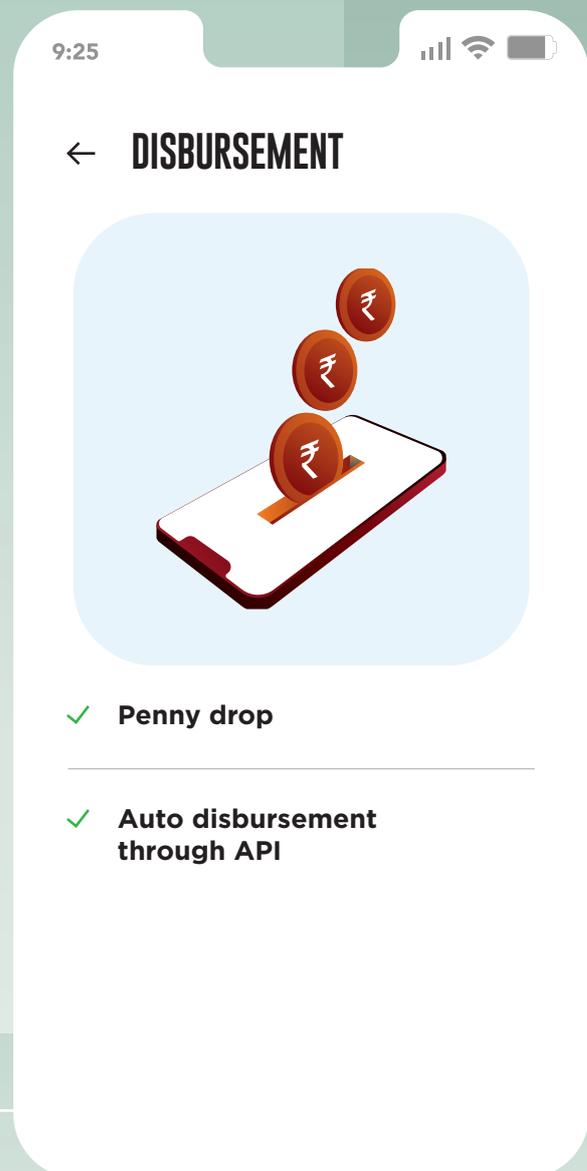
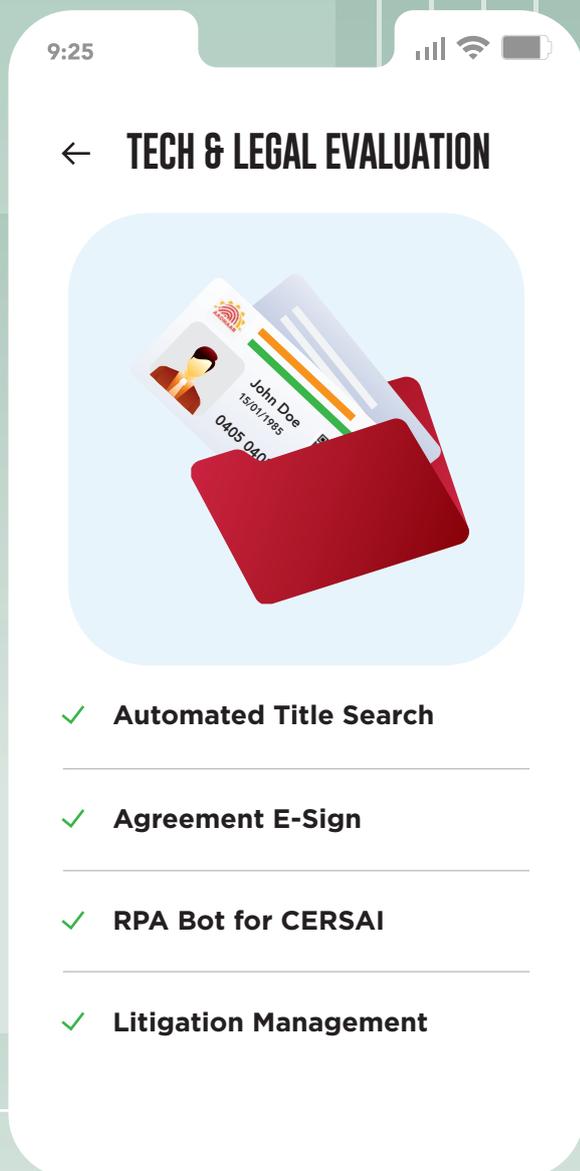
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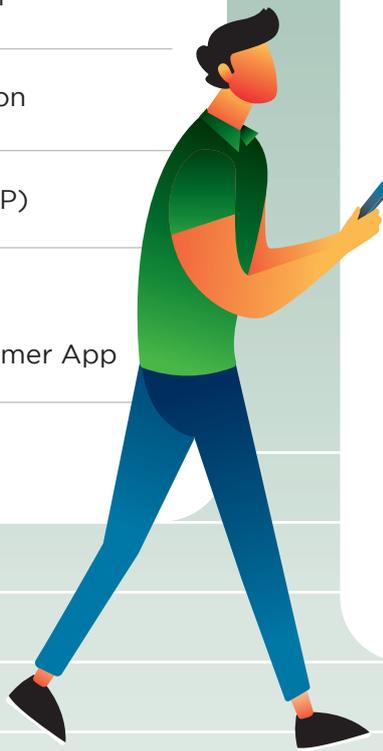
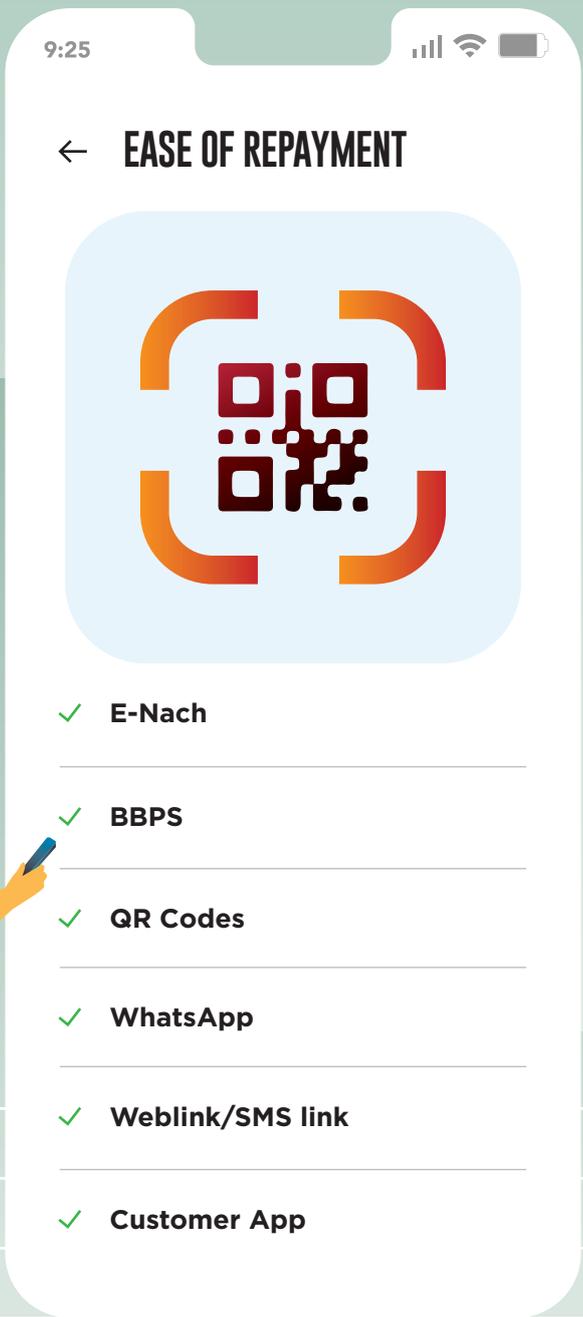
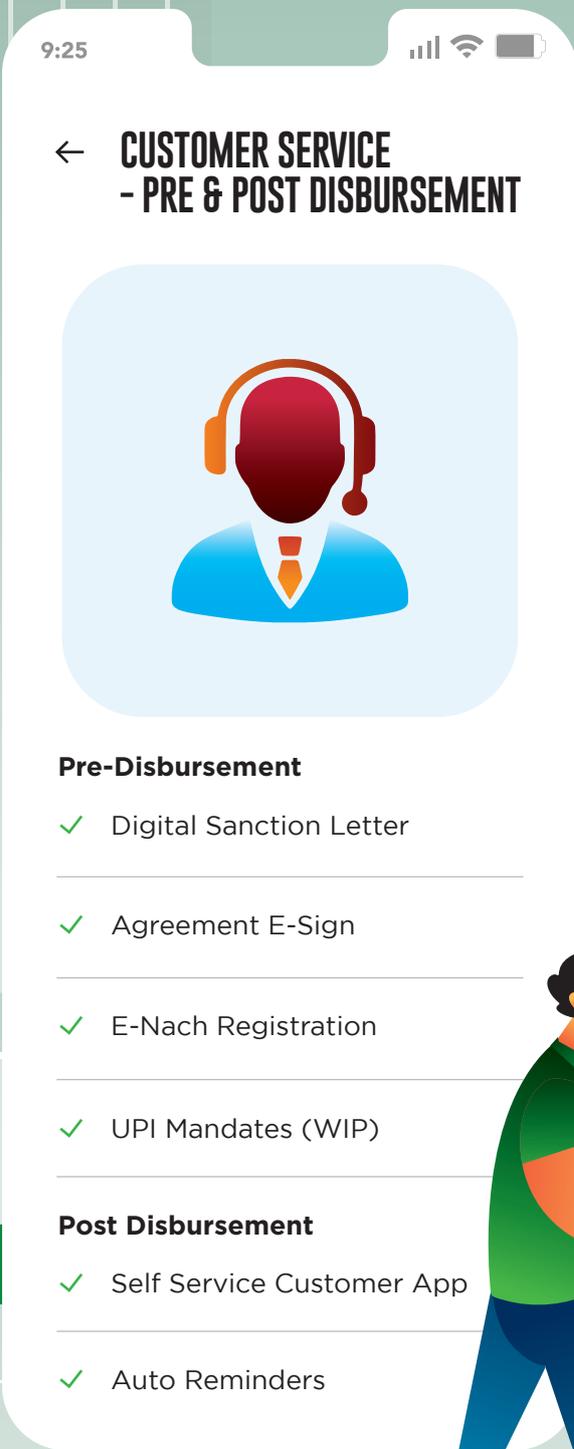
← **DIGITAL CREDIT ASSESSMENT**

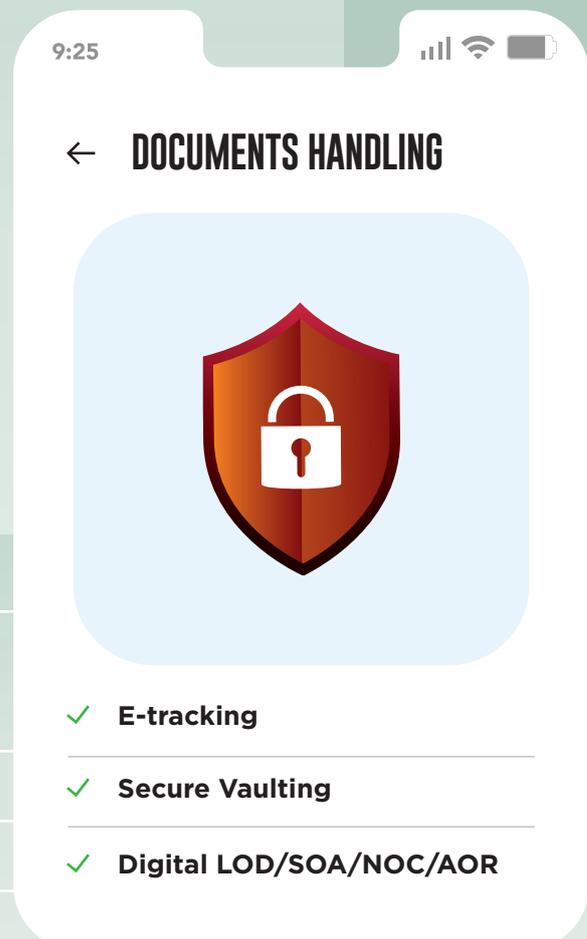
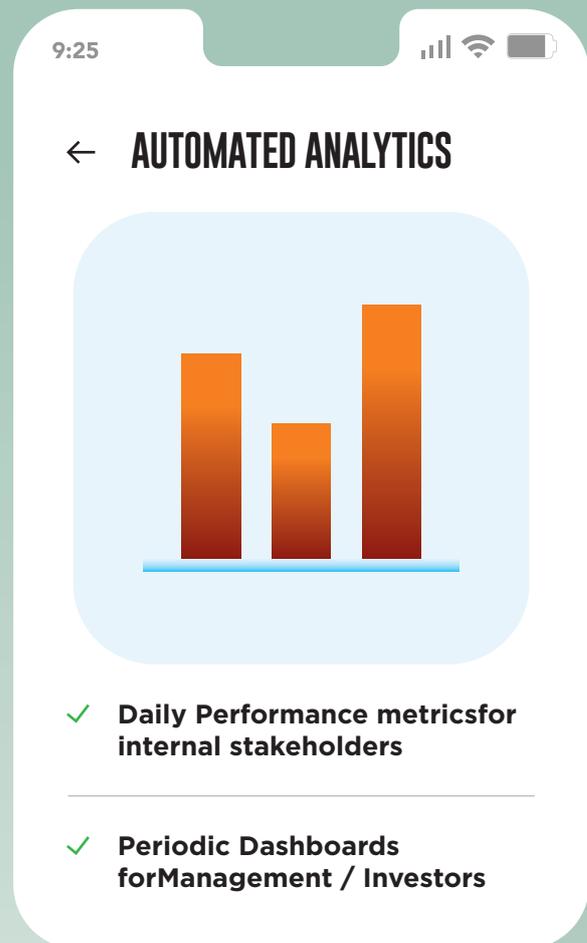
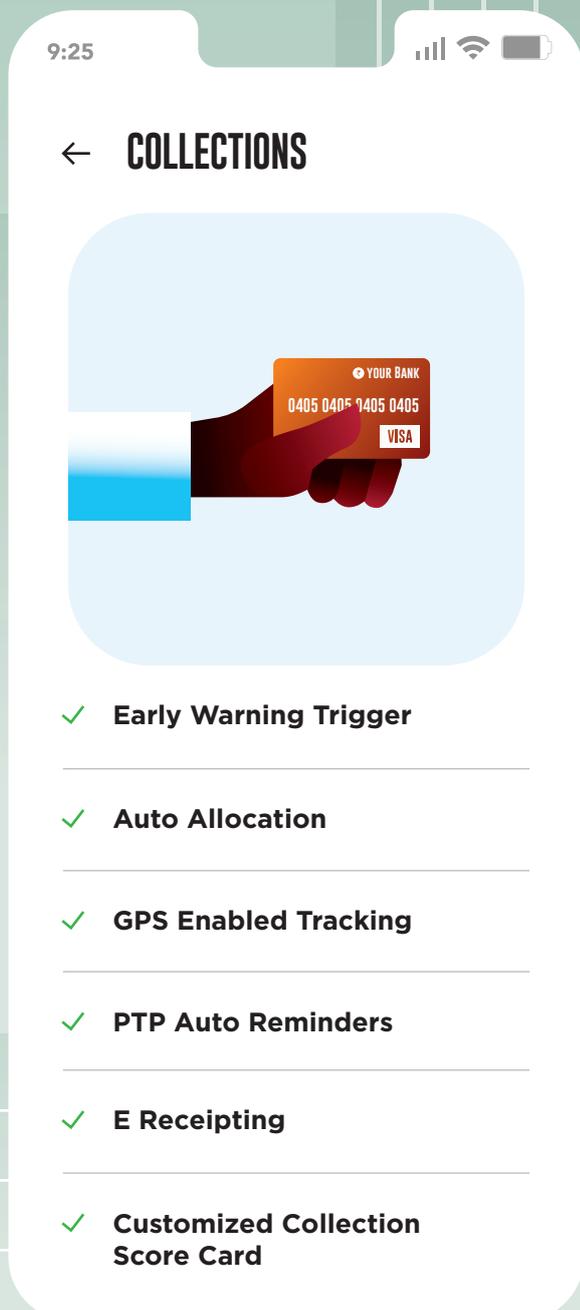


- ✓ **Internal Credit Score**
- ✓ **New to Credit Score**
- ✓ **Rules Driven Credit Policy**









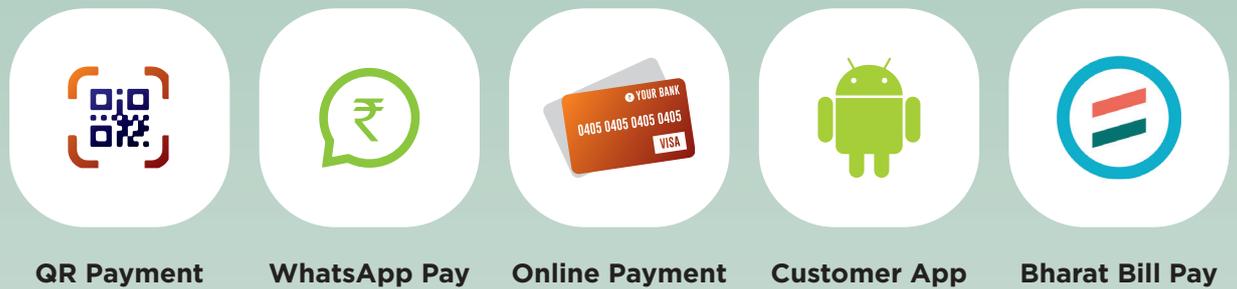
ZERO DATA ENTRY THROUGH KYC & API INTEGRATION

A first and foremost industry first initiative powered by OCR (optical character recognition) was implemented to cut down the customer data entry efforts and to ensure 100% data accuracy.



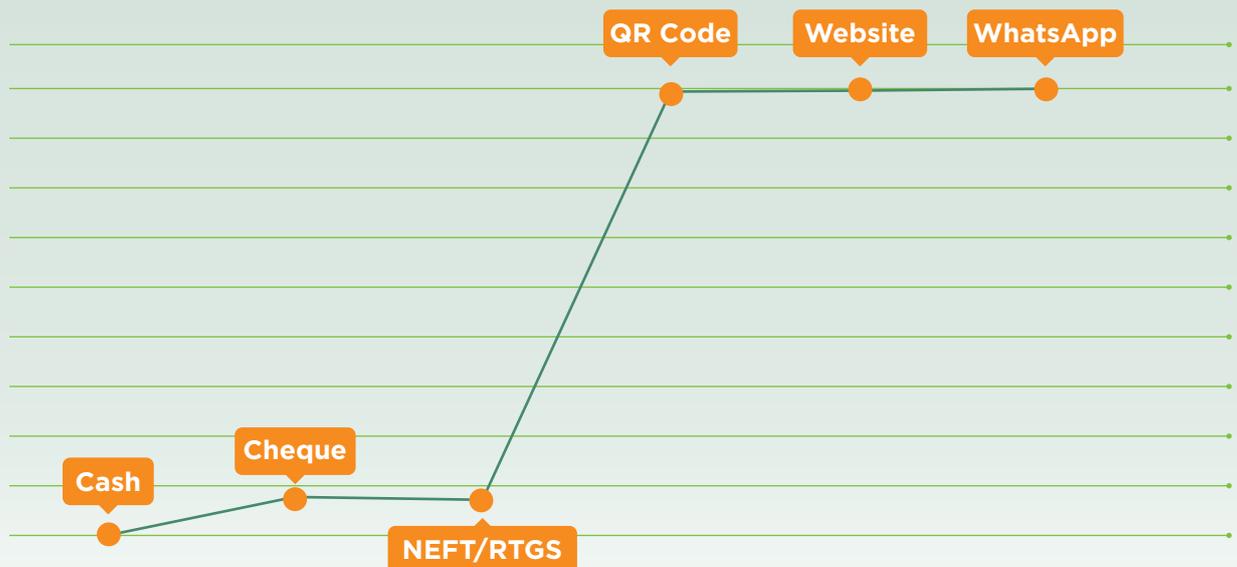
100% DIGITAL EMI COLLECTIONS

99% of our customers are registered for NACH. Even in case of NACH bounces, we ensure to avoid physical cash collection and educate customers to use any our digital payment channels:



DIGITAL COLLECTIONS TREND

The response was overwhelming as we could note that even at the first month of Launch huge volume of physical cash collection moved to digital medium and the trends are sustaining.



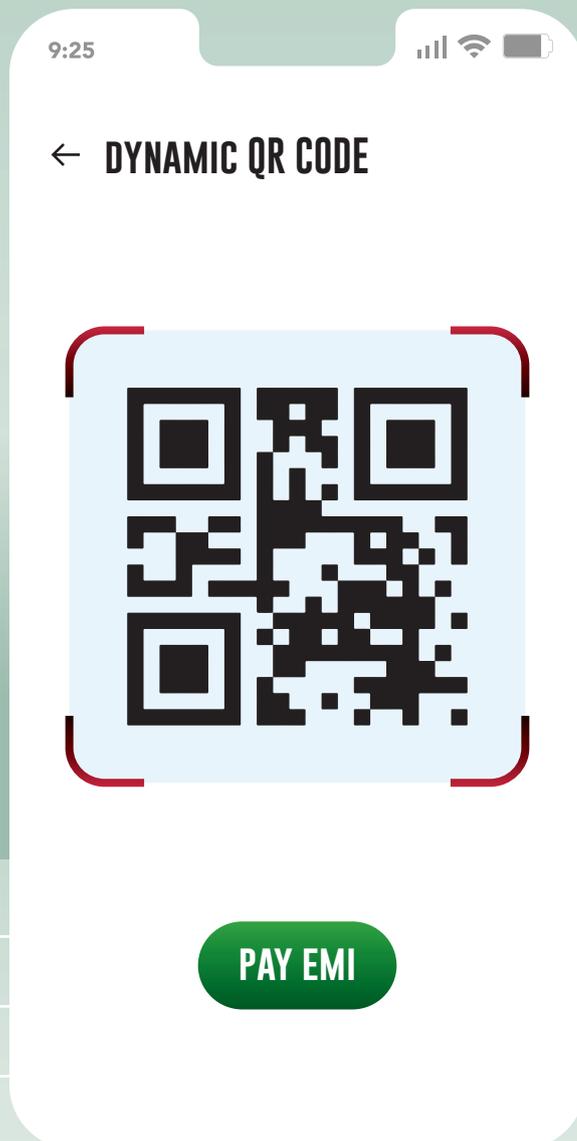
PROMOTING E-SIGN OF LOAN AGREEMENT

Though this is an adopted practice among the organized segment customers in tier 1 cities, taking this up to the underserved MSME customers in semi urban and rural locations who are not conversant with even the regular lending documentation process was the real challenge. Customer can execute the loan agreement sign off process from the comfort of his confines which saves his travel time and efforts largely.



DYNAMIC QR CODE GENERATION

We have adopted a path breaking initiative which enables the generation of a dynamic QR Code unique to each loan. As the customer scans and pays through his dynamic QR Code, the payment is auto reconciled.



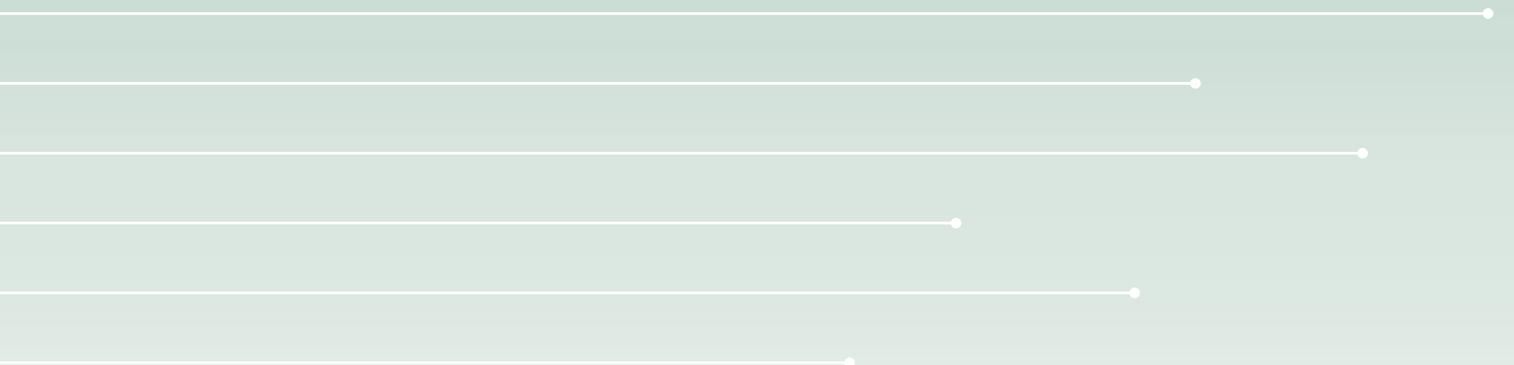
MISSION

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



VISION

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



KEY HIGHLIGHTS 2022-2023



Inclusive Finance India Awards 2022

Veritas finance has won the “**Inclusive Enterprise Lending by Non-Banking Finance Company of the Year Award**” at the 19th Inclusive Finance India Awards 2022 for the focus on customer centricity and innovation while achieving a reasonable scale of outreach and business viability in lending to Micro and Small enterprises.

AUM crossed
₹3,500
crores

Disbursement
crossed
₹2,200
crores





Home Loans Product Launch

Veritas Finance has launched Home Loans product on 7th October 2022, inaugurated and graced by Ms. Priyamvada Ramkumar, Nominee Director - Lok Capital Growth Fund and Mr. Venkatesh Natarajan, Observer - Lok Capital along with Veritas senior management team.

So far, Veritas has reached out to **100000+ customers** through a strong network of **287 branches** present across 8 states and 1 union territory.

Veritas Foundation Inaugurated.



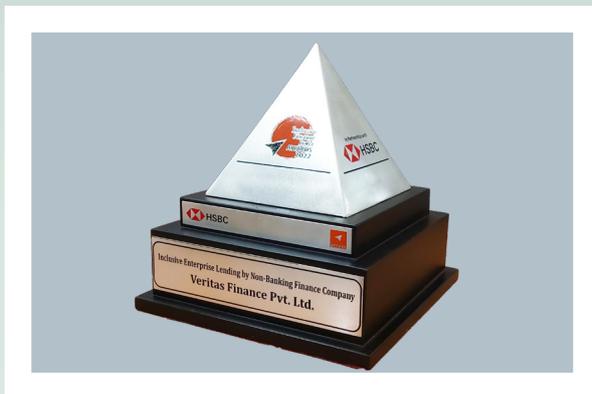
Finance and HR functions have **Successfully completed ISO 9001:2015 Certification.**



AWARDS & RECOGNITIONS



Veritas Finance **MD & CEO Mr. D. Arulmany** along with **ED & CFO Mr Suchindran V.G** received the award and Citation from **Dr. V. Anantha Nageswaran, Chief Economic Advisor to the Government of India & Mr. Hitendra Dave, Chief Executive Officer, HSBC India.**



Inclusive Enterprise Lending by Non-Banking Finance Company of the Year Award



Inclusive Finance India Award 2022

Home Loan Launch



**Welcoming
Ms. Priyamvada Ramkumar,
Nominee Director**
- Lok Capital Growth Fund



**Welcoming
Mr. Natarajan, Observer**
- Lok Capital Growth Fund



The first customer was **Mr. Malaisamy** who was handed over a **Rs.7 lakhs** disbursement cheque by **Ms. Priyamvada Ramkumar**, Nominee Director - Lok Capital Growth Fund and **Mr. Sankar Annamalai**, Executive Vice President & Business Head – Home Loans

ISO 9001:2015 – Certificates



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. D. Arulmany

Managing Director &
Chief Executive Officer

Mr. Abhijit Sen

Independent Director

Mr. M. Sivaraman

Independent Director

Mr. N. Mohanraj

Independent Director

Mr. Gaurav Malhotra

Nominee Director

Mr. Parin Mehta

Nominee Director

Ms. Priyamvada Ramkumar

Nominee Director

BANKS

PSU Banks

Bank of Baroda
Canara Bank
Indian Bank
State Bank of India
UCO Bank
Union Bank of India

Small Finance Banks

AU Small Finance Bank Limited
Capital Small Finance Bank Limited
Equitas Small Finance Bank Limited
Suryoday Small Finance Bank Limited
Ujjivan Small Finance Bank Limited

Private Sector Banks

Axis Bank Limited
Bandhan Bank Limited
CSB Bank Limited

BOARD OBSERVERS

Mr. Shiv Chaudhary,

Observer - Norwest Venture Partners

STRATEGIC ADVISOR

Mr. P. Surendra Pai

EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER

Mr. J. Prakash Rayen

EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

Mr. V.G. Suchindran

DCB Bank Limited
Dhanlaxmi Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
IndusInd Bank Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
RBL Bank Limited
South Indian Bank
The Federal Bank Limited
The Karur Vysya Bank Limited
Yes Bank Limited

Foreign Banks and wholly owned subsidiaries of Foreign Banks

DBS Bank Limited
SBM Bank (India) Limited
Standard Chartered Bank

NBFCs

Bajaj Finance Limited
Hero FinCorp Limited
Housing Development Finance Corporation Limited
Nabkisan Finance Limited
Sundaram Finance Limited
Tata Capital Financial Services Limited

NCDS

Axis Mutual Fund Trustee Limited
BlueOrchard Microfinance Fund

PTC HOLDERS

A K Capital Finance Limited
Edge Credit Opportunities Fund

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited

GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Kothrud, Pune - 411 038
+91 20 66807200 / 223 / 224
dt@ctltrustee.com | www.catalysttrustee.com

CREDIT RATING AGENCY

CARE Ratings Limited

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

CRISIL Ratings Limited

CRISIL House, Central Avenue,
Hiranandani Business Park, Powai,
Mumbai - 400 076

REGISTERED OFFICE

SKCL Central Square 1, South and North Wing, 7th Floor
Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial
Estate, Guindy, Chennai - 600 032.

CIN: U65923TN2015PTC100328

RBI Regn No: N-07.00810

REGISTRAR & TRANSFER AGENT

KFIN Technnologies Limited

Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032

SECRETARIAL AUDITORS

M/s M Damodaran & Associates LLP, Chennai

STATUTORY AUDITORS

M/s Sundaram & Srinivasan, Chennai

INTERNAL AUDITORS

M/s Deloitte Touche Tohmatsu India
LLP, Chennai

GST AUDITORS

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

TAX AUDITORS

M/s CRBS & Associates, Chennai

IFC AUDITORS

M/s ASA & Associates LLP, Chennai

CONTACT DETAILS

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Toll Free : 1800 599 5500
Email : corporate@veritasfin.in
Website : www.veritasfin.in

LETTER FROM MD & CEO

9:25

NAME
Mr. D. Arulmany

DESIGNATION
MD & CEO

FOLLOW

Dear Shareholders,

As we closed the year 2022-23, we look back with a sense of satisfaction. It has been a year of new milestones.

Our expectation, as we had commenced the year, was that the external environment would be favourable.

- We anticipated that our customers—who showed resilience and displayed responsible repayment behaviour during the most challenging times—could see improvement in their income levels as they clawed back to normalcy, which could lead to even better servicing of their obligations.
- We were also aware of the strength of our team and its ability to rise to the challenges and the support of our board and investors in good times and bad.

We thus had chosen to set ourselves ambitious milestones.

Our confidence improved with every passing month, and we kept our eyes clearly focused on improving every parameter.

We were proved right by the when we looked at the overall performance of the organization for the year.

As of March 31, 2023,

- We have grown the loan book by 62% from Rs. 2,187 Crores to Rs. 3,534 Crores.
- Our 1+ OD is the best in the industry and is contained at less than 5%.
- Our NPA under the new RBI norms closed at 2.19%
- Our customer base has increased significantly and is at 116,403 customers.
- Despite all challenges, our PBT jumped from Rs. 101 Crores to Rs. 233 Crores.

Apart from the above milestones, the year that

went by stands testimony for several new initiatives and achievements.

- Veritas launched **Home Loans** product to address the large underserved affordable housing loan segment. We have scaled remarkably in the first few months of our operations. We believe that this product will not only help us in diversifying and de-risking our overall portfolio, but will also help us leverage the large distribution reach and achieve significant scale in the coming years.
- After our pilot run for the last few years, **Working Capital Product** cleared our tests in terms of risk, cost and profitability. The clear attributes and success gave us the confidence to scale up the volume across the country. During the year, we expanded Working Capital Loans to five states and the portfolio has grown significantly with an impeccable asset quality.
- Our additional borrowings during the financial year crossed Rs. 2,100 Crores. Despite adverse market conditions and a rising interest rate scenario where the RBI policy rates went up by 2.50%, we closed the year with overall cost of borrowings at 9.86% from the opening level of 10.40%.
- Our **Go Digital** initiatives, a move towards ensuring complete digital EMI collection, met with tremendous response.
 - » Today, we collect more than 90% of our collections digitally.
 - » Our customer on-boarding process is digital.
 - » Our disbursement to customer is digital.
 - » And we have already set pace for embracing more digital interventions in the

coming year aimed at further strengthening our processes and improving the ease of doing business.

