(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

No.: _____
Addressed to: _____

PLACEMENT MEMORANDUM

VERITAS FINANCE PRIVATE LIMITED ("Issuer" / "Company")

A private limited company incorporated under the Companies Act, 2013

Corporate Identity Number (CIN): U65923TN2015PTC100328
Permanent Account Number (PAN): AAFCV0954Q
Date of Incorporation: April 30, 2015
Place of Incorporation: Chennai, Tamil Nadu
Registration number issued by the Reserve Bank of India: N-07.00810
Website: http://www.veritasfin.in

Corporate Office: SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032.
Registered Office: SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032
Telephone number: 044 – 4615 0011
E-mail: corporate@veritasfin.in

Placement Memorandum for issue of Debentures on a private placement basis under Schedule I of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, in relation to the issue of 7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs") on a private placement basis (the "Issue"). Certain details of the Debentures are as follows:

(a) **Rating**: The Debentures are rated as CARE A+; Stable (Single A Plus; Outlook: Stable) by CARE Ratings Limited pursuant to the letter dated January 02, 2024. Please refer Annexure II for the rating rationale and the press release.
(b) **Listing**: The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) of the BSE Limited within the time period prescribed under the SEBI Listing Timelines Requirements (as defined below).
(c) **Eligible Investors**: Please refer Section 8.15 of the Placement Memorandum.
(d) **Coupon related details**: The coupon rate for the Debentures is 9.75 % (Nine decimal Seven Five percent) paid quarterly. Please refer Section 8.1 for details about coupon/dividend rate, coupon/dividend payment frequency, redemption date, redemption amount.
(e) **Underwriting**: The Issue is not underwritten.

Issue Schedule

Issue Opening on: March 27, 2024
Issue Closing on: March 27, 2024
Date of earliest closing of the issue, if any: N.A.
Deemed Date of Allotment: March 28, 2024
The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

Registrar to the issue:
KFin Technologies Limited
Address: Karvy Selenium Tower, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032
Tel: 040-23420818 **Fax**: 040-23420814
Website: https://www.kfintech.com/
Email:jagannadh.chakka@kfintech.com

Debenture Trustee:
Axis Trustee Services Limited
Address: The Ruby, 2nd Floor, SW 29, Senapati Bapat Marg, Dadar West, Mumbai, Maharashtra, India, 400028
Tel: +91 022- 62300442
Contact Person: Mr. Anil Grover
Email: anil.grover@axistrustee.in

Rating Agency: CARE Ratings Ltd.
Address: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai -400 022.
Tel: 022- 2850 1000
Contact Person: Mr. Sudhakar P
Email: p.sudhakar@careedge.com

Statutory auditors:
M/s Sundaram & Srinivasan, Chartered Accountants
Website: www.sundaramandsrinivasan.com
Address: No. 23, CP Ramaswamy Road, Alwarpet, Chennai – 600018
Contact Person: Ms. S. Usha

SUNDARAM & SRINIVASAN
Chartered Accountants

Tel: 044 4210 6952
E-mail: sundaramandsrinivasan1948@gmail.com

Issuer's Company Secretary & Compliance Officer:
Ms. V. Aruna
Tel: 044-46150029
Email: aruna.v@veritasfin.in

Issuer's Chief Financial Officer:
Mr. V G Suchindran
Tel: 044 - 4615 0117
Email:
suchindran@veritasfin.in

Issuer's Promoter
Mr. D. Arulmany, Managing Director & Chief Executive Officer
Tel: 044 - 4615 0115
E-mail: arulmany@veritasfin.in

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BACKGROUND

This Placement Memorandum is related to the Debentures to be issued by Veritas Finance Private Limited (the "Issuer" or "Company") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on December 23, 2023, and the Board of Directors of the Issuer on January 30, 2024, and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated December 23, 2023, in accordance with provisions of the Companies Act, 2013, the Company has been authorised to raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs. 400,00,00,000/- (Rupees Four Hundred Crores only). The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s). This Issue does not form part of non-equity Tier-II / regulatory capital mentioned under Chapter V of the SEBI Debt Listing Regulations read with clarification provided by the Securities and Exchange Board of India in circular no. SEBI/HO/DDHS/DDHS- RACPOD1/P/CIR/2023/027 dated February 8, 2023 on "Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021" and the Issuer hereby confirms that Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021, is not applicable to the present Issue. The face value of each STRPP being issued on private placement basis under this Issue is Rs. 1,00,000/- (Rupees One Lakh only).

ISSUER'S ABSOLUTE RESPONSIBILITY
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in this Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule	
Issue Opening Date	March 27, 2024
Issue Closing Date	March 27, 2024
Pay In Date	March 28, 2024
Deemed Date of Allotment	March 28, 2024

Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable.	This Issue, offer and subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI and BSE under the EBP Guidelines (as defined below) by placing bids on the EBP Platform during the period of the Issue. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines (as defined below) are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs")
Bid opening and closing date	Bid opening date: March 27, 2024; and Bid closing date: March 27, 2024
Minimum Bid lot	100 (Hundred) Debentures
Manner of bidding in the Issue	Open Bidding

	Manner of allotment in the Issue	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.
	Manner of settlement in the Issue	Pay-in of funds through ICCL and the account details are given in the Section 8.9 (*Issue Procedure*) of this Placement Memorandum
	Settlement cycle	T+1; where T refers to the date of bid opening date / issue opening date
	Please also refer to Section 8.9 (*Issue Procedure*) of this Placement Memorandum for the detailed process in respect of the subscription of an Issue.	

DISCLAIMER

- This Placement Memorandum contains no unsubstantiated forward-looking statements. To the extent there are any unsubstantiated forward-looking statements under this Placement Memorandum, such statements shall be considered to be null and void.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this issue document contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the issue document is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Capitalised terms used herein and not defined shall have the meanings given to them in the Transaction Documents. Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

GENERAL DEFINITIONS

Act/Companies Act	means the Companies Act, 2013, and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time.
Allot/Allotment/Allotted	The allotment of the Debentures pursuant to this Issue.
Applicable Accounting Standards	means the generally accepted accounting principles, standards and practices in India or any other prevailing accounting standard in India as may be applicable and includes Indian Accounting Standards (IND-AS).
Applicant	means a person who has submitted a completed Application Form to the Issuer, and "Applicants" shall be construed accordingly.
Applicable Law	means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof including but not limited to SEBI Debenture Trustee Circular, SEBI Debt Listing Regulations, SEBI Listing Circular, SEBI LODR Regulations, SEBI NCS Regulations, SEBI Operational Circular and SEBI Takeover Regulations.
Application Form	means the form used by the recipient of this Placement Memorandum, to apply for subscription to the Debentures, which is in the form annexed to this Placement Memorandum and marked as **Annexure IV**.
Application Money	means the subscription amounts paid by the Debenture Holders at the time of submitting the Application Form.
Beneficial Owners	means the holders of the Debentures in dematerialised form whose names are recorded as such with the Depository(ies) in the Register of Beneficial Owners, and "Beneficial Owner" shall be construed accordingly.
Board / Board of Directors	The Board of Directors of the Issuer.
BSE	means BSE Limited
Business Day	Any day, other than a Saturday, Sunday or any day which is a public holiday, on which the money market is functioning in Mumbai and Chennai, India and “Business Days” shall be construed accordingly.
CDSL	means Central Depository Services (India) Limited.
CERSAI	means Central Registry of Securitisation Asset Reconstruction and Security Interest of India.
Client Loan	Each loan made by the Company as a lender and “Client Loans” shall refer to the aggregate of such loans.
Company/Issuer/VFPL	means Veritas Finance Private Limited, a private limited company incorporated under the Companies Act, 2013 and having its registered office at SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032.
ConstitutionalDocuments	means the certificate of incorporation of the Issuer, the memorandum of association and articles of association of the Issuer and the certificate of registration issued by the RBI to the Issuer.
Conditions Precedent	means the conditions precedent set out in Section 7.1 (Summary Terms).
Conditions Subsequent	means the conditions subsequent set out in Section 7.1 (Summary Terms).

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Crore / Cr. / Crs.	Ten Million
Debentures/NCDs	7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs")
Debenture Holders/Investors	shall initially mean, the persons who have subscribed the Debentures and thereafter shall mean and include any Person to whom the Debentures (STRPP 1 or STRPP 2 or STRPP 3 or All STRPPs) are transferred to, each who fulfils the following requirements: (a) Persons who are registered as such as the Beneficial Owners; and (b) Persons who are registered as debenture holder(s) in the Register of Debenture Holder(s). In the event of any inconsistency between sub paragraph (a) and (b) above, sub paragraph (a) shall prevail.
Debenture Trustee	Axis Trustee Services Limited
Debenture Trustee Agreement	The debenture trustee agreement executed / to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	The debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company inter alia setting out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Debenture Trustees Regulations/SEBI Debenture Trustees Regulations	means the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, modified, amended, supplemented or restated from time to time.
Debenture Trust Deed/DTD	means the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company inter alia recording the terms and conditions upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Debt Disclosure Documents	means, collectively, the PPOL and this Placement Memorandum, and "Debt Disclosure Document" means any one of them.
Deed of Hypothecation	The unattested deed of hypothecation executed / to be executed by and between the Issuer and the Debenture Trustee, pursuant to which hypothecation over the Hypothecated Property shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders).
Deemed Date of Allotment	March 28, 2024

Demat	means the dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	means the Depositories Act, 1996, as amended from time to time.
Depositories	means the depositories with whom the Company has made arrangements for dematerialising the Debentures, being NSDL and CDSL, and "Depository" shall mean any one of them.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	means the director(s) of the Issuer.
Disclosure Document / Placement Memorandum	This document which sets out the terms and conditions for the issue and offer of the Debentures by the Issuer on a private placement basis and contains the relevant information in this respect.
DP ID	Depository Participant Identification Number.
Due Date	means the date on which any interest, any additional interest, any liquidated damages, any Redemption Payment, any premature redemption amount and/or any other amounts payable, are due and payable, including but not limited to the Redemption Dates, and any other date on which any payment is to be made by the Company under the Transaction Documents, and "Due Dates" shall be construed accordingly.
DRR	has the meaning given to it in Section 6.37 (*Other details*) of this Placement Memorandum.
Electronic Book Provider / EBP / EBP Platform	shall have the meaning assigned to such term under the EBP Guidelines.
Effective Date	means the date of execution of the DTD.
EFT	Electronic Fund Transfer
Eligible Investors	has the meaning given to it in Section 8.15 below.
Final Settlement Date	shall mean the date on which the Payments have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents.
Financial Indebtedness	Shall mean any indebtedness for or in respect of: (a) monies borrowed; (b) any amount availed of by acceptance of any credit facility; (c) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

	(i) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (j) any put option, guarantees, keep fit letter(s), letter of comfort, etc. by whatever name called, which gives or may give rise to any financial obligation(s); (k) any preference shares (excluding any compulsorily convertible preference shares); or (l) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above;
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body.
Hypothecated Property	All the right, title, interest, benefit, claims and demands of the Issuer, in, to, or in respect of the receivables arising out of rupee loan facilities advanced / to be advanced by the Issuer to any person and charged under the terms of this Issue.
IBC	shall have the meaning as provided under Section 3(21) of the Insolvency and Bankruptcy Code, 2016 (as amended from time to time) or similarly defined under any other Applicable Laws.
ICCL	Indian Clearing Corporation Limited
IND AS	means the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under Applicable Law thereon from time to time and applied on a consistent basis by the Company.
Information Utility	The National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
ISIN	International Securities Identification Number
Issue	means this issue of the Debentures on a private placement basis pursuant to this Placement Memorandum.
Issue Closing Date	means March 27, 2024
Issue Opening Date	means March 27, 2024
Listing Period	has the meaning given to it under Section 7.1 (*Summary Terms*) below.
LODR Regulations/SEBI LODR Regulations	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, modified, supplemented, or restated from time to time.
Listed NCDs Master Circular	Means "Master Circular for issue and listing of non-convertible securities, securitized debt instrument, security receipts, municipal debt securities and commercial paper" issued vide circular no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 and as amended from time to time.
Majority Debenture Holders	shall mean, with respect to each STRPP of Debentures, the Debenture Holder(s) holding an aggregate amount representing not less than 51% (Fifty-One percent) of the outstanding value of the Debentures under such STRPP, for the time being outstanding.
Majority Resolution	means a resolution approved by the Majority Debenture Holders who are present and voting or if a poll is demanded, by the Majority Debenture Holders who are present and voting in such poll at individual ISIN level.

NBFC Directions/ RBI NBFC Master Directions	means the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and/or the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and all other conditions, directions, regulations, circulars, guidelines and notifications applicable to non-banking financial companies as may be applicable read with the RBI's circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on "Implementation of Indian Accounting Standards", each as amended, modified or restated from time to time.
N.A.	Not Applicable
Net Income	For any particular period and with respect to the Issuer, all revenue (including donations and grants) less all expenses (including taxes, if any for such period).
NBFC	Non-banking financial company
NSDL	National Securities Depository Limited
Outstanding Principal Amount	means, at any date, the principal amount outstanding under the Debentures.
Outstanding Amounts	means, at any date, the Outstanding Principal Amounts together with any interest,additional interest, costs, fees, charges, and other amounts payable by the Issuer in respect of the Debentures.
Payment Default	means any event, act or condition which, with notice or lapse of time, or both,would constitute an Event of Default.
Promoters	has the meaning given to it under the Act.
Promoter Group	means the persons disclosed as comprising the "Promoters" in the Act.
PAN	Permanent Account Number
Placement Memorandum/ PM/ Offer Document	means this placement memorandum issued by the Issuer in respect of the Debentures proposed to be issued.
Private Placement Offer cum Application Letter(s)/PPOA/PPOL	means the private placement offer cum application letter(s) prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, issued by the Issuer in respect of the Debentures.
Purpose	has the meaning given to it in Section 7.1 (*Summary Terms*).
Quarterly Date	means each of March 31, June 30, September 30 and December 31 of a calendar year, and "Quarterly Dates" shall be construed accordingly.
Rating	means the credit rating for the Debentures from the Rating Agency, which has affirmed a rating of CARE A+; Stable (Single A Plus; Stable) to the Issue through its letter dated January 02, 2024.
Rating Agency	means CARE Ratings Limited, being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time and having its registered office at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400022.
RBI	means the Reserve Bank of India.

Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 7 (seven) days prior to any Due Date.
Recovery Expense Fund	shall mean fund contributed by the Company towards creation of a recovery expense fund as required to be created in accordance with Regulation 11 of the SEBI NCS Regulations and the provisions of SEBI Debenture Trustee Circular.
Redemption Payment	shall mean the payment of the Outstanding Principal Amounts of the Debentures on the Redemption Dates (including the Final Redemption Date) or any other date in accordance with the Debenture Trust Deed.
Register of Beneficial Owners	means the register of beneficial owners of the Debentures maintained in the records of the Depositories.
Register of Debenture Holders	means the register maintained by the Issuer in accordance with Section 88 of the Companies Act.
R&T Agent/Registrar	means the Registrar and Transfer Agent to the Issue, in this case being KFin Technologies Limited.
ROC	means the jurisdictional registrar of companies.
Rs. / INR	Indian National Rupees.
RTGS	Real Time Gross Settlement.
SEBI	means the Securities and Exchange Board of India.
SEBI Debt Listing Regulations/Debt Listing Regulations	means the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with the SEBI's circular bearing the reference number SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 on "*Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021*", each as amended, modified, supplemented or restated from time to time.
SEBI Debenture Trustee Circular	"SEBI Debenture Trustee Circular" shall mean 'Master Circular for Debenture Trustee' dated March 31, 2023 issued by SEBI, as amended, modified, supplemented or substituted from time to time.
SEBI DLT Monitoring Circular	the SEBI circular bearing reference number SEBI/HO/DDHS/RACPOD1/CIR/P/2022/136 dated October 3, 2022 on "*Extension of timeline for entering the details of the existing outstanding non-convertible securities in the 'Security and Covenant Monitoring' system hosted by Depositories*" and the SEBI circular bearing reference number SEBI/HO/DDHS/RACPOD1/CIR/P/2023/003 dated January 5, 2023 on "*Extension of timelines for entering and verification of the details of the existing outstanding non-convertible securities in the 'Security and Covenant Monitoring' system hosted by Depositories*", each as amended, modified, supplemented or restated from time to time.
SEBI EBP Requirements/EBP Requirements/EBP Guidelines	shall mean the SEBI Operational Circular read with the 'Operational Guidelines for participation on BSEBOND (EBP platform of BSE)' dated December 28, 2022, issued by BSE, vide their notice no. 20230417-35 dated April 17, 2023, as amended, modified and supplemented from time to time. .
SEBI Listed Debentures Circulars	means, collectively, the SEBI Operational Circular, the SEBI Debt Listing Regulations and the LODR Regulations (to the extent applicable), SEBI Debenture Trustee Circular, SEBI Listing Circular, SEBI Operational Circular.
SEBI Listing Circular	shall mean the '*Operational Circular for Listing Obligations and Disclosure Requirements for Non-Convertible Securities, Securitized Debt Instruments and/or Commercial Paper*' dated July 29, 2022 (updated as on December

	01, 2022), as amended from time to time.
SEBI Listing Timelines Requirements	means the requirements in respect of the timelines for listing of debt securities issued on a private placement basis prescribed in Chapter VII (*Standardization of timelines for listing of securities issued on a private placement basis*) of the Listed NCDs Master Circular read with, to the extent applicable, the SEBI EBP Requirements.
Security Cover	The aggregate value of all the Hypothecated Property which is to be maintained by the Company, on and from the Deemed Date of Allotment till the Final Settlement Date, at an amount no less than 1x (One time) time the aggregate of the Outstanding Principal Amount where the principal receivables of the Client Loans comprising the Hypothecated Assets shall be at least 1 (onetime) or 100% (one hundred percent) of the aggregate amount of Outstanding Principal Amounts.
Secured Obligations	means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Company to the Debenture Holders or the Debenture Trustee under the Transaction Documents, including without limitation, the making of payment of any interest, redemption of principal amounts, the default interest, additional interest, liquidated damages and all costs, charges, expenses and other amounts payable by the Company in respect of the Debentures.
STRPPs	Separately Transferable Redeemable Principal Parts
Stressed Assets Framework	means the RBI's circular no. DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on "*Prudential Framework for Resolution of Stressed Assets*", as may be amended, modified, supplemented or restated from time to time.
Tax	means any present or future tax, levy, duty, charge, fees, deductions, withholdings, surcharges, cess, turnover tax, transaction tax, stamp tax or other charge of a similar nature (including any penalty or interest payable on account of any failure to pay or delay in paying the same), now or hereafter imposed under Applicable Law or by any Governmental Authority and as maybe applicable in relation to the payment obligations of the Company under this Deed.
Tax Deduction	means a deduction or withholding for or on account of Tax from a payment under a Transaction Document pursuant to Applicable Law.
TDS	Tax Deducted at Source.
Transaction Documents	means: (a) the DTD; (b) the Debenture Trustee Agreement; (c) the Debt Disclosure Documents; (d) the Deed of Hypothecation; (e) board resolution authorizing this Issuance; (f) applicable shareholder resolutions under the Act; (g) the letters issued by the, and each memorandum of understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar; (h) applicable disclosures and filings under SEBI Regulations and/or any other Applicable Laws. (i) each tripartite agreement between the Issuer, the Registrar and the relevant Depository; and (j) any other document that may be designated as a Transaction Document by the Debenture Trustee or the Debenture Holders, (k) and "Transaction Document" means any of them.
Terms & Conditions	The terms and conditions pertaining to the Issue as outlined in the Transaction Documents.

Transaction Documents	The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Section 7.
WDM	Wholesale Debt Market
Wilful Defaulter	means an issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter(s) and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) being issued have been

sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement cum Application Offer Letter(s) shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to the Issuer or any other person in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) comes are required to inform themselves of, and to observe, any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The Issuer is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the jurisdiction of the courts and tribunals at Mumbai and/or Chennai, India. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investors with their respective depositary participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

2.8 Disclaimer Clause of the Debenture Trustee

The Debenture Trustee, by virtue of acting as the debenture trustee to the issue, does not ipso facto undertake or have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid / invested by a debenture holder for the debentures. The Debenture Trustee does not make nor deems to have made any representation on the issuer, its operations, the details and projections about the Issuer or the debentures under offer made in this Information Memorandum. Applicants / Investors are advised to read this Information Memorandum carefully and make their own enquiry, carry out due diligence and analysis about the issuer, its performance and profitability and details in this information memorandum before taking their investment decision. The debenture trustee shall not be responsible for the investment decision and its consequences.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 3: DETAILS OF PROMOTERS OF THE ISSUER

The details of the Promoters of the Issuer are set out below:

S.no	Details of Promoter	Description
1.	Name of promoter	Mr. D Arulmany, MD & CEO of Veritas Finance Private Limited
2.	Date of Birth	09-03-1963
3.	Age	60 years
4.	Personal Addresses	Flat 4B, Victory Homes, New No.16, 54th Street. 9th Avenue, Ashok Nagar, Chennai – 600083
5.	Education Qualifications	Post Graduate in Rural Management from (PGDRM) IRMA and has done his GMP from University of Michigan.
6.	Experience in the business or employment	25 years+ of experience in financial services and capital markets.
7.	Positions/posts held in the past by the promoter	N.A.
8.	Directorships held by the promoter	Nil
9.	Other ventures of the promoter	Nil
10.	Special achievements	• Before starting Veritas, he was the initial investor and Chief Executive Officer of affordable finance HFC, Aptus Value Housing Finance Limited, Chennai since its inception in 2010. He was instrumental in setting up the team and scaling up the business across States of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana apart from union territory of Puducherry towards both housing loans as well as loans against property based on cash flow assessment. • Earlier to this, he was Head of Business at PINC focused on of private wealth management in Mumbai and before that he had worked with Chennai-based Cholamandalam Investment & Finance Limited as Chief Marketing Officer for their Vehicle Finance Division & later as Head of Business in its subsidiary Cholamandalam Distribution Services Limited, (part of Murugappa Group) for over fifteen years.
11.	Business and financial activities of the promoter	Nil
12.	Photograph	
13.	Permanent Accountant Number	ADEPA3778Q

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 4: GENERAL RISKS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and reach their own views prior to making any investment decision.

GENERAL RISK

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 4 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

4.1 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer whereby the Investors may or may not recover all or part of the funds in case of default by the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

4.2 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES; THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID; LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON THE STOCK EXCHANGES.

The Debentures may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value. Further, As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

4.3 CREDIT RISK & RATING DOWNGRADE RISK; REGULATORY CAPITAL RISK

The Rating Agency has assigned the credit rating to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

4.4 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of

prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

4.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

4.6 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

4.7 RISKS IN RELATION TO THE SECURITY; SECURITY MAY BE INSUFFICIENT TO REDEEM THE DEBENTURES; RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents executed in relation to the Debentures. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such Security (ii) finding willing buyers for the Security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. There is a risk that the value realised from the enforcement of the Security may be insufficient to redeem the Debentures

4.8 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

4.9 LEGALITY OF PURCHASE

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

4.10 POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

4.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

a) Majority of the Issuer's loans are secured against hypothecation of receivables and the clients of these loans are of the high-risk category and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.

A majority of the Issuer's loans are secured against hypothecation of receivables and the clients of these loans are of the high-risk category. There is uncertainty on the client's ability to fulfil its loan obligations as its clients. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk. As at December 31, 2023, the gross NPA was Rs.93.64 Crores on a gross portfolio of Rs.5,046.30 Crores basis IRAC norms of RBI clarification on NPA classification dated November 12, 2021.

The Issuer cannot assure that the Issuer will be able to effectively control and reduce the level of the impaired loans in its total loan portfolio. The amount of the Issuer's reported non-performing loans may increase in the future as a result of growth in the total loan portfolio, and also due to factors beyond the Issuer's control, such as over-extended member credit that we are unaware of. Failure to manage NPAs or effect recoveries will result in operations being adversely affected.

The Issuer's current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of the Issuer's total loan portfolio. As a result, if the quality of the Issuer's total loan portfolio deteriorates the Issuer may be required to increase the loan loss reserves, which will adversely affect the Issuer's financial condition and results of operations. The Issuer's members largely belong to low-income segment and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that the Issuer's monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer is unable to control or reduce the level of its NPAs or poor credit quality loans, the Issuer's financial condition and results of the Issuer's operations could be materially and adversely affected.

b) The* Issuer's *business operates through a large number of rural and semi urban branches and is exposed to operational risks including fraud

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it handles a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handles a large amount of cash through a high volume of small transactions taking place in its network, the Issuer is exposed to the risk of fraud or other misconduct by its employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities that the Issuer's business model requires. Given the high volume of transactions processed by the Issuer, certain instances of fraud and misconduct may go unnoticed before they are discovered and successfully rectified. Even when the Issuer discovers such instances of fraud or theft and pursue them to the full extent of the law or with its insurance carriers, there can be no assurance that the Issuer will recover any such amounts. In addition, the Issuer's dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

The Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a strong MIS system that has a wide range of data that can be used to monitor financial and operational performance.

To mitigate the above risk, the Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a MIS system able to generate data analysis that can be used to monitor financial and operational performance.

c) The Issuer *is* exposed to certain political, regulatory and concentration of risks.

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

d) Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

e) The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees.

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

f) The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position.

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to

certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of such large claims against the Issuer that exceeds it's available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

g) Issuer requires certain statutory and regulatory approvals for conducting business and failure to obtain or retain them in a timely manner, or at all, may adversely affect operations.

NBFCs in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC pursuant to Section 45-IA of the RBI Act, 1934. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change, and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, RBI has issued detailed directions on prudential norms inter alia prescribing guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares besides others. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-ND that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled, and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC Directions and fails to maintain the status of NBFC it may attract penal provisions under the RBI Act, 1934 for non-compliance. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC.

h) The economic fallout from the spread of the COVID-19 virus may impact the Issuer's business prospects, financial condition, result of operations and credit risk

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

The COVID-19 virus pandemic is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity and cashflows, and we have experienced and expect to continue to experience unpredictable reductions in demand for certain of our products and services. Further, since a good fraction of our borrowers are small transport road operators, the disruption due to COVID-19 virus will also have an impact on their business as well as repayment capacity of the loans taken from us.

However, the extent of negative financial impact cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures.

i) Economic Risk in India:

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

4.12 TRADING OF THE NCDS MAY BE LIMITED BY TEMPORARY EXCHANGE CLOSURES, BROKER DEFAULTS, SETTLEMENT DELAYS, STRIKES BY BROKERAGE FIRM EMPLOYEES AND DISPUTES.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

4.13 REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD

As on the date of this Placement Memorandum, no stock exchange in India or abroad has refused listing of any equity or debt security issued by the Issuer.

4.14 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS:

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY (IF ANY) AS PER TERMS AGREED: As on the date of this Placement Memorandum, the Issuer has not committed any default in compliance with the material covenants as per terms agreed in respect of any outstanding borrowings.

DEFAULT IN PAYMENT OF INTEREST: As on the date of this Placement Memorandum, the Issuer has not committed any default in payment of interest in respect of any outstanding borrowings.

DEFAULT IN REDEMPTION OR REPAYMENT: As on the date of this Placement Memorandum, the Issuer has not committed any default in redemption or repayment in respect of any outstanding borrowings.

NON-CREATION OF DEBENTURE REDEMPTION RESERVE: Pursuant Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is not required to maintain debenture redemption reserve for debentures issued on a private placement basis.

DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE: As on the date of this Placement Memorandum, the Issuer has not committed any default in payment of interest penal in respect of any outstanding borrowings.

OTHERS: A failure to observe the covenants under the Issuer's financing arrangements or to obtain necessary consents required thereunder may lead to the termination of the Issuer's credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under

the Issuer's other financing agreements. If the obligations under any of the Issuer's financing documents are accelerated, the Issuer may have to dedicate a substantial portion of the Issuer's cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for the Issuer's working capital requirements and other general corporate purposes. Further, during any period in which the Issuer is in default, the Issuer may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect the Issuer's business, credit rating and financial condition, cash flows and results of operations. If the Issuer fails to meet its debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare the Issuer to be in default under the terms of the Issuer's agreements or accelerate the maturity of the Issuer's obligations. The Issuer cannot assure the Investors that, in the event of any such acceleration, the Issuer will have sufficient resources to repay the borrowings.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 5: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the Financial Year ended March 31, 2021, March 31, 2022, and March 31, 2023, and the limited review financial results as of December 31, 2023, are set out in **Annexure V** hereto.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 6: REGULATORY DISCLOSURES

This Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per the SEBI Debt Listing Regulations (including Schedule I thereof).