Going forward, while our economy has shown strong resilience, we do expect the impact of global macro challenges to continue and the economy to be constrained by slower consumption growth. We also expect considerable headwinds coming our way in the form of inflation and further interest rate hikes that could continue to pose a challenge to our efforts to contain cost of borrowing.

Nonetheless, we remain positive on sustaining our growth and momentum. We believe in our digitization initiatives addressing our challenges relating to productivity, collections, and high operating expenses. Today we see more and more semi urban and rural customers becoming comfortable with e-signing and transacting digitally. We witness the convergence of many disparate digital elements getting stitched together and we are on the way to building a strong and inclusive digital economy. These developments give us the comfort and conviction that we are on the right path and the confidence to put further thrust on our digitization initiatives.

It is our firm belief that the above growth drivers and enablers will underpin the rapid growth at Veritas in coming years. Our performance in 2023-24 could well be a harbinger of such things to come.

D. ARULMANY

PROFILES OF DIRECTORS



9:25

**Mr. D. Arulmany****Managing Director & CEO, Veritas Finance**

D. Arulmany has more than two decades of experience most of which is in the financial services industry. He has been part of Cholamandalam DBS as Business Head and has handled various responsibilities including Vehicle Finance, Wealth Management and Securities. Before starting Veritas Finance, Arul was associated with Aptus Value Housing Finance as President & CEO since inception. Arul joined Aptus when it was merely an idea and leading from the front, he was an integral part of building the organization, to become a formidable player in the affordable housing finance segment.

He has done his Post-Graduation in Rural Management Programme (PGDM- Rural Management) from Institute of Rural Management Anand (IRMA) and GMP from University of Michigan.

**Mr. Abhijit Sen****Independent Director**

Abhijit Sen had served in Citi India as Chief Financial Officer – India Subcontinent for over 18 years. On retirement from Citi, he is associated with E&Y as an External Advisor, for their activities in the Banking and Financial Services Sector. He currently serves on several Boards including Ugro Capital Limited, Kalyani Forge Ltd, Cashpor MicroCredit. 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.

**Mr. M. Sivaraman****Independent Director**

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. N. Mohanraj
Independent Director

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 master's in economics from Loyola College, Chennai.



Mr. Gaurav Malhotra
Nominee Director, British International Investments

Gaurav Malhotra is currently Director and Co-Head for Financial Services in South Asia for British International Investment, the UK government's Development Finance Institution. Before joining BII, he worked for Escorts Limited where he was Head of Business Planning and Strategy. Prior to that he was a Principal for leading strategy consulting firm BCG in India. Gaurav holds a degree in Engineering from Delhi University and an MBA from IIM Bangalore.



Mr. Parin Mehta
Nominee Director , Kedaara Capital Fund II LLP

Parin is a Managing Director at Kedaara Capital. He has over 17 years of investment experience, encompassing the full life cycle of private equity in India across a variety of industries and across private and public markets. He also serves as director on the board of Ajax Engineering and GS Lab. Before joining Kedaara Capital, Parin worked in the investment advisory team of General Atlantic ("GA"), a leading growth oriented private equity firm with over \$17bn under management. Parin holds a PGDBM in Finance and a Bachelor of Engineering from Mumbai University.

9:25



Ms. Priyamvada Ramkumar

Nominee Director, Lok Capital Growth Fund

Priyamvada Ramkumar has over 18 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 bachelor's in commerce from Stella Maris College. She holds an MBA from XLRI, Jamshedpur.



Mr. Venky Natarajan

Observer, Lok Capital Growth Fund

Venkatesh Natarajan 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.



Mr. 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. Shiv obtained his Bachelor of Arts degree in Economics from Oberlin College.



**EXECUTIVE
COMMITTEE**





Mr. D. Arulmany

Managing Director & CEO, Veritas Finance

D. Arulmany has more than two decades of experience most of which is in the financial services industry. He has been part of Cholamandalam DBS as Business Head and has handled various responsibilities including Vehicle Finance, Wealth Management and Securities. Before starting Veritas Finance, Arul was associated with Aptus Value Housing Finance as President & CEO since inception. Arul joined Aptus when it was merely an idea and leading from the front, he was an integral part of building the organization, to become a formidable player in the affordable housing finance segment. He has done his Post-Graduation in Rural Management Programme (PGDM- Rural Management) from Institute of Rural Management Anand (IRMA) and GMP from University of Michigan.



Mr. J. Prakash Rayen

Executive Director & Chief Operating Officer

J. Prakash Rayen 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 postgraduate in computer applications (MCA) from St. Joseph's College, Trichy. He is also a qualified oracle database administrator.



Mr. V.G. Suchindran

Executive Director & Chief Financial Officer

V.G. Suchindran 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).

SENIOR MANAGEMENT TEAM

9:25



Mr. Sekhar Vikas

Executive Vice President & Business Head – MSME Urban

Sekhar Vikas spearheaded Veritas Finance foray into the Eastern States – Odisha, West Bengal and Jharkhand. Currently, he manages the Working Capital portfolio across the country. He 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 salespeople for range of financial products. 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.



Mr. K. Kannan

Executive Vice President & Business Head – MSME Rural

K Kannan has more than 18 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. He is a Veterinarian, graduating from Tamil Nadu Veterinary and Animal Sciences University and an MBA from IIM, Ahmedabad.



Mr. Sankar Annamalai

Executive Vice President & Business Head – Home Loans

Sankar Annamalai has more than 24 years of experience in banking and financial services across general management, product/project management, Technology, and business development. Before Veritas, he has worked in various organizations including TCS, Infosys and Cholamandalam Investment and Finance Company Limited. He has handled multiple products like mortgages, home loans, equipment finance, loan against securities and supply chain finance. He is an engineering graduate from the College of Engineering Guindy and a post-graduate in management from Indian Institute of Management Ahmedabad.

9:25



Mr. Vijay Subramanian R

Executive Vice President Credit – MSME Rural & Urban

Vijay Subramanian R is the Head-Credit at Veritas Finance. He brings over 20 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. He has also worked with leading banks and HFCs including Citibank, IDFC First Bank, HDFC Bank and Sundaram Home Finance in the past. He is a postgraduate in Management (MBA) from ICFAI Business School.



Ms. D. Kanchana Srikanth

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



Mr. Kumareshan Sivam

Senior Vice President – Human Resources

Kumareshan Sivam 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. Prior to joining Veritas Finance he was associated with Equitas Small Finance Bank and Cholamandalam Investment and Finance Company Ltd. He has a postgraduate degree in Personnel Management from Pune University.





Mr. Parthiban S

Executive Vice President - Chief Technology Officer

Parthiban has close to two decades of experience in the Technology field, most of it in the BFSI sector. He has been instrumental in setting up the new generation of Information Technology systems and Hardware infrastructure at Veritas. Before Veritas he has with firms like Citi and Cholamandalam Finance. He holds a post-graduate degree in Management and is also a certified Project Management professional.



Mr. Sudharsan T E

Senior Vice President - Collection - MSME Rural

Sudharsan carries over 25 years of experience in Operations/Credit in Commercial Vehicle, Mortgage, Home loans and as a Business Analyst in BFSI. Before Veritas he had been associated with Chola - in Operations & Underwriting for 11 years. He has also worked with leading NBFC/Banks like TATA Finance Limited, ICICI Bank, ABN AMRO Bank, POLARIS SOFTWARE. He is a graduate from Madras University and an NLP Business Practitioner



Mr. Sarath Chandran D

Senior Vice President - Chief Technical Officer

Sarath Chandran has rich experience in BFSI sector. He is a seasoned technical professional with over two decades of experience working specifically in the field of property inspection, statutory approvals and valuation. Before Veritas, he has worked in various organizations including Sundaram Home Finance and Aptus Value Housing Finance. He is a Graduate in Civil Engineering from Madurai Kamaraj University with a master's degree in Real Estate Valuation and has a Senior Management Program from IIM, Kozhikode.



Mr. Ramesh R

Senior Vice President - Finance

Ramesh has more than 19 years of experience in Banking and Financial Services. Before Veritas he has worked across organizations including Equitas Group, Northern Arc Capital, RR Donnelly and Computer Age Management Services Private Limited (CAMS). He has experience across functions including Financial Management, Accounting, Auditing, Compliance and MIS. He is a post-graduate in Commerce and holds an MBA in Finance. He also completed the Post Graduate Certificate programme in Business Management (PGXPM) from Great Lakes Institute of Management (GLIM).



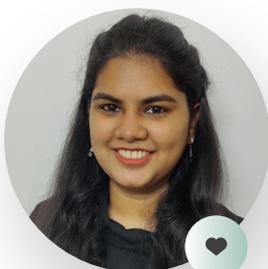
Mr. Mahesh M
Vice President - Treasury

Mahesh has more than 10 years of experience in Corporate Treasury, Funds Raising, Structuring the securitization deals, RBI reporting, Budgeting & MIS. Before Veritas, he was with Asirvad Micro Finance, where he was helping them to raise funds and diversify the funding source from Banks to Mutual Funds, FPIs and raise the funds through CPs and Securitizations. Before this, he was associated with Equitas Small Finance Bank Ltd and IFCI Financial Services Limited. He is a Chartered Accountant from Institute of Chartered Accountants of India.



Ms. Laxmi Sridhar
Sr. Assistant Vice President - Analytics

Laxmi Sridhar possesses a total work experience of 12+ years with varied exposure in financial reporting and Audit & Assurance functions. She started off her career at Deloitte Haskins & Sells, where she served 8+ years as part of the Statutory audit team handling various engagements in the financial services sector. Before joining Veritas, she was handling financial reporting and MIS at Aptus Value Housing Finance India Ltd. She is a member of the Institute of Chartered Accountants of India.



Ms. V Aruna
Company Secretary & Compliance Officer

Aruna currently handles Secretarial and Compliance activities in Veritas Finance. She completed her training at M/s. M. K. Surana & Co., Chennai, where she gained wide exposure with respect to secretarial and compliances under the Companies Act, 2013, the LLP Act, 2008 and the FEMA, IBC and SEBI regulations. She holds a Bachelor's degree of commerce from Women's Christian College and is a qualified Company Secretary of the Institute of Company Secretaries of India and a semi-qualified Cost Accountant from Institute of Cost Accountants of India.



BOARD'S REPORT





Dear Shareholders,

Your Directors have immense pleasure in presenting the Eighth annual report of your Company together with the audited financial statements for the financial year ended March 31, 2023 which is the seventh full year of operations of the company.

Financial Results:

The highlights of the Financial Statements of the Company for the financial years 2022-23 and 2021-22 are as under:

Particulars	2022-23	2021-22
Income from Operations	682.21	443.65
Less: Employee cost	166.97	109.84
Finance Cost	169.21	128.94
Other Operating Cost	98.06	89.25
Profit/(Loss) before Depreciation & Tax	247.97	115.62
Less: Depreciation	15.12	14.26
Profit/(Loss) Before Tax	232.85	101.36
Less: Tax Expenses	56.45	25.96
Profit/(Loss) After Tax	176.40	75.40
Other comprehensive income for the year	-1.70	0.45
Total comprehensive income for the year	174.70	75.85
Add: Brought forward Profit / (Loss)	146.28	85.51
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	35.28	15.08
Balance Carried Forward	285.69	146.28

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. 2,187.35 Crores to Rs. 3,533.73 Crores, the Net Worth increased from Rs. 1,408.05 Crores to Rs. 1,591.26 Crores, the Interest Income increased from Rs. 426.12 Crores to Rs. 652.46 Crores and the Customer Base increased from 71,726 customers to 116,403 customers.

SHARE CAPITAL:

During the year 2022-23, the company has raised capital as follows:

- Rs.5.46 Crores (Rs. 0.64 Crores forms part of share capital and Rs. 4.82 Crores forms part of share premium) through allotment of shares upon exercise of stock options by your employees under the company's employees stock option schemes Veritas ESOS A, 2016, Veritas ESOS B, 2018, and Veritas ESOS C, 2018.

With the above capital infusion, as on March 31, 2023, the paid-up equity capital and preference share capital of the company stood at Rs. 49.20 Crores and Rs. 65.02 Crores respectively.

The equity shares issued and allotted as mentioned above were without differential rights.

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. 35.28 Crores to statutory reserves constituting 20% of the profits made during the year under review.

Deposits:

The Company is registered as NBFC-NDSI and no deposit was accepted from the public for the year ended March 31, 2023.

Capital Adequacy Ratio:

The Company had a Capital to Risk Adjusted Assets ratio of 45.00% against the statutory requirement of 15% due to higher capital base and lower leverage. The above ratio includes Tier 2 capital of 0.33% 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, 2023, are:

- 1) The Company disbursed Rs. 2,244.65 Crores during the period resulting in the assets under management of Rs. 3,533.73 Crores.
- 2) During the year ended March 31, 2023, 61 branches were opened and accordingly, the Branch Network has increased to 287 branches across eight states of Tamil Nadu, West Bengal, Karnataka, Odisha, Madhya Pradesh, Telangana, Andhra Pradesh, Jharkhand and union territory of Puducherry.

Future outlook:

With headwinds ahead in the form of Interest rate hikes, inflation and other aspects that affect the macro-economic conditions, we are heading into the coming year with quite a few challenges. We are mindful of these hurdles and we believe that with adequate planning we can overcome these challenges and emerge into an organisation that will be a one-stop solution to the short-term working capital, medium-term business loans and long-term housing finance needs of the MSME segment.

Credit Rating

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

During the period under review, the Company got the short-term rating of “CARE A1+” which is highest in short-term rating for its Short Term Bank Loan Facilities and Commercial Papers.

Issue of Listed Debt Securities:

Your Company has issued Listed Secured Redeemable NCDs of Rs. 150 Crores during the financial year under review. These debt securities are listed with BSE Limited.

Securitization/Assignment of Loan Portfolio:

Your Company has tapped Securitization/Direct Assignment market for the first time in FY 2022-23 since inception, which has helped diversify, create liquidity, reduce the cost of funds and minimize the mismatches in asset liability management.

During the Financial Year under review, your Company has undertaken securitization transaction amounting to Rs. 56.18 crore.

Issue of Commercial Papers:

As part of diversification process, your Company has issued Commercial Papers for the first time in FY 2022-23 since inception. During the Financial Year under review, your Company issued unlisted Commercial Papers amounting to Rs. 50 crores and the same was also duly redeemed during the financial year itself.

RBI Guidelines:

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

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

Pursuant to the extant Scale-Based Regulations, your Company falls under the ‘NBFC- ML (Non-banking financial company – Middle Layer)’ category.

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

Other Statutory Compliance:

The Company has complied with all the mandatory regulatory compliances as required under the Companies Act, 2013, various tax statutes and other regulatory bodies as applicable.

Board of Directors:

During the year ended March 31, 2023:

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

Key Management Personnel:

Pursuant to the provisions of section 203 of the Companies Act read with the rules made there under, the following employees are the whole-time key managerial personnel of the company as on March 31, 2023:

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

Mr. K.P. Venkatesh, Chief People Officer, resigned from the Company with effect from November 30, 2022.

Statutory Auditors:

M/s. Sundaram and Srinivasan, Chartered Accountants (Firm Registration Number: 004207S) was appointed as the Statutory Auditors of the Company with effect from August 05, 2021, for FY 2021-22, to fill the casual vacancy caused by the resignation of M/s. B S R & Co. LLP, who shall hold the office of Statutory Auditors of the Company until the conclusion of the ensuing Annual General Meeting.

Pursuant to the Circular on Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, and thereafter the FAQs on June 11, 2021, an audit firm can be appointed for a tenure of three years.

On the recommendation of the Audit Committee in their meeting held on April 28, 2022, the Board of

Directors of the Company in their meeting held on April 28, 2022, recommended and the approval of the Members was accorded for the reappointment of M/s. Sundaram and Srinivasan, Chartered Accountants, (Firm's Registration No. 004207S) as Statutory Auditors of the Company from the date of conclusion of seventh AGM of the company till the date of conclusion of the ninth AGM of the company to be held in the year 2024 as required under extant RBI regulations as applicable from time to time.

Statutory Auditors' Report:

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report on the Financial Statements for the financial year ended March 31, 2023. The said Auditors' Reports for the Financial Year ended March 31, 2023, on the Financial Statements of the Company forms part of this Annual Report.

Further, the Statutory Auditors have not reported any fraud in terms of Section 143(12) of the Companies Act, 2013.

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. M Damodaran & Associates LLP, were appointed as the Secretarial Auditors of the Company for the financial year 2022 - 23.

The Secretarial Audit Report for the FY 2022-23 forms part of the Annual Report as 'Annexure-IV'. The Report of Secretarial Auditors is self-explanatory..

Subsidiary / Joint Ventures / Associate Companies:

As on March 31, 2023, 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.

ISO Certifications:

Your company was awarded with ISO certifications during the year under review as follows:

- ISO 9001 : 2015 – for Finance Department encompassing Accounts and Taxation Support Services

- ISO 9001 : 2015 – for HR Support activities spanning recruitment till employee exit inclusive of employee engagement, training & development, Payroll, Performance management, benefits and compliance.

Your company has been certified since 2018 with the following ISO certification without a single major non-conformity:

- ISO/IEC 27001 : 2013 – for the Information Security Management System of Veritas Finance.

Corporate Governance Report:

A report on Corporate Governance is attached and forms part of the Board's 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 2022 - 23 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.

Veritas servers are hosted in a highly secure Tier 3 datacentre in Chennai with our disaster recovery site hosted at Hyderabad, which is in a seismologically different zone. We have a comprehensive security eco system, protected by a strong Sophos firewall system and a cloud based F5 WAF solution with DDOS protection, which scan any incoming data traffic into our datacentre. Individuals servers are protected with CrowdStrike Next Gen signature less anti-virus system, while our email systems on O365 are protected with an extra layer of security using Barracuda email security. End user systems are protected with trend micro AV system, and all privileged user activities are monitored by CyberArk PAM solution which stores video recordings of all such activities . Thrice a day, VEEAM Backups are automatically taken and stored in a specialised NAS backup product, which comes prebuilt with Ransomware protection.

We have been ISO 27001:2013 certified since 2018 and we also have a tie-up with a specialised security company CyRaacs, who conduct an ISO audit for us every month, in addition to the yearly third party security audit.

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

Risk Management:

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

Corporate Social Responsibility (CSR):

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR and the Policy has been placed in the website of the Company at <https://www.veritasfin.in/csr-policy.php>.

In line with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules 2014, Veritas Foundation - a Public Registered Charitable Trust has been established and settled by the Company for the purpose of carrying its CSR Activities in the area of Skill Development, health, and sanitation which are in accordance with the Schedule VII of the Act and CSR Policy and Annual Action Plan of the Company.

The Company will continue its engagement with stakeholders including like-minded implementing agencies such as NGOs, professional bodies/ forums, and the Government to create a meaningful impact.

The Annual Report on CSR activities for the financial year ended March 31, 2023, is attached as Annexure to this Report.

Particulars of Employees:

In accordance with the provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5(1), 5(2) and 5(3), of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the 'Annexure-I' forming part of the Annual Report.

Formal annual performance evaluation:

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Board of directors individually (including Independent Directors) as well as the evaluation of the working of its committees. The Directors have expressed their satisfaction with the evaluation process.

The evaluation framework for assessing the performance of the Board of Directors encompasses various key aspects such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decision-making process, inputs regarding future growth of the Company and its performance, understanding of industry, governance, board culture and adherence to Code of Conduct of the Company.

Policy on Appointment, evaluation, and Remuneration:

Pursuant to Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee has recommended a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees, which. The policy includes the criteria laid down for evaluation of the directors, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive

Directors. The policy, as approved and adopted by the Board, is attached as part of this report.

This policy has also been duly amended in line with the Reserve Bank of India's Scale-based Regulations including detailed circulars issued thereunder from time to time. The aforesaid policy is available on the website of the Company.

Board Meetings held during the period:

During the period, six meetings of the Board of Directors was held on April 28, 2022, August 10, 2022, September 19, 2022, November 08, 2022, January 30, 2023, and March 27, 2023.

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, 2023, 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, 2023.
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the Directors have prepared annual accounts on a going concern basis.
- e. that the Directors have established internal financial control systems for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by an independent firm conducting internal audits. Based on the periodical testing, the framework is strengthened from time to time, to ensure adequacy and effectiveness of internal financial controls.
- f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Declaration given by Independent Directors:

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

Registration of Independent Directors with Independent Director's Databank

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

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

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

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

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

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

Vigil Mechanism / Whistle Blower Policy:

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with

unethical behaviour, mismanagement, instances of actual or suspected, fraud, if any and provides safeguards against victimization of employees who avail the mechanism. The Whistle Blower Policy has been placed on the website of the Company. The Audit Committee oversees the vigil mechanism. Employees have been given direct access to the Chairperson of Audit Committee, if needed. 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. The company has complied with the provisions related to the constitution of the Internal Complaints Committee.

During the year under review, the Internal Complaints Committees of the Company has not received any complaint of sexual harassment and no complaint was pending as on March 31, 2023.

Disclosure of Orders passed by Regulators or Courts or Tribunal:

No significant 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-III'.

Details of issue of Sweat Equity Shares

There has been no issue of sweat equity shares since inception of the Company.

Maintenance of Cost Records

The Company being a NBFC is not required to maintain cost records as per sub-section (1) of Section 148 of the Act.

Code of conduct for fair disclosure of UPSI and Code of Conduct to regulate, monitor and report trading by insiders in Company's Securities

In compliance of the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Policy on Code of conduct for

fair disclosure of UPSI and Code of Conduct to regulate, monitor and report trading by insiders which prohibits trading in securities of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company. The objective of this Code is to ensure timely and adequate disclosure of Unpublished Price Sensitive Information ('UPSI') and the manner in which it shall be unvaryingly disseminated to the Investors on an immediate and regular basis. Ms. V. Aruna, Company Secretary and Compliance Officer of the Company is authorized to act as Compliance Officer under the Code.

Employees Relationship:

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

Acknowledgement

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

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

Sd/-

M. Sivaraman

Independent Director

DIN: 02045100

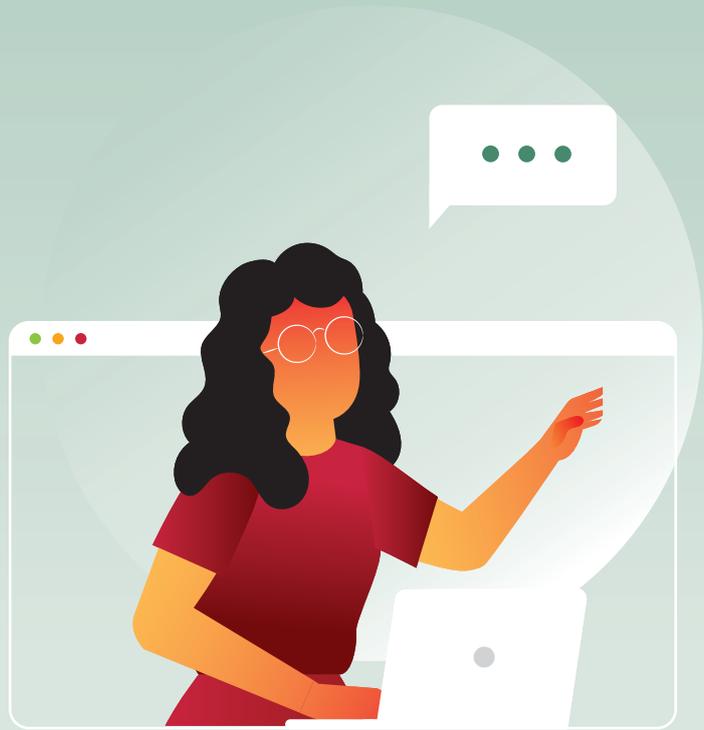
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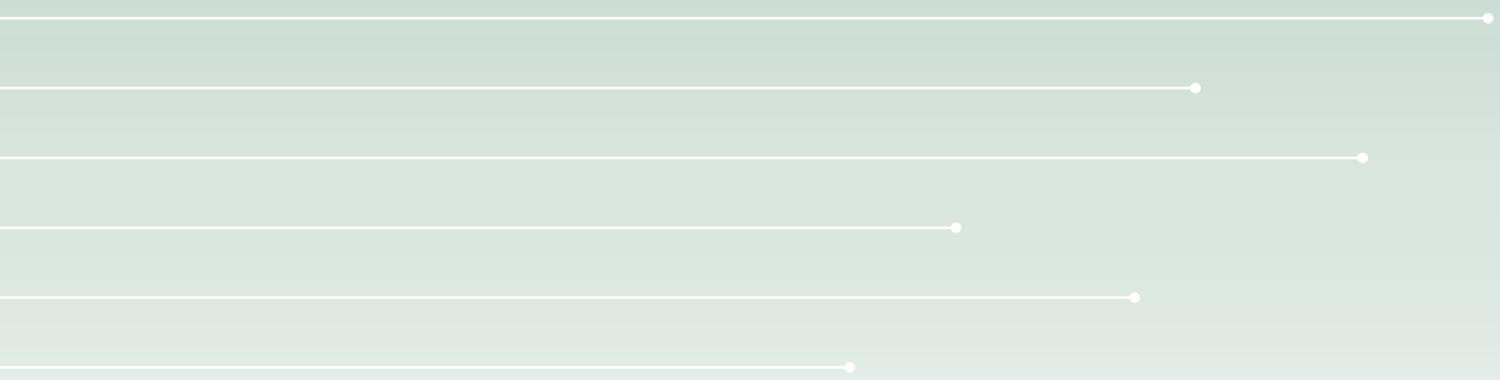
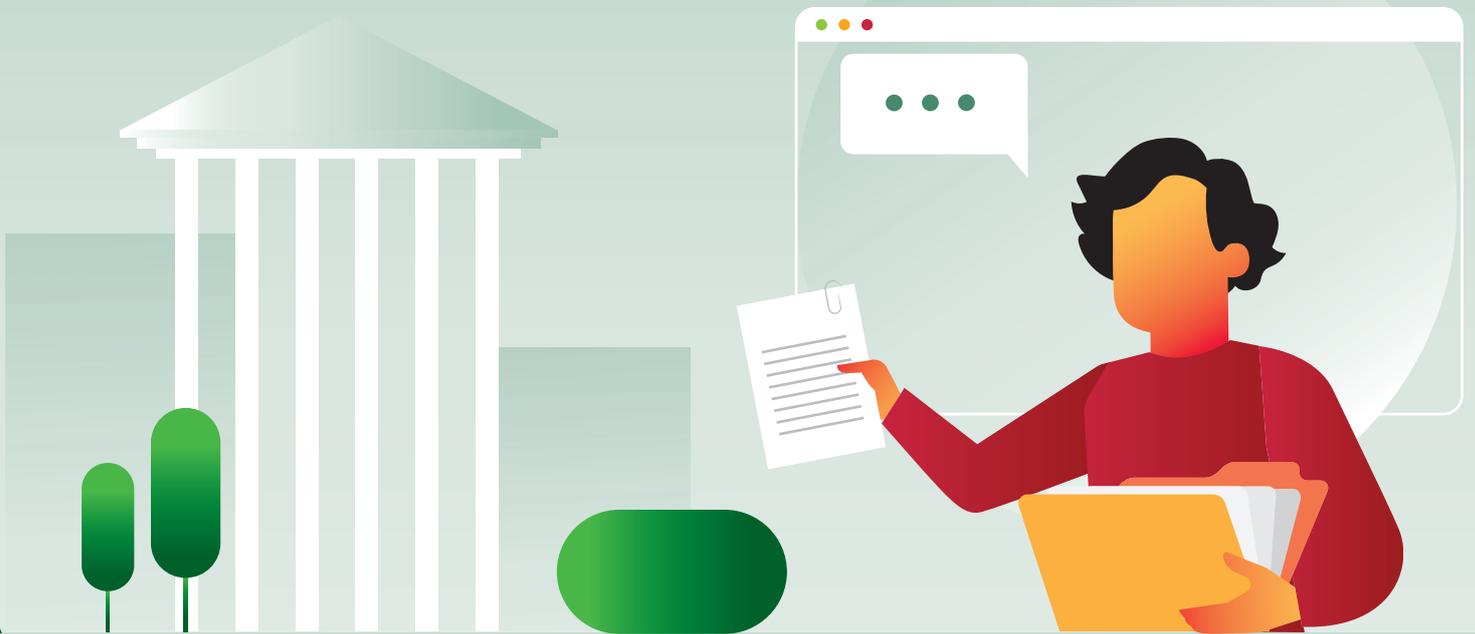
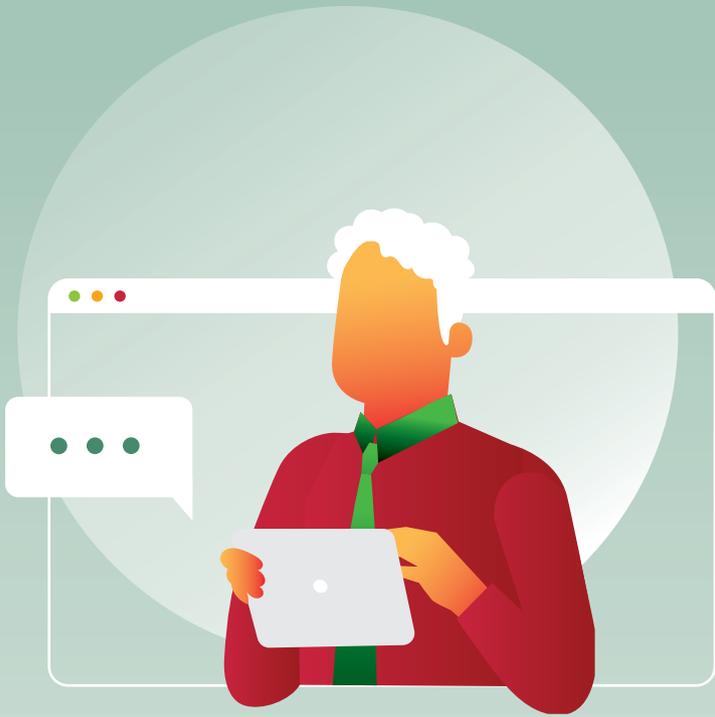
D. Arulmany

Managing Director & CEO

DIN: 00009981

REPORT ON CORPORATE GOVERNANCE





Report on Corporate Governance

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

Corporate Governance Philosophy

Veritas Finance Private Limited's philosophy on corporate governance envisages adherence to the highest levels of accountability, transparency and fairness, in all areas of its operations and in all interactions with its stakeholders. The Board shall work to ensure the success and continuity of the Company's business through the appointment

of qualified management and through on-going monitoring to assure the Company's activities are conducted in a responsible, ethical and transparent manner.

Board of Directors

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders. The Board currently consists of 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, 2023, six (6) Board Meetings were held with a gap of not more than 120 days between any two meetings. Particulars of the Composition of the Board of Directors, Directors' attendance to the Board Meeting and particulars of their other company directorships are given below:

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation (in Lakhs Rs)	Sitting Fee (in Lakhs Rs)	Commission (in Lakhs Rsx)	
1	Mr. D. Arulmany	April 30, 2015	Promoter, Managing Director & CEO (First Director)	00009981	6	6	NIL	176.65	NA	NA	1,66,48,744 (including partly paid equity shares)
2	Mr. Abhijit Sen	November 9, 2017	Independent Director	00002593	6	6	10	NA	5.50	15.00	NIL
3	Mr. M. Sivaraman	May 28, 2015	Independent Director	02045100	6	6	NIL	NA	4.50	15.00	NIL
4	Mr. N. Mohanraj	December 1, 2015	Independent Director	00181969	6	6	02	NA	6.00	15.00	NIL
5	Ms. Priyamvada Ramkumar	October 12, 2018	Nominee Director of Lok Capital Growth Fund	07878808	6	5	02	NA	NA	NA	NIL
6	Mr. Gaurav Malhotra	March 26, 2020	Nominee Director of British International Investment Plc.	07640504	6	6	03	NA	NA	NA	NIL
7	Mr. Parin Mehta	February 04, 2022	Nominee Director of Kedaara Capital Fund II LLP	08528090	6	4	02	NA	NA	NA	NIL

Changes in Board Constitution:

During the year ended March 31, 2023, the following were the changes in the Board constitution:

Sl. No.	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment)	Effective date
1	Mr. Parin Mehta	Nominee Director of Kedaara Capital Fund II LLP	Regularisation – Change in designation Mr. Parin Mehta who was appointed as the Additional Director was regularised as the Nominee Director of Kedaara Capital Fund II LLP in the Extra-Ordinary General Meeting of the Company held on April 18, 2022.	February 04, 2022

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

Sl. No.	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment)	Effective date
1	Mr. Nishant Sharma (DIN: 03117012)	Nominee Director of Kedaara Capital Fund II LLP	Resignation – Mr. Nishant Sharma, Nominee Director of Kedaara Capital Fund II LLP, was withdrawn from the Board of Directors, by the Investor and he was replaced with Mr. Parin Mehta as an Additional Director (Nominee Director of Kedaara Capital Fund II LLP) with effect from February 04, 2022.	February 03, 2022
2	Mr. Parin Mehta (DIN: 08528090)	Additional Non-executive Director	Appointment – Mr. Parin Mehta was appointed as the Additional Director (Nominee Director of Kedaara Capital Fund II LLP).	February 04, 2022

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 September 19, 2022, without the presence of the non-independent directors and management team.

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.

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, 2023, the Company has nine (9) Committees of the Board, constituted in accordance with the provisions of the Act viz.,

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

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

I. Audit Committee

Terms of Reference:

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

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

audit as well as post-audit discussion to ascertain any area of concern.

10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transactions of the company with related parties
12. Scrutiny of inter-corporate loans and quarterly review of investment activities;
13. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
14. Monitoring the end use of funds if raised through public offers and related matters.
15. Ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company.

The Audit Committee shall mandatorily review the following information:

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

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 composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. M. Sivaraman (Chairman)	March 28, 2016	Independent Director	5	5	NIL
2.	Mr. Abhijit Sen	November 09, 2018	Independent Director	5	5	NIL
3.	Mr. N. Mohanraj	March 28, 2016	Independent Director	5	5	NIL
4.	Mr. Gaurav Malhotra	June 15, 2020	Nominee Director	5	4	NIL

During the year ended March 31, 2023, five (5) meetings of the Committee were held on April 28, 2022, August 10, 2022, November 08, 2022, January 30, 2023, and March 27, 2023.

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 composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Abhijit Sen (Chairman)	November 09, 2018	Independent Director	3	3	NIL
2.	Mr. N. Mohanraj	March 28, 2016	Independent Director	3	3	NIL
3.	Ms. Priyamvada Ramkumar	February 26, 2020	Nominee Director	3	3	NIL
4.	Mr. Parin Mehta	March 24, 2022	Nominee Director	3	2	NIL

During the year ended March 31, 2023, three (3) meetings of the Committee were held on April 28, 2022, September 19, 2022, and January 27, 2023.

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, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. N. Mohanraj (Chairman)	June 20, 2018	Independent Director	2	2	NIL
2.	Mr. M. Sivaraman	June 20, 2018	Independent Director	2	2	NIL
3.	Mr. D. Arulmany	June 20, 2018	Promoter, MD & CEO (Executive)	2	2	1,66,48,744*

*(including partly paid equity shares)

During the year ended March 31, 2023, two (2) meetings of the Committee were held on July 29, 2022, and March 23, 2023.

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 composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Abhijit Sen (Chairman)	July 18, 2018	Independent Director	3	3	NIL
2.	Mr. D. Arulmany	October 08, 2020	Promoter, MD & CEO (Executive)	3	3	1,66,48,744*
3.	Mr. Parin Mehta	March 24, 2022	Nominee Director	3	3	NIL
4.	Mr. J. Prakash Rayen	July 18, 2018	ED & Chief Operating Officer & CISO (Employee)	3	3	18,50,000
5.	Mr. S. Parthiban	July 18, 2018	EVP & Chief Technology Officer (Employee)	3	3	NIL

*(including partly paid equity shares)

During the year ended March 31, 2023, three (3) meetings of the Committee were held on July 04, 2022, November 08, 2022, and January 30, 2023.

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, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. M. Sivaraman (Chairman)	July 18, 2018	Independent Director	4	4	NIL
2	Mr. N. Mohanraj	July 18, 2018	Independent Director	4	4	NIL
3	Mr. D. Arulmany	November 09, 2018	Promoter, MD & CEO (Executive)	4	4	1,66,48,744*

*(including partly paid equity shares)

During the year ended March 31, 2023, four (4) meetings of the Committee were held on April 28, 2022, August 10, 2022, November 08, 2022, and January 30, 2023.

VI. Risk Management Committee:

Terms of Reference:

1. Put in place the risk assessment process to identify significant business, operational, financial, compliance, reporting, and other risks;
2. Identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk and transactional risk);
3. Review of risk assessment results and ensure that these are appropriately and adequately mitigated and monitored;
4. Monitor the progress in implementation of risk mitigation strategies including the status of risk assessment program;

5. Bi – Annual review of data for Credit and Portfolio Risk Management.
6. Bi – Annual review of data for Operational and Process Risk Management.
7. Laying down guidelines on KYC norms.
8. Annual review of the Company’s Policies framed pursuant to RBI Guidelines. The Committee shall suggest changes, if any required, to the Board for adoption.
9. The committee reviews the Asset Liability Management reports to be submitted periodically to RBI.

Composition & Meetings:

The composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Abhijit Sen (Chairman)	November 09, 2018	Independent Director	4	4	NIL
2.	Mr. D. Arulmany	November 09, 2018	Promoter, MD & CEO (Executive)	4	4	1,66,48,744*
3.	Ms. Priyamvada Ramkumar	June 15,2020	Nominee Director	4	3	NIL
4.	Mr. Gaurav Malhotra	June 15,2020	Nominee Director	4	2	NIL
5.	Mr. Parin Mehta	March 24, 2022	Nominee Director	4	4	NIL

*(including partly paid equity shares)

During the year ended March 31, 2023, four (4) meetings of the Committee were held on April 13, 2022, August 10, 2022, November 08, 2022, and January 30, 2023.

VII. Assets Liability Committee:

Terms of Reference:

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

Composition & Meetings:

The Assets Liability Committee was reconstituted in the Board meeting held on January 30, 2023, 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. J. Prakash Rayen
Mr. J. Prakash Rayen	Mr. V. G. Suchindran
Mr. V. G. Suchindran	Mr. M. Mahesh
Mr. M. Mahesh	Mr. R. Vijay
Mr. R. Vijay	Ms. S.V. Laxmi

The composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. D. Arulmany (Chairman)	January 31, 2018	Promoter, MD & CEO (Executive)	12	12	1,66,48,744*
2.	Mr. K. P. Venkatesh	November 09, 2018	ED & Chief People Officer (Resigned)#	12	8#	NIL
3.	Mr. J. Prakash Rayen	January 31, 2018	ED & Chief Operating Officer	12	12	18,50,000
4.	Mr. V. G. Suchindran	January 31, 2018	ED & Chief Financial Officer	12	12	12,50,000
5.	Mr. M. Mahesh	July 18, 2018	Vice President - Treasury	12	12	NIL
6.	Mr. R. Vijay	June 15, 2020	Executive Vice President - Credit - MSME & WC	12	12	NIL
7.	Ms. S.V. Laxmi	August 05, 2021	Senior Assistant Vice President - Analytics	12	8	NIL

*(including partly paid equity shares)

#Mr. Mr. K. P. Venkatesh, erstwhile ED & Chief People Officer, had resigned from the Company with effect from November 30, 2022.

During the year ended March 31, 2023, twelve (12) meetings of the Committee were held on April 21, 2022, May 16, 2022, June 17, 2022, July 18, 2022, August 18, 2022, September 19, 2022, October 17, 2022, November 21, 2022, December 19, 2022, January 24, 2023, February 21, 2023, and March 22, 2023.

VIII. Resources & Business Committee:

Terms of Reference:

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

Composition & Meetings:

The composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. N. Mohanraj (Chairman)	November 09, 2018	Independent Director	3	3	NIL
2	Mr. D. Arulmany	November 09, 2018	Promoter, MD & CEO (Executive)	3	3	1,66,48,744*
3	Ms. Priyamvada Ramkumar	November 09, 2018	Nominee Director	3	3	NIL
4	Mr. Gaurav Malhotra	June 15, 2020	Nominee Director	3	3	NIL

*(including partly paid equity shares)

During the year ended March 31, 2023, three (3) meetings of the Committee were held on April 28, 2022, August 08, 2022, and November 08, 2022.

IX. Business Impact Committee:

Terms of Reference:

1. Oversight of the development and implementation of the developmental impact action plan of the Company hereinafter referred to as “DI Action Plan”.
2. Oversight of the development and implementation of the Environmental, social and governance action plan defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the Environmental, Social and Governance (ESG) Requirements in the business activities of the Company hereinafter to as “E&S Action Plan”.
3. Oversight of the establishment of the the overall management system of the Company dedicated to the systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in both the Company’s activities and in the loan and investment appraisal and management processes, integrated in the Company’s organizational structure, planning activities, responsibilities, practices, procedures, processes and resources, which is referred to as ESG Management System which shall include compliance with the ESG requirements namely:
 - a. examining ESG policies and procedures and their implementation and making recommendations for their improvement to the Board;
 - b. providing half-yearly reports to the Board on any material issue that has arisen as a result of the operation of the ESG Management System since the last meeting and an explanation as to how it is being dealt with;
 - c. considering half-yearly reports from the management on implementation of the E&S Action Plan;
 - d. reviewing and recommending a report on annual basis to the Board on matters in relation to ESG;
 - e. considering ESG assessment reports, action points arising out of any social and environmental impact assessments and project specific action plans;
 - f. vetting new projects where there is deemed to be a material risk of violation of the ESG Requirements;
 - g. recommending appointment of consultants to Board to investigate alleged breaches of ESG Requirements, ESG policies and procedures;
 - h. ensuring that the Company has put in place adequate systems and resources (including employees of sufficient expertise and seniority) to understand and determine the applicability of the ESG Requirements to the Company and monitor the underlying ESG Laws, IFC Performance Standards as updated by IFC in their webpage <http://www.ifc.org/PerformanceStandards> and the convention of the International Labour Organisation (ILO), the tripartite United Nations agency, whose conventions are available in their website <http://www.ilo.org/global/standards/lang--en/index.htm>
 - i. monitoring compliance of Clients with the ESG Standards
 - j. Committee shall meet at least twice a year, to provide strategic guidance to deliver maximum impact and recommend development impact related initiatives to the Board.

Composition & Meetings:

The composition of the committee as on March 31, 2023, and the details of the meetings of the Committee held during the year ended March 31, 2023, is given below:

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Gaurav Malhotra	November 04, 2019	Nominee Director	2	2	NIL
2	Mr. D. Arulmany	January 29, 2018	Promoter, MD & CEO (Executive)	2	2	1,66,48,744*

*(including partly paid equity shares)

Sl. No.	Name of the member	Member of Committee since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Kumareshan Sivam	January 29, 2018	Employee	2	2	NIL

During the year ended March 31, 2023, two meetings of the Committee were held on August 10, 2022 and January 27, 2023.

Disclosures

Remuneration of Non-Executive Directors

For FY 2022-23, the Company paid sitting fees of Rs.25,000/- to Independent Directors for attending for every Board meeting and Rs. 25,000/- for every meeting of Committees constituted by the Board, as decided, in the Board Meeting held on April 28, 2022.

The annual commission for FY 2022-23 is fixed at Rs.15,00,000/- per Independent Director as per the policy and the approval of the Nomination and Remuneration Committee.

The details of the remuneration paid to Directors during the financial year 2022-23 are as follows:

Name of the Independent Director	Sitting Fees (Amount in Rs.)		Commission (Amount in Rs.)
	Board	Committees	
Mr. Abhijit Sen	1,50,000	4,00,000	15,00,000
Mr. M. Sivaraman	1,50,000	3,00,000	15,00,000
Mr. N. Mohanraj	1,50,000	4,50,000	15,00,000
Total	4,50,000	11,50,000	45,00,000
Grand Total	61,00,000		

General Body Meetings

During the period from April 01, 2022, to March 31, 2023, apart from the Annual general meeting (AGM), five Extra-ordinary General Meetings (EGM) were held as per details given below:

Type of meeting	Date	Time	Venue	Special resolutions passed
AGM	May 27, 2022	10:00 am	Registered office of the Company	None.
EGM	April 18, 2022	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> • To increase the borrowing powers of the Board of Directors • Authorization for issuance and allotment of redeemable non-convertible debentures
EGM	September 02, 2022	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> • To consider and approve the alteration to the Articles of Association of the Company • To undertake the transaction(s) for Securitization/Selling/ Transfer/Direct Assignment of its receivables/book debts • To amend the borrowing powers of the Board of Directors • Authorization for issuance and allotment of redeemable non-convertible debentures • To consider and approve the incorporation of a public charitable Trust to undertake the CSR activities of the Company

The Annual General Meeting for the last three years were held on July 08, 2020, May 18, 2021, and May 27, 2022, respectively.

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

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.

Regulatory & Statutory Compliances

The Company has complied with all the guidelines, circular, notification and directions issued by RBI and NHB from time to time. The Company also places before the Board of Directors at regular intervals all such circulars and notifications to keep the Board informed and report on actions initiated on the same.

The Company has also been following provisions of the Companies Act, 2013 including the applicable Secretarial Standards issued by ICSI, applicable accounting standards, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Income Tax Act 1961, and other applicable statutory requirements.

Due to the technical issues persisting in the MCA V3 portal, there were certain delayed filings of e-forms in relation to charge creation. The same was duly completed upon payment of requisite additional fees.

Details of penalties and strictures

The following are the details of the penalties/fines imposed by the Regulators during the year ended 31 March 2023:

Regulator name	Amount in INR lakhs
Employees' Provident Fund Organisation, India	0.01
Assessment Unit, Income Tax Department (refer notes to account)	10.61
BSE Limited	0.10

Compliance Report

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

Related party transactions

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

As per Rule 4(1) of the Companies (CSR Policy) Rules, 2014, the Company vide board resolution dated August 10, 2022, and shareholder's resolution dated September 02, 2022, formed a trust in the name of "Veritas Foundation" ('The Trust') to implement CSR activities of the Company (CSR00046476). The Trust was duly registered with the Registrar vide trust deed dated December 14, 2022. The particulars of transactions between the Company and the Trust are set out in Annexure - II : AOC-2.

General Shareholder Information

Financial year: April 1st to March 31st

Shareholding pattern as on March 31, 2023

Equity Shares:

Category	Number of Shares	% of total
Promoter & Relatives	1,71,48,744	28.03%
Resident Individual Investors	5,58,050	0.91%
Non- Resident Individual Investors holding shares on non-repat basis	88,92,367	14.54%
Employees & their Relatives	41,44,700	6.78%
Institutional Investors	3,04,29,858	49.74%
Total	6,11,73,719	100.00%

Preference Shares:

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

Address for Correspondence (with effect from April 15, 2023):

Veritas Finance Private Limited

SKCL Central Square 1, 7th Floor, South & North Wing, Unit # C28-C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600032

Tel.: +91 44 4615 0011 | E-mail: corporate@veritasfin.in Website: <http://www.veritasfin.in>

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

Sd/-

M. Sivaraman

Independent Director

DIN: 02045100

Sd/-

D. Arulmany

Managing Director & CEO

DIN: 00009981

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. D. Arulmany - 61.38:1 Mr. Abhijit Sen - 7.12:1 Mr. M. Sivaraman - 6.78:1 Mr. N. Mohanraj - 7.30:1
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 - 33.77% Chief Financial Officer - 28.65% Company Secretary and Compliance Officer- 33.24% Other Directors - No change from previous financial year
3.	The percentage increase in the median remuneration of employees in the financial year	2.68%.
4.	The number of permanent employees on the rolls of company	4432
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 employees salary: 15.25% Average % increase in KMP salary: 30.00%
6.	Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that the remuneration paid is as per the as per the Policy for Directors, Key Managerial Personnel and other Employees.

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

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

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

A.

i.	Name of the employee	Mr. D. Arulmany
ii.	Designation of the employee;	Managing Director and Chief Executive officer
iii.	Remuneration received;*	Rs. 176.65 Lakhs
iv.	Nature of employment, whether contractual or otherwise;	Permanent
v.	Qualifications and experience of the employee;	Post-Graduate in Rural Management Programme from (PGDRM) IRMA with graduation in Bachelor of Business Administration (BBA), Madurai Kamaraj University. Also done his GMP from University of Michigan. More than two decades of experience most of which is in the financial services industry.
vi.	Date of commencement of employment;	30.04.2015
vii.	The age of such employee;	60 years
viii.	The last employment held by such employee before joining the company;	Aptus Value Housing Finance Limited
ix.	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) and	27.22% of paid-up equity share capital including partly paid-up equity shares
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.

B.

i.	Name of the employee	Mr. V.G. Suchindran
ii.	Designation of the employee;	Chief Financial Officer
iii.	Remuneration received;*	Rs. 131.50 Lakhs
iv.	Nature of employment, whether contractual or otherwise;	Permanent
v.	Qualifications and experience of the employee;	Qualified Chartered Accountant (FCA), Cost & Management Accountant and Company Secretary (ACS) Experience of more than 2 decades of experience in capital markets and development finance industry across organizations like Equitas Micro Finance Limited, Citibank, Cholamandalam Investment Finance Company Limited and IFMR Adviser Services Private Limited.
vi.	Date of commencement of employment;	02.06.2015
vii.	The age of such employee;	46 years
viii.	The last employment held by such employee before joining the company;	IFMR Investment Adviser Services Private Limited
ix.	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) and	2.04% of paid-up equity share capital, excluding share warrants
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.

C.

i.	Name of the employee	Mr. J. Prakash Rayen
ii.	Designation of the employee;	Chief Operating Officer
iii.	Remuneration received;*	Rs. 124.89 Lakhs
iv.	Nature of employment, whether contractual or otherwise;	Permanent
v.	Qualifications and experience of the employee;	Post graduate in computer applications (MCA) from St. Joseph's College, Trichy and is also a qualified oracle database administrator. Over 2 decades of experience in the BFSI segment, spearheading the Technology initiatives of the retail assets division across organizations like DCB Bank, Cholamandalam etc
vi.	Date of commencement of employment;	03.07.2015
vii.	The age of such employee;	52 years
viii.	The last employment held by such employee before joining the company;	Aptus Value Housing Finance Limited
ix.	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) and	3.02% of paid-up equity share capital, excluding share warrants
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

FORM NO AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Veritas Finance Private Limited has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or not at arm's length during FY 2022-23.

a.	Name(s) of the related party and nature of relationship	NA
b.	Nature of contracts/arrangements/transactions	NA
c.	Duration	NA
d.	Salient terms of the contracts or arrangements or transactions including the value if any	NA
e.	Justification for entering into such contracts or arrangements or transactions	NA
f.	Date(s) of approval by the Board	NA
f.	Amount paid as advances, if any:	NA
h.	Date on which the special resolution was passed in general meeting as required under first proviso to Section- 188	NA

2. Details of material contracts or arrangements or transactions at arm's length basis:

a.	Name(s) of the related party and nature of relationship	NA
b.	Nature of contracts/arrangements/transactions	NA
c.	Duration of the contracts/arrangements/ transactions	NA
d.	Salient terms of the contracts or arrangements or transactions including the value if any	NA
e.	Date(s) of approval by the Board	NA
f.	Amount paid as advances, if any	NIL

Although there are no related party transactions as per Section 188 of the Companies Act, 2013 and the rules made thereunder, as per Rule 4(1) of the Companies (CSR Policy) Rules, 2014, the Company vide board resolution dated August 10, 2022, and shareholder's resolution dated September 02, 2022, formed a trust in the name of "Veritas Foundation" to implement CSR activities of the Company (CSR00046476). The Trust was duly registered with the Registrar vide trust deed dated December 14, 2022.

During the year ended March 31, 2023, the following were the transactions with the Trust:

- The Company has granted INR 10,00,000/- as donation to the Trust and the same was authorized by the Board of Directors and the shareholders vide meetings held on August 10, 2022, and September 02, 2022, respectively.
- The Company has transferred the CSR obligation of Rs. 1,84,70,000/- for FY 2022-23 to the Trust and the same was approved by the Board of Directors in the meeting held on March 27, 2023, based on the recommendation of the CSR Committee in the meeting held on March 23, 2023.

For and on behalf of the Board of Directors of Veritas Finance Private Limited

D. Arulmany
Managing Director & CEO

DIN: 00009981

M. Sivaraman
Independent Director

DIN: 02045100

ANNEXURE III

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

	Nature of Disclosures	Particulars
a.	Options approved to be issued as ESOPs	30,00,000
b.	Options Granted	30,50,000
c.	Options Vested	5,30,250
d.	Options Exercised	24,31,250
e.	The total no. of shares arising as a result of exercise of option	24,31,250
f.	Options Lapsed / Surrendered	88,500
g.	Variation of terms of option	NIL
h.	Total number of options in force	5,30,250
i.	Options available for grant	38,500
j.	Money realized by exercise of options	3,27,75,000
k.	<p>a. Details of options granted to Key Managerial Personnel (KMP)</p> <p>b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2023</p> <p>c. Identified employees who were granted Options, during the period ended 31.03.2023, equal or exceeding 1% of the issued capital of the Company at the time of grant</p>	<p>NIL during the year</p> <p>NIL</p> <p>NIL</p>
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	<p>Exercise Price was Rs.10 for Options granted on 18.01.2016</p> <p>Exercise Price was Rs.20 for Options granted on 10.11.2016</p> <p>Exercise Price was Rs.20 for Options granted on 20.03.2017</p> <p>Exercise Price was Rs.160 for Options granted on 15.06.2020</p>

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	11,60,000
c.	Options Vested	6,71,500
d.	Options Exercised	1,63,850
e.	The total no. of shares arising as a result of exercise of option	1,63,850
f.	Options Lapsed / Surrendered	1,63,400
g.	Variation of terms of option	Nil
h.	Total number of options in force	8,32,750
i.	Options available for grant	3,400
j.	Money realized by exercise of options	67,94,000
k.	<p>a. Details of options granted to Key Managerial Personnel (KMP)</p> <p>b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2023</p> <p>c. Identified employees who were granted Options, during the period ended 31.03.2023, equal or exceeding 1% of the issued capital of the Company at the time of grant</p>	<p>NIL during the year</p> <p>NIL</p> <p>NIL</p>
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	<p>Exercise Price was Rs.40 for Options granted on 22.03.2018.</p> <p>Exercise Price was Rs.160 for Options granted on 15.06.2020.</p> <p>Exercise Price was Rs.375 for Options granted on 30.01.2023.</p>

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	24,80,000
c.	Options Vested	6,46,750
d.	Options Exercised	3,53,900
e.	The total no. of shares arising as a result of exercise of option	3,53,900
f.	Options Lapsed / Surrendered	4,84,100
g.	Variation of terms of option	Nil
h.	Total number of options in force	16,42,000
i.	Options available for grant	4,100
j.	Money realized by exercise of options	4,41,15,000
k.	<p>a. Details of options granted to Key Managerial Personnel (KMP)</p> <p>b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2023</p> <p>c. Identified employees who were granted Options, during the period ended 31.03.2023, equal or exceeding 1% of the issued capital of the Company at the time of grant</p>	<p>10,000 granted to KMP</p> <p>NIL</p> <p>NIL</p>
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	<p>Exercise Price was Rs.120 for Options granted on 06.12.2018.</p> <p>Exercise Price was Rs.125 for Options granted on 26.04.2019.</p> <p>Exercise Price was Rs.160 for Options granted on 15.06.2020.</p> <p>Exercise Price was Rs.375 for Options granted on 30.01.2023.</p>

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

	Nature of Disclosures	Particulars
a.	Options approved to be issued as ESOPs	10,00,000
b.	Options Granted	5,90,000
c.	Options Vested	34,000
d.	Options Exercised	NIL
e.	The total no. of shares arising as a result of exercise of option	NIL
f.	Options Lapsed / Surrendered	65,000
g.	Variation of terms of option	NIL
h.	Total number of options in force	5,25,000
i.	Options available for grant	4,75,000
j.	Money realized by exercise of options	NIL
k.	<p>a. Details of options granted to Key Managerial Personnel (KMP)</p> <p>b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2023</p> <p>c. Identified employees who were granted Options, during the period ended 31.03.2023, equal or exceeding 1% of the issued capital of the Company at the time of grant</p>	<p>NIL during the year</p> <p>NIL</p> <p>NIL</p>
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	<p>Exercise Price was Rs.225 for Options granted on 05.08.2021.</p> <p>Exercise Price was Rs.350 for Options granted on 19.09.2022.</p> <p>Exercise Price was Rs.375 for Options granted on 30.01.2023.</p>

Annexure IV

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2023

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

To,
The Members,
VERITAS FINANCE PRIVATE LIMITED,
(CIN: U65923TN2015PTC100328),
SKCL Central Square 1, North Wing & South Wing, 7th Floor,
Unit No. C28 - C35 CIPET Road, Thiru Vi Ka Industrial Estate,
Guindy, Chennai - 600 032.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries 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). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Companies 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2023 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign 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'):- (to the extent applicable)
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Reserve Bank of India Act, 1934 and RBI Directions and Guidelines as applicable to the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards (SS-1) - Board Meeting and Secretarial Standards (SS-2) - General Meeting issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Standards, etc. mentioned above subject to the following:

- a. The Company has complied the provisions of Regulation 60 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which prescribes to give notice in advance to the BSE Limited about the purpose of the record date with minor deviation and the company has paid fine to the BSE Limited in this regard.

I further report that the Board of Directors of the Company has been constituted. There were no changes in the composition of the Board of Directors during the period under review. However, Mr. Parin Mehta, Additional Director, was regularized as the Nominee Director of Kedaara Capital Fund II LLP in the Extra-Ordinary General Meeting of the Company held on April 18, 2022.

Notice is given to all Directors to schedule the Board Meetings, agenda and detailed note on agenda

were sent in advance, and 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. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I 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.

I further report that during the audit period the company has;

- a. issued Redeemable Non-Convertible Debentures on various dates on private placement basis.
- b. redeemed the Redeemable Non-Convertible Debentures on various dates.
 - (a) passed a Special Resolution under section 180 (1)(c) and other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 18th April, 2022 to increase the Borrowing limit of the Company to the extent of Rs. 4000,00,00,000 (Rupees Four Thousand Crores Only).
- c. passed a Special Resolution under section 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 18th April, 2022 for issue of secured/unsecured/subordinated, rated/unrated, listed/unlisted non-convertible debentures on a private placement basis in one or more tranches up to a maximum amount not exceeding Rs. 1600,00,00,000/- (Rupees One Thousand Six Hundred Crores only) during a period of one year.
- d. passed a Special Resolution under section 5 of the Companies Act, 2013 and the Rules framed there under at the Extra-ordinary General Meeting held on 2nd September, 2022 for alteration of the Articles of Association of the Company.
- e. passed a Special Resolution under section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 2nd September, 2022 to create security on the assets of the Company up to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only).
- f. passed as an Special Resolution under section 180 (1)(c) and other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 2nd September, 2022 to amend the borrowing powers of the Board of Directors as follows:

Particulars	Old Limits (in Rs. Crores)	Amended Limits (in Rs. Crores)
Private placement of Non-Convertible Debentures (NCDs)	1600.00	1000.00
Borrowings from such person or persons including banks, institutions, corporates, etc., by way of External Commercial Borrowings (ECBs), availing Standby Letter of Credit (SBLC), and all types of fund and non-fund based facilities.	2400.00	2700.00
Borrowings by way of Commercial Papers	0.00	50.00
Total Direct Borrowings (in Rs. Crores) (outstanding at any point of time)	4000.00	3750.00
Securitization of its loan receivables, and/or to sell / transfer / directly assign substantial assets including receivables / book debt of the Company	0.00	250.00
Grand Total (in Rs. Crores)	4000.00	4000.00

- g. passed as an Special Resolution under section 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 2nd September, 2022 for issue of secured/unsecured/subordinated, rated/unrated, listed/unlisted non-convertible debentures on a private placement basis in one or more tranches up to a maximum amount not exceeding Rs. 1000, 00,00,000/- (Rupees One Thousand Crores only) during a period of one year.

Date: April 27, 2023
Place: Chennai

For M DAMODARAN & ASSOCIATES LLP

M. DAMODARAN
Managing Partner

Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 1374/2021
ICSI UDIN: FO05837E000207742

(This report is to be read with my letter of even date which is annexed as annexure 1 and forms an integral part of this report)

Annexure I

To,
The Members,
VERITAS FINANCE PRIVATE LIMITED,
(CIN: U65923TN2015PTC100328),
SKCL Central Square 1, North Wing & South Wing, 7th Floor,
Unit No. C28 - C35 CIPET Road, Thiru Vi Ka Industrial Estate,
Guindy, Chennai – 600 032.

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My 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.

Date: April 27, 2023
Place: Chennai

For **M DAMODARAN & ASSOCIATES LLP**

Sd/-

M. DAMODARAN
Managing Partner

Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 1374/2021
ICSI UDIN: F005837E000207742



CORPORATE SOCIAL RESPONSIBILITY REPORT



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

Annexure IV - [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 & CEO	2	2

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

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

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

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

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs. Lakhs)		
		CSR Budget	Actual Amount Spent	Amount set aside for future set-off
1.	2019-20	21.30	22.00	NIL
2.	2020-21	52.25	52.55	NIL
3.	2021-22	126.60	89.10*	NIL
TOTAL		200.15	163.65	NIL

*The amount was not spent in the FY 2021-22 as requisite CSR activities were not identified for the said unspent amount of Rs. 37.50 Lakhs, given the budget approval was not sought earlier for the amended obligation amount of Rs.126.60 Lakhs. The unspent CSR Amount of Rs. 37.50 Lakhs was duly transferred to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), a fund mentioned in Schedule VII of the Companies Act, 2013, on April 21, 2022.

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

Particulars	(in Rs. Lakhs)
Profit/(Loss) - 2021-22	11,921.53
Profit/(Loss) - 2020-21	9,966.59
Profit/(Loss) - 2019-20	5,803.97
Average PROFIT for CSR purpose	9,230.70

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*	184.70

*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. 184.70 Lakhs

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

Total Amount Spent for the Financial Year (in Rs. Lakhs)	Amount Unspent (in Rs. Lakhs)				
	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 (in Rs. Lakhs)	Date of transfer	Name of the Fund	Amount (in Rs. Lakhs)	Date of transfer
184.70	-	-	-	-	-

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

1.	2.	3.	4.		5.	6.	7.	8.	9.	10.	
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.	
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
Livelihood enhancement projects	(i), (ii) & (iii)	Yes	Tamil Nadu	Multiple	184.70	No	Veritas Foundation	CSR00046476
TOTAL (in Lakhs Rs.)					184.70			

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. 184.70 Lakhs
(8b+8c+8d+8e)

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

Sl. No.	Particular	Amount (in Lakhs Rs.)
i.	Two percent of average net profit of the company as per section 135(5)	₹ 184.70 Lakhs
ii.	Total amount spent for the Financial Year	₹ 184.70 Lakhs
iii.	Excess amount spent for the financial year [(ii)-(i)]	NIL
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

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	
2021-22	NA	89.10	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	37.50	April 21, 2022	NIL

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

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/-
D. Arulmany
(Managing Director & CEO)
DIN: 00009981

Date: April 27, 2023
Place: Chennai

Sd/-
N. Mohanraj
(Independent Director, Chairman - CSR Committee)
DIN: 00181969

Date: April 27, 2023
Place: Chennai

PROJECT VITHAI

Veritas Finance Private Limited and Varshini Illam Trust works together to create positive impact among community members focusing on aiding children with disabilities among marginalized communities of Kannagi Nagar, Kannagi Nagar Ezhil Nagar (Sholinganallor), Perumbakkam, Perumbakkam Ezhil Nagar, Semmenchery (Zone 14 and 15) under Chennai Corporation and part of Chengalpattu by offering paediatric therapy on wheels under Corporate Social Responsibility of Veritas Finance Private Limited.

Therapy has been established through the following process:

1. Mobile Therapy Van which goes to the doorsteps of the children



2. Screening Children and scheduling therapy using EI App
3. Counselling of Parents on the child's condition and scheduling of Therapy
4. Therapy given by Physiotherapists for two days per week for a child in the bus.
5. Upon achieving the goals, enrolment of children in anganwadis or primary schools
6. Evaluation of Progress in every six months



The project objective was to impact the life of 500 special children and their families by the end of 2025 and sow the seed for creating an inclusive society so that no one is left behind. This program aims to make therapy more accessible to these communities, hugely impacting rehabilitation efforts, thereby leading to considerable improvement in their conditions and less stress on their families. Maximization of Awareness Campaigns with special focus on Anganwadis, Primary Schools, Housing Societies, PHCs was also an objective of this Project.

The Project got ample media coverage and government acknowledgment through Hon'ble Chief Minister Thiru. M.K. Stalin, when he inaugurated the Pediatric Therapy on Wheel (PTOW) which is a mobile van fitted with therapy equipment and opened for treatment. Commissionerate for Welfare of The Differently Abled (Govt. of Tamil Nadu) is also kept updated about our work in the field. Overwhelming responses has been received from the users and their families.

About 4799 Children screened till date, 74 User Id created in the EI App for therapy and 112 Children has been identified with special needs.

Grand Entrepreneurship Challenge Program

A Unique Experiential Learning program for Rural Youth to develop Entrepreneurship Mindset among them for their successful career

In the present scenario of Globalization, Entrepreneurship is perceived as a Mindset rather than limiting to start a Business. Lot of significance is being given for “Intrapreneur” capabilities among Employees of an organization. Intrapreneur is an Employee who has Entrepreneur mindset and contributes positively for an exponential growth of an organization. The corporates / employers are looking for Intrapreneur capabilities among their potential employees, thus making it essential for the job seekers to develop Entrepreneur mindset for their successful job career. Apart from this, Entrepreneur mindset is definitely required for success in Enterprise creation and management activities. It is a proven fact that Entrepreneurship mindset cannot be developed by a theoretical learning method but rather by Experiential Learning techniques. With this background, Grand Entrepreneurship Challenge Program is being implemented under the project to offer an Experiential Learning platform for the Rural Youth to develop Entrepreneur Mindset such that it helps them in Successful Entrepreneurship Career as well as a Successful Job Career.



The beneficiaries are college students pursuing their graduation who participate in teams of Five members each in a team. Totally 25 Teams are enrolled in the program, totaling to 125 students. The program includes Classroom Sessions wherein theoretical inputs are given with regard to Entrepreneurship followed by Practical component wherein the student teams register a company and run their business for 4 to 6 Months. Based on the performance of the student teams, Top 6 teams are selected for Cash Reward of Rs.1 Lakh each.