6.1 The Issuer shall file the following documents along with the listing application to the stock exchange and with the Debenture Trustee:

The following documents have been / shall be submitted to the BSE and the Debenture Trustee:

(a) This Placement Memorandum;
(b) Memorandum of Association and Articles of Association;
(c) Copy of the requisite board/ committee resolutions authorizing the borrowing and list of authorised signatories for the allotment of securities;
(d) Copy of last three years Annual Reports;
(e) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(f) Copy of the resolution passed by the shareholders of the Company at the Extra-Ordinary General Meeting held on December 23, 2023, authorizing the issue / offer of non-convertible debentures by the Company.
(g) Copy of the resolution passed by the Board of Directors of the Company dated January 30, 2024, authorizing the issuance of the Debentures and the list of authorized signatories
(h) An undertaking from the issuer stating that the necessary documents for creation of the charge, wherever applicable, including the Trust Deed has been executed within the time frame prescribed in the relevant regulations/Act/rules etc. and the same would be uploaded on the website of the designated stock exchange, where such securities have been proposed to be listed;
(i) In case of debt securities, an undertaking that permission / consent from the prior creditor for a second or pari passu charge being created, wherever applicable, in favour of the debenture trustee to the proposed issue has been obtained;
(j) Any other particulars or documents that the recognized stock exchange may call for as it deems fit;
(k) Due diligence certificate from the Debenture Trustee in the format as specified in the Applicable Law ; and
(l) Due diligence certificate from the Debenture Trustee as per the format specified in Annexure B of the Applicable Law.

6.2 Documents Submitted to Debenture Trustee

The following documents have been / shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

(a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
(b) Copy of last 3 (Three) years audited Annual Reports;
(c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(d) Latest audited / limited review quarter and nine months consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;
(e) An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (d) above to the Debenture Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for

furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (Two) working days of their specific request.

6.3 The following documents have been / shall be submitted to BSE at the time of filing the draft of this Placement Memorandum:

Due diligence certificate from the Debenture Trustee as per the format specified in Annexure II-A of the SEBI Debenture Trustee Circular.

6.4 Details of credit rating, along with the latest press release of the Credit Rating Agency in relation to the issue and declaration that the rating is valid as on the date of issuance and listing. Such press release shall not be older than one year from the date of opening of the issue.

The Debentures have been rated **CARE A+; Stable (Single A Plus; Stable)** by CARE Ratings Limited. The rating letter, press release and the rating rationale from the Rating Agency is provided in **Annexure II**.

6.5 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

The Debentures are proposed to be listed on the WDM segment of BSE within the time period prescribed under the SEBI Listing Timelines Requirements. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Recovery Expense Fund shall be created by the Issuer with BSE.

The in-principle approval from BSE is provided in **Annexure XI**.

6.6 Issue Schedule:

PARTICULARS	DATE
Issue Opening Date	March 27, 2024
Issue Closing Date	March 27, 2024
Pay In Date	March 28, 2024
Deemed Date of Allotment	March 28, 2024

6.7 Name, logo, addresses, website URL, email address, telephone number and contact person of:

(a) Debenture Trustee to the Issue

Name	Axis Trustee Services Limited
Logo	AXIS TRUSTEE
Address	The Ruby, 2nd Floor, SW 29, Senapati Bapat Marg, Dadar West, Mumbai, Maharashtra, India, 400028
Website	https://www.axistrustee.in/
E-mail address	anil.grover@axistrustee.in
Telephone Number	+91 022- 62300442
Contact Person Details	Mr. Anil Grover

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(b) Credit Rating Agency for the Issue

Name	CARE Ratings Ltd.
Logo	CareEdge RATINGS
Address	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.
Website	www.careratings.com
E-mail address	p.sudhakar@careedge.com
Telephone Number	022- 2850 1000
Contact Person Details	Mr. Sudhakar P

(c) Registrar the Issue

Name	KFin Technologies Limited
Logo	KFINTECH
Address	Karvy Selenium Tower, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032
Website	https://www.kfintech.com/
E-mail address	jagannadh.chakka@kfintech.com
Telephone Number	040-23420818
Contact Person Details	Mr. Chakka Jagannadh

(d) Statutory Auditors

Name	M/s Sundaram & Srinivasan, Chartered Accountants
Logo	SUNDARAM & SRINIVASAN Chartered Accountants
Address	No. 23, CP Ramaswamy Road, Alwarpet, Chennai – 600018
Website	www.sundaramandsrinivasan.com
E-mail address	sundaramandsrinivasan1948@gmail.com
Telephone Number	044 4210 6952
Contact Person Details	Ms. S. Usha

(e) Legal Counsel

Name	Not applicable
Logo	
Address	
Website	
E-mail address	
Telephone Number	
Contact Person Details	

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(f) Guarantor

Name	Not applicable
Logo	
Address	
Website	
E-mail address	
Telephone Number	
Contact Person Details	

(g) Arrangers

Name	Not applicable
Logo	
Address	
Website	
E-mail address	
Telephone Number	
Contact Person Detail	

6.8 About the Issuer
(A brief summary of the business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least following information)

(a) ***Overview of the business of the Issuer***

Veritas Finance Private Limited (CIN: U65923TN2015PTC100328) ('The Company') was incorporated on 30 April 2015 with a focus on providing inclusive finance to the 'missing middle' to the self-employed borrowers for their businesses typically through credit assessment based on cash flows as a secured lending with the property as collateral. The Company has received the Certificate of Registration dated October 15, 2015 from the Reserve Bank of India ("RBI") to carry on the business of Non-Banking Financial Institution without accepting deposits ("NBFC-ND"). The Company is a non-deposit taking systemically important Non-Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India as Investment & Credit Company (NBFC-ICC) and categorized as NBFCs – Middle Layer (NBFCs-ML).

Backed by a strong networth of Rs. 2,247.70 Crores (as on December 31, 2023), Veritas Finance currently operates out of 424 branches in ten states of Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Jharkhand, Chattisgarh, Bihar & Madhya Pradesh as well as the union territory of Puducherry based on hub and spoke model for lending Small Business Loans and branch based model (with shared branches) for lending Working Capital Loans, and home loans. For Small Business Loans, there are typically 5 branches under each area office, which also functions as a hub in terms of support system namely credit, legal and operations.

Veritas Finance is promoted by Mr. D. Arulmany. He has more than 25 years of experience most of which is in the financial services industry. He has been part of Cholamandalam DBS and has been credited with many new initiatives and been responsible and been part of the company's foray into Light Commercial Vehicles, Three Wheeler Finance among other things. He also initiated Captive DSA model and the Franchisee Model which helped and has overseen the business expand to smaller towns and reach out to more than 300 locations. He was also a part of the Strategic Innovation forum at the Murugappa Group and been considered by the group as a successful mentor of the Management Trainees.

Before starting Veritas Finance, he was associated with Aptus Value Housing Finance as initial investor and CEO since inception. He 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 been invited to be in the Selection Board of TAPMI and visits major business schools regularly for lecturing the Management Graduates.

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

Veritas is one of the well-capitalized NBFC in the country providing small business loan with an authorized capital of Rs. 202 Crores, paid-up capital of Rs.127.52 Crores and other equity of Rs. 2,120.18 Crores as on December 31, 2023. Networth and Capital Adequacy Ratio as on December 31, 2023, were Rs. 2,247.70 Crores and 45.29% respectively.

Vision statement

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

Mission statement

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

Values

Veritas in Latin means "Truth". As an organization, Veritas Finance would strive to be true:

Value-Driven in its approach
Ethical in all our dealings,
Responsible for its engagement with people and focused on offering
Inclusive and sustainable finance through
Transparent and Fair practices and remain
Accessible to the underserved segment to make a meaningful contribution to the
Self-employed, Small Business segment of the Society

Milestones

FY 2023-24	• Additional Equity Capital to the tune of Rs. 492 Crore was raised from Multiples PE and Avendus Future Leaders Fund. • Capital base crosses Rs. 2,100 crore. • Balance Sheet size crosses ~Rs 5500 crore. • Loan book crosses Rs. 5000 crore. • Branch network crosses 400 branches. • Business commenced in Bihar and Chhattisgarh. • Credit rating upgraded to "CARE A+" with stable outlook from the earlier rating of "CARE A" with stable outlook.
FY 2022-23	• Loan book crosses Rs. 3,500 crore • Disbursed loans of more than Rs. 2,200 crore during the year. Disbursements since inception crosses Rs. 5,800 Crore. • Launched Home Loan Product. • CARE Ratings has assigned short-term rating "CARE A1+" for the proposed Commercial Paper (CP) issuance of Rs. 25 Crore. • Completed first ever "AAA" rated listed PTC securitization transaction amounting to Rs. 56 Crore which is rated by CRISIL Ratings. • Credit rating upgraded to "CARE A" with stable outlook from the earlier rating of "CARE A-" with stable outlook.

	• Branch network crosses 250 branches • Employee base crosses 4,000 numbers. • Customer base crosses 100,000 numbers. • PBT crosses Rs. 230 Crore and PAT crosses Rs. 175 Crore.
2021-22	• Capital raised to the tune of Rs. 440 Crores from existing Investors and their affiliates. • Loan book crosses Rs. 2,000 Crores. • Customer base crosses 70,000 numbers. • Capital base grows to Rs. 1,400 Crores. • PBT crosses Rs. 100 Crores.
2020-21	• Credit ratings upgraded to "CARE A- with stable outlook" (CARE A minus) Loan Book Crosses Rs. 2,000 Crores. • 2300+ employees across 200 branches made a positive impact in the lives of over 53,000 customers. • Loan book crosses Rs. 1,500 Crores. • PBT crosses Rs. 80 Crores.
2019-20	• Business commenced in Jharkhand. • Branch network crosses 200 numbers. • Kedaara Capital and existing Investors Invest Rs. 350 Crores in the Company. • Capital base grows to Rs. 822 Crores. • Loan book crosses Rs. 1,300 Crores. • Branch network crosses 200 numbers.
2018-19	• Credit ratings upgraded to CARE BBB+ (CARE Triple B plus) with stable outlook. • Certified as ISO 27001 Compliant. • Business Commenced in Telangana, Andhra Pradesh and Madhya Pradesh. • Capital raised to the tune of Rs. 260 Crores from Norwest Venture Partners and existing Investors. • Capital base grows to Rs. 444 Crores. • Loan book crosses Rs. 745 Crores. • PBT crosses Rs. 28 Crores. • Branch network crosses 140 numbers.
2017-18	• Business commenced in West Bengal, Karnataka and Odisha. • Received long term investment grade rating of CARE BBB- (CARE Triple B minus) with stable outlook from CARE Ratings. • Capital raised to the tune of Rs. 120 Crores with investments from (British International Investment Plc (formerly CDC Group Plc, name changed from March 29, 2022), Lok Capital and existing investors. • Cumulative disbursement crosses Rs. 400 Crores and loan book crosses Rs. 300 Crores. • Cumulative break even achieved with PBT at Rs. 6.50 Crores • Customer base crosses 15,000 numbers. • Branch network crosses 70 numbers.
2016-17	• Disbursement crosses Rs. 100 Crores for the year. • Loan book crosses Rs. 90 Crores. • Customer base grows to 7,500 numbers. • Branch network crosses 40 numbers.
2015-16	• Received Certificate of Registration from RBI to commence NBFC operations. • Corporate office inaugurated in Chennai. • Regional Offices in Coimbatore and Trichy. • Sarva Capital and Caspian Invest Rs. 30 Crores in the Company. • Capital base grows to Rs. 43.60 Crores.

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LOAN PRODUCTS OFFERED BY VERITAS

Particulars	**Working Capital - Unsecured**	**Asset Creation Loan - Secured**	**Small Business Loans / Loans to Cash Salaried**	**Home Construction Loans ***	**Home Loan ***
Periodicity	Short-Term	Medium Term	Medium Term	Long Term	Long Term
Loan Amount	Rs.100,000/- to Rs.5,00,000/-	Rs.2,00,000/- to Rs.10,00,000/-	Rs.1,00,000/- to Rs.25,00,000/-	Rs.5,00,000/- to Rs.25,00,000/-	Rs.5,00,000/- to Rs.30,00,000/-
Purpose of Loan	Towards meeting working capital expenses	Towards meeting working capital expenses / Asset Creation	Towards improvement of Business / Asset Creation / Income generating activity	Towards Self - Construction of Houses	Self-Construction - Residential / Purchase of House / Home extension & Improvement / Commercial Property Purchase and construction / LAP / BT of Home Loan & LAP / NRI Home Loans
Interest Rate p.a.	25% to 28%	24% - 27%	16% to 28%	16% to 21%	14.5% to 20%
Tenure	1 to 3 years	1 to 5 years	Up to 5 years	Up to 15 years	5 to 15 years
Processing Fees	2% (one-time) and 1% (one-time) on repeat loans		2% (one-time)	2% (one-time)	Rs 4,000 (one-time)
Loan to Value	NA	Up to 50% for secured	Up to 50%	Up to 65% and LCR Up to 80%	Up to 80% and LCR Up to 80%
Repayment Frequency	Weekly	Monthly	Monthly	Monthly	Monthly
Monthly Net IIR	Up to 20%	Up to 20%	Up to 40%	Up to 55%	Up to 60%

(b) ***Corporate Structure of the Issuer***

Brief Profile of the Board of Directors & the management of the Company:

Name	Work Experience
Mr. Duraisamy Arulmany Managing Director & CEO (DIN – 00009981) Date of Birth: 09.03.1963 Date of Joining: 30.04.2015	Mr. D. Arulmany is the Managing Director & Chief Executive Officer of Veritas Finance Private Limited with over twenty-five years of experience in financial services and capital markets. Before starting Veritas, he was the initial investor and Chief Executive Officer of affordable finance HFC, Aptus Value Housing Finance Limited, Chennai since its inception in 2010. He was instrumental in setting up the team and scaling up the business across States of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana apart from union territory of Puducherry towards both housing loans as well as loans against property based on cash flow assessment. Earlier to this, he was Head of Business at PINC focused on of private wealth management in Mumbai and before that he had worked with Chennai-based Cholamandalam Investment & Finance Limited as Chief Marketing Officer for their Vehicle Finance Division & later as Head of Business in its subsidiary Cholamandalam Distribution Services Limited, (part of Murugappa Group) for over fifteen years. He is a Postgraduate in Rural Management from (PGDRM) IRMA and has done his GMP from University of Michigan.
Mr. Mahadevan Sivaraman Independent Non-Executive Director (DIN – 02045100) Date of Birth: 02.10.1952 Date of Joining: 28.5.2015	Mr. M. Sivaraman was earlier the Managing Director of GIC Housing Finance Limited until his retirement. He has more than three decades of experience spreading across Corporate Finance, Accounting and Secretarial. He has handled senior management and leadership positions in housing finance and insurance. As a Company Secretary at United India Insurance, he has handled several critical situations during the various board meeting and several AGMs. He is a Chartered Accountant (FCA) and a Company Secretary (ACS) by profession. He is also an FIII (Fellow Member of the Federation of Insurance Institutes in India).