As on Feb 2023, 169 students have enrolled in the program. Classroom sessions are going on with regard to Entrepreneurship concepts. Training Inputs have been provided with regard to:

- Basics of Entrepreneurship
- Developing Entrepreneur Competencies
- Business Idea Generation
- Company Registration
- Simulation based training on Business Planning

Sl.No	Name of the Activity	Target Numbers	Target Achieved
1	Entrepreneurship Development - “Grand Entrepreneurship Challenge Program	120	169 Business Implementation by Students in Progress



Science Technology Engineering Mathematics (STEM) Training sessions to Government school children in Rural / Backward areas

The education system prevalent at the moment does not offer scope for practical learning. The students right from their school level are given theoretical knowledge, following the syllabus with utmost importance to grades and marks in the written exams and tests. There is a very minimal scope to experiment things and think out of the box, because of which the quality of graduates coming out of the college is not considered to be up to the mark. There is hardly any problem solving skills present among the students. In this regard, Hand in Hand India through Hand in Hand Academy has been conducting practical learning based training interventions at Government Schools in Chengalpattu District under the CSR Initiative of Veritas Finance.

Under the project, the students are given practical demonstration and hands on training on topics / subjects learnt by them theoretically in their text books along with several simulation based training interventions to develop problem solving skills and innovation mindset.

Training Sessions have been conducted to the Government School Children at 2 Schools in Chengalpet viz., Cheyyur Government Girls High School and Thiruvattur Government High School. Hands on STEM training sessions have been conducted on:

- 1) Turbines
- 2) IoT Technologies
- 3) Robotics
- 4) Solar Technology
- 5) Battery Technology
- 6) Electric Wiring
- 7) Engines

Training Kits have been provided to the students with regard to the above mentioned topics wherein the students were engaged in practical learning with disassembly, assembly and generating outputs with regard to the workings of the concepts.

Schools Covered: 2

Total Students Trained: 200



Skill Development Program on Tally Prime course

Students studying in Commerce subjects are finding it difficult to get jobs with a basic graduation / degree. Especially, students from rural areas are not having any good job prospects upon completion of their B.Com degree due to lack of exposure and up skilling.

In this regard, Hand in Hand India through Hand in Hand Academy conducted Tally Prime based skill development course to students from rural areas. Hand in Hand Academy is an accredited partner with Tally Solutions Private Limited to offer certification course on the subject.

Post program placement support has also been offered by Hand in Hand Academy.

Training programs have been conducted at Hand in Hand Academy premises and also at Satellite Centres viz., Indo American Arts & Science college, Cheyyar.

Sixty students have been trained in Tally Prime course. Fifty students are from Indo American College of Arts & Science, Cheyyar. Ten students have attended the training at Hand in Hand Academy in Kancheepuram.

Name of the Activity	Target Numbers	Target Achieved
Skill Development Program - Tally Prime	60	60



Technology Resource Centre:

With Special Emphasis on Greentech – LED, Biogas, Solar Energy and Vertical Farming (Hydroponics and Aquaponics)

With nearly Twenty years of Experience with regard to Entrepreneurship Development, Hand in Hand India through Hand in Hand Academy has identified major reasons / hindrances for Entrepreneurship:

- Lack of Technical Skills
- Lack of Sufficient Capital for Investment
- Fear of Failure – Due to concerns about Market and Commercial Success

To facilitate successful enterprise creation, a Concept of Technology Resource Centre was proposed in the Project to facilitate:

- Skill Training and Entrepreneurship Development
- Technology Support – For Trial Production and Sample Marketing
- Handholding Support – For Credit Linkage and Market Development

The thrust areas for Technology Resource Centre are:

- a. LED Technology
- b. Vertical Farming – Hydroponics and Aquaponics
- c. Biogas
- d. Solar Energy



a. Technical Training and Business Coaching for LED Bulb and Tubelights Assembly:

Three Batches of Technology based Micro Entrepreneurship training programs have been conducted by Hand In Hand Academy for Rural Youth and Women on LED technology.

Batch-1: August 24th to August 26th 2022:

Three days training program was conducted on LED Bulbs and Tubelights assembly was conducted during 24th to 26th August 2022 at Hand in Hand Academy for Social Entrepreneurship, Kaliyanur, Kanchipuram District, TN.

20 Beneficiaries were trained in LED bulbs and Tubelights assembly along with Business Coaching on how to start and manage their enterprise.

Along with the training, the beneficiaries were offered Food and Certification

Batch-2: October 18th to October 20th 2022:

Three days training program was conducted on LED Bulbs and Tubelights assembly was conducted during 18th to 20th October 2022 at Poondi, Thiruvallur District, TN.

21 Beneficiaries were trained in LED bulbs and Tubelights assembly along with Business Coaching on how to start and manage their enterprise. Along with the training, the beneficiaries were offered Food and Certification

Batch-3: November 30th to December 2nd 2022:

Three days training program was conducted on LED Bulbs and Tubelights assembly was conducted during 30th November to 2nd December 2022 at Kaveripakkam, Thiruvallur District, TN.

25 Beneficiaries were trained in LED bulbs and Tubelights assembly along with Business Coaching on how to start and manage their enterprise.

Along with the training, the beneficiaries were offered Food and Certification

Batch-4: Greentech Training program - Package of LED lights assembly, Biogas Assembly and Solar Power systems assembly - Feb 2023 to March 2023

Name of the Activity	Target Numbers	Target Achieved
Establishing Technology Resource Centre -	300	306
Focus Areas:		
LED Lights Assembly, Biogas, Solar and Hydroponics		

Greentech training program has been conducted to 134 ITI students at Kamatchi ITI, Walajabad ITI and Anbu ITI in Kancheepuram and Walajabad, TN. Training has been given with regard to LED Lights assembly, Biogas and Solar Power systems assembly.

Batch-5: 3 Days training on LED lightings assembly for rural women at Arakkonam during 16th March to 18th March 2023

b. Vertical Farming - Hydroponics and Aquaponics:

A Hydroponic come Aquaponic system has been installed at Hand in Hand Academy to provide Technical Demonstration and Hands on training about operating the system to grow the desired vegetation and also to assemble and sell Hydroponic systems.

First Batch of hands on training was conducted at Hand in Hand Academy for 10 students from VIT University from Agriculture Department during 8th December 2022 to 10th December 2022

Second Batch of hands on training was conducted during 14th to 16th March 2023 to 13 students from Don Bosco Agriculture College

Third Batch of hands on training has been conducted to 16 Farmers from Karnataka during 18th to 19th March 2023





Appointment, Remuneration and 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.

The policy, thus, provides the remuneration guidelines for the following employees:

- Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- Company secretary; and
- Chief Financial Officer
- Any other officer as may be prescribed

Definitions:

- a) Independent Director:** Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.
- b) Nominee Director:** Director appointed by the Major Investor as per the terms of the Shareholders Agreement.
- c) Key Managerial Personnel:** Key Managerial Personnel (KMP) means – (i) Chief Executive Officer (CEO) and/or the Managing Director (MD) (ii) Chief Operating Officer (COO) (iii) Chief Financial Officer (CFO) (iv) Company Secretary and Compliance Officer 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 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. Parin Mehta (Nominee Director)

3. Key Principles

The Nomination and Remuneration Committee (NRC) shall review and recommend to the Board, through its annual review process (or such periodicity as it deems appropriate), adopting the key principles of remuneration.

- Benchmarked to appropriate market: The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees of the quality required to run the Company successfully.
- Adopt a Pay for Performance philosophy such that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Have an appropriate balance in pay mix: The remuneration has a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. For the Senior Management, variable pay shall be higher at higher levels of responsibility and subject to the following principles:
 - a) It shall be commensurate with the role and prudent risk taking profile of KMPs and Senior Management employees;

- b) Can be reduced to zero based on performance at an individual, business-unit and companywide level.
- Be financially viable and relevant to market practices and commensurate to skills:
 - a) taking into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, and any other relevant factors that the Committee may deem fit;
 - b) be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.
- The compensation of KMPs and Senior Management shall be aligned effectively with prudent risk taking to ensure that
 - a) compensation is adjusted for all types of risks;
 - b) the compensation outcomes are symmetric with risk outcomes;
 - c) compensation pay-outs are sensitive to the time horizon of the risks, and
 - d) the mix of cash, equity and other forms of compensation are consistent with risk alignment.
- Compliant with local laws:
 - a) Remuneration for Senior Management is in compliance with the relevant provisions of the Companies Act, 2013.
 - b) Remuneration for all employees are in compliance with the relevant provisions of Payment of Wages Act, Minimum Wages Act, and such other relevant Labour Laws of the country as may be applicable to the Company from time to time.

4. Compensation Governance:

- The Board of Directors must actively oversee the compensation system's design and operation,
- The Board of Directors must monitor and review the compensation system to ensure the system operates as intended,

Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in Veritas.

5. 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.

6. 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.

7. 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 in consultation with the NRC 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.

The compensation structure shall broadly comprise the following components:

1. Fixed Pay
2. Variable Pay

Composition of Fixed Pay:

- The CTC consists of various components including basic salary, allowances and retinals.
- Allowances include a basket of components including House Rent Allowance, Medical Reimbursement, Leave Travel Allowance & Special Allowance or any other allowance(s) introduced from time to time.
- Retinals include statutory contributions such as Employer's contribution to Provident Fund, Leave Encashment & Gratuity. The Basic salary is determined as a fixed percentage of the Gross Salary to maximum extent possible, thereby ensuring prudent management of the compensation structure.

Composition of Variable Pay:

The Variable pay serves as an effective instrument for managing employee costs in line with business cycles whilst simultaneously reinforcing a meritocratic performance culture. The variable compensation will consist of performance bonus/sales incentives as applicable to different roles. The variable pay for field frontline employees is given in the form of monthly incentives. Incentive payouts are based on individual performance targets. The details of the types of variable pay are as follows:

Annual Performance Bonus (APB): The KMPs and Senior executives of the Company, are eligible for the Annual Performance Bonus. The APB is dependent on individual performance and the organisation's performance for the financial year. The performance rating assigned is based on the assessment of performance delivered against a set of defined performance objectives.

ESOPs: The KMPs and 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.

Insurance: 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.,

Car Scheme: In addition to the above, the Senior Employees may also be eligible and be provided with 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.

Retention Pay: The executive committee may decide to offer retention payment to certain senior or key employees as a means to retain them, based on the merits of exigencies, in the best interests of the Company.

8. Compensation for Risk Control and Compliance Staff:

To ensure a robust Risk Management and Control Mechanism, it is intended that KMPs and Senior Management engaged in financial control, risk management, compliance and internal audit are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the company. Accordingly, the company shall ensure that the mix of fixed to variable compensation for control function is weighted in favour of fixed compensation and in line with the RBI guidelines for NBFCs.

9. Malus and Clawback:

Malus: Malus arrangement is applicable for all types of variable pay (Cash / Deferred cash / ESOP / Deferred Incentive Plan / Bonus), which is not yet vested/paid, or vested but not paid/exercised. Payment of all, or part, amount of Variable Pay can be secured under Malus.

Clawback: Previously paid or already vested Variable Pay can also be recovered under this clause. This arrangement is applicable either fully or partially for all types of variable pay. The clawback will be applicable to employees even after their separation from the Company.

Malus & Clawback may be applied under the following circumstances:

- a. Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the Company;
- b. Willful misinterpretation / misreporting financial performance of the Company;
- c. Material failure in risk management controls or material losses due to negligence in risk-taking which are attributable to the employee, whether directly or indirectly;
- d. Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement, or an act of a felonious or criminal nature;
- e. Non-disclosure of material conflict of interest by the employee or any misuse of official powers;
- f. An act of willful, reckless, or grossly negligent conduct which is detrimental to the interest or reputation of the company monetarily or otherwise;
- g. Any breach of the Code of Conduct, Non-Disclosure Agreement, regulatory procedures, internal rules, and regulations, or any other such instance for which the NRC/MD, in their discretion, may deem it necessary to apply malus or / and clawback provisions;

Malus may be applied under the following additional circumstances:

- a. Deterioration of financial performance of the Company going into losses in the Profit after Tax from one financial year to the next; or vs budget for the year; or any other criteria laid down by the NRC / MD from time to time;
- b. In case any deferred / LTI plan is issued which is linked to the performance of an employee and the defined performance parameters are not met by the employee
- c. On Resignation or separation of the employee from services of the Company

In deciding the application of malus/clawback to any part or all of variable pay or incentives (whether paid, vested or unvested), the NRC / MD will follow due process and adhere to the principles of natural justice and proportionality. Further, in assessing the quantum of cancellation/withdrawal, the NRC/MD will take into consideration all relevant factors, including inter alia, internal factors such as the role and responsibilities of the employee, culpability and proximity to the misconduct as well as any external factors, including but not restricted to exception situations like Covid19, that may have been beyond the control of the concerned employee.

No variable pay / New Grants:

Under certain circumstances, the company may decide not to issue any new grants / approve any variable pay / incentive pay for the year, or for a specific period, to an employee individually, or to a group of employees collectively, or to all employees.

10. 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.

11. 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

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

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

Rating:

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

MATRIX FOR EVALUATION OF NOMINEE DIRECTOR

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

Rating:

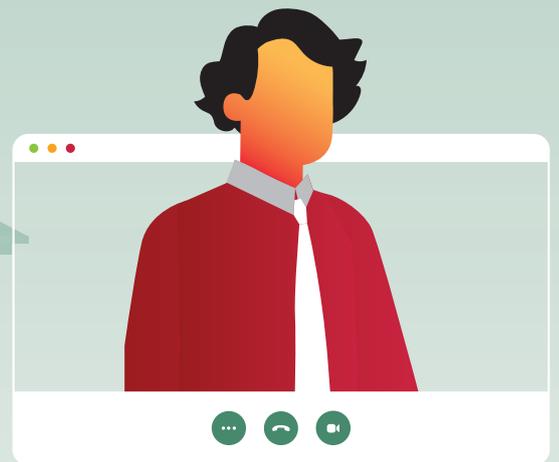
1- Always

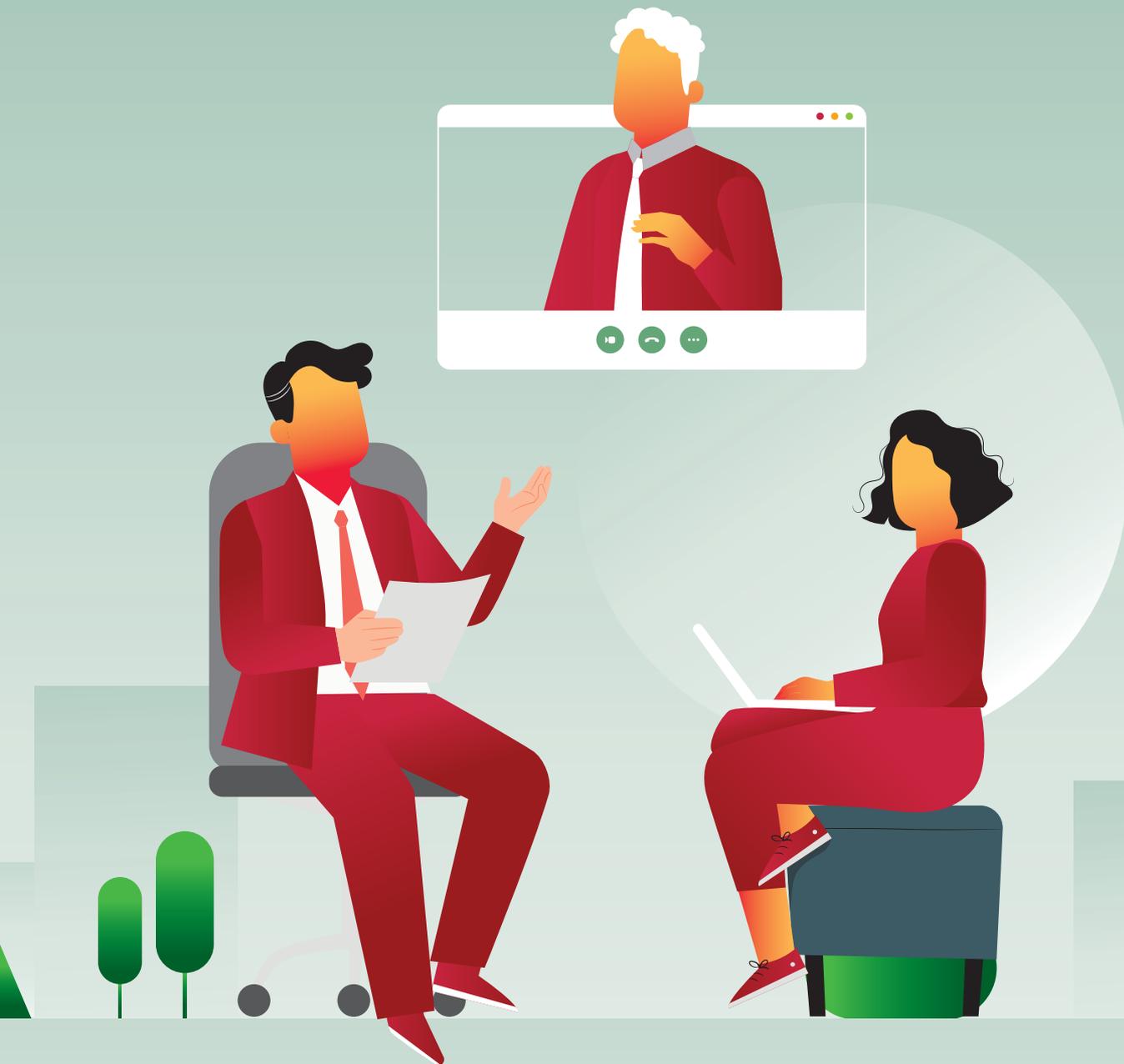
2- Mostly

3-Sometimes

4-Occasionally

MANAGEMENT DISCUSSION & ANALYSIS





MACRO-ECONOMIC OVERVIEW:

The International Monetary Fund in its World Economic Outlook predicted that the overall outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID. The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024.

The World Bank in its recent report on Global Economic Prospects, echoed similar outlook stating that the Global growth is expected to decelerate sharply to 1.7 percent in 2023—the third weakest pace of growth in nearly three decades, overshadowed only by the global recessions caused by the pandemic and the global financial crisis. South Asia continues to be adversely affected by spillovers from the invasion of Ukraine, rising global interest rates, and weakening growth in key trading partners. In India, which accounts for three-fourths of the region's output, growth expanded by 9.7 percent on an annual basis in the first half of fiscal year 2022/23, reflecting strong private consumption and fixed investment growth. Consumer inflation spent most of last year above the Reserve Bank's upper tolerance limit of 6 percent, prompting the policy rate to be raised by 2.50 percentage points between May 2022 and February 2023.

MSME INDUSTRY INSIGHTS:

MSMEs form the backbone of the Indian Economy, contributing 33% of the country's GDP and generating 120 million jobs across all industries.

The pandemic heavily impacted the cashflows of this segment. However, the resilience they showed in bouncing back was outstanding. The Government enabled Banks and NBFCs to provide moratorium, restructuring support and additional credit lines to its customers. According to the report by SBI's Group Chief Economic Adviser, of the 14.6 lakhs of MSMEs saved due to the ECLGS scheme since its launch in May 2020, almost 93.8% were micro and small enterprises. Around 12% of the outstanding MSME credit was saved from slipping into the Non-Performing Assets (NPA) category because of the scheme.

This segment utilized the lifelines available and emerged stronger out of the pandemic. The Reserve Bank of India (RBI) in its latest Report on Trend and Progress of Banking in India for FY22 stated that in the post-Covid period, credit growth to MSMEs in the industrial sector was distinctly higher not only on a year-on-year basis but also in comparison with credit growth to large industries. Credit to MSME industries grew by nearly 20% in FY21 and over 35% in FY22 as against negative or negligible growth in the preceding years. In

contrast, credit growth to large industries stood at around minus 5% in FY21 and turned positive to around 3% in FY22.

For India to achieve its targets of reaching a \$5 trillion economy, unlocking the MSME growth is imperative.

MARKET OPPORTUNITY:

With over 64 million MSMEs in India, the first and foremost challenge faced by the industry remains to be the credit gap. A recent report on MSME sector outlook revealed that even though the sector has seen a stupendous 2X growth over the past two years, there's still a huge credit gap that needs to be addressed, as India is still an under-penetrated market.

As a result, many micro-entrepreneurs are forced to rely on informal sources such as family, friends, and local moneylenders to meet their credit needs, resulting in higher interest rates and increased liability. 27% of entrepreneurs have reported difficulty in the timely repayment of loans. Improving financing for MSMEs is crucial to keep them viable & stimulate growth.

Providing reliable access to efficient formal credit to MSMEs has long been challenging due to (a) inadequate formal data for credit assessment in case of informal, micro-SMEs, (b) the lack of tailor-made products to suit the borrower and lender risk profiles / appetite, (c) long turn-around times for granting loans, and (d) the requirement of collateral, guarantees, etc. required by most traditional lenders. Regulatory restrictions on banks on-lending for unsecured lending has also constrained the flow of credit.

NBFCs have been significant credit providers to MSMEs as they are better placed than banks to overcome the above-mentioned challenges. Well-established NBFCs with in-depth knowledge of micro markets and low-cost distribution provide access to credit to MSMEs beyond the tier I cities, while focusing on credit underwriting tailored to informal and smaller MSMEs. The opportunities are immense for NBFCs when it comes to lending to the MSME segment and the right players can help bridge wide credit gap faced by this segment.

KEY FOCUS AREAS OF THE COMPANY:

Veritas Finance Private Limited ("Veritas"), 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 seventh full year of operations.

What sets Veritas apart is its acute understanding of the MSME segment and their businesses, their income generation challenges and the asset creation tendencies, social and economic vicissitudes that these customers undergo, their aspirations and lifestyle. This understanding with years of experience in serving this segment has resulted in developing a fine sense of judgement to assessing and evaluating their intent and ability to repay in the absence of any documents to rely.

Leveraging this core strength, we continue to focus on offering appropriate products to cater to their various financial needs relating to business, working capital and housing finance needs.

The following segments continue to be the key focus segment for Veritas:

- **Medium-term secured business loans** in rural areas
- **Short-term unsecured working capital loans** in semi urban markets
- **Long-term home loans and loans against property for construction** in rural and semi urban markets.

Our core strengths

- Understanding the customer - We understand our customers from the rural and semi-urban India and offer them with the suitable products based on their needs.
- Strong work-force - With 4,432 employees and equipped with high teeth to tail ratio of around 53% as of March-23, we are better placed to offer best-in-class customer experience.
- Geographical presence - Spread across 8 states and 1 union territory our network of 287 branches covers wider geographies catering to customers from the southern, eastern and central parts of India.
- Efficient Disbursal mechanism - Powered with the help of technology, we keep our turnaround time for disbursal to the minimum.

VERITAS UNDERWRITING METHODOLOGY

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

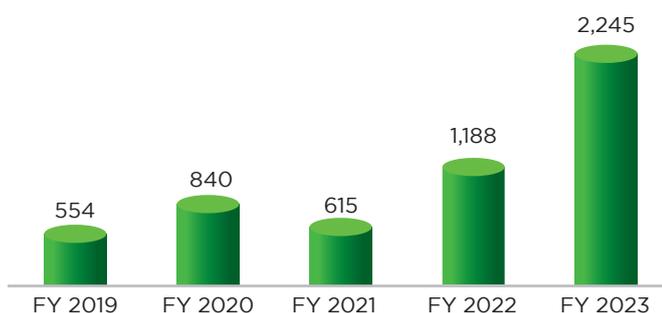
While we do undertake income document checks with available documents and credit bureau checks, the primary credit assessment is through non-traditional income documents and reference checks. The credit assessment gets additional strength from the collateral, which is taken for moral suasion. The Company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

PORTFOLIO GROWTH

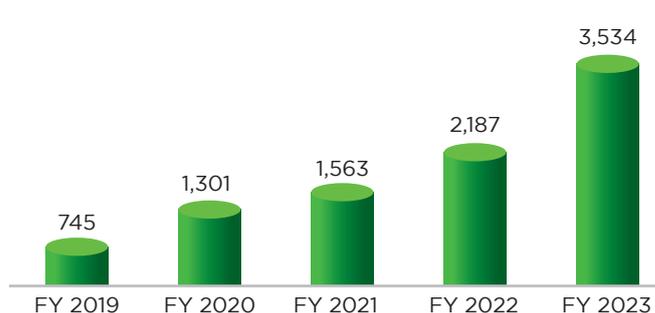
Veritas has made an impact in the lives of 116,403 customers as of March 31, 2023. The Company has a loan portfolio of Rs. 3,533.73 crores as of March 31, 2023 growing from Rs. 2,187.35 crores as of March 31, 2022. The share of secured loan portfolio, i.e., MSME Loans and Housing Finance Loans stands at 90% and unsecured loan portfolio, i.e., Working Capital loans stands at 10% of gross loan portfolio. We closed the year with a disbursement of Rs. 2,245.65 crores as against Rs. 1,188.28 Crores in the previous year.

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

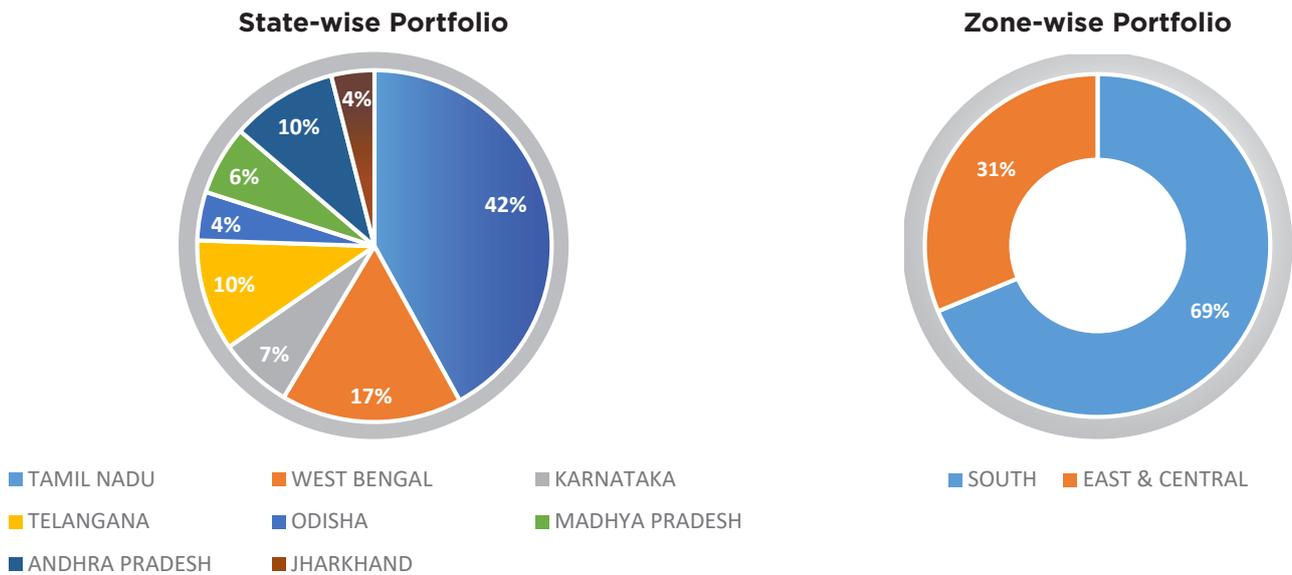
Disbursement (Rs. in Crs)



Portfolio Growth (Rs. in Crs)



As of March 31, 2023, the Company has 287 branches spread across 8 states and 1 Union territory.



ASSET QUALITY

The impact of the pandemic saw gross non-performing assets (GNPA) elevating to all-time high of 2.70% as March 31, 2021 and further to 3.94% as of March 31, 2022. This was an industry-wide phenomenon. In addition to the Covid impact, on November 12, 2021, the Reserve Bank of India as part of its measures to harmonize the asset classification norms of NBFCs with that of Banks, issued a circular clearly defining guidelines for classification and upgradation of NPAs. Veritas welcomed this change and voluntarily adopted the revised norms with immediate effect despite the extended timelines available. We believe that this change helps in the long-run in maintaining outstanding portfolio quality. As of March 31, 2023, we have contained and brought down our NPA levels to 2.19% even under the new norms.

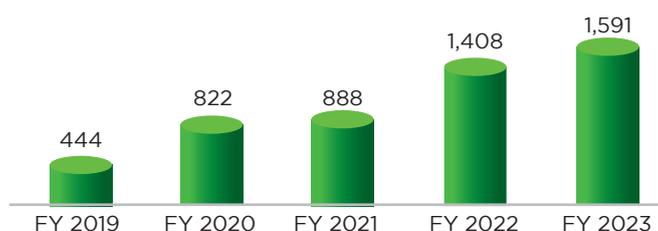
The trend of GNPA's has been as follows:



CAPITAL

The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs. 165 crores on March 31, 2018 to Rs. 444 Crores as of March 31, 2019 and further to Rs. 822 Crores as of March 31, 2020 as the Company raised capital from new Investors. During FY 2021-22, existing investors invested further share capital of Rs. 440.04 Crores to help build a strong capital base during challenging times which took the Net worth to Rs. 1,408 crores as of March 31, 2022. The Net worth as of March 31, 2023 stood at Rs. 1,591 crores. The Company has maintained a healthy capital adequacy ratio well above the levels directed by the RBI. As of March 31, 2023, the overall capital adequacy ratio of the Company is 45.00% with Tier-I capital adequacy at 44.66%. The net-worth of the Company has grown as follows:

Net-worth (Rs. in Crs)

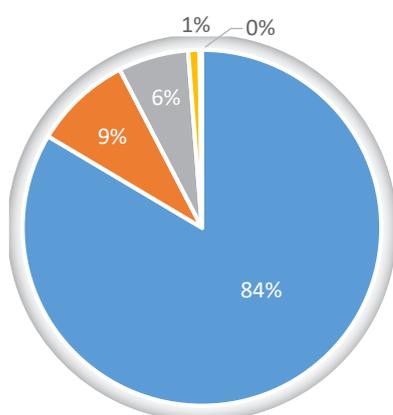


DIVERSIFIED FUNDING PROFILE

The funding for the business is from an optimum mix of equity and debt. The Company continues to follow the policy of diversification of funding sources. The Company has existing relationships with 40 lenders across Banks, NBFCs, FPI investor and Mutual fund who have sanctioned a total of Rs. 2,134.80 Crores during the year, out of which Rs. 1,759.80 Crores has been availed as on March 31, 2023. It includes Rs. 150 Crores of NCDs issued during the year. During the year, the Company has issued Commercial paper amounting to Rs. 50 Crores invested by Bank, Ultra HNI, NBFC, AIF and Corporate Treasury. Also, during the year the Company has completed securitisation transaction of Rs. 56.18 Crores invested by NBFC and AIF. During the year, the company has been glad to welcome new lenders partnering in our growth namely Union Bank of India, UCO Bank, ICICI Bank Ltd, Kotak Mahindra Bank Ltd, Karnataka Bank Ltd, South Indian Bank Ltd, DBS Bank India Ltd, Dhanlaxmi Bank Ltd apart from restarting relationships with Bandhan Bank Ltd and Yes Bank Ltd.

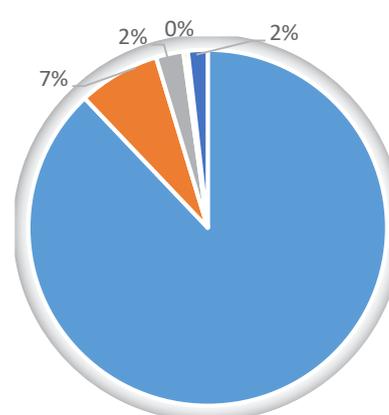
The Funding mix of the Company as on March 31, 2023 is given below:

Borrowings - Lenders mix



■ Banks ■ NBFCs ■ FPI ■ MF ■ AIF

Borrowings - Instruments mix



■ Term Loan ■ NCDs ■ WCDL ■ Cash Credit ■ PTCs

During the year, rating agency CARE Ratings has upgraded the long term credit rating of the company to **“CARE A” with stable outlook** for the Long-term Bank loans and Non-Convertible Debentures from “CARE A-” with stable outlook. Also, CARE Ratings has assigned **“CARE A1+”** for the short-term borrowings as well as for Commercial Paper issuance.

INVESTMENTS:

The Investment Policy approved by the Board of Directors envisages deployment of temporary cash surplus, arising out of the gap between cash inflows and outflows, in liquid/overnight schemes of mutual funds and/or fixed deposits with Banks. The investment function ensures adequate levels of liquidity to support business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk by investing in short-term instruments. As at March 31, 2023, the investment in Fixed deposits free of lien stood at Rs. 310 Crores.

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 two months of cash requirements in the form of un-drawn limits or in cash equivalents. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis. From an interest rate sensitivity perspective, the Company has a mix of fixed and floating rate borrowings. While the Company lends on fixed-rate basis for all loans other than home loans and borrows on both fixed and floating rates, it primarily focusses on maintaining the 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

Veritas continues to leverage technology to achieve the objectives of improvement in productivity and efficiency. Process Automation has been deployed in various aspects of the business to automate manual, time-consuming and mundane tasks. Going Digital has become a gamechanger in today's digital age for transforming the customer journey's and enabling a fast and frictionless customer experience across the lifecycle. Veritas has and continues to create a best-in-class digital experience for its customers.

Our digital initiatives for enhancement of Customer experience are spread across the customer loan life-cycle in the areas of on-boarding and disbursement, credit assessment, legal evaluation and document signing apart from the ease of repayment we provide through various options like E-Nach, Whatsapp links, QR Codes etc.

The end goal of all digital initiatives is towards easy access to data that helps decision makers take proactive actions while having appropriate data access controls and ability to enforce needs-driven access to data. We are creating and enhancing the experience of internal as well as external stakeholders on a regular basis. The technology backbone for the company is ready to act as catalyst for the next phase of growth.

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. The Company implemented a Credit score algorithm for loan appraisals and to assign risk based pricing for its products, thereby bringing increasing the objectivity to the entire credit process.

Operational Risk

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

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

Interest rate risk

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

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

Liquidity Risk

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

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

Competition Risk

The financial services space in India is quite competitive.

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

Regulatory and Compliance Risk

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

Mitigation: The Company is of the view that these changes are structurally beneficial for the financial services industry from a long-term perspective.

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. 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 2022-23 are:

- Assets under management increased to Rs. 3,533.73 crs from Rs. 2,187.35 crs in FY 2021-22.
- Total Income increased to Rs. 682.21 crs from Rs. 443.65 crs in FY 2021-22.
- Total Comprehensive Income increased to Rs. 174.70 crs from Rs. 75.85 crs in FY 2021-22.
- Customer base increased to 116,403.
- Employee base increased to 4,432.

Balance sheet

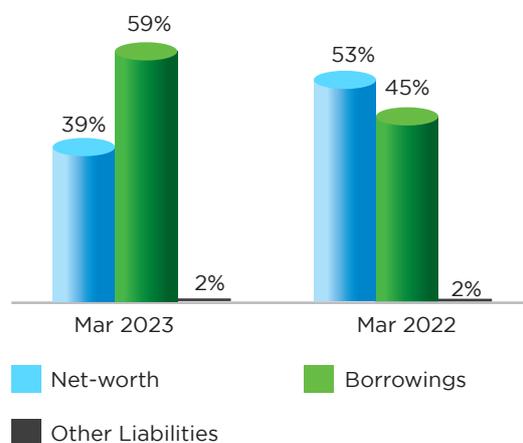
The summarized version of the Company's Balance sheet is given below:

Particulars	Rs. In Crores		
	Mar-23	Mar-22	YOY Growth %
ASSETS			
Cash & Cash Equivalents & Short-term Investments	524.09	449.96	16%
Loan Assets	3,475.62	2,132.09	63%
Other Assets	90.07	60.42	49%
TOTAL	4,089.78	2,642.47	
Liabilities			
Net-worth	1,591.26	1,408.05	13%
Borrowings	2,428.89	1,195.65	103%
Other Liabilities	69.63	38.77	80%
TOTAL	4,089.78	2,642.47	

Composition of Assets



Composition of Liabilities

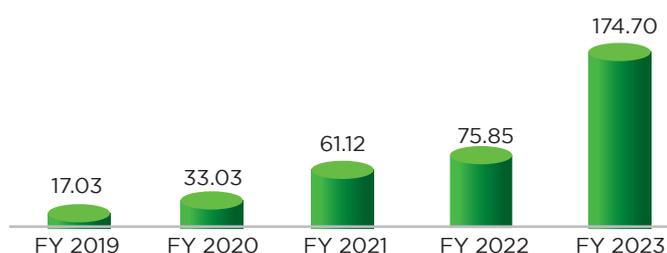


Statement of Profit & Loss

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

Rs. In Crores			
Particulars	Mar-23	Mar-22	YOY Growth %
Revenue from operations	680.23	442.08	54%
Other Income	1.98	1.56	27%
Total Income (A)	682.21	443.65	54%
Finance Cost	169.21	128.94	31%
Other Operating Cost	233.35	153.98	52%
Provisions & Losses	46.80	59.36	-21%
Total Expense (B)	449.36	342.28	31%
Profit before tax (PBT) (A-B)	232.85	101.36	130%
Current and Deferred Tax	56.45	25.96	117%
Profit After Tax (PAT)	176.40	75.40	134%
Other Comprehensive Income	-1.70	0.45	-478%
Total Comprehensive income, net of Income Tax	174.70	75.85	130%

Total Comprehensive Income (Rs. in Crs)



Key Financial ratios are as follows:

Particulars	FY 2022-23	FY 2021-22
PBT / Total Income	34.13%	22.85%
NIM	16.32%	15.05%
Return on Total Assets (RoTA)	5.19%	3.15%
Return on Equity (RoE)	11.65%	6.61%
EPS		
Basic (Rs.)	36.15	18.12
Diluted (Rs.)	14.57	6.59
Debt/ Equity	1.53	0.85
Capital Adequacy	45.00%	64.43%

HUMAN RESOURCES

Employees are our key pillars of strength. This belief was further strengthened as our people showed tremendous resilience and extraordinary commitment during the past years to bring the Company back to its core performance post the pandemic.

We have adopted people practices that enable us to attract and retain talent in an increasingly competitive market; and to foster a work culture that is always committed to providing the best opportunities to employees to realise their potential. We provide periodic trainings to our employees to hone their general management and leadership skills and bring about an overall improvement.

The well-being of our employees has always been at the centre of our philosophy. Veritas is committed to create a vibrant and inclusive workplace for all its employees and actively takes steps to ensure these are well enshrined in our policies and practices. As on March 31, 2023, the Company had 4,432 employees.

OUTLOOK

As the industry recovers from the impact of COVID, we still have challenging times ahead with uncertainty looming around us in the form of inflation, interest rate hikes and other macro-economic factors. We hope to overcome these challenges with the help of our focused and dedicated team and emerge stronger than we already are.

Our focus in the coming financial year is to build an organization with a diversified portfolio catering to the various financing needs of the customer right from working capital loans, business loans to home loans.

We approach the year with a sense of optimism to achieve the various milestones, both quantitative and qualitative, that we have set for ourselves.

CAUTIONARY NOTE

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



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the members of Veritas Finance Private Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Veritas Finance Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the act, read with the Companies (Indian Accounting Standards) Rules 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under Section 143(10) of the Act. Our responsibilities under those standards are

further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

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

Key Audit matter	How our audit addressed the Key matter
<p>Impairment Loss Allowance</p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by Ind AS 109 relating to "Financial instruments."</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorization of loans in Stage I, II and III based on identification of: <ol style="list-style-type: none"> (a) exposures with significant increase in credit risk since their origination and (b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience. 3. The impact of different future macroeconomic conditions in the determination of ECL. <p>These judgements required the models to be reassessed including the impact of Covid -19 Pandemic to measure the ECL.</p> <p>Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • We obtained an understanding of management's assessment of impairment of loans and advances including the Ind AS109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of Covid 19 Pandemic and the associated probability weights. • We also assessed the approach of the Company for categorization the loans in various stages reflecting the inherent risk in the respective loans. • For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. • We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. <p>As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements</p>

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
 - (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: The company being a Private Company, the provisions of Section 197 to the Act is not applicable.
 - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have derivative contracts.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- b) the management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to my/our notice that has caused me/us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The Company has not declared or paid any Dividend during the year.
- vi. With respect to the reporting requirements as specified in Rule 11(g) of Companies (Audit & Auditors) Rules, 2014, the reporting requirement to report on the said clause does not arise since the compliance requirement for the company (as per proviso to Rule 3 of Companies (Accounts) Rules, 2014) becomes applicable only with effect from 1st April 2023.

For SUNDARAM AND SRINIVASAN
Chartered Accountants

Firm's Registration No. 004207S

S Usha

Partner

Membership No. 211785

UDIN: 23211785BGWCUU7883

Place: Chennai

Date: April 27th, 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Veritas Finance Private Limited on the Financial Statements for the year ended 31 March 2023, we report that:

- i a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-assets.
- (B) The company is maintaining proper records showing full particulars of Intangible Assets.
- b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed
- c) The Company does not have any Immovable Property as of 31st March 2023. Hence reporting under this clause is not applicable.
- d) The Company has not revalued its Property Plant and equipment or Intangible assets or both during the year.
- e) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, no proceedings has been initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988.
- ii a) The company does not have any inventory and hence reporting under this clause is not applicable.
- b) During the year, the company had availed working capital limits in excess of Rs. Five Crores from banks and financial institutions on the basis of security of current assets. The quarterly returns and the statements submitted to lenders are in agreement with the books of accounts.
- iii a) Clause 3(iii)(a) is not applicable to the company since the company's principal business is to give loans.
- b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the company's interest
- c) The schedule of repayment of principal and payment of interest has been stipulated for all Loans and

advances in the nature of loans, The repayments of principal and payments of interest are regular except for loans amounting to Rs.15,805 Lakhs for which repayment of principal and payments of interest are not regular.

Bucket	Amount in Lakhs
1-90 DPD	8,322
More than 90 DPD	7,483

- d) The amounts overdue for more than 90 days aggregating principal repayment and interest payments is Rs.7483 Lakhs. In our opinion reasonable steps have been taken by the company for recovery of principal and interest.
- e) Clause 3(iii)(e) is not applicable to the company since the company's principal business is to give loans
- f) The company has not given loans or advances in the nature of loans repayable on demand or without specifying the terms or period of repayment.
- iv There are no loans, investments, guarantees, and security in respect of which provisions of section 185 of the Companies Act, 2013 are applicable and provisions of section 186 of the Companies Act, 2013 are not applicable to the Company and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- v The Company has not accepted any deposits within the meaning of sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder.
- vi The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- vii a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues applicable to it during the year with appropriate authorities. 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 of 31 March 2023 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. In Lakhs)	Period to which amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	8.49	AY 20-21	Commissioner of Income-tax (Appeals)

- viii There was no transaction which were not recorded in the books of accounts or surrendered as Income during the year in the tax assessments under Income Tax Act.
- ix a) Based on our examination of the books of accounts and other records of the company, The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
 b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, the company has not been declared as a wilful defaulter by any bank, financial institution, or any other lender.
 c) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, Term Loans obtained were applied for the purposes which it was obtained.
 d) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, No funds raised on short term basis have been utilised for long term purposes.
 e) The company does not have any Subsidiary, Associate or Joint Venture. Hence reporting under this clause is not applicable.
 f) The company does not have any Subsidiary, Associate or Joint Venture. Hence reporting under this clause is not applicable.
- x a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer during the year.
 b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi a) To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company or material fraud on the Company were noticed or reported during the course of our audit.
 b) No report under sub section (12) of Section 143 of the Companies Act in form ADT-4 was filed as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 c) The company did not receive any whistle blower complaints during the year.
- xii The Company is not a Nidhi Company. Hence, clauses 3(xii)(a),(b),(c) of the Order are not applicable.
- xiii The transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv a) The company has an Internal Audit System commensurate with the Size and Nature of its business.
 b) We have considered the Reports of Internal Auditors for the financial year ended 31st March 2023.
- xv According to the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year.
- xvi a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.
 b) The company has conducted Non-banking Financial Activities with Valid Certificate of Registration from Reserve Bank of India.
 c) The company is not a Core Investment Company, hence reporting under clause 3(xvi)(c) is not applicable
 d) The Company is not a part of any Group. Hence reporting under this clause is not applicable.
- xvii The company has not incurred cash losses during the year and the immediately preceding financial year.
- xviii There has been no resignation of the statutory auditors during the year and accordingly the reporting under Clause (xviii) is not applicable.
- xix On the basis of our evaluation of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement and our knowledge of Board of Directors and Management plans, we are of the opinion that, no material uncertainty exists as on the date of Audit Report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet.
- xx a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to 135(5) of the Act. This matter has been disclosed in note 28.2 to the financial statements.
 b) The company does not have any ongoing project for CSR. Hence reporting under this clause is not applicable.
- xxi As the company is not required to prepare the consolidated financial statements, the reporting under clause 3(xxi) is not applicable.

**For SUNDARAM AND SRINIVASAN
Chartered Accountants**

Firm's Registration No. 004207S

S Usha

Partner

Membership No.211785

UDIN: 23211785BGWCUU7883

Place: Chennai

Date: April 27th, 2023

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Veritas Finance Private Limited** ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including

the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such

internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For SUNDARAM AND SRINIVASAN
Chartered Accountants**

Firm's Registration No. 004207S

S Usha

Partner

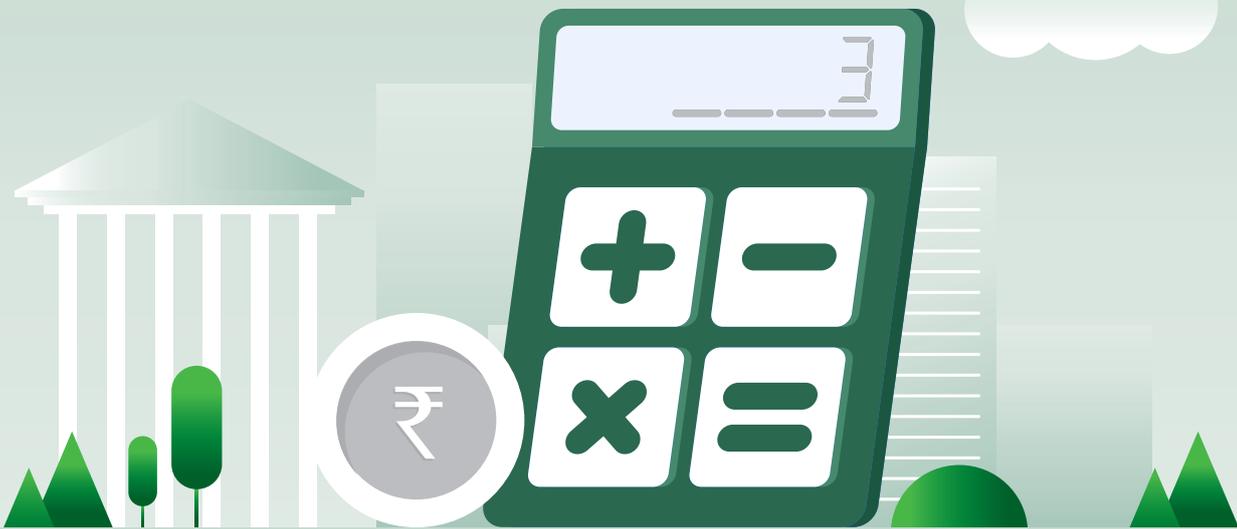
Membership No.211785

UDIN: 23211785BGWCUU7883

Place: Chennai

Date: April 27th, 2023

FINANCIAL STATEMENT





Balance sheet as at 31 March 2023

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

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	23,825.39	33,473.91
Bank balances other than cash and cash equivalents	5	28,583.38	11,521.62
Loans	6	3,47,561.64	2,13,209.17
Investments	7	337.92	-
Other financial assets	8	837.85	692.81
		4,01,146.18	2,58,897.51
Non-financial assets			
Current tax assets (net)	9	52.17	412.56
Deferred tax assets (net)	29.2	3,113.20	2,226.76
Property, plant and equipment	10.1	1,385.14	492.73
Right of use assets	10.2	2,761.38	1,561.28
Intangibles assets	10.3	200.76	225.06
Intangible assets under development	10.4	16.08	45.76
Other non-financial assets	11	303.41	385.57
		7,832.14	5,349.72
Total		4,08,978.32	2,64,247.23
LIABILITIES AND EQUITY			
Financial liabilities			
Trade payables	12		
• Total outstanding dues of micro enterprises and small enterprises		54.25	4.89
• Total outstanding dues of creditors other than micro enterprises and small enterprises		498.72	326.21
Debt securities	13	17,926.89	24,207.26
Borrowings (other than debt securities)	14	2,24,962.33	95,357.96
Other financial liabilities	15	3,278.69	1,868.66
		2,46,720.88	1,21,764.98
Non-financial liabilities			
Provisions	16	823.51	416.16
Other non-financial liabilities	17	2,308.33	1,261.27
		3,131.84	1,677.43
Equity			
Equity share capital	18	11,422.40	11,358.00
Other equity	19	1,47,703.20	1,29,446.82
		1,59,125.60	1,40,804.82
Total		4,08,978.32	2,64,247.23

Significant accounting policies

3

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

As per our report of even date attached

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

S Usha
Partner

Membership No: 211785

Place: Chennai

Date: 27 April 2023

For and on behalf of the Board of Directors
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

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

Statement of profit and loss for the year ended 31 March 2023

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

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
Interest income	20	65,246.42	42,611.54
Fee income	21	1,870.42	958.02
Net gain on fair value changes	22	906.46	638.86
Total revenue from operations		68,023.30	44,208.42
Other income	23	197.84	156.14
Total income		68,221.14	44,364.56
Expenses			
Finance costs	24	16,921.31	12,893.81
Impairment on financial instruments	25	4,680.47	5,935.56
Employee benefits expenses	26	16,697.06	10,984.31
Depreciation and amortization	27	1,511.42	1,425.40
Other expenses	28	5,125.88	2,989.14
Total expenses		44,936.14	34,228.22
Profit before tax		23,285.00	10,136.34
Tax expense			
Current tax	29	6,473.58	3,153.00
Deferred tax	29.2	(828.96)	(557.05)
		5,644.62	2,595.95
Profit after tax for the year		17,640.38	7,540.39
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit obligation	30.2	(228.34)	59.60
Income tax relating to items that will not be reclassified to profit or loss	29.2	57.48	(15.00)
Other comprehensive income for the year		(170.86)	44.60
Other comprehensive income / (defecit) for the year, net of income tax		(170.86)	44.60
Total comprehensive income for the year, net of income tax		17,469.52	7,584.99
Earnings per equity share of INR 10 each			
• Basic	34	36.15	18.12
• Diluted		14.57	6.59
Significant accounting policies	3		

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

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

S Usha
Partner
Membership No: 211785
Place: Chennai
Date: 27 April 2023

For and on behalf of the Board of Directors
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

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

Statement of changes in equity for the year ended 31 March 2023

(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 2021	3,515.89	6,501.91			10,017.80	
Add : Issued during the financial year 2021-22	1,340.20	-			1,340.20	
Balance as at 31 March 2022	4,856.09	6,501.91			11,358.00	
Add : Issued during the financial year 2022-23	64.40	-			64.40	
Balance as at 31 March 2023	4,920.49	6,501.91			11,422.40	
B Other equity						
Particulars	Reserves and surplus			Other comprehensive income		
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Re-measurements of defined benefit plan	Total other equity attributable to equity holders of the Company
As at 31 March 2021	2,438.26	67,009.17	786.04	8,550.53	-	78,784.00
Premium received on shares issued during the year	-	42,710.68	-	-	-	42,710.68
Utilised during the year for share issue expenses	-	(26.16)	-	-	-	(26.16)
Profit after tax for the year	-	-	-	7,540.39	-	7,540.39
Transfer to securities premium on exercise of options	-	13.55	(13.55)	-	-	-
Transfer to statutory reserve	1,508.08	-	-	(1,508.08)	-	-
Remeasurements of defined benefit plan	-	-	-	-	44.60	44.60
Transferred to retained earnings	-	-	-	44.60	(44.60)	-
Share based payment expense	-	-	393.31	-	-	393.31
As at 31 March 2022	3,946.34	1,09,707.24	1,165.80	14,627.44	-	1,29,446.82
Premium received on shares issued during the year	-	481.62	-	-	-	481.62
Utilised during the year for share issue expenses	-	-	-	-	-	-
Profit after tax for the year	-	-	-	17,640.38	-	17,640.38
Transfer to securities premium on exercise of options	-	170.58	(170.58)	-	-	-
Transfer to statutory reserve	3,528.08	-	-	(3,528.08)	-	-
Remeasurements of defined benefit plan	-	-	-	-	(170.86)	(170.86)
Transferred to retained earnings	-	-	-	(170.86)	170.86	-
Share based payment expense	-	-	305.24	-	-	305.24
As at 31 March 2023	7,474.42	1,10,359.44	1,300.46	28,568.88	-	1,47,703.20

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

S Usha
Partner
Membership No: 211785
Place: Chennai
Date: 27 April 2023

For and on behalf of the Board of Directors
Veritas Finance Private Limited

M. Sivaraman
Director
DIN : 02045100

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V. G. Suchindran
Chief Financial Officer

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

Cash flow statement for the year ended 31 March 2023

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

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
Cash flows from operating activities			
Profit before tax for the year		23,285.00	10,136.34
Adjustments for:			
Depreciation and amortisation	27	1,511.42	1,425.40
Impairment on financial instruments	25	4,680.47	5,935.56
Stock based payment to employees	26	305.24	393.31
Change in fair value of financial assets designed as FVTPL	22	-	1.62
Interest income on security deposits	20	(28.65)	(24.06)
Profit on disposal of leased assets	23	(10.27)	(9.90)
Finance costs	24	16,921.31	12,893.81
(Gain) / loss on sale of PPE (net)	23	3.44	(4.29)
Interest income on fixed deposits	20	(1,847.94)	(1,657.47)
Gain on sale of investments, net	22	(906.46)	(640.48)
Operating cash flow before working capital changes		43,913.56	28,449.84
Changes in working capital			
Adjustments for (increase)/ decrease in operating assets:			
Increase in loans		(1,39,026.84)	(66,718.50)
Increase in other financial assets		(151.14)	(260.18)
Increase in other non-financial assets		82.16	(109.40)
Adjustments for increase/ (decrease) in operating liabilities:			
Increase in trade payables		221.87	39.49
Increase in other financial liabilities		192.70	32.44
Increase in provisions		179.01	85.64
Increase in other non-financial liabilities		1,047.06	159.63
Cash used by operations		(93,541.62)	(38,321.04)
Finance costs paid		(17,655.87)	(13,757.85)
Direct taxes paid (net)		(6,113.19)	(3,226.77)
Net cash used by operations	(A)	(1,17,310.68)	(55,305.66)
Cash flows from investing activities			
Purchase of fixed assets		(1,476.25)	(341.33)
Proceeds from sale of fixed assets		19.75	5.30
Increase in bank balances other than cash and cash equivalents		(17,061.76)	16,092.65
Interest received on bank balances other than cash and cash equivalents		1,847.94	1,657.47
Purchase of investments		(4,69,259.61)	(4,88,101.64)
Proceeds from sale of investments		4,69,828.15	5,06,239.62
Net cash generated from / (used in) investing activities	(B)	(16,101.78)	35,552.07
Cash flows from financing activities			
Proceeds from issue of equity shares including securities premium		546.03	44,050.88
Payment of lease liabilities		(1,068.48)	(807.63)
Payment of share issue expenses		-	(26.16)
Proceeds from debt securities		20,000.00	5,500.00
Proceeds from borrowings (other than debt securities)		1,90,322.01	61,880.29
Repayment of debt securities		(25,760.01)	(33,500.00)
Repayment of borrowings (other than debt securities)		(60,275.60)	(38,680.84)
Net cash generated from financing activities	(C)	1,23,763.95	38,416.54
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		(9,648.52)	18,662.94
Cash and cash equivalents at the beginning of the year		33,473.91	14,810.97
Cash and cash equivalents at the end of the year	4	23,825.39	33,473.91

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
Notes to cash flow statement			
Components of cash and cash equivalents:	4		
Cash on hand		193.79	366.78
Balances with banks			
In current accounts		20,629.89	15,103.82
In deposit accounts (Original maturity less than three months)		3,001.71	18,003.31
		23,825.39	33,473.91

Significant accounting policies

3

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

As per our report of even date attached

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

S Usha
Partner

Membership No: 211785

Place: Chennai
Date: 27 April 2023

For and on behalf of the Board of Directors
Veritas Finance Private Limited

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Notes to the financial statements for the year ended 31 March 2023

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

1	Reporting entity									
	<p>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”).</p> <p>The Company is engaged in extending credit to micro and small enterprises typically self-employed business and salaried segment. 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.</p>									
2	Basis of preparation of Financial Statements									
2.1	Statement of compliance									
	<p>These financial statements have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (‘the Act’) in conformity with generally accepted accounting principles in India and other relevant provisions of the Act.</p> <p>The financial statements are prepared based on the notified Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies that are required to comply with Ind AS.</p> <p>These financial statements were approved by the Company’s Board of Directors and authorised for issue on 27 April 2023.</p> <p>Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.</p> <p>Details of the Company’s accounting policies are disclosed in note 3.</p>									
2.2	Presentation of financial statements									
	<p>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.</p> <p>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.</p>									
2.3	Functional and presentation currency									
	<p>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 with two decimals, unless otherwise indicated.</p>									
2.4	Basis of measurement									
	<p>The financial statements have been prepared on the historical cost basis except for the following items:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Items</th> <th style="text-align: center;">Measurement basis</th> </tr> </thead> <tbody> <tr> <td>Financial assets and liabilities</td> <td>Fair value / Amortised Cost, as applicable</td> </tr> <tr> <td>Liabilities for equity-settled share-based payment arrangements</td> <td>Fair value</td> </tr> <tr> <td>Net defined benefit (asset)/ liability</td> <td>Fair value of plan assets less present value of defined benefit obligations</td> </tr> </tbody> </table>		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
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									
	<p>The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements 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.</p> <p>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.</p>									

Notes to the financial statements for the year ended 31 March 2023

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

i)	Business model assessment <p>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.</p>
ii)	Fair value of financial instruments <p>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.</p>
iii)	Effective Interest Rate (“EIR”) method <p>The Company’s EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).</p> <p>This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.</p>
iv)	Impairment of financial asset <p>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.</p> <p>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:</p> <ul style="list-style-type: none">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 <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Notes to the financial statements for the year ended 31 March 2023

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

vi)	Other assumptions and estimation uncertainties <p>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:</p> <p>i) Measurement of defined benefit obligations: key actuarial assumptions;</p> <p>ii) Estimated useful life of property, plant and equipment and intangible assets other than those taken on lease;</p> <p>b) Recognition of deferred taxes.</p>
3	Significant accounting policies
3.1	Revenue Recognition
	<p>Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.</p> <p>The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.</p>
A)	Recognition of interest income on loans <p>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.</p> <p>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.</p> <p>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.</p> <p>The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.</p>
B)	Interest income on deposits <p>Interest on bank deposits is accounted on accrual basis on time proportion.</p>
C)	Fee income <p>Fees income such as legal, documentation, instrument bounce charges and preclosure charges (other than fees and costs that are an integral part of EIR) are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established only when the customer pays.</p>

Notes to the financial statements for the year ended 31 March 2023

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

D)	Other income <p>All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.</p>
3.2	Financial instrument - Initial recognition
A)	Date of recognition <p>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.</p>
B)	Initial measurement of financial instruments <p>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.</p>
C)	Measurement categories of financial assets and liabilities <p>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:</p> <ul style="list-style-type: none">i) Amortised costii) 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 <p>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:</p> <ul style="list-style-type: none">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.
	Solely payments of principal and interest (SPPI) test <p>As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>Accordingly, financial assets are measured as follows based on the existing business model:</p>

Notes to the financial statements for the year ended 31 March 2023

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

i)	Financial assets carried at amortised cost (AC) <p>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.</p>
ii)	Financial assets at fair value through other comprehensive income (FVTOCI) <p>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.</p>
iii)	Financial assets at fair value through profit or loss (FVTPL) <p>Financial assets which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss. The Company records investments in mutual funds at FVTPL.</p>
B.	Financial liabilities
i)	Initial recognition and measurement <p>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.</p>
ii)	Subsequent measurement <p>Financial liabilities are carried at amortized cost using the effective interest method.</p>
3.4	Reclassification of financial assets and liabilities <p>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 2023 and 31 March 2022.</p>
3.5	Derecognition of financial assets and liabilities
A.	Derecognition of financial assets due to substantial modification of terms and conditions <p>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.</p>
B.	Derecognition of financial assets other than due to substantial modification of terms and conditions <p>(i) 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.</p> <p>(ii) The Company enters into securitisation transactions where financial assets are transferred to a special purpose vehicle for a purchase consideration. The credit enhancement is provided in the form of cash collateral and investment in equity tranche PTCs, pursuant to the transfer of financial assets under securitisation. Basis this, the Company concluded that securitisation transactions entered by the Company does not qualify for derecognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.</p>

Notes to the financial statements for the year ended 31 March 2023

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

C.	Derecognition of 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)			
	Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:			
	Stage 1:			
	When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3. (If completely regularised to zero DPD for 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 where the loans have been re-structured as per extent RBI Regulations			
	Stage 3:			
	Loans considered credit impaired are the loans which are past due for more than 90 days and has not been completely regularised to zero DPD. 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

Notes to the financial statements for the year ended 31 March 2023

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

B.	<p>Calculation of ECLs</p> <p>The mechanics of ECL calculations are outlined below and the key elements are, as follows:</p> <p>Probability of Default ('PD'):</p> <p>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.</p> <p>Exposure at Default ('EAD'):</p> <p>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.</p> <p>Loss Given Default ('LGD'):</p> <p>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.</p> <p>The mechanics of the ECL method are summarised below:</p> <p>Stage 1:</p> <p>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.</p> <p>Stage 2:</p> <p>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.</p> <p>Stage 3:</p> <p>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%.</p>
C.	<p>Forward looking information</p> <p>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.</p>
3.7	<p>Write-offs</p> <p>Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss. For all loan accounts which are in NPAs or matured and which is yet to be settled for specified period, then it is technically written-off.</p>
3.8	<p>Determination of fair value</p> <p>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.</p> <p>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:</p> <p>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;</p> <p>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</p> <p>Level 3 financial instruments Those that include one or more unobservable input that is significant to the measurement as whole.</p>

Notes to the financial statements for the year ended 31 March 2023

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

3.9	Property, plant and equipment ('PPE')															
i.	<p>Recognition and measurement</p> <p>Items of PPE are stated at cost less accumulated depreciation and accumulated impairment loss, if any.</p> <p>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.</p> <p>If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.</p> <p>Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.</p> <p>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".</p>															
ii.	<p>Subsequent expenditure</p> <p>Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.</p>															
iii.	<p>Depreciation</p> <p>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.</p> <p>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 years are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Asset category</th> <th style="text-align: center;">Estimated Useful life</th> <th style="text-align: center;">Useful life as per schedule II</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Furniture and fixtures</td> <td style="text-align: center;">5 Years</td> <td style="text-align: center;">10 Years</td> </tr> <tr> <td style="text-align: center;">Office equipments</td> <td style="text-align: center;">5 Years</td> <td style="text-align: center;">5 Years</td> </tr> <tr> <td style="text-align: center;">Computers and accessories</td> <td style="text-align: center;">3 Years</td> <td style="text-align: center;">3 Years</td> </tr> <tr> <td style="text-align: center;">Vehicles</td> <td style="text-align: center;">5 Years</td> <td style="text-align: center;">8 Years</td> </tr> </tbody> </table> <p>Leasehold improvements are depreciated over the remaining period of lease or 5 years, whichever is lower.</p> <p>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).</p> <p>Property, plant and equipment taken on rent are treated as lease. Refer note 3.14.</p>	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	Vehicles	5 Years	8 Years
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														
Vehicles	5 Years	8 Years														
3.10	Intangibles															
i.	<p>Recognition and measurement</p> <p>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.</p>															
ii.	<p>Subsequent expenditure</p> <p>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.</p>															
iii.	<p>Amortisation</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Intangible fixed assets description</th> <th style="text-align: center;">Management estimate of useful life</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Computer software</td> <td style="text-align: center;">License period or 3 years, whichever is lower</td> </tr> </tbody> </table> <p>The amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.</p>	Intangible fixed assets description	Management estimate of useful life	Computer software	License period or 3 years, whichever is lower											
Intangible fixed assets description	Management estimate of useful life															
Computer software	License period or 3 years, whichever is lower															

Notes to the financial statements for the year ended 31 March 2023

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

3.11	Impairment of non-financial assets
	<p>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.</p> <p>In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial and non financial assets like security deposits and employee related loans and advances.”</p>
3.12	Employee benefits
(i)	Post - employment benefits
a	Defined contribution plan
	<p>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.</p>
b	Defined benefit plan
	<p>Gratuity</p> <p>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.</p> <p>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.</p> <p>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 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.</p>
ii.	Other long-term employee benefit
	Compensated absences
	<p>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 12 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.</p>
iii.	Short-term employee benefits
	Compensated absences
	<p>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:</p> <p>(a) in case of accumulated compensated absences - when employees render services that increase their entitlement of future compensated absences; and</p> <p>(b) in case of non-accumulating compensated absences - when the absences occur.</p>
iv.	Stock based compensation
	Compensated absences
	<p>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.</p>

Notes to the financial statements for the year ended 31 March 2023

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

3.13	Provisions, contingent liabilities and contingent assets
	<p>Provisions</p> <p>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.</p> <p>Contingent liability</p> <p>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.</p> <p>Contingent asset</p> <p>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.</p>
3.14	Leases
	<p>As a lessee</p> <p>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</p> <p>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.</p> <p>The lease liability is initially measured at the present value of the lease payments that are not paid as at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.</p> <p>Lease payments included in the measurement of the lease liability comprise the following:</p> <ul style="list-style-type: none">- 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. <p>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.</p> <p>The Company presents right-of-use assets separately on the face of the balance sheet and lease liability under other financial liabilities.</p> <p>Short-term leases</p> <p>The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.</p>