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Name	Work Experience
Mr. Narendranathan Mohanraj Nair Independent Non-Executive Director (DIN – 00181969) Date of Birth: 29.11.1953 Date of Joining: 01.12.2015	Mr. N. Mohanraj, former Director & Chief Executive Officer of LIC Nomura Mutual Fund and Executive Director of Life Insurance Corporation, is a seasoned professional with rich experience spanning over three decades in financial services cutting across insurance, mutual fund, investment. As Executive Director (Investment Operations) he was responsible for and in charge of deployment of over Rs.2,00,000 Crore per year in debt and equity markets. During his tenure at LIC, Mr. Mohanraj has worked across the length and breadth of the country handling operations of branches and Divisions of different Zones and handled many functions including Administration, Audit & Inspection, Marketing, and Training. He was a member of the High-Powered Expert Committee, appointed by Ministry of Finance, Govt. of India, on making Mumbai, an International Financial Services Centre. 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. A passionate speaker, he has been the visiting faculty at FMS (Delhi), NIA (Pune). Mr. Mohan Raj holds a Masters in Economics from Loyola, Chennai.
Mr. Abhijit Sen Independent Non-Executive Director (DIN – 00002593) Date of Birth: 17.11.1950 Date of Joining: 09.11.2017	Mr. Abhijit Sen served in Citi India as Chief Financial Officer - India Subcontinent for over 18 years. On retirement from Citi, Mr. Sen is associated with E&Y from August 3, 2015, as an External Advisor, for their activities in the Banking and Financial Services Sector. In the past, he has served on the Board of National Securities Depository Ltd and has also been an External Advisor to General Atlantic. As Chief Financial Officer, India Subcontinent - Citi, he was responsible for the Finance function in India, Bangladesh and Sri Lanka for the entire Citi franchise including Controllership, Corporate Treasury, Financial Planning, Product Control and Tax. Mr. Sen has 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. Throughout his academic career, he was a recipient of numerous academic awards and distinctions.
Mr. Gaurav Malhotra Nominee Director of British International Investment Plc (formerly CDC Group Plc) (DIN – 07640504) Date of Birth: 19.06.1978 Date of Joining: 26.03.2020	Mr. Gaurav Malhotra works for the British International Investment Plc (formerly CDC Group Plc, name changed from March 29, 2022) - the UK government's Development Finance Institution. He is responsible for advising and supporting BII on their investments in Financial Institutions in South Asia. His role has largely been in management consulting and advisory for financial institutions in India. Gaurav has a wide range of consulting experience, working for several financial institutions during his 10 years with The Boston Consulting Group in India and Europe. He has also worked for a year as the head of the strategy for an Indian family business. Gaurav has experience in several topics including growth strategy, consumer behaviour, distribution networks, operations and IT, for multiple types of financial institutions, particularly in Microfinance. He holds a degree in Engineering from Delhi University and an MBA from IIM Bangalore.

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Name	Work Experience
Mr. Parin Nalin Mehta Nominee Director of Kedaara Capital (DIN - 08528090) Date of Birth: 21.01.1976 Date of Joining: 04.02.2022	Mr. Parin is a Managing Director at Kedaara Capital. He has over 17 years of investment experience, encompassing the full lifecycle of private equity in India across a variety of industries and across private and public markets. He has driven investments, managed the portfolio and successfully divested investments over this period. Parin joined Kedaara Capital in 2013 and focuses on evaluating investment opportunities across Business & Technology Services, Packaging, Financial Services, and Industrial sectors. Parin led / advised on Kedaara's investments in Parksons Packaging, Ajax Engineering, Veritas Finance GAVS Technologies, GS Lab and Manjushree Technopack, and 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. He joined General Atlantic in 2005 and primarily focused on investments in the Business & Technology Services, Healthcare, Financial Services and Consumer sectors. Prior to joining General Atlantic, Parin worked with McKinsey & Company and Capgemini Consulting. Parin holds a PGDBM in Finance and a Bachelor of Engineering from Mumbai University.
Mr. Sudhir Narayanankutty Variyar Nominee Director – Multiples Private Equity Fund III (DIN – 00168672) Date of Birth: 01.08.1970 Date of Joining: 07.07.2023	Mr. Sudhir is the Deputy CEO and MD of Multiples Alternate Asset Management. He has 3 decades of diverse experience across investment banking, structured finance, corporate finance and credit rating. He has been in the private equity industry since 2005 and has a strong investment track record. Prior to Multiples, he was a Senior Director at ICICI Venture. In this capacity, Sudhir led investments in the financial services and energy sectors and was part of the investment committee at ICICI Venture. He plays an important role in investment selection and has been a member of the Investment Committee of all funds advised by Multiples. Sudhir has also led several successful investments at Multiples across different sectors. Sudhir has been on the board of portfolio company Vikram Hospital (Bengaluru) Pvt Ltd. and Delhivery Pvt. Limited. He is currently on the board of portfolio companies Vastu Housing Finance Corporation Limited, Vastu Finserv India Private Limited and Sanctum Wealth Management Pvt Ltd. Sudhir holds a post graduate degree from the Indian Institute of Management, Calcutta and a B. Tech in Chemical Engineering from IIT – BHU.
Ms. Priyamvada Ramkumar Nominee Director of Lok Capital Growth Fund (DIN – 07878808) Date of Birth: 14.10.1982 Date of Joining: 12.10.2018	Ms. Priyamvada has over 12 years of experience across various functions including 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 medalist, Priyamvada completed her B.Com from Stella Maris College. She holds an MBA from XLRI, Jamshedpur.

Name	Work Experience
Mr. Mathew Joseph Independent Non-Executive Director (DIN – 01033802) Date of Birth: 06-05-1961 Date of Joining: 24-11-2023	Mr. Mathew Joseph has a wealth of expertise spanning over 35 years in the financial industry, navigated diverse roles, specializing in business operations (both retail and corporate), strategic planning, and handled the risk management function. He retired from HDFC Limited in June 2023 after serving as the Chief Risk Officer & Member of Executive Management. He is a Fellow Member of the Institute of Chartered Accountants of India and is a Bachelor of Science graduate from Madras University. He currently serves on Boards of IIFL Home Finance, Tamil Nadu Urban Development Fund and Tamil Nadu Urban Infrastructure Financial Services.
Mr. Suresh Subramanian Independent Non-Executive Director (DIN – 02070440) Date of Birth: 20-07-1960 Date of Joining: 24-11-2023	Mr. Suresh Subramanian has gained wide experience over the past 40 years in auditing and accounting profession, having worked with many of the big four accounting firms in India. He currently serves as an Independent Director on the Boards of Delphi-TVS Technologies Limited and Saksoft Limited. Mr. Suresh Subramanian retired as a Senior Partner based in Chennai, with the Assurance practice of the Ernst & Young India member firm. He has experience in carrying out audits under various GAAPs and has also led and been involved in various audit related services and other engagement of national and multinational corporations. Mr. Suresh Subramanian is a Fellow Member of the Institute of Chartered Accountants of India and is a Bachelor of Commerce graduate from Shriram College of Commerce, University of Delhi.

PROFILES OF SENIOR MANAGEMENT OF THE COMPANY:

Name & Designation	Profile and Experience
Mr. J. Prakash Rayen MCA Executive Director & Chief Operating Officer	Mr. Prakash Rayen is the ED & COO of the company. He has over twenty years of experience in the BFSI segment, spearheading technology initiatives. He had been associated with Cholamandalam Investment & Finance Limited for more than a decade and was instrumental in setting up and managing their retail finance technology platform. Later, he joined Development Credit Bank (DCB) as Head – Retail Asset Technology and Business Intelligence. Before joining Veritas Finance, he was heading the operations and technology with Aptus Value Housing Finance Limited.

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Name & Designation	Profile and Experience
Mr. V.G. Suchindran FCA, ACS, CMA & B. Com Executive Director & Chief Financial Officer	Mr. Suchindran is the ED & CFO at Veritas Finance, where he is responsible for functions of Finance and Treasury. He was earlier 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 has experience of more than 22 years in capital markets and inclusive finance industry. He has previously worked with Equitas Group where he was heading investor relations and business planning at Equitas Holdings Private Limited as well as Treasury, MIS and Risk functions at Equitas Micro Finance Private Limited and Equitas Finance Private Limited. Prior to that, he worked as Vice President – Operations at Variman Capital Market Services, Treasury Analyst at Citibank NA and part of Corporate Treasury team at Cholamandalam Investment & Finance Company Limited. Suchindran is a qualified Chartered Accountant (FCA), Cost & Management Accountant (CMA) and Company Secretary (ACS).
Mr. K. Kannan MBA Executive Vice President & Business Head - MSME Rural	Mr. Kannan joined as Management Trainee with Axis Bank during 2004 and was posted as Credit Analyst at Zonal Office. The primary role was credit risk assessment of SME proposals, and monitoring the advances of the bank. During 2006, was moved as part of newly created Advances Cell at Bangalore, where the role involves identification of new branches, pilot testing new retail products and manpower management. Since 2008 and till 2011, played the role of Corporate Relationship Manager at Bangalore, which involved both acquiring new clients to the bank and servicing the existing clients. Later, he joined YES Bank as product specialist, where the role involved product support to various relationship teams of the bank. Prior to joining Veritas Finance, he was associated with Cholamandalam Investment and Finance Co Ltd,. The role as Business Head involved setting up a new vertical to cater to the rural markets utilizing the deep branch network of the group. Operational set up, policies and business systems were exclusively developed and deployed to seamlessly acquire and service large volumes. He completed Bachelor's degree in Veterinary Sciences (2001) and Post graduate diploma in business administration from Indian Institute of Management, Ahmedabad (2004).
Mr. Sekhar Vikas MBA Executive Vice President & Business Head - MSME Urban	Mr. Sekhar Vikas has more than fifteen years of experience in financial services with a focus on housing, mortgage & unsecured lending space. Sekhar brings with him an ability to build and manage a large team of salespeople for a range of financial products. Apart from directly managing a large team of field executives, he has also handled channel partners and has developed and trained a large number of DSAs apart from direct sales teams. He has also been responsible for setting up new branches and vast distribution networks across the eastern states like West Bengal, Odisha, and Jharkhand and has excelled in every organization he has been part of. Prior to joining Veritas Finance, Sekhar was working in organizations including the 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.

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Name & Designation	Profile and Experience
Mr. Sankar Annamalai Executive Vice President & Business Head - Home Loans	Mr. Sankar Annamalai is an engineering graduate from the College of Engineering Guindy and a post-graduate in management from Indian Institute of Management Ahmedabad. He has more than 24 years of experience in banking and financial services across general management, product/project management, Technology, and business development. Before Veritas Finance, he has worked in various organizations including TCS, Infosys and Cholamandalam investment and finance company limited (Chola). His last role in Chola was National business manager for SME vertical. In short span he turned around the business taking the total book size to Rs 1,800 crores with operations across India. He has handled multiple products like mortgages, home loans, equipment finance, loan against securities and supply chain finance.
Mr. R. Vijay MBA Chief Risk Officer	Mr. Vijay has more than two decades of experience with a varied exposure largely in Credit & Risk Experience in Mortgages, Commercial Banking and Loan Against Shares. He has worked across organizations which include Sundaram Home Finance, HDFC Bank, Citi Bank, IDFC Bank and Hinduja Housing Finance. He is a PGDBA from ICAFAI Business School specialized in Finance and B.com graduate from The American College, Kamaraj University.
Ms. D. Kanchana Srikanth BL Chief Compliance Officer	Ms. Kanchana Srikanth heads the legal and compliance 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, and Aptus Value Housing Finance Limited. Till recently, she was heading the legal function at Aptus and was responsible for setting up the legal team. She spearheaded several legal recovery actions through arbitration, Sec 138 NI and Civil and Criminal suits against willful default customers. She is a legal graduate and holds the professional Degree in Law (BL) from Dr. Ambedkar Law College, Chennai.
Mr. S. Parthiban MBA Executive Vice President - Chief Technology Officer	Mr. Parthiban is a postgraduate in Business Administration from Madras University. As an IT professional he has more than 17 years of experience spanning across industries, the large part of which is in the financial services industry. He has handled all functions of leading systems, mobility and business intelligence in the financial services industry. Prior to joining Veritas Finance, he was associated with COVANSYS, VIRTUSA, CITI bank and Cholamandalam Investment & Finance Ltd.
Mr. Sarath Chandran Damodaran B.E. Senior Vice President – Chief Technical Officer	He possesses a total work experience of 22+ years spanning across banking & financial services industries and has worked in organizations such as Aptus Value Housing Finance, Sundaram Home Finance, Cauvery Decor. Academically, he has completed his Senior Management Program from IIM, Kozhikode and completed B.E. Civil Engineering in PSNA College of Engineering & Technology, Madurai Kamaraj University.
Mr. Kumareshan Sivam MBA Senior Vice President - Human Resources	Mr. Kumaresh is a postgraduate in Personnel Management from Pune University. As an HR professional he has more than 20 years of experience spanning across industries, large part of which is in the financial services industry. He has handled all functions of HR, including Recruitment, HR operations, Employee Engagement, Training, PMS etc. He is well versed in operations of asset-based lending – Vehicle Finance, Home equity and Home loans and is extremely adept at managing employee issues, conflicts and grievances. He has experience of mobilizing and managing large teams in financial services industry and proven skills in implementing end to end HR processes, sourcing leadership talent, knowledge of latest technologies, emerging trends and ability to deploy them across HR functions. Prior to joining Veritas Finance, he was associated with Equitas Small Finance Bank and Cholamandalam Investment & Finance Ltd.