Notes to the financial statements for the year ended 31 March 2023

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

3.15	Income tax
	<p>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.</p> <p>i. Current tax</p> <p>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.</p> <p>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.</p> <p>ii. Deferred tax</p> <p>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:</p> <ul style="list-style-type: none">- 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. <p>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.</p> <p>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.</p> <p>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.</p>
3.16	Foreign currency transactions
	<p>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.</p> <p>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.</p>
3.17	Borrowing cost
	<p>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.</p>

Notes to the financial statements for the year ended 31 March 2023

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

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 may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ('CODM') to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. (Refer Note 31)
3.20	Earning per share
	The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33 Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity shareholders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.
3.21	Cash flow statement
	Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the Company are segregated based on the available information. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.
3.22	Recent pronouncements
	<p>Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:</p> <p>Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company is in the process of thorough review of accounting policies to determine material accounting policy information to be disclosed going forward. Hence, there could be significant changes to the accounting policies disclosed in these financial statements.</p> <p>Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact in its financial statements.</p> <p>Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact in its financial statement.</p>

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023	As at 31 March 2022
4	Cash and cash equivalents		
	Cash on hand	193.79	366.78
	Balances with banks		
	In current accounts	20,629.89	15,103.82
	In deposit accounts (Original maturity less than three months)	3,001.71	18,003.31
		23,825.39	33,473.91
5	Bank balances other than cash and cash equivalents		
	Bank balances other than cash and cash equivalents		
	In other deposit accounts (Original maturity more than three months)**	28,583.38	11,521.62
		28,583.38	11,521.62
	**Balances with Bank to the extent held as security against borrowings under securitisation	281.21	
6	Loans		
A	Based on nature		
	At Amortised cost		
	Loans	3,52,921.78	2,17,663.74
	Interest accrued	6,482.31	4,635.05
	Advance from customers	(956.25)	(642.55)
	Unamortised fees	(5,074.71)	(2,920.87)
		3,53,373.13	2,18,735.37
	Less: Impairment loss allowance	(5,811.49)	(5,526.20)
		3,47,561.64	2,13,209.17
B	Based on security		
	Secured (refer note 6.1)		
	Secured by tangible assets	3,17,529.48	2,05,021.71
	Interest accrued	6,385.70	4,602.58
	Advance from customers	(295.59)	(318.10)
	Unamortised fees	(4,590.84)	(2,759.69)
		3,19,028.75	2,06,546.50
	Less: Impairment loss allowance	(5,457.91)	(5,364.80)
		3,13,570.84	2,01,181.70
	Unsecured		
	Unsecured loans	35,392.30	12,642.03
	Interest accrued	96.60	32.47
	Advance from customers	(660.65)	(324.45)
	Unamortised fees	(483.87)	(161.18)
		34,344.38	12,188.87
	Less: Impairment loss allowance	(353.58)	(161.40)
		33,990.80	12,027.47
		3,47,561.64	2,13,209.17
C	Based on region		
	(I) Loans in India		
	(i) Public Sector	-	-
	(ii) Others	3,52,921.78	2,17,663.74
	Total	3,52,921.78	2,17,663.74
	Interest accrued	6,482.30	4,635.05
	Advance from customers	(956.25)	(642.55)
	Unamortised fees	(5,074.71)	(2,920.87)
		3,53,373.13	2,18,735.37
	Less: Impairment loss allowance	(5,811.49)	(5,526.20)
		3,47,561.64	2,13,209.17

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023	As at 31 March 2022
	(II) Loans outside India		
	Loans outside India	-	-
		3,47,561.64	2,13,209.17
6.1	Loans are secured wholly by mortgage of property. Loans including instalments and interest outstanding amounting to INR 82.09 Lakhs in respect of two properties symbolically repossessed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.(SARFAESI, 2002)		
7	Investments		
	At fair value through profit or loss		
	Investment in mutual funds	-	-
	At amortised cost		
	Investment in equity tranche PTCs*	337.92	-
	Investments	337.92	-
	Investment outside India	-	-
	Investments in India	337.92	-
	Gross investments	337.92	-
	Fair value changes	-	-
	Investment in equity tranche PTCs*	337.92	-
	Net investments	337.92	-
	Aggregate book value of quoted investments	-	-
	Aggregate market value of quoted investments	-	-
	Aggregate book value of unquoted investments	337.92	-
	Aggregate amount of fair value changes in investments	-	-
	*Pass through Certificates		
8	Other financial assets		
	Unsecured, considered good		
	Other receivables	16.53	0.04
	Security deposits	803.54	485.88
	Employee loans	26.01	32.29
	Less : Impairment Loss on the above	(8.84)	(2.74)
	Other Advances	0.61	177.34
	Total	837.85	692.81
9	Current tax assets (net)		
	Advance income tax (net of provisions)	52.17	412.56
	Total	52.17	412.56

Notes to the financial statements for the year ended 31 March 2023

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

10.1 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and fixtures	Office equipments	Computers and accessories	Vehicles	Total
Cost						
Balance as at 31 March 2021	606.55	279.84	161.06	840.21	-	1,887.66
Additions	78.15	25.97	18.70	98.78	-	221.60
Disposals	(83.52)	(4.91)	(2.09)	(1.42)	-	(91.94)
Balance as at 31 March 2022	601.18	300.90	177.67	937.57	-	2,017.32
Additions	109.88	104.05	41.80	576.00	526.66	1,358.39
Disposals	(0.10)	(2.66)	(7.63)	(68.86)	(18.85)	(98.11)
Balance as at 31 March 2023	710.96	402.29	211.84	1,444.71	507.81	3,277.61
Accumulated depreciation						
Balance as at 31 March 2021	449.59	195.85	65.27	520.29	-	1,231.00
Additions	103.41	55.97	32.45	192.69	-	384.52
On disposals	(83.38)	(3.53)	(1.85)	(2.17)	-	(90.93)
Balance as at 31 March 2022	469.62	248.30	95.87	710.80	-	1,524.59
Additions	79.20	94.70	39.17	161.63	68.10	442.79
On disposals	(0.10)	(2.66)	(6.15)	(64.62)	(1.39)	(74.92)
Balance as at 31 March 2023	548.72	340.33	128.89	807.81	66.71	1,892.46
Net block						
As at 31 March 2022	131.56	52.60	81.80	226.77	-	492.73
As at 31 March 2023	162.24	61.96	82.96	636.90	441.10	1,385.14

10.2 Right of use assets ('ROUA')

Particulars	Land and buildings	Furniture and fixtures	Total
Gross block value			
Balance as at 31 March 2021	2,257.91	-	2,257.91
Additions	1,099.81	-	1,099.81
Deletions	(685.11)	-	(685.11)
Balance as at 31 March 2022	2,672.61	-	2,672.61
Additions	2,113.52	107.15	2,220.66
Deletions	(679.21)	-	(679.21)
Balance as at 31 March 2023	4,106.91	107.15	4,214.06
Accumulated depreciation			
Balance as at 31 March 2021	987.63	-	987.63
Additions	733.82	-	733.82
Deletions	(610.12)	-	(610.12)
Balance as at 31 March 2022	1,111.33	-	1,111.33
Additions	891.33	5.47	896.80
Deletions	(555.45)	-	(555.45)
Balance as at 31 March 2023	1,447.21	5.47	1,452.68
Net block value			
As at 31 March 2022	1,561.28	-	1,561.28
As at 31 March 2023	2,659.70	101.68	2,761.38

Also refer note 32

Note - Wherever the Company has taken premises on rent along with furniture as a separate agreement then the ROUA of the same is shown separately.

Notes to the financial statements for the year ended 31 March 2023

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

10.3 Intangible assets		
Particulars	Computer Softwares	Total
Cost		
Balance as at 31 March 2021	936.63	936.63
Additions	106.49	106.49
Disposals	-	-
Balance as at 31 March 2022	1,043.12	1,043.12
Additions	147.53	147.53
Disposals	-	-
Balance as at 31 March 2023	1,190.65	1,190.65
Accumulated amortization		
Balance as at 31 March 2021	511.01	511.01
Additions	307.06	307.06
On disposals	-	-
Balance as at 31 March 2022	818.07	818.07
Additions	171.83	171.83
On disposals	-	-
Balance as at 31 March 2023	989.90	989.90
Net block		
As at 31 March 2022	225.06	225.06
As at 31 March 2023	200.76	200.76

10.4 Intangible assets under development		
Particulars	Software under development	Total
Balance as at 31 March 2021	43.56	43.56
Additions	57.36	57.36
Capitalized during the year	(55.16)	(55.16)
Balance as at 31 March 2022	45.76	45.76
Additions	83.12	83.12
Capitalized during the year	(112.80)	(112.80)
Balance as at 31 March 2023	16.08	16.08

10.5 Intangible fixed assets under development - Ageing Schedule

As at 31 Mar 2023					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	16.08	-	-	-	16.08
Projects Temporary Suspended	-	-	-	-	-
TOTAL	16.08	-	-	-	16.08
As at 31 Mar 2022					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	23.29	22.47	-	-	45.76
Projects Temporary Suspended	-	-	-	-	-
TOTAL	23.29	22.47	-	-	45.76

10.6 Details of Benami Transactions

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Details of such property, (b) Amount thereof, (c) Details of Beneficiaries, (d) If property is in the books, then reference to the item in the Balance Sheet, (e) If property is not in the books, then the fact shall be stated with reasons, (f) Where there are proceedings against the company under this law as an abetter of the transaction or as the transferor then the details shall be provided, (g) Nature of proceedings, status of same and company's view on same.	NA	NA

11 Other non-financial assets			
	Capital and other advances	2.47	4.85
	Prepaid expenses	300.94	315.09
	Balance with government authorities	-	65.63
138	Total	303.41	385.57

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023	As at 31 March 2022
12	Payables (refer note 12.1)		
	Trade payables		
	- Total outstanding dues of micro enterprises and small enterprises	54.25	4.89
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	498.72	326.21
	Total	552.97	331.10

12.1 Trade payables(Ageing Schedule)

The following schedules reflect aging of trade payables with respect to the date of transactions

As at 31 Mar 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	54.25	-	-	-	54.25
(ii) Others	498.72	-	-	-	498.72
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Sub Total - A	552.97	-	-	-	552.97
(v) Unbilled amount	-	-	-	-	-
Sub Total - B	-	-	-	-	-
Grand Total - A + B	552.97	-	-	-	552.97

As at 31 Mar 2022

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

13 Debt securities (refer note 13.1 and 13.2)

At amortised cost		
Secured:		
Non-convertible debentures		
Nil (31 March 2022: 416) Series 7 redeemable non-convertible debentures of INR 10 lakhs each	-	4,160.00
Nil (31 March 2022: 860) Series 8 redeemable non-convertible debentures of INR 10 lakhs each	-	8,600.00
Nil (31 March 2022: 250) Series 10 redeemable non-convertible debentures of INR 10 lakhs each	-	2,500.00
Nil (31 March 2022: 250) Series 10 redeemable non-convertible debentures of INR 10 lakhs each	-	2,500.00
Nil (31 March 2022: 300) Series 12 redeemable non-convertible debentures of INR 10 lakhs each	-	3,000.00
250 (31 March 2022: 250) Series 13 redeemable non-convertible debentures of INR 10 lakhs each	2,500.00	2,500.00
1500 (31 March 2022: Nil) Series 14 redeemable non-convertible debentures of INR 10 lakhs each	15,000.00	-
	17,500.00	23,260.00
Add: Interest accrued but not due	426.89	1,008.22
Less: Unamortised fees	-	(60.96)
Total	17,926.89	24,207.26
Debt securities in India	17,926.89	24,207.26
Debt securities outside India	-	-
	17,926.89	24,207.26

Notes to the financial statements for the year ended 31 March 2023

(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	Call (or) put option date/ final Maturity date	As at 31 March 2023	As at 31 March 2022
	Nil (31 March 2022: 208) Series 7 redeemable non-convertible debentures of INR 10 Lakhs each	36 months	29-Jul-22	-	2,080.00
	Nil (31 March 2022: 208) Series 7 redeemable non-convertible debentures of INR 10 Lakhs each	36 months	29-Jul-22	-	2,080.00
	Nil (31 March 2022: 860) Series 8 redeemable non-convertible debentures of INR 10 Lakhs each	72 months	22-Aug-22; 20-Aug-25	-	8,600.00
	Nil (31 March 2022: 250) Series 10 redeemable non-convertible debentures of INR 10 lakhs each	18 months	11-May-22	-	2,500.00
	Nil (31 March 2022: 250) Series 10 redeemable non-convertible debentures of INR 10 lakhs each	18 months	11-May-22	-	2,500.00
	Nil (31 March 2022: 300) Series 12 redeemable non-convertible debentures of INR 10 lakhs each	36 months	12-Jan-23; 12 -July-24	-	3,000.00
	250 (31 March 2022: 250) Series 13 redeemable non-convertible debentures of INR 10 lakhs each	30 months	23-Jun-23; 24-Sep-24	2,500.00	2,500.00
	1500 (31 March 2022: Nil) Series 14 redeemable non-convertible debentures of INR 10 lakhs each	72 months	23-Jun-26; 23-Jun-28	15,000.00	-
	Total			17,500.00	23,260.00
	As at balance sheet date, interest rates (per annum) range for the NCDs			10.58% to 10.95%	9.50% to 12.96%
13.2 Details of debentures issued by the Company:					
<p>a) All the NCDs issued by the Company are secured by exclusive charge on specific receivables of the Company by way of hypothecation with security cover to the extent of 1.00 times of both the principal and the interest accrued on the NCDs at any point in time. The average security cover provided for these listed NCDs is at 1.05 times of the principal and interest amount outstanding as at 31 March 2023.</p> <p>b) Interest for the above outstanding NCDs are payable on Quarterly / Half yearly basis.</p> <p>c) The principal repayment for the NCDs is on the date of maturity / amortisation or upon exercise of put / call option respectively.</p> <p>d) The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the Company has been not declared as wilful defaulter by Banks, Financial Institutions or any other lenders.</p> <p>e) We confirm that the Company has used the proceeds of NCDs for the purpose for which they have been borrowed.</p>					

Notes to the financial statements for the year ended 31 March 2023

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

14 Borrowings (Other than debt securities) (refer note 14.1 and 14.2)			
At amortised cost			
(A) Term loans (secured)			
From banks - long term		1,96,783.03	83,252.85
From banks - short term		5,999.43	-
From other parties		17,653.05	10,500.13
(B) Borrowings under securitisation (secured)		4,330.81	-
(C) Loans repayable on demand (secured)			
From banks		989.46	1,956.38
		2,25,755.78	95,709.36
Add: Interest accrued but not due		267.48	182.95
Less: Unamortised fees		(1,060.93)	(534.35)
Total		2,24,962.33	95,357.96
Borrowings in India		2,24,962.33	95,357.96
Borrowings outside India		-	-
Total		2,24,962.33	95,357.96

Loans repayable on demand from banks includes cash credit facilities which are secured by specific charge on loans. The range of interest rates across the facilities is 8.45% p.a. to 13.10% p.a. (31 March 2022: 8.06% p.a. to 12.40% p.a.).

The Company has not defaulted in repayment of loans.

14.1 Details of borrowings:

a) Terms of repayment of borrowings from banks:

(i) Terms of repayment of term loans from banks:

Bank Name	Tenure	Earliest installment date	Principal repayment mode (instalments)	As at 31 March 2023	As at 31 March 2022
AU Small Finance Bank Limited	36 months	03-Jul-19	Monthly	5,479.71	4,305.56
Axis Bank Limited	48/60 months	11-Sep-21	Monthly	9,193.55	6,766.62
Bank of Baroda	60 months	10-Jan-22	Monthly	3,966.67	3,675.00
Bandhan Bank Limited	60 months	01-Feb-23	Quarterly	7,105.14	-
Canara Bank	45 months	15-Feb-22	Quarterly	3,333.33	4,666.67
Capital Small Finance Bank Limited	39/60 months	01-Jan-21	Monthly	1,523.95	2,121.14
CSB Bank Limited	36/39/60 months	17-Jun-20	Monthly	4,366.02	1,194.23
DBS Bank India Limited	24 months	28-Feb-23	Monthly	2,261.90	-
Dhanlaxmi Bank Limited	48 months	30-Apr-23	Quarterly	2,000.00	-
Equitas Small Finance Bank Limited	48 months	05-Jan-21	Quarterly	4,065.75	6,483.75
Federal Bank Limited	36 months	25-Mar-22	Monthly	6,177.70	2,430.51
HDFC Bank Limited	45/48/60 months	30-Oct-20	Monthly	22,095.65	1,050.00
ICICI Bank Limited	24 months	30-Aug-22	Monthly	1,333.33	-
IDBI Bank Limited	60 months	01-Oct-22	Monthly	2,222.20	2,500.00
IDFC First Bank Limited	36/60 months	29-Feb-20	Monthly	25,471.49	11,602.19
Indian Bank	60 months	15-Jul-21	Monthly	6,944.50	4,207.72
IndusInd Bank Limited	48 months	31-Oct-20	Monthly	6,864.58	3,843.75
Karnataka Bank Limited	36 Months	24-Feb-23	Quarterly	2,272.90	-
Kotak Mahindra Bank Limited	36 Months	09-Mar-23	Monthly	4,861.11	-
RBL Bank Limited	36/48 months	31-Dec-19	Monthly	4,684.78	6,798.59
South Indian Bank Limited	48 months	30-Jul-22	Monthly	1,624.53	-
Standard Chartered Bank Plc.	12 months	31-Aug-22	Yearly	3,000.00	3,000.00
State Bank of India	36/45/60 months	30-Jun-20	Quarterly	45,498.70	14,799.04
SBM Bank (India) Limited	48 months	30-Jun-21	Quarterly	1,000.00	1,500.00
The Karur Vysya Bank Limited	36 months	31-Dec-21	Monthly	5,277.77	1,777.78
Ujjivan Small Finance Bank Limited	36 months	29-Feb-20	Monthly	3,750.00	530.30
UCO Bank	60 months	31-Dec-22	Quarterly	2,249.87	-
Union Bank of India	60 months	28-Feb-23	Monthly	4,824.56	-
Yes Bank Limited	48 months	29-Aug-22	Monthly	3,333.33	-
Total term loans from banks				1,96,783.03	83,252.85

As at balance sheet date, interest rates (per annum) range for the term loans from banks

8.45% to
12.05%

8.06% to
11.25%

Notes to the financial statements for the year ended 31 March 2023

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

(ii) Terms of repayment of cash credit from banks:					
Indian Bank	NA	NA	On demand	989.46	-
State Bank of India	NA	NA	On demand	-	1,956.38
Total cash credit from banks				989.46	1,956.38
(iii) Terms of repayment of Working Capital Demand Loan from banks:					
DCB Bank Limited	89 days	20-Jun-23	Bullet	2,499.43	-
IndusInd Bank Limited	30 days	19-Apr-23	Bullet	2,500.00	-
Yes Bank Limited	30 days	06-Apr-23	Bullet	1,000.00	-
Total Working Capital Demand Loan from banks				5,999.43	-
Grand total of loans from banks				2,03,771.92	85,209.23

As at balance sheet date, interest rates (per annum) range for the Cash credit and Working Capital demand loan from banks 8.75% to 9.45% 8.15%

b) Terms of repayment of term loans from others:

Lender Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	As at 31 March 2023	As at 31 March 2022
From Non-Banking Finance Companies / DFI					
AK Capital Finance Private Limited	24/36 months	30-Apr-20	Quarterly/ Monthly	-	1,985.29
Bajaj Finance Limited	36 months	30-Apr-21	Monthly	839.39	1,678.79
Cholamandalam Investment and Finance Limited	36 months	01-Aug-19	Monthly	-	472.06
Housing Development Finance Corporation Limited	60 months	01-Apr-23	Monthly	3,000.00	-
Hero FinCorp Limited	30 months	03-May-21	Monthly	902.32	2,323.96
NABKISAN Finance Limited	36 months	01-Sep-19	Quarterly	2,999.99	2,090.18
Sundaram Finance Limited	36 months	22-Dec-16	Monthly	4,869.72	-
TATA Capital Financial Services Limited	36/48 months	05-Jun-19	Monthly	5,041.62	1,949.85
Total term loans from others				17,653.05	10,500.13

As at balance sheet date, interest rates (per annum) range for the term loans from others 9.50% to 12.25% 9.50% to 12.40%

c) Terms of repayment of borrowings from securitisation:

Investor Name as on balance sheet date	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	As at 31 March 2023	As at 31 March 2022
AK Capital Finance Private Limited - (senior tranche A1 (a))	32 months	20-Oct-22	Monthly	3,830.81	-
Edge Credit Opportunities Fund I - (senior tranche A1 (b))	37 months	20-Oct-22	Monthly; after repaying (senior tranche A1 (a)) in full	500.00	-
Total borrowings from securitisation				4,330.81	-
As at balance sheet date, interest rates (per annum) range for securitisation				9.30% to 13.10%	-

14.2 Details of borrowings (other than debt securities) availed by the Company:

- All the above loans are secured by specific charge on loans. The Company has maintained security cover ranging from 1 to 1.33 times of the outstanding loan amount at any point of time.
- Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly/quarterly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2023 and 31 March 2022.
- The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the Company has been not declared as wilful defaulter by Banks, Financial Institution or any other lender.
- We confirm that the Company has used the borrowings from Banks and Financial Institutions for the purpose for which it has been borrowed.
- The Company has availed borrowings from banks or financial institutions on the basis of security of current assets namely loan receivables, and we confirm that statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023		As at 31 March 2022	
15	Other financial liabilities				
	Lease liabilities		2,951.53		1,734.19
	Other liabilities		327.16		134.47
			3,278.69		1,868.66
16	Provisions				
	Provision for employee benefits				
	Provision for gratuity		533.88		251.99
	Provision for compensated absences		289.63		164.17
			823.51		416.16
17	Other non-financial liabilities				
	Statutory dues payable		386.17		204.43
	Employee benefits payable		1,922.16		1,056.84
			2,308.33		1,261.27
18	Equity share capital				
	Authorised				
	64,980,000 (31 March 2022 : 64,980,000) equity shares of INR 10 each		6,498.00		6,498.00
	44,136,448 (31 March 2022 : 44,136,448) compulsory convertible preference shares ("CCPS") of INR 10 each		4,413.64		4,413.64
	13,922,368 (31 March 2022: 13,922,368) CCPS of INR 15 each		2,088.36		2,088.36
			13,000.00		13,000.00
	Issued, subscribed and paid-up Fully paid-up				
	13,298,744 (31 March 2022:13,298,744) equity shares of INR 10 each, Re. 1 paid up		132.99		132.99
			11,422.40		11,358.00
18.1	Reconciliation of shares outstanding at the beginning and at the end of the year				
			As at 31 March 2023		As at 31 March 2022
			No. of shares		No. of shares
			Amount		Amount
	Equity shares of INR 10 each*				
	At the commencement of the year	6,05,29,719	4,856.09	4,71,27,752	3,515.89
	Add: Issued during the year	6,44,000	64.40	1,34,01,967	1,340.20
	At the end of the year	6,11,73,719	4,920.49	6,05,29,719	4,856.09
	* includes 13,298,744 partly paid up equity shares of INR 10 each (INR 1 paid up)				
	0.01% CCPS of INR 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	-	-	-	-
	Less: Exercised / converted into equity shares	-	-	-	-
	Less: Exercised / converted into equity shares	-	-	-	-
	At the end of the year	2,36,55,716	2,365.57	2,36,55,716	2,365.57
	0.0001% CCPS of INR 10 each				
	At the commencement of the year	2,04,80,732	2,048.07	2,04,80,732	2,048.07
	Add: Issued during the year	-	-	-	-
	Less: Exercised / converted into equity shares	-	-	-	-
	At the end of the year	2,04,80,732	2,048.07	2,04,80,732	2,048.07
	0.0001% CCPS of INR 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	-	-	-	-
	Less: Exercised / converted into equity shares	-	-	-	-
	At the end of the year	1,39,21,801	2,088.27	1,39,21,801	2,088.27

Notes to the financial statements for the year ended 31 March 2023

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

18.2 Details of Promotor Holdings

Details as at 31 March 2023

Name of the Promotor	No of Shares as at 1 April 2022	Movement during the year	No of Shares as at 31 March 2023	% of Total Shares	% of Change during the year
Equity Shares					
Fully paid up shares					
D. Arulmany	33,50,000	-	33,50,000	2.81%	-
Vidya Arulmany	5,00,000	-	5,00,000	0.42%	-
Partly paid up shares					
D. Arulmany	1,32,98,744	-	1,32,98,744	11.15%	-

Details as at 31 March 2022

Name of the Promotor	No of Shares as at 1 April 2021	Movement during the year	No of Shares as at 31 March 2022	% of Total Shares	% of Change during the year
Equity Shares					
Fully paid up shares					
D. Arulmany	33,50,000	-	33,50,000	2.82%	-
Vidya Arulmany	5,00,000	-	5,00,000	0.42%	-
Partly paid up shares					
D. Arulmany	1,32,98,744	-	1,32,98,744	11.21%	-

18.3	Details of shareholders holding more than 5% shares of each class of shares	As at 31 March 2023		As at 31 March 2022	
		No. of shares	% Holding	No. of shares	No. of shares
Equity shares of INR 10*					
	D. Arulmany	1,66,48,744	27.22%	1,66,48,744	27.51%
	Norwest Venture Partners X Mauritius	1,62,96,868	26.64%	1,62,96,868	26.92%
	Sheela Pai Cole	36,64,247	5.99%	36,64,247	6.05%
	Sunaina Pai Ocalan	35,61,518	5.82%	35,61,518	5.88%
	Kedaara Capital Fund II LLP	92,03,102	15.04%	92,03,102	15.20%
	Evolve India Fund III Limited	30,81,474	5.04%	22,42,424	3.70%
0.01% CCPS of INR 10 each					
	British International Investment 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 INR 10 each					
	Lok Capital Growth Fund	53,56,803	26.16%	53,56,803	26.16%
	British International Investment 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 INR 15 each					
	British International Investment 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 INR 10 each (INR 1 paid up)

** Previously known as CDC Group Plc, renamed as British International Investment Plc with effect from 4 April 2022

Notes to the financial statements for the year ended 31 March 2023

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

18.4	Rights, preferences and restrictions attached to each class of shares
A.	Equity shares <p>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.</p> <p>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.</p> <p>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.</p>
B.	i) Series A : 0.01% Compulsory Convertible Preference Share (CCPS) <p>Series A 0.01% CCPS having a par value of INR 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:</p> <ol style="list-style-type: none">The date on which a new round of investment is made by a third party investor in the Company of not less than INR 3,000 lakhs;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; andThe date which is 19 (nineteen) years from the date of allotment of the Series A CCPS i.e., 17 March 2035. <p>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.</p> <p>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.</p> ii) Series B : 0.01% Compulsory Convertible Preference Shares <p>Series B 0.01% CCPS having a par value of INR 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:</p> <ol style="list-style-type: none">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; orPrior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; andThe final conversion date is 3 May 2036. <p>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.</p> <p>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</p> iii) Series C : 0.0001% Compulsory Convertible Preference Shares <p>Series C 0.0001% CCPS having a par value of INR 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:</p> <ol style="list-style-type: none">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; orPrior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; andThe final conversion date is 10 May 2037. <p>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.</p>

Notes to the financial statements for the year ended 31 March 2023

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

	<p>iv) Series D : 0.0001% Compulsory Convertible Preference Shares</p> <p>Series D 0.0001% CCPS having a par value of INR 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:</p> <ol style="list-style-type: none">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; orPrior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement; andThe final conversion date is 19 September 2038. <p>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.</p>
	<p>v) Series E : 0.0001% Compulsory Convertible Preference Shares</p> <p>Series E 0.0001% CCPS having a par value of INR 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:</p> <ol style="list-style-type: none">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; orPrior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; andThe final conversion date is 26 February 2039. <p>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.</p>
18.5	<p>Employee Stock Option Scheme (also refer note 37)</p> <p>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 INR 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.</p> <p>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 INR 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.</p> <p>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 INR 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.</p> <p>On 11 February, 2021, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme, 2021 (Veritas ESOS, 2021). Under the plan, the Company is authorized to issue 1,000,000 equity shares of INR 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.</p>

Notes to the financial statements for the year ended 31 March 2023

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

18.6	Preferential offer to Promoter
	<p>The Company vide its Investment Agreements has provided certain preferential rights to the Promoter of the Company, as detailed below:</p> <ul style="list-style-type: none"> • 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 INR 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 INR 75 per share. • Agreement dated 15 October 2018, the Promoter shall have the option to subscribe to 4,575,000 equity shares of the Company at a pre-determined price of INR 135.04 per share. <p>During the year 2018-19, the Company has issued 10,975,000 partly paid equity shares of INR 10 each at a premium of INR 62.69 per share each paid up to the extent of INR 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 INR 71.69 per share including premium has not been called as at 31 March 2023.</p> <p>During the year 2019-20, the Company has issued 2,323,744 partly paid equity shares of INR 10 each at a premium of INR 205.17 per share each paid up to the extent of INR 1 per share to the Promoter through a preferential offer. The unpaid amount of INR 214.17 per share including premium has not been called as at 31 March 2023.</p>

18.7	Share warrants to certain employees
	<p>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 INR 75 per share, not later than 30 November 2023 (the Board of Directors and shareholders of the Company had extended the last date from 30 November 2022 to 30 November 2023, vide resolutions passed at board meeting and extraordinary general meeting dated 10 August 2022 and 02 September 2022 respectively).</p>

	Particulars	As at 31 March 2023	As at 31 March 2022
19	Other equity		
	Statutory reserve	7,474.42	3,946.34
	Share options outstanding account	1,300.46	1,165.80
	Securities premium	1,10,359.44	1,09,707.24
	Retained earnings	28,568.88	14,627.44
		1,47,703.20	1,29,446.82
i.	Statutory reserve		
	Opening balance	3,946.34	2,438.26
	Add: Amount transferred from surplus in the statement of profit and loss	3,528.08	1,508.08
	Closing balance	7,474.42	3,946.34
ii.	Share options outstanding account		
	Opening balance	1,165.80	786.04
	Add: Share based payment expense	305.24	393.31
	Less : Transfer to securities premium on exercise of options	(170.58)	(13.55)
	Closing balance	1,300.46	1,165.80
iii.	Securities premium		
	Opening balance	1,09,707.24	67,009.17
	Add: Premium on shares issued during the year	481.62	42,710.68
	Add: Transfer from share options outstanding account on exercise of options	170.58	13.55
	Less: Utilised during the year for share issue expenses	-	(26.16)
	Closing balance	1,10,359.44	1,09,707.24
iv.	Retained earnings		
	Opening balance	14,627.44	8,550.53
	Add: Net Profit for the year	17,640.38	7,540.39
	Less : Appropriations		
	- Transfer to statutory reserve	(3,528.08)	(1,508.08)
	Add: Transfer from other comprehensive income	(170.86)	44.60
	Closing balance	28,568.88	14,627.44

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023	As at 31 March 2022
v.	Other comprehensive income		
	Opening balance	-	-
	Add: Remeasurements of defined benefit asset / (liability)	(170.86)	44.60
	Less: Transferred to retained earnings	170.86	(44.60)
	Closing balance	-	-

Notes:

- Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit annually as disclosed in the Statement of Profit and Loss account.
- Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service. Share based payment reserve represents the reserve created for recognition of employee compensation cost at grant date and fair value of options vested and but not exercised by the employees and unvested options are recognised in statement of profit and loss account.
- Securities premium reserve is used to record the premium on issue of shares. The premium received during the year represents the premium received towards allotment of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the provisions of the Companies Act, 2013.
- Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend pay-outs, transfers to general reserve or any such other appropriations to specific reserves
- Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
20	Interest income		
	(On financial assets measured at amortised cost)		
	Interest income on loans	63,369.83	40,930.01
	Interest income on fixed deposits	1,847.94	1,657.47
	Interest income on security deposits	28.65	24.06
		65,246.42	42,611.54
21	Fee income		
	Legal and documentation fees	539.54	244.69
	Others	1,330.88	713.33
		1,870.42	958.02
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	906.46	640.48
	• Mutual fund investments - Unrealised	-	(1.62)
		906.46	638.86
23	Other income		
	Profit on:		
	• Sale of PPE	0.88	6.20
	• Disposal of leased assets	10.27	9.90
	Interest on income tax refund	45.99	-
	Recovery of bad debts & others	140.70	140.04
		197.84	156.14

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
24	Finance costs		
	At financial liabilities measured at amortised cost		
	Interest on borrowings		
	• term loans from banks	12,393.15	5,258.90
	• cash credits and overdraft from banks	4.24	1.90
	• term loans from others	990.18	1,395.77
	• securitisation	215.60	-
	Interest on debt securities	2,542.76	5,613.57
	Interest expenses on lease liabilities	227.85	190.01
	Other borrowing costs	547.53	433.66
		16,921.31	12,893.81
25	Impairment on financial instruments		
	At amortised cost		
	Impairment loss allowance on loans	285.29	1,674.69
	Loans written off	4,389.09	4,258.13
	Impairment loss allowance on others	6.09	2.74
		4,680.47	5,935.56
26	Employee benefits expenses		
	Salaries and wages	14,778.92	9,566.08
	Contribution to provident and other funds	943.07	652.33
	Stock based payment to employees	305.24	393.31
	Expenses related to post-employment defined benefit plans (refer note 30)	73.76	91.70
	Expenses related to compensated absences	156.72	26.03
	Staff welfare expenses	439.35	254.86
		16,697.06	10,984.31
27	Depreciation and amortization		
	Depreciation of property, plant and equipment	442.79	384.52
	Depreciation of right of use assets	896.80	733.82
	Amortisation of intangible assets	171.83	307.06
		1,511.42	1,425.40
28	Other expenses		
	Energy costs	115.23	83.53
	Rates and taxes	428.53	247.11
	Repairs and maintenance	257.38	190.52
	Communication costs	394.53	257.64
	Printing and stationery	151.95	85.43
	Advertisement and business promotion	61.53	23.95
	Directors fees, allowances and expenses	61.00	59.25
	Auditors' fees and expenses (refer note 28.1)	41.00	41.65
	Legal and professional charges	980.08	564.53
	Insurance	19.38	8.62
	Corporate social responsibility expenses (refer note 28.2)	184.70	126.60
	Travel and conveyance expenses	1,583.46	723.60
	Information technology expenses	674.29	503.32
	Bank charges	152.62	71.35
	Donation	10.00	-
	Other expenses	10.20	2.04
		5,125.88	2,989.14
28.1	Payments to auditors		
	Statutory audit	41.00	33.00
	Other services	-	7.50
	Reimbursement of expenses	-	1.15
		41.00	41.65

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
28.2	Details of expenditure on corporate social responsibility (CSR)		
	(a) Gross amount required to be spent by the Company during the year	184.70	126.60
	(b) Amount approved by the Board to be spent during the year	184.70	126.60
	(c) Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	184.70	89.10
	(d) Details of related party transactions- contribution to a trust - Veritas Foundation	184.70	-
	(e) Excess amount spent		
	Amount required to be spent during the year	(184.70)	(126.60)
	Amount spent during the year	184.70	89.10
	Excess amount spent / (Short fall)	-	(37.50)
	Reason for previous year Shortfall - The Company has contributed on 21 April 2022 an amount of INR 37.50 lakhs to PM CARES FUND, as it could not identify the specific project before 31 March 2022.		
	(f) Nature of CSR Activity:		
	• Promoting Health care including preventive Health care and sanitation	-	-
	• Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	-	-
	(g) Details of Related Party Transactions - In relation to CSR Expenditure as per Ind AS	184.70	-
	(h) Whether the provision is made with respect to a liability incurred by entering into contractual obligation, the movements in the provision during the year.	-	-
29	Income tax		
	The component of income tax expenses:		
	Current tax - in respect of current year	6,537.00	3,153.00
	Current tax - in respect of prior years	(63.42)	-
	Deferred tax	(828.96)	(557.05)
		5,644.62	2,595.95
29.1	Reconciliation of total tax expense		
	Accounting profit before tax	23,285.00	10,136.34
	Applicable tax rate	25.17%	25.17%
	Computed tax expense	5,860.37	2,551.11
	Tax effect of :		
	Permanent differences	(152.33)	44.84
	Change in tax rate	-	-
	Income tax expense recognised in statement of profit and loss excluding change in estimates relating to previous years	5,708.04	2,595.95
	Effective tax rate	24.51%	25.61%
	1) Details of any search or survey, if any, initiated against the Company.	-	-
	2) Details of transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961	-	-

Notes to the financial statements for the year ended 31 March 2023

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

29.2 Deferred tax assets

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 2022	Statement of profit and loss	Other comprehensive income	As at 31 March 2023
Deferred tax asset/ (liability) in relation to -				
Fixed assets	178.48	6.98	-	185.46
Impairment on financial assets	1,212.51	250.12	-	1,462.63
Provision for employee benefits	193.31	129.10	57.48	379.89
Unamortised fee income (net)	585.39	424.89	-	1,010.28
Others	57.07	17.87	-	74.94
	2,226.76	828.96	57.48	3,113.20
Deferred tax asset/ (liability) in relation to -				
Fixed assets	115.93	62.55	-	178.48
Impairment on financial assets	969.35	243.16	-	1,212.51
Provision for employee benefits	185.02	23.29	(15.00)	193.31
Unamortised fee income (net)	375.22	210.17	-	585.39
Others	39.19	17.88	-	57.07
	1,684.71	557.05	(15.00)	2,226.76

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 INR 808.61 lakhs (31 March 2022 - INR 549.79 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.