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Name & Designation	Profile and Experience
Mr. Sathish R Senior Vice President - Business Head - Vehicle Finance	Sathish R is a seasoned professional with an impressive 22+ years of experience in the dynamic field of Vehicle Finance, Holding a bachelor's degree in electronic science from Madras University. Prior to joining Veritas, his journey included pivotal roles in esteemed organizations such as Shriram Transport Finance Company, Cholamandalam, and Indostar. He has exposure in setting up the Vehicle Finance Division that involved strategic planning and execution across India, he has demonstrated leadership skills in building and leading high-performing teams, fostering a collaborative and results-driven work culture.
Mr. Christopher Robin MBA Executive Vice President & Chief Audit Officer	Christopher brings with him over 26+ years of rich experience in Financial Services and has worked in financial institutions like Oriental Bank of Commerce (OBC), National Housing Bank (NHB) and Shriram Housing Finance. Prior to joining Veritas, he was associated with Shriram as Head-Audit and Compliance. He has completed MSW (Gold Medallist) in HR from Loyola College and holds an MBA in Finance with Certified Associate of Indian Institute of Bankers (CAIIB).
Mr. M. Mahesh M. Com, ACA Senior Vice President - Treasury	He is a Chartered Accountant from Institute of Chartered Accountants of India. He has more than nine years of experience in Corporate Treasury, Funds Raising, Structuring the securitization deals, RBI reporting & MIS. Prior to joining Veritas Finance, he was associated with Asirvad Micro Finance Limited, Equitas Small Finance Bank Ltd and IFCI Financial Services Limited.
Ms. Laxmi V Sridhar ACA Deputy Vice President - Analytics	She is a member of the Institute of Chartered Accountants of India. She possesses 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 Finance, she was handling financial reporting and MIS at Aptus Value Housing Finance India Ltd, a HFC registered with National Housing Bank.
Ms. Aruna V. B. Com, ACS Company Secretary & Compliance Officer	Ms. Aruna holds a bachelor's degree of commerce from Women's Christian College, Chennai and is a qualified Company Secretary of the Institute of Company Secretaries of India. She possesses a total work experience of 2+ years with varied exposure in Compliance. Prior to joining 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 FEMA Act, the Insolvency and Bankruptcy Code, 2016, the SEBI regulations and the LLP Act, 2008. She was adjudged as the best participant in the 41st MSOP training which she underwent as a part of the CS curriculum, she also has won the 'Ms. Eleanor McDougall Commerce Prize', one of the prestigious awards in Women's Christian College, Chennai, for securing the highest mark in core elective papers in the final year. A semi-qualified Cost accountant, she is currently pursuing her final stage of Cost Accountant exams held by the Institute of Cost Accountants of India.

(c) ***Project cost and means of financing, in case of funding of new projects:*** Not applicable.

(d) ***Expenses of the Issue:***

Particulars	Amount exclusive of tax (Amount in Lakhs)	As percentage of total expenses of the issue (in %)
Fees payable to the legal advisors	-	-
Fees payable to the Registrars to the Issue	0.10	0.09%
Fees payable to the regulators including Stock Exchanges	1.10	1.03%
Stamp duty	0.40	0.37%
Other miscellaneous expenses (Trustee fee, rating fee, depository fee and other misc expenses)	104.45	98.51%
Total	106.05	100.00%

Issuer may shall remit Issue related expenses including but not limited to the fees/ charges / incentives payable as arrangers fees/ advisory fees/ brokerage / selling commission / marketing/ advertising fees, distribution fees and / or upfront fees payable to the investor(s) as may be communicated by the Issuer to the respective investor or any other miscellaneous fees directly or indirectly to any intermediary(ies) appointed by the Issuer or any other representative/s / agent/s as may be appointed by the intermediary(ies) who may further utilize the same, for marketing purposes, including distributor payouts, either in full or part. Such fees may be finalised depending upon number of factors including but not limited to issue subscription, market conditions, terms of the issue, nature and scope of assignment, profile of counter party etc.

6.9 Financial Information

(a) ***A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the Placement Memorandum or issue opening date, as applicable***

Note: Listed issuers (whose debt securities or specified securities are listed on recognised stock exchange(s)) in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, may disclose unaudited financial information for the stub period in the format as prescribed therein with limited review report in the Placement Memorandum, as filed with the stock exchanges, instead of audited financial statements for stub period, subject to making necessary disclosures in this regard in Placement Memorandum including risk factors: *The latest audited financial statements for the period ending March 31, 2023 and the limited review financial statement as of December 31, 2023, have been disclosed.*

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

(Rs. in Lakhs)

Standalone Statement of Balance Sheet	As at	As at	As at	As at
	31-Dec-23	31-Mar-23	31-Mar-22	31-Mar-21
	Un-audited	Audited	Audited	Audited
ASSETS				
Financial assets				
Cash and cash equivalents	49,889.60	23,825.39	33,473.91	14,810.97
Bank balances other than cash and cash equivalents	36,803.00	28,583.38	11,521.62	27,614.27
Loans	4,96,952.22	3,47,561.64	2,13,209.17	1,52,423.49
Investments	3,425.52	337.92	-	17,500.74
Other financial assets	1,777.91	837.85	692.81	440.91
	5,88,848.24	**4,01,146.18**	**2,58,897.51**	**2,12,790.38**
Non-financial assets				
Current tax assets (net)	1,445.75	52.17	412.56	338.79
Deferred tax assets (net)	3,823.14	3,113.20	2,226.76	1,684.71
Property, plant and equipment	1,881.69	1,385.14	492.73	656.66
Right of use assets	3,052.64	2,761.38	1,561.28	1,270.28
Intangibles assets	382.85	200.76	225.06	425.62
Intangible assets under development	179.08	16.08	45.76	43.56
Other non-financial assets	506.14	303.41	385.57	276.17
	11,271.29	**7,832.14**	**5,349.72**	**4,695.79**
Total	**6,00,119.53**	**4,08,978.32**	**2,64,247.23**	**2,17,486.17**
LIABILITIES AND EQUITY				
Financial liabilities				
Trade payables				
- Total outstanding dues of micro enterprises and small enterprises	34.61	54.25	4.89	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	725.12	498.72	326.21	291.61
Debt securities	25,963.78	17,926.89	24,207.26	53,074.52
Borrowings (other than debt securities)	3,39,498.11	2,24,962.33	95,357.96	72,340.01
Other financial liabilities	3,773.63	3,278.69	1,868.66	1,486.47
	3,69,995.25	**2,46,720.88**	**1,21,764.98**	**1,27,192.61**
Non-financial liabilities				
Current tax liabilities	-	-	-	-
Provisions	2,180.20	823.51	416.16	390.12
Other non-financial liabilities	3,173.59	2,308.33	1,261.27	1,101.64
	5,353.79	**3,131.85**	**1,677.43**	**1,491.76**
Equity				
Equity share capital	12,751.92	11,422.40	11,358.00	10,017.80
Other equity	2,12,018.57	1,47,703.20	1,29,446.82	78,784.00
	2,24,770.49	**1,59,125.60**	**1,40,804.82**	**88,801.80**
Total	**6,00,119.53**	**4,08,978.32**	**2,64,247.23**	**2,17,486.17**

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Standalone Statement of Profit and Loss	Quarter and Nine months ended	Year ended	Year ended	Year ended
	31-Dec-23	31-Mar-23	31-Mar-22	31-Mar-21
	Un-audited	Audited	Audited	Audited
Revenue from operations				
Interest income	74,600.90	65,246.42	42,611.54	34,902.17
Fee income	2,406.76	1,870.42	958.02	492.54
Net gain on fair value changes	1,596.04	906.46	638.86	615.07
Total revenue from operations	**78,603.70**	**68,023.31**	**44,208.42**	**36,009.78**
Other income	613.24	197.84	156.14	157.51
Total income	**79,216.94**	**68,221.14**	**44,364.56**	**36,167.29**
Expenses				
Finance costs	21,894.48	16,921.31	12,893.81	12,164.59
Impairment on financial instruments	7,062.49	4,680.47	5,935.56	4,044.59
Employee benefits expenses	21,237.17	16,697.06	10,984.31	8,421.28
Depreciation and amortization	1,718.48	1,511.42	1,425.40	1,332.59
Other expenses	5,484.69	5,125.88	2,989.14	2,000.10
Total expenses	**57,397.31**	**44,936.14**	**34,228.22**	**27,963.15**
Profit before tax	**21,819.63**	**23,285.00**	**10,136.34**	**8,204.14**
Tax expense				
Current tax	6,022.00	6,473.58	3,153.00	2,553.00
Deferred tax	(728.80)	(828.96)	(557.05)	(550.88)
	5,293.20	**5,644.62**	**2,595.95**	**2,002.12**
Profit after tax for the year	**16,526.43**	**17,640.38**	**7,540.39**	**6,202.02**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurements of the defined benefit obligation	74.92	(228.34)	59.60	(119.72)
Income tax relating to items that will not be reclassified to profit or loss	(18.86)	57.48	(15.00)	30.13
Other comprehensive income for the year	**56.06**	**(170.86)**	**44.60**	**(89.59)**
Other comprehensive income / (deficit) for the year, net of income tax	56.06	(170.86)	44.60	(89.59)
Total comprehensive income for the year, net of income tax	**16,582.49**	**17,469.52**	**7,584.99**	**6,112.43**
Earnings per equity share of INR 10 each				
- Basic	19.37	36.15	18.12	17.69
- Diluted	17.71	14.57	6.59	6.50

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Standalone Statement of Cash Flows	Quarter and Nine months ended	Year ended	Year ended	Year ended
	31-Dec-23	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
	Un-audited	**Audited**	**Audited**	**Audited**
Cash flows from operating activities				
Profit before tax for the year	21,819.63	23,285.00	10,136.34	8,204.14
Adjustments for:				
Depreciation and amortisation	1,502.96	1,511.42	1,425.40	1,332.59
Impairment on financial instruments	6,027.04	4,680.47	5,935.56	4,044.59
Stock based payment to employees	484.83	305.24	393.31	489.02
Change in fair value of financial assets designed as FVTPL	(95.27)	-	1.62	14.93
Interest income on security deposits	(35.00)	(28.65)	(24.06)	(24.63)
Profit on termination of leased assets	(25.12)	(10.27)	(9.90)	(4.75)
Finance costs	18,903.05	16,921.31	12,893.81	12,164.59
(Gain) / loss on sale of PPE (net)	(12.89)	3.44	(4.29)	-
Interest income on fixed deposits	(1,703.23)	(1,847.94)	(1,657.47)	(2,106.13)
Gain on sale of investments, net	(1,357.82)	(906.46)	(640.48)	(613.45)
Operating cash flow before working capital changes	**42,540.34**	**43,913.56**	**28,449.84**	**23,500.90**
Changes in working capital				
Adjustments for (increase)/ decrease in operating assets:				
Increase in loans	(1,36,862.92)	(1,39,026.84)	(66,718.50)	(28,537.09)
Increase in other financial assets	(758.57)	(151.14)	(260.18)	(32.74)
Increase in other non-financial assets	(203.60)	82.16	(109.40)	(89.57)
Adjustments for increase/ (decrease) in operating liabilities:				
Increase in trade payables	86.82	221.87	39.49	87.40
Increase in other financial liabilities	152.45	192.70	32.44	85.44
Increase in provisions	1,384.43	179.01	85.64	102.49
Increase in other non-financial liabilities	573.14	1,047.06	159.63	182.37
Cash used by operations	**(93,087.89)**	**(93,541.62)**	**(38,321.04)**	**(4,700.80)**
Finance costs paid	(18,545.77)	(17,655.87)	(13,757.85)	(11,410.06)
Direct taxes paid (net)	(4,788.76)	(6,113.19)	(3,226.77)	(2,770.20)
Net cash used by operations	**(1,16,422.43)**	**(1,17,310.68)**	**(55,305.66)**	**(18,881.06)**
Cash flows from investing activities				
Purchase of fixed assets	(1,444.50)	(1,476.25)	(341.33)	(302.08)
Proceeds from sale of fixed assets	26.51	19.75	5.30	-
Increase in bank balances other than cash and cash equivalents	675.32	(17,061.76)	16,092.65	(22,916.29)

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Standalone Statement of Cash Flows	**Quarter and Nine months ended**	**Year ended**	**Year ended**	**Year ended**
	31-Dec-23	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
	Un-audited	**Audited**	**Audited**	**Audited**
Interest received on bank balances other than cash and cash equivalents	1,703.23	1,847.94	1,657.47	2,106.13
Purchase of investments	(4,56,162.57)	(4,69,259.61)	(4,88,101.64)	(3,07,393.20)
Proceeds from sale of investments	4,36,709.82	4,69,828.15	5,06,239.62	2,96,805.87
Net cash generated from / (used in) investing activities	**(18,492.20)**	**(16,101.78)**	**35,552.07**	**(31,699.57)**
Cash flows from financing activities				
Proceeds from issue of preference shares including securities premium	-	-	-	-
Proceeds from issue of equity shares including securities premium	49,243.50	546.02	44,050.88	24.87
Payment of lease liabilities	(983.85)	(1,068.48)	(807.63)	(713.01)
Payment of share issue expenses	(735.86)	-	(26.16)	-
Proceeds from debt securities	7,500.00	20,000.00	5,500.00	27,000.00
Proceeds from borrowings (other than debt securities)	1,44,114.74	1,90,322.02	61,880.29	45,474.97
Repayment of debt securities	-	(25,760.01)	(33,500.00)	(13,400.00)
Repayment of borrowings (other than debt securities)	(62,649.73)	(60,275.60)	(38,680.84)	(35,240.09)
Net cash generated from financing activities	**1,36,488.80**	**1,23,763.95**	**38,416.54**	**23,146.74**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	**1,574.17**	**(9,648.52)**	**18,662.94**	**(27,433.89)**
Cash and cash equivalents at the beginning of the year	23,825.39	33,473.91	14,810.97	42,244.86
Cash and cash equivalents at the end of the year	**25,399.57**	**23,825.39**	**33,473.91**	**14,810.97**
Components of cash and cash equivalents:				
Cash on hand	318.80	193.79	366.78	295.45
Balances with banks				
In current accounts	14,664.10	20,629.89	15,103.82	14,515.52
In deposit accounts (Original maturity less than three months)	10,416.67	3,001.71	18,003.31	-
	25,399.57	**23,825.39**	**33,473.91**	**14,810.97**

(b) ***Issuers other than unlisted REITs / unlisted InvITs desirous of issuing debt securities on private placement basis and who are in existence for less than three years may disclose financial statements mentioned at (a) above for such period of existence, subject to the following conditions:***
i. The issue is made on the EBP platform irrespective of the issue size; and
ii. The issue is open for subscription only to Qualified Institutional Buyers

N.A.