Notes to the financial statements for the year ended 31 March 2023

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

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 2023	As at 31 March 2022	
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	251.99		230.17
Present value of Defined Benefit Obligation transferred on account of Scheme of Arrangement			
Current service cost	61.98		80.35
Interest cost	11.80		11.34
Benefits paid	(20.21)		(10.27)
Actuarial loss / (gain) recognised in other comprehensive income:			
Impact of Change in Assumptions on Plan Liabilities-(loss)/gain	115.95		(69.27)
Experience adjustments on plan liabilities -(loss)/gain	112.39		9.68
Present value of defined benefit obligation at the end of the year	533.88		251.99
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	20.21		10.27
Benefits paid	(20.21)		(10.27)
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	533.88		251.99
Fair value of plan assets	-		-
Net liability recognised in balance sheet	533.88		251.99
The liability in respect of the gratuity plan comprises of the following non-current and current portions:			
Current	124.13		86.49
Non-current	409.75		165.50
	533.88		251.99

Notes to the financial statements for the year ended 31 March 2023

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

30.2	Defined benefit plans (continued)	Year ended 31 March 2023	Year ended 31 March 2022
	E. Expense recognised in statement of profit and loss		
	Current service cost	61.98	80.35
	Interest cost	11.80	11.34
	Expected return on plan assets	-	-
	Net cost recognized in the statement of profit and loss	73.77	91.69
	F. Remeasurements recognised in other comprehensive income		
	Actuarial loss / (gain) on defined benefit obligation	228.33	(59.60)
	Return on plan assets excluding interest income	-	-
		228.33	(59.60)
		As at 31 March 2023	As at 31 March 2022
	G. Assumptions at balance sheet date		
	Discount rate (refer note (b))	7.12%	4.87%
	Interest rate (rate of return on assets)	NA	NA
	Future salary increase (refer note (a))	15.25%	11.73%
	Mortality table	Indian Assured Lives (2012 - 14)	Indian Assured Lives (2012 - 14)
	Attrition rate (refer note (a))	30.00%	45.40%
	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 2023	As at 31 March 2022
	Defined benefit obligation	533.88	251.99
	Fair value of plan assets	-	-
	Surplus / (deficit)	(533.88)	(251.99)
	Experience adjustments on plan liabilities - (loss) / gain	(112.39)	(9.68)
	Experience adjustments on plan assets - loss / (gain)	-	-

Notes to the financial statements for the year ended 31 March 2023

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

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 2023	As at 31 March 2022						
Discount rate								
• 0.5% increase	(9.74)	(2.86)						
• 0.5% decrease	10.12	2.94						
Future salary growth								
• 0.5% increase	9.95	3.28						
• 0.5% decrease	(9.71)	(3.21)						
Attrition rate								
• 0.5% increase	(4.72)	(1.76)						
• 0.5% decrease	4.86	1.80						
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.								
Additional disclosures under Ind AS 19								
Particulars	As at 31 March 2023	As at 31 March 2022						
Average Duration of Defined Benefit Obligations (in years)	4.50	2.90						
Projected undiscounted expected benefit outgo								
Year 1	110.45	75.79						
Year 2	96.48	62.55						
Year 3	83.21	51.97						
Year 4	76.48	34.01						
Year 5	72.66	23.46						
Next 5 Years	197.68	33.37						
31	Segment information							
<p>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 and Chief Executive Officer ('MD & CEO') to make decisions about resource to be allocated to the segments and assess their performance. The MD & CEO is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.</p> <p>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 in extending credit to micro and small enterprises typically self-employed business and salaried segment. 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 extending credit to micro and small enterprises typically self-employed business and salaried segment.</p> <p>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.</p>								
32	Disclosures under Ind AS 116							
<p>The Company has entered into leasing arrangements for premises as well as for furnitures and fixtures. 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.</p> <p>(i) Measurement of Lease Liabilities</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">As at 31 March 2023</th> <th style="text-align: right;">As at 31 March 2022</th> </tr> </thead> <tbody> <tr> <td>Lease liability recognised</td> <td style="text-align: right;">2,951.53</td> <td style="text-align: right;">1,734.19</td> </tr> </tbody> </table>			Particulars	As at 31 March 2023	As at 31 March 2022	Lease liability recognised	2,951.53	1,734.19
Particulars	As at 31 March 2023	As at 31 March 2022						
Lease liability recognised	2,951.53	1,734.19						
The Company has considered weighted average incremental borrowing rate for discounting the lease liabilities								

Notes to the financial statements for the year ended 31 March 2023

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

(ii) Amounts recognised in the Balance sheet			
	Particulars	As at 31 March 2023	As at 31 March 2022
	a) Right-of-use assets (net)	2,761.38	1,561.28
	b) Lease liabilities		
	Current	1,096.87	588.98
	Non-current	1,854.66	1,145.21
	Total Lease liabilities	2,951.53	1,734.19
	c) Additions to the Right-of-use assets	2,220.66	1,099.81
(iii) Amounts recognised in the Statement of Profit and Loss			
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	a) Depreciation charge for right-of-use assets	896.80	733.82
	b) Interest expense (included in finance cost)	227.85	190.01
	c) Expense relating to short-term leases	-	-
(iv) Cash Flows			
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	The total cash outflow of leases	1068.48	807.63
33 Contingent liabilities			
	Claims against the Company not acknowledged as debt	4.79	-
	Income tax related matters (refer note below)	65.35	54.74
	Bank Guarantee	25.00	25.00
	Note: During the year, the Company has received an order dated 09 February 2023 under section 270A of the Income Tax Act, 1961, levying a penalty of INR 10.61 lakhs, in respect of financial year ending 31 March 2020. Against this order, the Company has preferred an appeal with the CIT (A) under Section 246A of the Income Tax Act, 1961 and is currently awaiting further notice from the CIT (A) in relation to the same.		
33A Commitments			
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	875.93	345.20
	Undrawn committed sanctions to borrowers	4,251.65	1,589.16
34 Earnings Per Share (EPS)			
	Profit for the year	17,640.38	7,540.39
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	4,88,00,715	4,16,22,599
	Effect of dilutive potential equity shares:		
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS (including partly paid shares)	6,07,69,585	5,35,91,469
	Compulsory convertible preference shares	5,80,58,249	5,80,58,249
	Employee stock options and share warrants	22,23,305	26,87,406
	Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	12,10,51,139	11,43,37,124
	Face value per share	10.00	10.00
	Earnings per share (in INR)		
	• Basic	36.15	18.12
	• Diluted	14.57	6.59

Notes to the financial statements for the year ended 31 March 2023

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

35	Related party transactions				
35.1	Names of related parties and nature of relationship				
	Key Managerial Personnel	Mr. Abhijit Sen, Independent Director Mr. M Sivaraman, Independent Director Mr. N Mohan Raj, Independent Director Mr. D. Arulmany, Managing Director and Chief Executive Officer Mr. J. Prakash Rayen, Chief Operating Officer Mr. V.G. Suchindran, Chief Financial Officer Mr. K.P. Venkatesh, Chief People Officer (Upto 30 November 2022) Ms. V. Aruna, Company Secretary and Compliance Officer (With effect from 4 February 2022) Ms. N.A Madhavi, Company Secretary and Compliance Officer (Upto 3 February 2022)			
	Enterprises owned or significantly influenced by key management personnel or their relatives	Veritas Foundation			
35.2	Transactions during the year				
	Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Veritas Foundation				
	Donation towards Corpus	10.00		-	
	CSR contribution	184.70		-	
	Remuneration to Key Managerial Personnel *				
	Mr. Abhijit Sen	20.50		19.75	
	Mr. M Sivaraman	19.50		19.75	
	Mr. N Mohan Raj	21.00		19.75	
	Mr. D. Arulmany	176.65		132.05	
	Mr. J. Prakash Rayen	124.89		94.99	
	Mr. V.G. Suchindran	131.50		102.22	
	Mr. K.P. Venkatesh (Upto 30 November 2022)	996.58		100.46	
	Ms. N. A. Madhavi (Upto 3 February 2022)	-		12.00	
	Ms. V. Aruna (With effect from 4 February 2022)	10.30		1.58	
	Employee stock options granted during the year (in number of options)				
	Ms. V. Aruna (With effect from 4 February 2022)	10,000		-	
	Employee stock options exercised during the year (in number of options)				
	Mr. K.P. Venkatesh (Upto 30 November 2022)	3,35,000		-	
	Ms. N. A. Madhavi (Upto 3 February 2022)	-		2,000	
	Where loans and advances in the nature of loans are granted to the Promoters, Directors, KMPs ,and Related parties either severally or jointly with any other person, that are,				
	a. Repayable on demand or				
	b. Without specifying any terms or period of repayment				
		Amount of Loan or advance in the nature of loan outstanding		Percentage to the Loan or advance in the nature of loans	
	Particulars / Type of Borrower	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
	Promotor	-	-	-	-
	Director	-	-	-	-
	KMPs	-	-	-	-
	Related Parties	-	-	-	-

Notes to the financial statements for the year ended 31 March 2023

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

35.3	Balances as at the year-end:		
	Particulars	As at 31 March 2023	As at 31 March 2022
	Veritas Foundation		
	Donation towards Corpus	-	-
	CSR contribution	-	-
	Remuneration payable to Key Managerial Personnel (refer note 1 and 2 below)		
	Mr. Abhijit Sen	15.00	15.00
	Mr. M Sivaraman	15.00	15.00
	Mr. N Mohan Raj	15.00	15.00
	Mr. D. Arulmany	40.00	30.00
	Mr. J. Prakash Rayen	35.00	25.00
	Mr. V.G. Suchindran	35.00	25.00
	Mr. K.P. Venkatesh (Upto 30 November 2022)	NA	25.00
	Ms. N.A. Madhavi (Upto 3 February 2022)	NA	-
	Ms. V Aruna (With effect from 4 February 2022)	1.25	0.50
	Employee stock option (in number of options) - granted, but not yet exercised		
	Mr. J. Prakash Rayen	5,25,000	5,25,000
	Mr. K.P. Venkatesh (Upto 30 November 2022)	NA	5,00,000
	Ms. V Aruna (With effect from 4 February 2022)	10,000	-
	Share warrants (in numbers) - yet to be exercised		
	Mr. J. Prakash Rayen	1,33,334	1,33,334
	Mr. V.G. Suchindran	1,33,333	1,33,333
	Partly paid shares (in numbers) not called yet (refer note 3 below)		
	Mr. D. Arulmany	1,32,98,744	1,32,98,744
	Note:		
	1. 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.		
	2. Remuneration includes performance linked incentive and sitting fees. The remuneration is entirely short-term employee benefits.		
	3. Timelimitforeexercising64,00,000sharesoutofthetotalshareshasbeenextendedto30November2023videresolutions passed at board meeting and shareholders meeting dated 10 August 2022 and 02 September 2022 respectively. -Timelimit for exercising 45,75,000 and 23,23,744 is fixed at 30 November 2023 and 09 April 2025 respectively		
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 2023 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. Refer details below:		

Notes to the financial statements for the year ended 31 March 2023

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

	As at 31 March 2023	As at 31 March 2022
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	54.25	4.89
- 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 / Type of Borrower	Veritas ESOS A, 2016	Veritas ESOS B, 2018	Veritas ESOS C, 2018	Veritas ESOS 2021
At the end of one year of service from grant date	30%	20%	20%	20%
At the end of two years	35%	25%	25%	25%
At the end of three years	35%	25%	25%	25%
At the end of four years	-	30%	30%	30%

37.1 Options outstanding under Veritas ESOS

As at 31 March 2023, the outstanding options under the Veritas ESOS, 2021, Veritas ESOS, October 2018, Veritas ESOS, 2018 and Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in INR	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	-	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	5,250	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	6,37,750	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	-	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	4,27,000	125.00	1 to 4 years	Time and performance based vesting
ESOS 2016 A	15-Jun-20	-	160.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B	15-Jun-20	75,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	7,75,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2021	05-Aug-21	1,70,000	225.00	1 to 4 years	Time and performance based vesting
ESOS 2021 Batch 2	19-Sep-22	3,00,000	350.00	1 to 4 years	Time and performance based vesting
ESOS B 2018 Batch 3	30-Jan-23	1,20,000	375.00	1 to 4 years	Time and performance based vesting
ESOS C 2018 Batch 4	30-Jan-23	4,40,000	375.00	1 to 4 years	Time and performance based vesting
ESOS 2021 Batch 3	30-Jan-23	55,000	375.00	1 to 4 years	Time and performance based vesting
		35,30,000			

Notes to the financial statements for the year ended 31 March 2023

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

As at 31 March 2022, the outstanding options under the Veritas ESOS, 2021, Veritas ESOS, 2018 and Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in INR	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	5,25,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	1,32,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	14,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	7,94,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	4,00,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	4,80,000	125.00	1 to 4 years	Time and performance based vesting
ESOS 2016 A	15-Jun-20	50,000	160.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B	15-Jun-20	67,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	8,87,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2021	05-Aug-21	1,70,000	225.00	1 to 4 years	Time and performance based vesting
		35,19,500			

37.2 Reconciliation of outstanding options

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	87.68	35,19,500	92.79	35,97,500
Forfeited during the year	129.51	(2,60,500)	143.23	(2,45,500)
Exercised during the year	85.20	(6,44,000)	69.81	(67,500)
Granted during the year	366.80	9,15,000	225.00	2,35,000
Outstanding as at end of year	168.23	35,30,000	87.68	35,19,500
Vested and exercisable as at end of year	72.76	18,82,500	61.36	21,62,500

The weighted average share price on the date of exercise of options during the year ended 31 March 2023 is INR 404.03 (31 March 2022: INR 331.19).

37.3 Expense recognised in the statement of profit and loss

	Year ended 31 March 2023	Year ended 31 March 2022
Total expense (stock based compensation under employee benefit expenses)	305.24	393.31

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 2023	As at 31 March 2022
Share price on Grant date (In INR)	9.51 - 405.00	9.51 - 251.28
Exercise price (In INR)	10.00 - 375.00	10.00 - 225.00
Fair value of options at grant date	2.48 - 190.88	2.48 - 111.57
Expected volatility	22.00% - 41.60%	22.00% - 41.60%
Option term	2.00 - 5.50 years	2.00 - 5.50 years
Expected dividends	Nil	Nil
Risk free interest rate	4.53% - 7.79%	4.53% - 7.79%
Weighted average remaining contractual life (in years)	3.78	3.45

Notes to the financial statements for the year ended 31 March 2023

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

38	Capital		
	<p>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.</p> <p>The Company has complied in full with all its externally imposed capital requirements over the reporting period.</p> <p>Capital Management</p> <p>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.</p> <p>The Company manages its capital structure and makes adjustments to it according to the 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.</p> <p>RBI scale based regulations:</p> <p>Applying the scale based regulations issued by RBI vide circular dated 22 October 2021 (applicable from 01 October 2022), the Company would be classified as a Middle layer NBFC (NBFC-ML).</p> <p>The board of directors has approved the policy for Internal Capital Adequacy Assessment process (ICAAP). In this regard, the Company has commenced a process to perform a realistic assessment of its risks to ensure availability of adequate capital to cover all risks applicable to the Company.</p> <p>Also, the Company has initiated necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/changes suggested as and when they become applicable.</p>		
i	Net Debt to Equity Ratio		
	<p>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.</p>		
		As at 31 March 2023	As at 31 March 2022
	Equity	1,59,125.60	1,40,804.82
	Debt	2,42,889.22	1,19,565.22
	Cash and Cash equivalents	23,825.39	33,473.91
	Net Debt	2,19,063.83	86,091.31
	Net Debt to Equity Ratio	1.38	0.61
ii	Capital Adequacy ratio		
	<p>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.</p> <p>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</p>		
		As at 31 March 2023	As at 31 March 2022
	Tier I Capital	1,55,185.07	1,37,992.16
	Tier II Capital	1,164.91	854.27
	Total Capital	1,56,349.98	1,38,846.43
	Risk Weighted Assets	3,47,406.38	2,15,512.73
	CRAR%	45.00%	64.43%
	CRAR - Tier I Capital %	44.67%	64.03%
	CRAR - Tier II Capital %	0.33%	0.40%
	Amount of subordinated debt raised as Tier-II capital	-	-
	Amount raised by issue of Perpetual Debt Instruments	-	-

Notes to the financial statements for the year ended 31 March 2023

(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 2023 were as follows:				
			Carrying amount		
	Particulars	Note	Amortised cost	Fair value through profit and loss	Total carrying value
	Assets:				
	Cash and cash equivalents	4	23,825.39	-	23,825.39
	Bank balances other than cash and cash equivalents	5	28,583.38	-	28,583.38
	Loans	6	3,47,561.64	-	3,47,561.64
	Investments	7	337.92	-	337.92
	Other financial assets	8	837.85	-	837.85
	Total		4,01,146.18	-	4,01,146.18
	Liabilities:				
	Trade payables	12	552.97	-	552.97
	Debt securities	13	17,926.89	-	17,926.89
	Borrowings (Other than debt securities)	14	2,24,962.33	-	2,24,962.33
	Other financial liabilities	15	3,278.69	-	3,278.69
	Total		2,46,720.88	-	2,46,720.88
	The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:				
			Carrying amount		
	Particulars	Note	Amortised cost	Fair value through profit and loss	Total carrying value
	Assets:				
	Cash and cash equivalents	4	33,473.91	-	33,473.91
	Bank balances other than cash and cash equivalents	5	11,521.62	-	11,521.62
	Loans	6	2,13,209.17	-	2,13,209.17
	Investments	7	-	-	-
	Other financial assets	8	692.81	-	692.81
	Total		2,58,897.51	-	2,58,897.51
	Liabilities:				
	Trade payables	12	331.10	-	331.10
	Debt securities	13	24,207.26	-	24,207.26
	Borrowings (Other than debt securities)	14	95,357.96	-	95,357.96
	Other financial liabilities	15	1,868.66	-	1,868.66
	Total		1,21,764.98	-	1,21,764.98

Notes to the financial statements for the year ended 31 March 2023

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

39	Fair Value Measurement				
b.	<p>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.</p> <p>The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:</p>				
			Carrying amount		
	Particulars	Note	Amortised cost	Fair value through profit and loss	Total carrying value
	Assets:				
	Cash and cash equivalents	4	23,825.39	-	23,825.39
	Bank balances other than cash and cash equivalents	5	28,583.38	-	28,583.38
	Loans	6	3,47,561.64	-	3,47,561.64
	Investments	7	337.92	-	337.92
	Other financial assets	8	837.85	-	837.85
	Total		4,01,146.18	-	4,01,146.18
	Liabilities:				
	Trade payables	12	552.97	-	552.97
	Debt securities	13	17,926.89	-	17,926.89
	Borrowings (Other than debt securities)	14	2,24,962.33	-	2,24,962.33
	Other financial liabilities	15	3,278.69	-	3,278.69
	Total		2,46,720.88	-	2,46,720.88
	The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:				
			Carrying amount		
	Particulars	Note	Amortised cost	Fair value through profit and loss	Total carrying value
	Assets:				
	Cash and cash equivalents	4	33,473.91	-	33,473.91
	Bank balances other than cash and cash equivalents	5	11,521.62	-	11,521.62
	Loans	6	2,13,209.17	-	2,13,209.17
	Investments	7	-	-	-
	Other financial assets	8	692.81	-	692.81
	Total		2,58,897.51	-	2,58,897.51
	Liabilities:				
	Trade payables	12	331.10	-	331.10
	Debt securities	13	24,207.26	-	24,207.26
	Borrowings (Other than debt securities)	14	95,357.96	-	95,357.96
	Other financial liabilities	15	1,868.66	-	1,868.66
	Total		1,21,764.98	-	1,21,764.98

Notes to the financial statements for the year ended 31 March 2023

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

40	Financial risk management objectives and policies		
	<p>The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.</p> <p>Market risk Credit risk and Liquidity risk</p> <p>This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.</p> <p>Risk management framework</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Excessive risk concentration</p> <p>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.</p> <p>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.</p>		
(i)	Market risk	<p>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.</p> <p>Interest rate risk</p> <p>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.</p> <p>The interest rate profile of the Company's interest bearing financial instruments based on loan outstanding is as follows:</p>	
		As at 31 March 2023	As at 31 March 2022
	Fixed rate instruments		
	Financial assets	3,74,940.92	2,47,188.67
	Financial liabilities	31,818.03	38,513.51
		4,06,758.95	2,85,702.18
	Variable rate instruments		
	Financial assets	9,565.95	-
	Financial liabilities	2,11,437.74	80,455.85
		2,21,003.69	80,455.85

Notes to the financial statements for the year ended 31 March 2023

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

40	Financial risk management objectives and policies (continued)				
	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 2023				
	Variable-rate instruments	(2,210.04)	2,210.04	(1,653.81)	1,653.81
	Cash flow sensitivity (net)	(2,210.04)	2,210.04	(1,653.81)	1,653.81
	31 March 2022				
	Variable-rate instruments	(804.56)	804.56	(602.07)	602.07
	Cash flow sensitivity (net)	(804.56)	804.56	(602.07)	602.07
(ii)	Credit risk				
	Loans				
	<p>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.</p> <p>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.</p> <p>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.</p>				
	Impairment assessment - Expected credit loss ("ECL"):				
	<p>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 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:</p> <ol style="list-style-type: none"> Marginal probability of default ("MPD") Loss given default ("LGD") Exposure at default ("EAD") Discount factor ("D") 				
	Marginal probability of default:				
	<p>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.</p>				
	Marginal probability:				
	<p>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.</p>				
	Conditional marginal probability:				
	<p>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.</p>				

Notes to the financial statements for the year ended 31 March 2023

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

40	Financial risk management objectives and policies (continued)		
	<p>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 zero days past due on its contractual obligations. Such cured loans are classified as Stage 1 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.</p>		
	Days past dues status	Stage	Provisions
	Current	Stage 1	12 Months Provision
	1-30 Days	Stage 1	12 Months Provision
	31-90 Days	Stage 2	Life time Provision
	90+ Days*	Stage 3	Life time Provision
	(*Includes loans which crossed DPD of 90 days, but did not come back to zero DPD at the time of reporting)		
	<p>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.</p>		
	<p>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.</p>		
	<p>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.</p>		
	<p>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.</p>		
	<p>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.</p>		

Notes to the financial statements for the year ended 31 March 2023

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

40	Financial risk management objectives and policies (continued)								
	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:								
	Days past dues status	Provisions			As at 31 March 2023	As at 31 March 2022			
	Stage 1	12 month provision			0.44%	0.43%			
	Stage 2	Life time provision			12.86%	9.90%			
	Stage 3	Life time provision			42.82%	41.47%			
	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 2023				31 March 2022			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Gross carrying amount opening balance	1,99,013.87	11,107.31	8,614.19	2,18,735.37	1,43,968.16	8,089.91	4,216.93	1,56,275.00
	Asset derecognised or repaid (including write-off)	(29,108.43)	(2,181.42)	(3,877.81)	(35,167.66)	(22,746.98)	(2,319.62)	(1,787.74)	(26,854.34)
	Assets partially repaid	(33,174.12)	(1,761.85)	89.15	(34,846.83)	(20,616.66)	(138.82)	238.77	(20,516.71)
	Roll forwards to higher stages	(5,230.48)	(1,393.83)	-	(6,624.31)	(11,853.35)	(2,426.21)	-	(14,279.56)
	Roll forward from lower stages	-	3,003.97	3,620.34	6,624.31	-	8,112.32	6,167.24	14,279.56
	Roll back from higher stages	1,922.81	351.00	-	2,273.80	656.80	187.11	-	843.91
	Roll back to lower stages	-	(1,452.92)	(820.88)	(2,273.80)	-	(558.76)	(285.15)	(843.91)
	New assets originated *	2,04,367.22	180.77	104.24	2,04,652.23	1,09,605.90	161.38	64.14	1,09,831.42
	Gross carrying amount closing balance	3,37,790.87	7,853.03	7,729.23	3,53,373.13	1,99,013.87	11,107.31	8,614.19	2,18,735.37
	* 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.								
	Reconciliation of ECL balance is given below:								
	Particulars	31 March 2023				31 March 2022			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Impairment loss allowance - Opening balance	854.27	1,099.73	3,572.20	5,526.20	365.73	1,376.21	2,109.57	3,851.51
	Addition during the year	798.09	457.66	1,814.87	3,070.62	626.88	666.23	2,538.19	3,831.30
	Reversal / Utilization during the year	(160.16)	(547.75)	(2,077.43)	(2,785.34)	(138.34)	(942.71)	(1,075.56)	(2,156.61)
	Impairment loss allowance - Closing balance	1,492.21	1,009.64	3,309.64	5,811.49	854.27	1,099.73	3,572.20	5,526.20
	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:								

Notes to the financial statements for the year ended 31 March 2023

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

40	Financial risk management objectives and policies (continued)		
	The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:		
	ECL Scenario	As at 31 March 2023	As at 31 March 2022
	Best case	5,088.66	4,726.39
	Base case	5,235.20	4,664.49
	Worst case	5,396.48	4,793.25
	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 2023	As at 31 March 2022
	Cash credit facilities	7,200.00	7,543.62
	Working capital demand loans	-	1,500.00
	Total	7,200.00	9,043.62
	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 2023:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	552.97	552.97	-	-	-
Debt securities	17,926.89	4,407.94	3,416.57	15,818.83	-
Borrowings (other than debt securities)	2,26,023.27	93,947.13	1,26,911.13	44,444.37	-
Other financial liabilities	327.17	327.17	-	-	-
Lease liabilities	2,951.53	1,341.41	1,728.20	309.64	64.71
Total financial liabilities	2,47,781.83	1,00,576.61	1,32,055.91	60,572.84	64.71
Financial assets					
Cash and cash equivalents	23,825.39	23,825.39	-	-	-
Bank balances other than cash and cash equivalents	28,583.38	28,302.48	-	280.90	-
Loans	3,58,447.84	1,58,171.20	2,25,942.81	1,22,856.74	41,693.54
Investments	337.92	-	-	337.92	-
Other financial assets	837.85	156.28	717.47	39.89	27.75
Total financial assets	4,12,032.38	2,10,455.34	2,26,660.28	1,23,515.45	41,721.28

Notes to the financial statements for the year ended 31 March 2023

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

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2022:					
	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	331.10	331.10	-	-	-
Debt securities	24,268.22	21,768.22	2,500.00	-	-
Borrowings (other than debt securities)	95,892.31	36,249.16	42,094.01	17,549.14	-
Other financial liabilities	134.47	134.47	-	-	-
Lease liabilities	1,734.19	742.11	893.90	337.21	134.26
Total financial liabilities	1,22,360.29	59,225.06	45,487.91	17,886.35	134.26
Financial assets					
Cash and cash equivalents	33,473.91	33,473.91	-	-	-
Bank balances other than cash and cash equivalents	11,521.62	11,521.62	-	-	-
Loans	2,21,656.24	52,619.43	89,317.68	56,602.35	23,116.78
Investments	-	-	-	-	-
Other financial assets	692.81	298.22	327.22	21.60	45.77
Total financial assets	2,67,344.58	97,913.18	89,644.90	56,623.95	23,162.55
41	Financial instrument- Transferred financial assets that are not derecognised in their entirety				
<p>During the current financial year, the Company had raised INR 5,617 lakhs by way of transfer of certain pool of loan receivable accounts for consideration received in cash at the inception of the transaction through securitisation rated AAA (SO) by CRISIL Ratings Limited. for Senior Tranche A1(a). Purchase consideration received pursuant to this transaction is presented under 'Borrowing under Securitisation' under Note 14.</p> <p>By entering into securitisation arrangement, the Company has not transferred substantially all risks and rewards, hence this does not meet the derecognition criteria as set out in Ind AS 109. As a originator and servicer of the securitised loan receivable accouts, the Company continues to be responsible for collection of receivables from its borrowers and depositing the same in collection and payout account for making scheduled payouts to the investors.</p> <p>The Company has provided for first loss credit enhancement in the form of cash collateral for the amount of INR 281 lakhs, as credit support in the event of shortfall in collections from underlying loan contracts.</p> <p>The details of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:</p>					
	Particulars	As at 31 March 2023		As at 31 March 2022	
	Carrying amount of transferred assets measured at amortised cost	4,350.67		-	
	Carrying amount of associated liabilities (debt securities - measured at amortised cost)	4,330.81		-	
	Fair value of assets	4,726.90		-	
	Fair value of associated liabilities	4,312.96		-	
	Net position at fair value	413.94		-	
Total fixed deposits stands at INR 281 lakhs (previous year NIL) on account of securitisation transaction outstanding till 31st March 2023.					
42	Gold loan portfolio				
The Company has not provided loan against gold during the year ended 31 March 2023 and year ended 31 March 2022.					

Notes to the financial statements for the year ended 31 March 2023

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

43	Movement of Non-Performing Assets (NPAs) (Stage 3 assets) (Credit impaired loans)	As at 31 March 2023	As at 31 March 2022
(a)	Net impairment loss allowance to net loans (%) (Net of provision for credit impaired loans excluding assets written off)	1.26%	2.34%
(b)	Movement of credit impaired loans under Ind AS (Gross)		
	Opening balance	8,614.19	4,216.93
	Additions during the year	8,823.12	21,250.53
	Reductions during the year	(9,708.08)	(16,853.27)
	Closing balance	7,729.23	8,614.19
(c)	Movement in net credit impaired loans (Net of provision for credit impaired loans)		
	Opening balance	5,042.00	2,107.36
	Additions during the year	7,008.25	18,712.34
	Reductions during the year	(7,630.65)	(15,777.71)
	Closing balance	4,419.60	5,041.99
(d)	Movement of impairment loss allowance for credit impaired loans		
	Opening balance	3,572.20	2,109.57
	Additions during the year	1,814.87	2,538.19
	Reductions during the year	(2,077.43)	(1,075.56)
	Utilised /write off during the year	-	-
	Closing balance	3,309.64	3,572.20
44	Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans		
	Opening balance	1,954.00	1,741.94
	Add : Charge for the year	1,255.75	1,293.11
	Less : Utilised during the year	(707.90)	(1,081.05)
	Closing balance	2,501.85	1,954.00
45	Disclosure Pursuant to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 read with scale based regulations disclosure guidelines issued by RBI .		
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 2023	As at 31 March 2022
	Tier I Capital	1,55,185.07	1,37,992.16
	Tier II Capital	1,164.91	854.27
	Total Capital	1,56,349.98	1,38,846.43
	Total Risk Assets	3,47,406.38	2,15,512.73
	Capital Ratios		
	Tier I Capital as a percentage of Total Risk Assets (%)	44.67%	64.03%
	Tier II Capital as a percentage of Total Risk Assets (%)	0.33%	0.40%
	Total Capital (%)**	45.00%	64.43%
	** Securitised assets has been assigned 0% risk weight pursuant to a legal opinion sought as per clause 82 of the Master Direction - Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021		

Notes to the financial statements for the year ended 31 March 2023

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

45.2	Exposure to real estate sector		
	Particulars	As at 31 March 2023	As at 31 March 2022
	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	3,01,728.42	1,92,834.93
	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	17,300.33	13,711.57
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a) Residential	-	-
	b) Commercial Real Estate	-	-
	Total exposure to real estate sector	3,19,028.75	2,06,546.50
	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 2023	As at 31 March 2022
	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)	-	-
	ix Underwriting commitments taken up by the NBFCs in respect of primary issue of equity instruments	-	-
	x Financing to stockbrokers for margin trading	-	-
	xi All exposures to Alternative Investment Funds (AIF)-in categories I, II and III	-	-
	Total exposure to capital market	-	-

Notes to the financial statements for the year ended 31 March 2023

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

45.4	Sectoral exposure		
	Particulars	As at 31 March 2023	As at 31 March 2022
	1. Agriculture and Allied Activities	53,861.76	707.30
	2. Industry (2.1 to 2.4)		
	2.1 Micro and Small	12,410.26	2,695.81
	2.2 Medium	-	-
	2.3 Large	-	-
	2.4 Others, if any, please specify	-	-
	3. Services (3.1 to 3.10 equals 3.a to 3.d)		
	3.1 Transport Operators	334.49	113.24
	3.2 Computer Software	-	-
	3.3 Tourism, Hotel and Restaurants	3,445.78	675.13
	3.4 Shipping	-	-
	3.5 Professional Services	4,617.06	1,318.90
	3.6 Trade		
	3.6.1 Wholesale Trade (other than Food Procurement)	3,481.24	347.37
	3.6.2 Retail Trade	35,391.75	6,599.60
	3.7 Commercial Real Estate	111.47	30.99
	3.8 NBFCs	-	-
	3.9 Aviation	-	-
	3.10 Other Services	736.60	42.85
	Total 3.a to 3.d		
	3.a Micro and Small	48,118.39	9,128.08
	3.b Medium	-	-
	3.c Large	-	-
	3.d Others, if any, Please specify	-	-
	4. Personal loans	-	-
	5. Retail loans (including home loans)	2,38,982.72	2,06,204.18
45.5	Intra-group exposures		
	1. Total amount of intra-group exposures	-	-
	2. Total amount of top 20 intra-group exposures and	-	-
	3. Percentage of intra group exposures to total exposure of the NBFC on borrower/ customers.	-	-
45.6	Unhedged foreign currency exposure		
	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 2023 and 31 March 2022.		
45.7	Related party disclosures		
	The related party disclosures pursuant to scale based regulations disclosure guidelines issued by RBI has been disclosed in note 35.		
45.8	Disclosure of complaints to customers		
	Refer note 45.31		
45.9	Corporate governance		
	This disclosure is not applicable, as the Company is a debt listed Company.		
45.10	Breach of a covenant		
	Refer note 57		
45.11	Divergence in asset classification		
	This disclosure is not applicable to the Company since the RBI has not identified any divergence in gross NPA reported by the Company.		
45.12	Exposure to Perpetual Debt Instruments (PDI)		
	The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2023 and previous year ended 31 March 2022.		

Notes to the financial statements for the year ended 31 March 2023

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

45.13	Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)	Year ended 31 March 2023	Year ended 31 March 2022		
	Impairment allowance for credit impaired loans	(262.56)	1,462.63		
	Impairment allowance for low credit risk loans and significant increase in credit risk loans	547.85	212.05		
	Provision made towards current income taxes:				
	• in respect of current year	6,537.00	3,153.00		
	• in respect of prior years	(-63.42)	-		
		As at 31 March 2023	As at 31 March 2022		
45.14	Concentration of advances				
	Total advances to twenty largest borrowers	597.77	436.01		
	Percentage of advances to twenty largest borrowers to total advances	0.17%	0.20%		
45.15	Concentration of exposures				
	Total advances to twenty largest borrowers	597.77	436.01		
	Percentage of advances to twenty largest borrowers to total advances	0.17%	0.20%		
45.16	Concentration of NPAs (Stage 3 assets)				
	Total exposure to top four NPA accounts	83.88	75.95		
45.17	Sector-wise NPAs (Stage 3 assets) (Percentage of NPAs to total advances in that sector)				
	Agriculture & allied activities	1.26%	-		
	MSME - industries	0.51%	0.01%		
	Corporate borrowers	-	-		
	MSME - services	0.55%	0.01%		
	Unsecured personal loans	-	-		
	Auto loans	-	-		
	Other loans (retail)				
	- Secured	2.99%	4.07%		
	- Unsecured	0.77%	1.34%		
	The above sector-wise NPA and advances is based on the data available with the Company which has been relied upon by the auditors.				
45.18	Ratings assigned by credit rating agencies :				
	The credit rating details of the Company as at 31 March 2023 are as follows:				
	Rating Agency	Term	Type	Rating	Amount (in INR Lakhs)
	CRISIL Ratings Limited.	Long term	Securitisation- (senior tranche A1 (a))	CRISIL AAA (SO)	4780.00
	CRISIL Ratings Limited.	Long term	Securitisation- (senior tranche A1 (b))	CRISIL AA (SO)	500.00
	CARE Ratings Limited.	Long term	Bank loans	CARE A; (Stable)	2,22,000
	CARE Ratings Limited.	Short term	Bank loans	CARE A1+	3,500
	CARE Ratings Limited.	Long term	Non-convertible debentures	CARE A; (Stable)	62,000
	CARE Ratings Limited.	Short term	Commercial Paper*	CARE A1+	5,000
	The credit rating details of the Company as at 31 March 2022 are as follows:				
	Rating Agency	Term	Type	Rating	Amount (in INR Lakhs)
	CARE Ratings Limited.	Long term	Bank loans	CARE A; (Stable)	1,20,000
	CARE Ratings Limited.	Long term	Non-convertible debentures	CARE A; (Stable)	1,16,260

*The Company during the year had raised INR 5,000 lakhs by way of issue of commercial paper with CARE A1+ assigned by CARE Ratings Limited. The dues towards the commercial paper was settled before 31 March 2023 and hence there is no amount outstanding towards commercial paper as on 31 March 2023.

Notes to the financial statements for the year ended 31 March 2023

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

45.19	Instances of fraud for the year ended 31 March 2023			
	Nature of fraud	No of cases	Amount of fraud	Amount written off
	Cash misappropriation by employee	1	8.64	1.00
	Fraudulent misrepresentation by employee	-	-	-
	Fraudulent representation by customers	-	-	-
	During the year, 1 fraud were detected and reported to RBI, aggregating to INR 8.64 lakhs in the nature of Fraudulent misrepresentation by employee.			
	Instances of fraud for the year ended 31 March 2022			
	Nature of fraud	No of cases	Amount of fraud	Amount written off
	Cash misappropriation by employee	-	-	-
	Fraudulent misrepresentation by employee	1	1.50	1.50
	Fraudulent representation by customers	-	-	-
45.20	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	
45.21	Investments			
	Particulars	As at 31 March 2023	As at 31 March 2022	
	Value of investments*			
	Gross value of investments	337.92		-
	Unrealised fair value movement	-		-
	Net value investments	337.92		-
	* All investments are in India			
	Movement of unrealised fair value change during the year			
	Opening balance	-		1.62
	Add: Increase in unrealised fair value change during the year	-		-
	Less: Decrease in unrealised fair value change during the year	-		(1.62)
	Closing balance	-		-
45.22	Derivatives			
	The Company has not entered into any derivative contracts during the year.			
45.23	Details of non- performing financial assets purchases and sold			
	The Company has neither purchased nor sold any non-performing financial assets during the previous year.			
45.24	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.			
45.25	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 2023 and 31 March 2022.			
45.26	Advances against intangible securities			
	The Company does not have a parent Company and so the details required under this note is not applicable.			
45.27	Penalties imposed by RBI and other regulators			
	The following penalties/ fines have been imposed by the Regulators during the year ended 31 March 2023 (previous year : NIL):			
	Regulator name	Amount in INR lakhs		
	Employees' Provident Fund Organisation, India	0.01		
	Assessment Unit, Income Tax Department (refer note 33)	10.61		
	BSE Limited	0.10		
45.28	Draw down from reserves			
	The Company has made no drawdown from existing reserves.			
45.29	Overseas assets (for those with joint ventures and subsidiaries abroad)			
	There are no overseas assets owned by the Company.			

Notes to the financial statements for the year ended 31 March 2023

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

45.30	Off-balance sheet SPVs sponsored		
		There are no SPVs which are required to be consolidated as per accounting norms.	
45.31	Customer complaints		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Number of complaints pending at the beginning of the year	14	10
	Number of complaints received during the year	20	21
	Number of complaints disposed during the year	20	17
	Number of complaints pending at the end of the year	14	14
	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.		

Disclosures pursuant to disclosure guidelines of NBFC scale based regulations (refer note 56):

• Details of maintainable complaints received by the NBFC from the office of Ombudsman		-	-
• Number of awards unimplemented within the stipulated time		-	-
• Top five grounds of complaints received from customers	Rate of Interest	Rate of Interest	
	Foreclosure Request	Foreclosure Request	
	Time to repay	Time to repay	
	Reschedule of Loan	Moratorium	
	Issues with tenor and repayment schedule	Reschedule of Loan	

45.32 Asset Liability Management

(a) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2023:

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	8,471.72	1,568.76	1,187.29	7,561.58	7,274.68	22,085.43	42,780.06	1,37,777.02	94,958.88	34,782.43	3,58,447.84
Investment in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Investment in equity tranche PTCs*	-	-	-	-	-	-	-	-	337.92	-	337.92
Fixed Deposits with Banks	-	2,536.95	10,136.48	14,114.07	4,516.69	-	-	-	280.90	-	31,585.09
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	2,280.93	379.55	5,918.90	5,106.86	8,442.56	20,054.27	33,751.71	1,08,588.94	41,499.54	-	2,26,023.26
Debt securities	-	-	-	-	2,926.89	-	-	-	15,000.00	-	17,926.89
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Refer notes below

*Pass Through Certificates

Notes to the financial statements for the year ended 31 March 2023

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

45.32 Asset Liability Management											
(b) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2022:											
Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	6,238.55	219.93	436.56	4,084.85	4,163.96	12,442.61	25,032.97	89,317.68	56,602.35	23,116.78	2,21,656.24
Investment in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits with Banks	-	-	-13,002.14	5,001.17	-	11,521.62	-	-	-	-	29,524.93
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	1,020.97	205.18	1,835.04	2,469.46	3,315.55	8,949.78	18,453.18	42,094.01	17,549.14	-	95,892.31
Debt securities	-	-	-	5,183.49	5.80	13,578.93	3,000.00	2,500.00	-	-	24,268.22
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Refer notes below

Note:

1. Excludes the unamortised component of sourcing cost/ income which is adjusted as part of loan balances.
2. Estimated expected cashflows considering the moratorium and restructuring given to the customers. Also refer note 52.1.
3. The above table represents Maturity pattern of certain items of Assets and Liabilities. Please refer note 52 for the Maturity pattern of all assets and liabilities.

46 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:				
Particulars	As at 31 March 2023		As at 31 March 2022	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
1 Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
• Secured	17,926.89	-	24,207.26	-
• Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	2,19,624.21	-	93,401.58	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Borrowings under securitisation	4,348.66	-	-	-
(g) Other Loans *	989.46	-	1,956.38	-
*Represents Cash Credit from banks				
2 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	-	-	-	-

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023	As at 31 March 2022
	Assets side:		
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured (refer note 6)	3,19,028.75	2,06,546.50
	(b) Unsecured (refer note 6)	34,344.38	12,188.87
4	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 2023	As at 31 March 2022
5	Break-up of Investments:		
	Current Investments:		
	I. Quoted:		
	i. Shares		
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
	II. Unquoted:		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
	Long Term Investments:		
	I. Quoted:		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Investment in equity tranche PTCs	337.92	-
	II. Unquoted:		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-

Notes to the financial statements for the year ended 31 March 2023

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

6 Borrower group-wise classification of assets financed as in (3) and (4) above:					
Category	As at 31 March 2023 (Net of Provisions)		As at 31 March 2022 (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	3,13,570.84	33,990.80	2,01,181.70	12,027.47	
Total	3,13,570.84	33,990.80	2,01,181.70	12,027.47	
7 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 2023	Book Value as on 31 March 2023 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on 31 March 2022	Book Value as on 31 March 2022 (Net of provisions)	
1. Related parties					
(a) Subsidiaries	-	-	-	-	
(b) Companies in the same group	-	-	-	-	
(c) Other related parties	-	-	-	-	
2. Other than related parties	-	-	-	-	
	-	-	-	-	
8 Other Information					
Particulars	As at 31 March 2023		As at 31 March 2022		
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties	
(i) Gross Non-Performing Assets (Stage 3 assets)	-	7,729.23	-	8,614.19	
(ii) Net Non-Performing Assets (Stage 3 assets)	-	4,419.60	-	5,041.99	
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-	
47 Disclosure under clause 28 of the Listing Agreement for Debt Securities					
Particulars	As at 31 March 2023		As at 31 March 2022		
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 2023		Year ended 31 March 2022		
Expenditure in foreign currency		-		-	

Notes to the financial statements for the year ended 31 March 2023

(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 2023						
Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS 109	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	3,37,790.87	1,492.21	3,36,298.66	1,380.57	111.63
	Stage 2	7,853.03	1,009.64	6,843.38	374.47	635.17
Subtotal for Standard		3,45,643.90	2,501.85	3,43,142.04	1,755.04	746.81
Non-performing assets (NPA)						
Substandard	Stage 3	3,828.89	1,605.03	2,223.87	848.19	756.84
Doubtful						
• up to 1 year	Stage 3	3,896.35	1,702.63	2,193.72	1,543.65	158.98
• 1 to 3 years	Stage 3	3.99	1.98	2.01	1.98	-
• More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		3,900.34	1,704.61	2,195.73	1,545.63	158.98
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		7,729.23	3,309.64	4,419.60	2,393.82	915.82
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	3,37,790.87	1,492.21	3,36,298.66	1,380.57	111.63
	Stage 2	7,853.03	1,009.64	6,843.38	374.47	635.17
	Stage 3	7,729.23	3,309.64	4,419.60	2,393.82	915.82
		3,53,373.13	5,811.49	3,47,561.64	4,148.86	1,662.63

Notes to the financial statements for the year ended 31 March 2023

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

As at 31 March 2022

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5) = (3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,99,013.87	854.27	1,98,159.60	809.49	44.78
	Stage 2	11,107.31	1,099.73	10,007.58	666.98	432.75
Subtotal for Standard		2,10,121.18	1,954.00	2,08,167.18	1,476.47	477.53
Non-performing assets (NPA)						
Substandard	Stage 3	6,643.77	2,768.90	3,874.87	1,422.39	1,346.51
Doubtful						
• up to 1 year	Stage 3	1,970.42	803.30	1,167.12	785.57	17.73
• 1 to 3 years	Stage 3	-	-	-	-	-
• More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,970.42	803.30	1,167.12	785.57	17.73
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		8,614.19	3,572.20	5,041.99	2,207.96	1,364.24
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	1,99,013.87	854.27	1,98,159.60	809.49	44.78
	Stage 2	11,107.31	1,099.73	10,007.58	666.98	432.75
	Stage 3	8,614.19	3,572.20	5,041.99	2,207.96	1,364.24
		2,18,735.37	5,526.20	2,13,209.17	3,684.43	1,841.77

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 2023 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 2023	As at 31 March 2022
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 year against the slippages and the residual provisions	-	-

Notes to the financial statements for the year ended 31 March 2023

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

51	Disclosures to be made in notes to accounts by originators pursuant to RBI Directions dated 24 September 2021		
	The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.		
S.No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures are reported here)	1	-
2	Total amount of securitised assets as per books of the SPEs	4,330.81	-
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures	-	-
	• First loss		
	• Others"		
	b) On-balance sheet exposures		
	• First loss	281.21	-
	• Others (Investment in equity tranche PTCs)	337.92	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others (Excess Interest Spread)	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	5,617.92	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		-
7	First Loss Credit Facility – Bank Fixed Deposit	281.21	
	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	(a) Amount paid (initial cash collateral)	281.21	-
	(b) Repayment received (cash collateral reset)	-	-
	(c) Outstanding amount (outstanding cash collateral)	281.21	-
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	0.04%	-
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	-	-
	(b) Complaints outstanding	-	-

Notes to the financial statements for the year ended 31 March 2023

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

52	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.	31-Mar-23			31-Mar-22		
		Current	Non-current	Total	Current	Non-current	Total
	Assets						
	Cash and cash equivalents	23,825.39	-	23,825.39	33,473.91	-	33,473.91
	Bank balances other than cash and cash equivalents	28,302.48	280.90	28,583.38	11,521.62	-	11,521.62
	Loans	80,043.31	2,67,518.33	3,47,561.64	44,172.36	1,69,036.81	2,13,209.17
	Investments	-	337.92	337.92	-	-	-
	Other financial assets	156.27	681.58	837.85	298.22	394.59	692.81
	Current tax assets (Net)	52.17	-	52.17	412.56	-	412.56
	Deferred tax Assets (Net)	-	3,113.20	3,113.20	-	2,226.76	2,226.76
	Property, plant and equipment	-	1,385.14	1,385.14	-	492.73	492.73
	Right of use assets	-	2,761.38	2,761.38	-	1,561.28	1,561.28
	Intangibles assets	-	200.76	200.76	-	225.06	225.06
	Intangible assets under development	16.08	-	16.08	-	45.76	45.76
	Other non-financial assets	303.41	-	303.41	385.57	-	385.57
	Total Assets	1,32,699.12	2,76,279.20	4,08,978.32	90,264.24	1,73,982.99	2,64,247.23
	Liabilities						
	Financial Liabilities						
	Trade Payables						
	i) total outstanding dues of micro enterprises and small enterprises	54.25	-	54.25	4.89	-	4.89
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	498.72	-	498.72	326.21	-	326.21
	Debt Securities	2,926.89	15,000.00	17,926.89	21,707.26	2,500.00	24,207.26
	Borrowings (other than debt securities)	74,873.85	1,50,088.48	2,24,962.33	35,714.81	59,643.15	95,357.96
	Other financial liabilities	1,424.03	1,854.66	3,278.69	1,868.66	-	1,868.66
	Non-Financial Liabilities						
	Provisions	262.42	561.09	823.51	178.68	237.48	416.16
	Other non-financial liabilities	2,308.33	-	2,308.33	1,261.27	-	1,261.27
	Total Liabilities	82,348.49	1,67,504.22	2,49,852.72	61,061.78	62,380.63	1,23,442.41
	Net	50,350.62	1,08,774.97	1,59,125.60	29,202.46	1,11,602.36	1,40,804.82
	Other undrawn commitments (Cancellable at the instance of the Company)	4,251.65	-	4,251.65	1,589.16	-	1,589.16
	Total commitments	4,251.65	-	4,251.65	1,589.16	-	1,589.16

52A Changes in liability arising from financing activities

Particulars	01-Apr-22	Cash Flows	New leases	Others*	31-Mar-23
Debt Securities	24,207.26	(5,760.01)	-	(520.37)	17,926.88
Borrowings (other than debt securities)	95,357.96	1,30,046.41	-	(442.04)	2,24,962.33
Lease Liability	1,734.19	(1,068.48)	(1,068.48)	-	2,951.53
Total	1,21,299.41	1,23,217.92	2,285.82	(962.42)	2,45,840.73

Particulars	01-Apr-22	Cash Flows	New leases	Others*	31-Mar-22
Debt Securities	53,074.52	(28,000.00)	-	(867.26)	24,207.26
Borrowings (other than debt securities)	72,340.01	23,199.45	-	(181.50)	95,357.96
Lease Liability	1,384.44	(807.64)	1,157.39	-	1,734.19
Total	1,26,798.97	(5,608.19)	1,157.39	(1,048.76)	1,21,299.41

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

Notes to the financial statements for the year ended 31 March 2023

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

52.1 (a) Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated for the year ended 31 March 2023

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, 2022"	No. of borrowers		2,394	402	1	-	2,797	2,394	402	1	-	2,797	
	Amount Outstanding		6,364.85	1,595.47	5.06	-	7,965.38	6,364.85	1,595.47	5.06	-	7,965.38	
	Provision there on		669.07	639.97	1.89	-	1,310.94	669.07	639.97	1.89	-	1,310.94	
Fresh restructuring during the year	No. of borrowers		-	-	-	-	-	-	-	-	-	-	
	Amount Outstanding		-	-	-	-	-	-	-	-	-	-	
Upgradations to restructured standard category during the year	No. of borrowers		64	(308)	244	-	-	64	(308)	244	-	-	
	Amount Outstanding		192.46	(1,227.31)	1,034.85	-	-	192.46	(1,227.31)	1,034.85	-	-	
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		-114	-	-	-	(114)	(114)	-	-	-	(114)	
	Amount Outstanding		-195.45	-	-	-	(195.45)	(195.45)	-	-	-	(195.45)	
Downgradation of restructured accounts during the year	No. of borrowers		(221)	221	-	-	-	(221)	221	-	-	-	
	Amount Outstanding		(752.12)	752.12	-	-	-	(752.12)	752.12	-	-	-	
Recoveries during the year	Amount		(967.47)	7.96	149.08	-	(810.42)	(967.47)	7.96	149.08	-	(810.42)	
	Closure/Write off		546	82	1	-	629	546	82	1	-	629	
Restructured accounts as on March 31, 2022	Amount Outstanding		1,131.56	253.11	5.06	-	1,389.73	1,132	253.11	5	-	1,389.73	
	Provision there on		1,577	233	244	-	2,054	1,577	233	244	-	2,054	
Restructured accounts as on March 31, 2022	Amount Outstanding		3,510.71	875.13	1,183.94	-	5,569.78	3,510.71	875.13	1,183.94	-	5,569.78	
	Provision there on		429.88	562.45	376.41	-	1,368.74	429.88	562.45	376.41	-	1,368.74	

* represents one time restructuring in accordance with notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020 and RBI/2021-22/31 DOR. STR.REC..11/21.04.048/2021-22 dated 5 May 2021

Notes to the financial statements for the year ended 31 March 2023

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

52.1	(b) Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated for the year ended 31 March 2023											
	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, 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	
Fresh restructuring during the year	No. of borrowers	2,156	1,052	-	-	3,208	2,156	1,052	-	-	3,208	
	Amount Outstanding	6,068.13	3,367.35	-	-	9,435.48	6,068.13	3,367.35	-	-	9,435.48	
Upgradations to restructured standard category during the year	No. of borrowers	1,054	(1,054)	-	-	-	1,054	(1,054)	-	-	-	
	Amount Outstanding	3,372.70	(3,372.70)	-	-	-	3,372.70	(3,372.70)	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	
Downgradation of restructured accounts during the year	No. of borrowers	(403)	402	1	-	-	(403)	402	1	-	-	
	Amount Outstanding	(1,468.93)	1,464.61	4.32	-	-	(1,468.93)	1,464.61	4.32	-	-	
Recoveries during the year	Amount	(672.07)	130.87	0.74	-	(540.46)	(672.07)	130.87	0.74	-	(540.46)	
	No. of borrowers	475	-	-	-	475	475	-	-	-	475	
Closure/Write off restructured accounts during the year	Amount Outstanding	1,245.09	-	-	-	1,245.09	1,245	-	-	-	1,245.09	
	No. of borrowers	2,394	402	1	-	2,797	2,394	402	1	-	2,797	
Restructured accounts as on March 31, 2022	Amount Outstanding	6,364.85	1,595.47	5.06	-	7,965.38	6,364.85	1,595.47	5.06	-	7,965.38	
	Provision there on	669.07	639.97	1.89	-	1,310.93	669.07	639.97	1.89	-	1,310.93	

* represents one time restructuring in accordance with notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020 and RBI/2021-22/31 DOR. STR.REC..11/21.04.048/2021-22 dated 5 May 2021

Notes to the financial statements for the year ended 31 March 2023

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

53	Disclosure pursuant to Reserve Bank of India Circular DOR. No. BP. BC/3/21.04.048/2020-21 dated 06 August 2020 pertaining to Resolution Framework for COVID 19 related stress read with RBI/ 2021- 22/31 DOR.STR.REC. 11/21.04.048/2021-22 dated 05 May 2021 pertaining to Resolution Framework- 2.0: Resolution of COVID 19 related stress of Individuals and Small businesses.
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Format - B :

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31 March 2022 (A)	Of (A) Aggregated debt that slipped into NPA during the year	Of (A) Amount written off during the year	Of (A) Amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March 2023
Personal Loans	-	-	-	-	-
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	6,364.84	752.12	370.89	1,731.13	3,510.70
Total	6,364.84	752.12	370.89	1,731.13	3,510.70

54	Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015		
	Particulars	As at 31 March 2023	As at 31 March 2022
a	Omitted *	-	-
b	Omitted *	-	-
c	Debt equity ratio Debt equity ratio is (Debt securities + Borrowings) / Net worth)	1.53 times	0.85 times
d	Omitted *	-	-
e	Omitted *	-	-
f	Debt service coverage ratio	Not Applicable Debt service coverage ratio is not applicable for Non-Banking Finance Company "(NBFC)" registered with Reserve Bank of India and accordingly no disclosure has been made.	
g	Interest service coverage ratio	Not Applicable Interest service coverage ratio is not applicable for NBFC registered with Reserve Bank of India and accordingly no disclosure has been made.	
h	Outstanding redeemable preference shares (quantity & value)	NIL. The Company does not have any redeemable preference shares as at 31 March 2023 and hence this clause is Nil.	
i	Capital Redemption Reserve / Debenture redemption reserve	Not Applicable Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.	
j	Net worth (Net worth is equal to share capital plus reserves & surplus less deferred revenue expenditure)	INR 1,59,125.60	1,40,804.82
k	Net profit after tax -For the year ended 31 March 2023 (Total comprehensive income)	INR 17,469.52	7,584.99

Notes to the financial statements for the year ended 31 March 2023

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

	Particulars	As at 31 March 2023	As at 31 March 2022
I	Earnings per equity share of Rs. 10 each		
	- Basic	36.15	18.12
	- Diluted	14.57	6.59
m	Current Ratio	1.69 times	1.61 times
n	Long term debt to Working Capital	33.75 times	60.12 times
o	Bad debts to Account Receivable Ratio (Bad debts / Accounts Receivables)	2.19%	3.94%
p	Current Liability Ratio	20.88%	23.28%
q	Total Debts to Total Assets Ratio (Debt Securities+ Borrowings (other than debt securities)+ Subordinated Debts) / Total Assets	59.39%	45.25%
r	Debtors Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed	
s	Inventory Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed	
t	Operating Margin (%) Operating Margin / Total Income	58.94%	51.91%
u	Net Profit Margin(%) Profit after tax / Total Income	25.61%	17.10%
v	Sector Specific Equivalent Ratio		
	i) GNPA % (Gross Stage 3)	2.19%	3.94%
	ii) NNPA %	1.26%	2.34%
	iii) Provision Coverage Ratio ("PCR") (%) Impairment loss allowance for Stage III / Gross Stage III Loans	42.82%	41.47%
	iv) Asset Cover Ratio	1.05 times	1.10 times
	v) Liquidity Coverage Ratio	1277.48%	3129.00%
	vi)Capital Adequacy Ratio	45.00%	64.43%

Note : * Omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021, w.e.f. 13 August 2021.

55	Details of loans transferred / acquired during the year ended 31 March 2023 under the RBI Master Direction on Transfer of Loan Exposures dated 24 September 2021 are given below: (i) The Company has not transferred any Non Performing Assets (NPAs). (ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default. (iii) The Company has not acquired any loans not in default through assignment. (iv) The Company has not acquired any stressed loan.
56	Applying the scale based regulations issued by RBI vide circular dated 22 October 2021 (applicable from 01 October 2022), the Company would be classified as a Middle layer NBFC (NBFC-ML). The board of directors has approved the policy for Internal Capital Adequacy Assessment process (ICAAP). In this regard, the Company has commenced a process to perform a realistic assessment of its risks to ensure availability of adequate capital to cover all risks applicable to the Company. Also, the Company has initiated necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/changes suggested as and when they become applicable.
57	In September 2022, the Company had a breach in respect of a financial covenant relating to the ratio of credit impaired loans to total loans with respect to a term loan borrowing for which waiver was not received. However, the said breach was cured during December 2022. There was no breach on any covenant as on 31st March 2023.
58	CSR Trust: As per Rule 4(1) of the Companies (CSR Policy) Rules, 2014, the Company vide board resolution dated 10 August 2022 and shareholder's resolution dated 02 September 2022 formed a trust in the name of "Veritas Foundation" to implement CSR activities of the Company. The trust was duly registered with the registrar vide a trust deed dated 14 December 2022. This trust is identified as a related party of the Company.
59	During the year, the Company has entered into new lease rental agreements to shift its head office to a different floor of the same building where the head office is currently located. The Company has commenced its operations from the new head office with effect from 15 April 2023.
60	Previous year figures have been regrouped/reclassified wherever necessary, to confirm with the current year presentation.

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

S Usha
Partner

Membership No: 211785

Place: Chennai

Date: 27 April 2023

For and on behalf of the Board of Directors
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

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

GLOSSARY

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

Terms

Loan Disbursements	Loan Disbursements are net of cancellations
Loan Assets Under Management (AUM)	AUM represents Gross loan book after adjustment of unamortised processing fee and before adjustment of impairment loss allowance
Borrowings	Borrowings consists of Debt securities, Term Loans & Cash Credit availed after adjustment of unamortised processing fee
Net Interest Income	Interest income on Loans less Finance Cost (Excluding Interest expense on lease liabilities)
Profit After Tax (Post OCI)	Profit After Tax is post adjustment of Other Comprehensive Income

Key Ratios

Gross NPA (%)	Stage 3 Loan Book / Total Loan Book (Gross NPA as per RBI's new IRACP norms as per 12th November 2021 circular is taken as Stage 3 Loan Book)
Net NPA (%)	(Stage 3 Loan Book minus Stage 3 ECL Provision) / (Total Loan Book minus Stage 3 ECL Provision)
Capital Adequacy Ratio (%)	Tier I & Tier II Capital / Risk Weighted Assets
Return on Total Assets (%)	Profit After Tax (PAT) / Average of Closing Total Assets
Return on Equity (%)	Profit After Tax (PAT) / Average of Closing Networkth
Basic Earnings Per Share (Rs.)	Profit After Tax (PAT) / Weighted Average number of shares (Basic)
Diluted Earnings Per Share (Rs.)	Profit After Tax (PAT) / Weighted Average number of shares (Diluted)
Net Interest Margin (NIM)	(Interest Income on Loans-Finance Cost (excluding interest expense on lease liabilities))/ Average of Closing AUM
Debt - Equity Ratio	Borrowings / Net Worth
Tooth to tail Ratio	Sales employees/ Total employees
Installment to Income (IIR) Ratio	Monthly loan installment amount / Monthly Income amount
Loan to Value (LTV) Ratio	Loan amount / Value of the asset or collateral being borrowed against

Growth Ratios (in %)

AUM Growth	(Closing AUM of this Financial Year minus Closing AUM of last Financial Year) / Closing AUM of last Financial Year
Loan Disbursements Growth	(Total Disbursements in this Financial Year minus Total Disbursements in last Financial Year) / Total Disbursements in last Financial Year

Branch Efficiency Ratio (Rs. In Crores)

Disbursement per Branch	Total Loan Disbursements / Average of Closing total number of branches in this Financial Year & Closing total number of branches in last Financial Year
AUM per branch	AUM / Average of Closing total number of branches in this Financial Year & Closing total number of branches in last Financial Year
PAT per Branch	Profit After Tax (PAT) / Average of Closing total number of branches in this Financial Year & Closing total number of branches in last Financial Year



REGISTERED OFFICE

Veritas Finance Private Limited

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Industrial Estate, Guindy, Chennai - 600 032

CONTACT DETAILS

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