(c) ***The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.***

Please refer **Annexure V** for the audited financial statements for the financial years 2020-21, 2021-22 and 2022-23 and the limited review financial results as of December 31, 2023 along with the auditor's report along with the requisite schedules, footnotes, summary etc.

(d) Key Operational and Financial Parameters on a consolidated basis and standalone basis (in INR, in lakhs)

1. Standalone basis:

Particulars	**FY 2023-24 9M**	**FY 2022-23**	**FY 2021-22**	**FY 2020-21**
Balance Sheet				
Property, Plant and Equipment	1,881.69	1,385.14	492.73	656.66
Financial Assets	5,88,848.24	4,01,146.18	2,58,897.51	2,12,790.38
Non-financial Assets excluding property, plant and equipment	9,389.60	6,446.99	4,856.99	4,039.13
Total assets	6,00,119.53	4,08,978.32	2,64,247.23	2,17,486.17
Liabilities				
Financial Liabilities				
- Derivative financial instruments	-	-	-	-
- Trade Payables	759.73	552.97	331.10	291.61
- Other Payables	-	-	-	-
- Debt Securities	25,963.78	17,926.89	24,207.26	53,074.52
- Borrowings (other than Debt Securities)	3,39,498.11	2,24,962.33	95,357.96	72,340.01
- Deposits	-	-	-	-
- Subordinated liabilities	-	-	-	-
- Other financial liabilities	3,773.63	3,278.69	1,868.66	1,486.47
Non-Financial Liabilities				
- Current tax liabilities (net)	-	-	-	-
- Provisions	2,180.20	823.51	416.16	390.12
- Deferred tax liabilities (net)	-	-	-	-
- Other non-financial liabilities	3,173.59	2,308.33	1,261.27	1,101.64
Equity (Equity Share Capital and Other Equity)	2,24,770.49	1,59,125.60	1,40,804.82	88,801.80
Non-controlling interest	-	-	-	-
Total equity and liabilities	6,00,119.53	4,08,978.32	2,64,247.23	2,17,486.17
PROFIT AND LOSS				
Revenue From operations	78,603.70	68,023.31	44,208.42	36,009.78
Other income	613.24	197.84	156.14	157.51
Total Income	79,216.94	68,221.15	44,364.56	36,167.29
Total Expenses	57,397.31	44,936.14	34,228.22	27,963.15

Particulars	**FY 2023-24 9M**	**FY 2022-23**	**FY 2021-22**	**FY 2020-21**
Tax expense	5,293.20	5,644.62	2,595.95	2,002.12
Profit / loss after tax	16,526.43	17,640.38	7,540.39	6,202.02
Other Comprehensive income	56.06	(170.86)	44.60	(89.59)
Total comprehensive income	16,582.49	17,469.52	7,584.99	6,112.43
Earnings per equity share:				
(a) basic; and	19.37	36.15	18.12	17.69
(b) diluted,	17.71	14.57	6.59	6.50
CASH FLOW				
Net cash generated from operating activities	(1,35,372.10)	(1,17,310.68)	(55,305.66)	(18,881.06)
Net cash used in / generated from investing activities	(9,291.82)	(16,101.78)	35,552.07	(31,699.57)
Net cash used in financing activities	1,70,728.12	1,23,763.95	38,416.54	23,146.74
Net increase / decrease (-) in cash and cash equivalents	26,064.20	(9,648.52)	18,662.94	(27,433.89)
Cash and cash equivalents as per Cash Flow Statement as at the end	49,889.60	23,825.39	33,473.91	14,810.97
ADDITIONAL INFORMATION				
Net worth	2,24,770.49	1,59,125.60	1,40,804.82	88,801.80
Cash and Cash Equivalents	49,889.60	23,825.39	33,473.91	14,810.97
Loans	4,96,952.22	3,47,561.64	2,13,209.17	1,52,423.49
Loans (Principal Amount)	4,96,952.22	3,47,561.64	2,13,209.17	1,52,423.49
Total Debts to Total assets	0.63	0.61	0.47	0.59
Interest Income	74,600.90	65,246.42	42,611.54	34,902.17
Interest Expense	21,894.48	16,921.31	12,893.81	12,164.59
Impairment on Financial Instruments	7,062.49	4,680.47	5,935.56	4,044.59
Bad debts to Loans	1.86%	2.19%	3.94%	2.70%
% Stage 3 Loans on Loans (Principal Amount)	1.86%	2.19%	3.94%	2.70%
% Net Stage 3 Loans on Loans (Principal Amount)	1.05%	1.19%	2.34%	1.37%
Tier I Capital Adequacy Ratio (%)	45.29%	44.67%	64.03%	50.43%
Tier II Capital Adequacy Ratio (%)	0.00%	0.33%	0.40%	0.22%

2. Consolidated basis: Not applicable

(e) Debt: Equity Ratio of the Issuer

Before the issue	1.63x
After the issue	1.66x

Calculations

As on December 31, 2023, debt-to-equity ratio is calculated as follows:

(Rs in Lakhs)

Debt	3,65,461.89
Equity	2,24,770.49
Debt/Equity	1.63x

Subsequent to the issue, debt-to-equity ratio shall be calculated as follows:

(Rs in Lakhs)

Debt	3,72,961.89
Equity	2,24,770.49
Debt/Equity	1.66x

6.10 Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability –

(Rs in Lakhs)

Contingent Liabilities & Commitments	**March 31, 2023**
Contingent liabilities:	
Claims against the Company not acknowledged as debt	4.79
Income tax related matters	65.35
Bank Guarantee	25.00
Commitments:	
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	875.93
Undrawn committed sanctions to borrowers	4,251.65

6.11 A brief history of the Issuer since its incorporation giving details of its following activities:

(a) ***Details of Share Capital as on last quarter end, i.e., December 31, 2023****:*

Share Capital	**Amount (in Rs. Crores)**
Authorised Share Capital	
Authorized Fully paid-up Equity Share Capital – (Face ValueRs.10)	131.97
Authorized Partly paid-up Equity Share Capital – (Face ValueRs.10)	5.01
Authorized Preference Share Capital – (Face Value Rs.10)	44.14
Authorized Preference Share Capital – (Face Value Rs.15)	20.88
Total	**202.00**
Issued, Subscribed and Paid- up Share Capital	
Equity	127.52
Preference	-
Total	**127.52**

(b) Changes in its capital structure as on last quarter end i.e., December 31, 2023, for the last three years:

Date of Change (AGM/EGM)	Particulars
05-07-2021	Reclassified: Authorized Equity Share Capital – Rs.54.98 Crore (Face Value Rs.10) Authorized Preference Share Capital – Rs.44.1364480 Crore (Face Value Rs.10) Authorized Preference Share Capital – Rs.20.8835520 Crore (Face Value Rs.15)
05-07-2021	Increased to Rs.130 Crore from Rs.120 Crore consisting of Authorized Equity Share Capital – Rs.64.98 Crore (Face Value Rs.10) Authorized Preference Share Capital – Rs.44.1364480 Crore (Face Value Rs.10) Authorized Preference Share Capital – Rs.20.8835520 Crore (Face Value Rs.15)
20-04-2023	Increased to Rs.202 Crore from Rs.130 Crore consisting of Authorized Equity Share Capital – Rs.136.98 Crore (Face Value Rs.10) Authorized Preference Share Capital – Rs.44.1364480 Crore (Face Value Rs.10) Authorized Preference Share Capital – Rs.20.8835520 Crore (Face Value Rs.15)

(c) ***Equity Share Capital History of the Company for the last three years:***

Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs)	
17-05-2018	4,90,397	10	90	Cash	Private Placement	2,87,41,136	28,74,11,360	80	-
17-05-2018	4,90,398	10	90	Cash	Private Placement	2,92,31,534	29,23,15,340	80	-
17-05-2018	1,91,358	10	90	Cash	Private Placement	2,94,22,892	29,42,28,920	80	-
16-06-2018	15,000	10	10	Cash	ESOP	2,94,37,892	29,43,78,920	0	-
31-10-2018	8,88,626	10	135.04	Cash	Private Placement	3,03,26,518	30,32,65,180	125.04	-
04-01-2019	1,09,75,000	1	1	Cash	Rights	4,13,01,518	31,42,40,180	62.69321	-
27.09.2019	6,500	10	20	Cash	ESOP	4,13,08,018	31,43,05,180	10	-
27.09.2019	1,000	10	40	Cash	ESOP	4,13,09,018	31,43,15,180	30	-

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Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs)	
18.03.2020	23,23,744	1	1	Cash	Private Placement	4,36,32,762	31,66,38,924	205.17	-
18.03.2020	6,18,472	10	215.17	Cash	Private Placement	4,42,51,234	32,28,23,644	205.17	-
18.03.2020	6,61,518	10	215.17	Cash	Private Placement	4,49,12,752	32,94,38,824	205.17	-
18.03.2020	1,00,000	10	10	Cash	ESOP	4,50,12,752	33,04,38,824	0	-
18.03.2020	1,00,000	10	20	Cash	ESOP	4,51,12,752	33,14,38,824	10	-
18.03.2020	30,000	10	10	Cash	ESOP	4,51,42,752	33,17,38,824	0	-
18.03.2020	15,000	10	10	Cash	ESOP	4,51,57,752	33,18,88,824	0	-
18.03.2020	15,000	10	20	Cash	ESOP	4,51,72,752	33,20,38,824	10	-
26.03.2020	9,75,000	10	10	Cash	ESOP	4,61,47,752	34,17,88,824	0	-
26.03.2020	5,00,000	10	10	Cash	ESOP	4,66,47,752	34,67,88,824	0	-
26.03.2020	2,00,000	10	10	Cash	ESOP	4,68,47,752	34,87,88,824	0	-
26.03.2020	1,00,000	10	10	Cash	ESOP	4,69,47,752	34,97,88,824	0	-
26.03.2020	40,000	10	10	Cash	ESOP	4,69,87,752	35,01,88,824	0	-
07.01.2021	30,000	10	10	Cash	ESOP	4,70,17,752	35,04,88,824	0	-
07.01.2021	35,000	10	10	Cash	ESOP	4,70,52,752	35,08,38,824	0	-
07.01.2021	30,000	10	20	Cash	ESOP	4,70,82,752	35,11,38,824	10	-
07.01.2021	7,500	10	20	Cash	ESOP	4,70,90,252	35,12,13,824	10	-
07.01.2021	7,500	10	20	Cash	ESOP	4,70,97,752	35,12,88,824	10	-
07.01.2021	7,500	10	20	Cash	ESOP	4,71,05,252	35,13,63,824	10	-
07.01.2021	4,500	10	20	Cash	ESOP	4,71,09,752	35,14,08,824	10	-
07.01.2021	4,500	10	20	Cash	ESOP	4,71,14,252	35,14,53,824	10	-
07.01.2021	6,000	10	20	Cash	ESOP	4,71,20,252	35,15,13,824	10	-
07.01.2021	4,500	10	20	Cash	ESOP	4,71,24,752	35,15,58,824	10	-
07.01.2021	3,000	10	20	Cash	ESOP	4,71,27,752	35,15,88,824	10	-

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Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs)	
11.08.2021	7,000	10	20	Cash	ESOP	4,71,34,752	35,16,58,824	10	-
11.08.2021	3,500	10	40	Cash	ESOP	4,71,38,252	35,16,93,824	20	-
25.08.2021	14,000	10	20	Cash	ESOP	4,71,52,252	35,18,33,824	10	-
25.08.2021	3,500	10	40	Cash	ESOP	4,71,55,752	35,18,68,824	20	-
09.09.2021	15,000	10	40	Cash	ESOP	4,71,70,752	35,20,18,824	20	-
09.09.2021	10,000	10	125	Cash	ESOP	4,71,80,752	35,21,18,824	115	-
07.10.2021	56,06,061	10	330	Cash	Private Placement	5,27,86,813	40,81,79,434	320	-
07.10.2021	56,06,061	10	330	Cash	Private Placement	5,83,92,874	46,42,40,044	320	-
07.10.2021	11,21,212	10	330	Cash	Private Placement	5,95,14,086	47,54,52,164	320	-
07.10.2021	9,10,224	10	330	Cash	Private Placement	6,04,24,310	48,45,54,404	320	-
07.10.2021	90,909	10	330	Cash	Private Placement	6,05,15,219	48,54,63,494	320	-
09.11.2021	4,500	10	125	Cash	ESOP	6,05,19,719	48,55,08,494	115	-
29.11.2021	2,000	10	160	Cash	ESOP	6,05,21,719	48,55,28,494	150	-
23.02.2022	2,000	10	160	Cash	ESOP	6,05,23,719	48,55,48,494	150	-
24.03.2022	6,000	10	160	Cash	ESOP	6,05,29,719	48,56,08,494	150	-
11.05.2022	12,600	10	40	Cash	ESOP	6,05,42,319	48,57,34,494	30	
17.11.2022	5,90,500	10	20, 40, 120, 125 & 160	Cash	ESOP	6,11,32,819	49,16,39,494	10, 30, 110, 115 & 150	
25.11.2022	16,250	10	40	Cash	ESOP	6,11,49,069	49,18,01,994	30	
30.12.2022	14,000	10	125	Cash	ESOP	6,11,63,069	49,19,41,994	115	
21.02.2023	5,900	10	125	Cash	ESOP	6,11,68,969	49,20,00,994	115	
28.02.2023	4,750	10	20 & 40	Cash	ESOP	6,11,73,719	49,20,48,494	10 & 30	
05.07.2023	82,36,72	10	485.63	Cash	Prefere	6,94,10,4	57,44,15,	475.63	

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Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs)	
	3				ntial allotment	42	724		
05.07.2023	26,89,518	10	485.63	Cash	Preferential allotment of Partly paid shares	7,20,99,960	57,71,05,242	475.63	
10.07.2023	18,60,000	10	10, 20, 40, 125, 160, 225	Cash	ESOP	7,39,59,960	59,57,05,242	10, 30, 115, 150 & 215	
13.07.2023	1,09,75,000	10	72.69	Cash	Conversion of Partly paid equity shares into fully paid equity shares	7,39,59,960	69,44,80,242	62.69321	
31.08.2023	2,500	10	225	Cash	ESOP	7,39,62,460	69,45,05,242	215	
15.09.2023	5,80,58,249	10	46.5, 90, 135.04 & 215.17	Conversion of CCPS into Equity	Conversion of CCPS into Equity	13,20,20,709	127,50,87,732	36.5, 80, 125.04 & 205.17	
26.09.2023	10,500	10	125	Cash	ESOP	13,20,31,209	127,51,92,732	115	

(a) **Paid-up Preference Share Capital History of the Company as on last quarter end i.e. December 31, 2023 and for the last three years:**

Date of Allotment	No. of Compulsory Convertible Preference Shares	Cumulative No. of Compulsory Convertible Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Mode of Allotment	Share Premium (Rs.)	Cumulative Issued / Paid-up Capital (Rs.)
18-03-2016	1,07,99,900	1,07,99,900	10	25	Cash	Physical	15	10,79,99,000

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Date of Allotment	No. of Compulsory Convertible Preference Shares	Cumulative No. of Compulsory Convertible Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Mode of Allotment	Share Premium (Rs.)	Cumulative Issued / Paid-up Capital (Rs.)
04-05-2017	6,45,162	1,14,45,062	10	46.5	Cash	Demat	36.5	11,44,50,620
04-05-2017	15,05,377	1,29,50,439	10	46.5	Cash	Demat	36.5	12,95,04,390
04-05-2017	10,75,269	1,40,25,708	10	46.5	Cash	Demat	36.5	14,02,57,080
13-07-2017	-6,45,162	1,33,80,546	10	0	Conversion from CCPS to Equity	Demat	0	13,38,05,460
13-07-2017	-15,05,377	1,18,75,169	10	0	Conversion from CCPS to Equity	Demat	0	11,87,51,690
25-07-2017	-1,07,99,900	10,75,269	10	0	Conversion from CCPS to Equity	Demat	0	1,07,52,690
30-11-2017	86,02,051	96,77,320	10	46.5	Cash	Demat	36.5	9,67,73,200
30-11-2017	1,39,78,396	2,36,55,716	10	46.5	Cash	Demat	36.5	23,65,57,160
17-05-2018	32,65,433	2,69,21,149	10	90	Cash	Demat	80	26,92,11,490
17-05-2018	22,29,081	2,91,50,230	10	90	Cash	Demat	80	29,15,02,300
31-10-2018	93,67,595	3,85,17,825	15	135.04	Cash	Demat	120.04	43,20,16,225
31-10-2018	45,54,206	4,30,72,031	15	135.04	Cash	Demat	120.04	50,03,29,315
18-03-2020	1,04,18,028	5,34,90,059	10	215.17	Cash	Demat	205.17	60,45,09,595
18-03-2020	24,76,820	5,59,66,879	10	215.17	Cash	Demat	205.17	62,92,77,795
18-03-2020	20,91,370	5,80,58,249	10	215.17	Cash	Demat	205.17	65,01,91,495
15-09-2023	5,80,58,249	(5,80,58,249)	10 & 15	NA	Conversion of CCPS into Equity	Demat	NA	(65,01,91,495)

(d) Details of any Acquisition or Amalgamation in the last 1 (one) year: Nil

(e) Details of any Reorganization or Reconstruction in the last 1 (one) year: Nil

TYPE OF EVENT	DATE OF ANNOUNCEMENT	DATE OF COMPLETION	DETAILS
NA	NA	NA	NA

(f) ***Details of the shareholding of the Company as at the latest quarter end, as per the format specified under the listing regulations****:* The shareholding pattern of the Issuer as on December 31, 2023, is set out in below.

As the Issuer is a debt-listed company, the latest published information is available only up to December 31, 2023.

Sr. No.	Name of Shareholder	Total No. of Shares	No. of shares in demat form	Total Shareholding as a % of total no. of shares
1	Promoter & Relatives	1,54,49,491	1,54,49,491	11.70%
2	Employee & Relatives	53,88,949	53,88,949	4.08%
3	Individual Investors	97,03,978	97,03,978	7.35%
4	Norwest Venture Partners X Mauritius	2,87,50,308	2,87,50,308	21.78%
5	British International Investment Plc (formerly CDC Group Plc)	1,37,60,568	1,37,60,568	10.42%
6	Kedaara Capital Fund II LLP	2,00,87,374	2,00,87,374	15.21%
7	Lok Capital Growth Fund	1,07,57,276	1,07,57,276	8.15%
8	Evolvence India Fund III Ltd	30,81,474	30,81,474	2.33%
9	Growth Catalyst Partners LLC	11,21,212	11,21,212	0.85%
10	Caspian Impact Investment Adviser Private Limited	2,50,000	2,50,000	0.19%
11	Multiples Private Equity Fund III	1,02,95,904	1,02,95,904	7.80%
12	Venus Investments Private Limited	1,02,95,904	1,02,95,904	7.80%
13	Avendus Future Leaders Fund II	30,88,771	30,88,771	2.34%
	Total	**13,20,31,209**	**13,20,31,209**	**100.00%**

Notes: Details of shares pledged or encumbered by the promoters (if any): Nil

(g) ***List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e.*** December 31, 2023*:*

Sr. No.	Name of the Shareholder	Total Number of equity shares	Number of shares held in Demat Form	Total Shareholding as (%) of total number of equity shares
1	Norwest Venture Partners X Mauritius	2,87,50,308	2,87,50,308	21.78%
2	Kedaara Capital Fund II LLP	2,00,87,374	2,00,87,374	15.21%
3	D. Arulmany	1,49,49,491	1,49,49,491	11.32%
4	British International Investment Plc.	1,37,60,568	1,37,60,568	10.42%
5	Lok Capital Growth Fund	1,07,57,276	1,07,57,276	8.15%
6	Multiples Private Equity Fund III	1,02,95,904	1,02,95,904	7.80%
7	Venus Investments Pvt Limited	1,02,95,904	1,02,95,904	7.80%
8	Sheela Pai Cole	33,64,247	33,64,247	2.55%
9	Sunaina Pai Ocalan	32,61,518	32,61,518	2.47%
10	Avendus Future Leaders Fund II	30,88,771	30,88,771	2.34%

Following details regarding the directors of the Company:

(h) Details of the current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of this Placement Memorandum:

Name of the Directors, Designation & DIN	Age	Address	Date of Appointment	Details of other Directorship
Duraisamy Arulmany, Managing Director & CEO, DIN-00009981	60 years	Flat 4B, Victory Homes, New No.16, 54th Street. 9th Avenue, Ashok Nagar, Chennai – 600083	30.04.2015	NIL
M Sivaraman, Independent Non-Executive Director, DIN-02045100	71 years	Flat no: A105, Jasmine court, 2/297, Mount-Poonamallee Trunk Road, Kattupakkam, Chennai – 600056	28.05.2015	NIL
N Mohanraj, Independent Non-Executive Director, DIN-00181969	70 years	Plot No.16, First Floor, Sri Kamakshi Nagar, Mugalivakkam, Chennai - 600 125	01.12.2015	i) Grasim Industries Limited - Independent Director
Abhijit Sen, Independent Non-Executive Director, DIN-00002593	72 years	A92, Grand Paradi, 572, Dadyseth Hill, August Kranti Marg, Near Kemps Corner, Mumbai - 400036	09.11.2017	i) Cashpor Micro Credit - Director ii) Kalyani Forge Limited - Director iii) Manappuram Finance Limited - Director iv) Tata Investment Corporation Limited - Director v) Asirvad Micro Finance Limited - Director vi) Pramerica Life Insurance Limited - Director vii) Netafim Agricultural Financing Agency Private Limited - Director
Gaurav Malhotra, Nominee Director of British International Investment Plc (formerly CDC Group Plc), DIN-07640504	42 years	Flat no. A902, Mantri Espana, Devarabisanahalli, Sakra Hospital, Kariayannana Agrahara, Bengaluru – 560103	26.03.2020	i) Indifi Technologies Private Limited – Nominee Director ii) Indifi Capital Private Limited – Nominee Director iii) Shubham Housing Development

Name of the Directors, Designation & DIN	Age	Address	Date of Appointment	Details of other Directorship
				Finance Company Limited – Nominee Director
Parin Nalin Mehta, Nominee Director of Kedaara Capital Fund II LLP, DIN-08528090	47 years	Ekta Oculus, 13th Floor, flat no. 1001 and 1002,Motibaug, Chembur, Mumbai – 400071	04.02.2022	i) Ajax Engineering Private Limited – Director ii) Great Software Laboratory Private Limited -Director
Priyamvada Ramkumar, Nominee Director of Lok Capital Growth Fund, DIN-07878808	40 years	43, 6th Main Road, R A Puram, Chennai - 28	12.10.2018	i) Mintifi Finserve Private Limited - Nominee Director ii) Mintifi Private Limited - Additional Director iii) Sundaram Finance Holdings Limited - Director
Sudhir Nanrayanankutty Variyar, Nominee Director Of Multiples Private Equity Fund III, DIN - 00168672	53 years	A-1502, Rustomjee Seasons, Madhusudan Kalelkar Road, Kalanagar, Bandra (E), Mumbai-400051	07.07.2023	i) Vastu Housing Finance Corporation Limited -Nominee Director ii) Multiples Alternate Asset Management Private Limited – Whole-time Director iii) Sanctum Wealth Private Limited – Director iv) Vastu Finserve India Private Limited - Director v) Multiples Asset Management Ifsc Private Limited – Director vi) Multiples Arc Private Limited – Additional Director vii) Multiples Good Faith Foundation - Director
Mathew Joseph Independent Non-Executive Director, DIN: 01033802	62 years	Flat 1301, Tower 7, Ceebros 174, MRC Nagar, Chennai - 600028	24.11.2023	i) Tamilnadu Urban Infrastructure Financial Services

Name of the Directors, Designation & DIN	Age	Address	Date of Appointment	Details of other Directorship
				Limited - Director ii) Tamilnadu Urban Infrastructure Trustee Company Limited - Director iii) IIFL Home Finance Limited – Additional and Independent Director
Suresh Subramanian Independent Non-Executive Director, DIN: 02070440	63 years	Flat No.3B, Coral Reef Apartments, Cenotaph Road, Teynampet, Chennai - 600018	24.11.2023	i)Delphi-TVS Technologies Limited – Independent Director ii) Saksoft Limited - Additional and Independent Director

(i) Details of change in directors since last three years:

Name	Designation	DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Nishant Sharma	Nominee Director of Kedaara Capital Fund II LLP	03117012	26.03.2020	03.02.2022	Resignation	--
Parin Nalin Mehta	Nominee Director of Kedaara Capital Fund II LLP	08528090	03.02.2022		Appointment	--
Sudhir Narayanankutty Variyar	Nominee Director of Multiples Private Equity Fund III	00168672	07.07.2023		Appointment	
Mathew Joseph	Additional and Independent Director	01033802	24.11.2023		Appointment	
Suresh Subramanian	Additional and Independent Director	02070440	24.11.2023		Appointment	

6.12 Details of directors' remuneration, and such particulars of the nature and extent of their interests in the issuer (during the current year and preceding three financial years):

i. Remuneration payable or paid to a director by the issuer, its subsidiary or associate company; shareholding of the director in the company, its subsidiaries and associate companies on a fully diluted basis (in Rs.)

Financial Year	Remuneration Paid to Directors	Mr. Abhijit Sen	Mr. M. Sivaraman	Mr. N. Mohanraj
FY 2023-24	Sitting Fees	5,00,000	4,00,000	6,00,000

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Financial Year	Remuneration Paid to Directors	Mr. Abhijit Sen	Mr. M. Sivaraman	Mr. N. Mohanraj
(01.04.2023 to 31.12.2023)	Commission*	15,00,000	15,00,000	15,00,000
FY 2022-23	Sitting Fees	5,50,000	4,50,000	6,00,000
	Commission	15,00,000	15,00,000	15,00,000
FY 2021-22	Sitting Fees	4,75,000	4,25,000	5,25,000
	Commission	15,00,000	15,00,000	15,00,000
FY 2020-21	Sitting Fees	4,15,000	3,90,000	5,20,000
	Commission	15,00,000	15,00,000	15,00,000

*Commission to the Independent Directors is yet to be paid for the financial year 2023-24.

	Financial Year	Gross Salary	Stock Options	Others	Total Amount
Mr. D. Arulmany	FY 2023-24 (01.04.2023 to 31.12.2023)	1,66,48,719	-	-	1,66,48,719
	FY 2022-23	1,76,65,240	-	-	1,76,65,240
	FY 2021-22	1,32,05,424	-	-	1,32,05,424
	FY 2020-21	1,10,01,376	-	-	1,10,01,376

ii. **Appointment of any relatives to an office or place of profit of the issuer, its subsidiary or associate company-** NIL

iii. **Full particulars of the nature and extent of interest, if any, of every director:**

A. in the promotion of the issuer company- NIL

B. in any immoveable property acquired by the issuer company in the two years preceding the date of the issue document or any immoveable property proposed to be acquired by it – NIL

C. where the interest of such a director consists in being a member of a firm or company, the nature and extent of his interest in the firm or company, with a statement of all sums paid or agreed to be paid to him or to the firm or company in cash or shares or otherwise by any person either to induce him to become, or to help him qualify as a director, or otherwise for services rendered by him or by the firm or company, in connection with the promotion or formation of the issuer company shall be disclosed. – NIL

D. Contribution being made by the directors as part of the offer or separately in furtherance of such objects: NIL

iv. **Any financial or other material interest of the directors, promoters, key managerial personnel or senior management in the Issue and the effect of such interest in so far as it is different from the interests of other persons:** NIL

6.13 Following details regarding the auditors of the Issuer:

(a) Details of the auditor of the Issuer:

NAME OF THE AUDITOR	ADDRESS	AUDITOR SINCE
M/s Sundaram & Srinivasan, Chartered Accountants [Firm Registration Number: 004207S]	No. 23, CP Ramaswamy Road, Alwarpet, Chennai - 600018	Appointed as Statutory Auditors on 01.09.2021 w.e.f. 05.08.2021.

(b) Details of change in auditors since last three years:

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
M/s BSR & Co. LLP, Chartered Accountants (KPMG)	KRM Tower, No 1, Harrington Road, Chetpet, Chennai – 600 031 Registration No. 101248W/W-100022	Appointed on June 10, 2016	Resigned on August 04, 2021	Resigned on August 04, 2021	M/s Sundaram & Srinivasan, Chartered Accountants was appointed as Statutory Auditors on 01.09.2021 w.e.f. 05.08.2021 for the financial year 2021-22. As per the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide circular no RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the earlier statutory auditor M/s BSR & Co. LLP had resigned with effect from 4th August '21 as they had completed five years and the new statutory auditor was appointed for the financial year 2021-22..
M/s Sundaram & Srinivasan, Chartered Accountants [Firm Registration Number: 004207S]	No. 23, CP Ramaswamy Road, Alwarpet, Chennai - 600018	Appointed on 5th August 2021	NA	NA	Appointed as Statutory Auditors on on 01.09.2021 w.e.f. 05.08.2021 for the financial year 2021-22. Based on the recommendation of the Audit Committee, in their meeting held on 28.04.2022, the reappointment of M/s Sundaram & Srinivasan, Chartered Accountants for a period of two years, has been recommended to the shareholders for their approval in the AGM to be held on 27.05.2022 by the Board of Directors in their meeting held on 28.04.2022 and same is approved by the shareholders at the AGM held on 27.05.2022.

6.14 Details of borrowings of the Company, as at the end of the last quarter or if available, a later date:

The information set out in (a) to (f) below has been disclosed as of December 31, 2023.

(a) ***Details of Outstanding Secured Loan Facilities*:**

(Amount Rs in Crore)

Term loans:

Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	**Banks**						
1	AU Small Finance Bank Limited	TL 5	30.00	13.33	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	AU Small Finance Bank Limited	TL 6	35.00	21.38	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
2	Axis Bank Limited	TL 2	20.00	10.65	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Axis Bank Limited	TL 3	50.00	32.44	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Axis Bank Limited	TL 4	40.00	30.83	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
3	Bandhan Bank Limited	TL 1 Tr 1	75.00	59.20	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Bandhan Bank Limited	TL 2	100.00	94.73	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
4	Bank of Baroda	TL 1 Tr 1	25.00	9.00	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Bank of Baroda	TL 1 Tr 2		6.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Bank of Baroda	TL 2 Tr 1	25.00	8.12	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Bank of Baroda	TL 2 Tr 2		8.54	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
5	Canara Bank	TL 1 Tr 1	50.00	23.33	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	**Banks**						
	Canara Bank	TL 2 Tr 1	100.00	47.50	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Canara Bank	TL 2 Tr 2		47.50	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
6	Capital Small Finance Bank Limited	TL 2	10.00	-	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Capital Small Finance Bank Limited	TL 3	15.00	10.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
7	CSB Bank Limited	TL 2	10.00	4.54	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	CSB Bank Limited	TL 3	37.00	29.14	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
8	DBS Bank India Limited	TL 1	25.00	11.90	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
9	Dhanlaxmi Bank Limited	TL 1	20.00	15.97	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
10	Equitas Small Finance Bank Limited	TL 5 Tr 1	58.00	16.88	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Equitas Small Finance Bank Limited	TL 5 Tr 2		5.69	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
11	Federal Bank Limited	TL 2	25.00	9.72	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Federal Bank Limited	TL 3 Tr 1	50.00	20.62	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Federal Bank Limited	TL 3 Tr 2		15.83	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Federal Bank Limited	TL 4 Tr 1	100.00	30.00	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
12	HDFC Bank Limited	TL 2	15.00	5.25	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	HDFC Bank Limited	TL 3 Tr 1	75.00	13.89	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	Banks						
	HDFC Bank Limited	TL 3 Tr 2		12.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	HDFC Bank Limited	TL 3 Tr 3		20.27	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	HDFC Bank Limited	TL 4 Tr 1	260.00	121.88	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	HDFC Bank Limited	TL 4 Tr 2		100.05	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	HDFC Bank Limited	TL 5	100.00	100.00	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	HDFC Bank Limited (Erstwhile HDFC Ltd)	TL 3	30.00	25.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
13	ICICI Bank Limited	TL 1	20.00	5.83	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	ICICI Bank Limited	TL 2	25.00	23.96	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
14	IDBI Bank Limited	TL 1	25.00	18.06	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IDFC First Bank Limited	TL 3	49.75	22.69	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IDFC First Bank Limited	TL 4 Tr 1		32.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IDFC First Bank Limited	TL 4 Tr 2	150.00	17.08	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
15	IDFC First Bank Limited	TL 4 Tr 3		53.75	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IDFC First Bank Limited	TL 5 Tr 1		40.83	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IDFC First Bank Limited	TL 5 Tr 2	150.00	42.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IDFC First Bank Limited	TL 5 Tr 3		46.67	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	**Banks**						
	IDFC First Bank Limited	TL 6	150.00	-	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
16	Indian Bank	TL 1	50.00	23.66	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Indian Bank	TL 2	40.00	31.58	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Indian Bank	TL 3	50.00	50.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Indian Bank	TL 4	25.00	25.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
17	IndusInd Bank Limited	TL 1 Tr 1	25.00	1.88	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 1 Tr 2		4.69	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 2 Tr 1	25.00	3.75	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 2 Tr 2		6.25	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 3	50.00	33.33	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 4 Tr 1	150.00	42.71	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 4 Tr 2		45.83	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	IndusInd Bank Limited	TL 4 Tr 3		25.00	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
18	Karnataka Bank Limited	TL 1	25.00	15.92	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
19	The Karur Vysya Bank Limited	TL 2	20.00	6.11	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	The Karur Vysya Bank Limited	TL 3	50.00	29.17	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	**Banks**						
20	Kotak Mahindra Bank	TL 1	50.00	36.11	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
21	RBL Bank Limited	TL 5 Tr 1	75.00	4.13	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	RBL Bank Limited	TL 5 Tr 2		6.52	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	RBL Bank Limited	TL 5 Tr 3		13.70	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	RBL Bank Limited	TL 5 Tr 4		8.80	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	RBL Bank Limited	TL 6 Tr 1	75.00	43.48	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	RBL Bank Limited	TL 6 Tr 2		9.57	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	RBL Bank Limited	TL 7	25.00	25.00	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
22	SBM Bank (India) Limited	TL 1	20.00	6.25	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
23	South Indian Bank Limited	TL 1	20.00	12.49	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
24	Standard Chartered Bank	TL 1 Tr 1	100.00	25.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Standard Chartered Bank	TL 1 Tr 2		25.00	Principal Semi Annually. Interest monthly	Hypothecation of specific receivables	CARE A+ (Stable)
25	State Bank of India	TL 1	80.00	4.99	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 3	150.00	75.00	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 3 Tr 2		18.75	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 3 Tr 3		18.75	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	**Banks**						
	State Bank of India	TL 4 Tr 1	300.00	173.33	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 4 Tr 2		34.67	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 4 Tr 3		27.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 4 Tr 4		27.50	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 5 Tr 1	200.00	50.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 5 Tr 2		100.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 5 Tr 3		50.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 6 Tr 1	250.00	100.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 6 Tr 2		50.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 6 Tr 3		100.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	State Bank of India	TL 7	50.00	50.00	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
26	The Hongkong and Shanghai Banking Corporation Limited	TL 1	25.00	21.43	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
27	UCO Bank	TL 1	25.00	18.75	Principal Quarterly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
28	Union Bank of India	TL 1	50.00	40.35	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
29	Ujjivan Small Finance Bank Limited	TL 2	45.00	26.25	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
30	Yes Bank Limited	TL 1	40.00	25.83	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
A	**Banks**						
	Yes Bank Limited	TL 2 Tr 1	110.00	47.92	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	CARE A+ (Stable)
	Subtotal - Banks		**4,149.75**	**2,908.99**			
B	**NBFCs**						
31	Bajaj Finance Limited	TL 2	25.00	2.10	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
	Bajaj Finance Limited	TL 3	50.00	40.28	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
32	NABKISAN Finance Limited	TL 3 Tr 1	45.00	8.33	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
	NABKISAN Finance Limited	TL 3 Tr 2		10.42	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
33	Sundaram Finance Limited	TL 3	50.00	37.47	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
34	TATA Capital Financial Services Limited	TL 3	20.00	6.67	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
	TATA Capital Financial Services Limited	TL 4 Tr 1	50.00	33.33	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
	TATA Capital Financial Services Limited	TL 4 Tr 2		8.33	Principal Monthly. Interest Monthly	Hypothecation of specific receivables	Not applicable
	Subtotal - NBFCs		240.00	146.93			
	Total-TL		**4,389.75**	**3,055.92**			

Cash Credit/Working Capital Loans:

Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	Credit Rating, if applicable
1	Axis Bank Limited	CC	5.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
2	Bandhan Bank	CC	5.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
3	ICICI Bank Ltd	CC	5.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
4	IDFC First Bank Limited	CC	30.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
5	IndusInd Bank Limited	CC			On demand	Hypothecation of	CARE A+

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Sl No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	Credit Rating, if applicable
			25.00	-		specific receivables	(Stable)
6	Karur Vysya Bank Limited	CC	1.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
7	Indian Bank	CC	10.00	7.61	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
8	HDFC Bank Limited	CC	2.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
9	State Bank of India	CC	20.00	-	On demand	Hypothecation of specific receivables	CARE A+ (Stable)
10	DCB Bank Limited	WCDL	25.00	-	On demand	Hypothecation of specific receivables	CARE A1+
11	Yes Bank	WCDL	10.00	-	On demand	Hypothecation of specific receivables	CARE A1+
	Total		**146.00**	**7.61**			

Securitizations (PTCs):

Sl No	Name of Transaction	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule	Security	Credit Rating, if applicable
1	Indigo 009	PTC	56.18	22.32	Principal monthly. Interest Monthly	Assignment of specific receivables	Senior Tranche A1(a) PTCs - CRISIL AAA(SO) Senior Tranche A1(b) PTCs – CRISIL AA(SO)
2	Indigo 023	PTC	111.15	86.55	Principal monthly. Interest Monthly	Assignment of specific receivables	Senior Tranche A1 PTCs - ICRA AA+(SO)
3	Vajra 003	PTC	43.95	38.16	Principal monthly. Interest Monthly	Assignment of specific receivables	Senior Tranche A1 PTCs - ICRA AAA(SO)
4	Vajra 004	PTC	175.30	161.43	Principal monthly. Interest Monthly	Assignment of specific receivables	Senior Tranche A1 PTCs - CRISIL AAA(SO) Senior Tranche A2 PTCs – CRISIL AA(SO)
	Sub-total		386.59	308.46			
	Equity tranche investment by company		34.26	34.26			
	Total		**420.84**	**342.71**			

(b) ***Details of Outstanding Unsecured Loan Facilities*:**

Name of Lender/ISIN	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule	Credit Rating, if applicable
INE448U14055	CP	30.00	29.49	Bullet on maturity	CARE A1+
Total		**30.00**			

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(c) ***Details of Outstanding Non-Convertible Securities*:**

Series of Non-Convertible Securities	ISIN	Tenor / Period of Maturity (In Months)	Coupon	Amount	Date of Allotment	Date of Amount Received	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
Series 13	INE448U07190	36 Months	10.58%	25.00	24-Mar-22	24-Mar-22	24-Sep-24	CARE A+ (stable)	Secured	Hypothecation of Specific receivables
Series 14	INE448U07208	72 Months	10.35%	150.00	23-Jun-22	23-Jun-22	23-Jun-28	CARE A+ (stable)	Secured	Hypothecation of Specific receivables
Series 15	INE448U07216	42 months	9.75%	55.00	26-Dec-2023	26-Dec-2023	25-Jun-2027	CARE A+ (stable)	Secured	Hypothecation of Specific receivables
Total				**230.00**						

(d) ***List of Top 10 holders of non-convertible securities in terms of value (in cumulative basis)***

Sr. No.	Name of holders of non-convertible securities	Amount (Rs in Crores)	Percentage (%) of total non-convertible securities outstanding
1	Axis Mutual Fund [Axis Strategic Bond Fund & Axis Credit Risk Fund]	25.00	10.87
2	BlueOrchard Microfinance Fund	150.00	65.22
3	LC Capital India Private Limited	33.00	14.35
4	Naval Group Insurance Fund	20.00	8.70
5	Paulastya Sachdev	2.00	0.86
6	NA	NA	NA
7	NA	NA	NA
8	NA	NA	NA
9	NA	NA	NA
10	NA	NA	NA

(e) ***Details of Outstanding Commercial Paper as at the end of the last quarter, i.e., December 31, 2023, in the following format:***

S. NO.	ISIN OF COMMERCIAL PAPER	MATURITY DATE	AMOUNT OUTSTANDING	Security	Credit Rating, if applicable
1	INE448U14055	14-03-2024	30.00	Unsecured	CARE A1+

(f) Details of the Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):

The Company has bank guarantee limit of Rs 25,00,000/- (Rupees Twenty Five Lakhs) from IDFC First Bank Limited towards recovery expenses fund in favour of BSE Limited as per SEBI guidelines.

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
Bank Guarantee	Bank Guarantee	25 Lakhs	-	NA	NA	Secured	Hypothecation of receivables

6.15 Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing/ debt securities have been taken/ issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not:

Nil

6.16 Where the issuer is a Non-Banking Finance Company or Housing Finance Company the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials

(December 31, 2023)

A. Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC

(a) **Lending Policy: Should contain overview of origination, risk management, monitoring and collections:**

Lending Methodology:

Most of the customers are sourced through leads and referrals. Once the potential customer is identified, the Sales Executive makes a visit to the customer and communicates the salient features of the three products on offer in terms of end-use, amount, tenure, collateral requirements etc. and the documentation required. The purpose of loans is normally to support their business requirements while other purposes such as repayment of other higher cost borrowings are also encouraged.

Client Mobilization:

The customers are asked to provide the photocopy of property documents and then the Sales Executive starts visiting the business premises to assess the business in terms of income and expenses using the Income Assessment information form and once he satisfied with the level of net income in relation to loan amount and EMI apart from availability of property as collateral for the said loan amount with Loan to value (LTV) not exceeding 50% and tenure not exceeding 5 years, the documents are then passed onto the hub. Once the assessment is complete, the client is again appraised clearly on the terms and conditions, duly filled-up application forms are handed over and the completed applications along with the KYC documentation are taken and then submitted to the Hub. To prevent misuse of KYC, we educate the customers with regard to self-attestation to be made after mentioning the purpose of loan and date of self-attestation. Also, the original signature is verified by the Sales Executive in the self-attested KYC document with a seal.

Credit Appraisal System:

Once the documents reach the hub, the Credit Officer validates the income assessment by visit to the customer including the business premises. All applicants are screened from a credit perspective. Some of the criteria to be checked would be longevity in the same place of residence (minimum 5 years to be there), nature and continuity of business (minimum of 3 years in the same line of business) and activity level to support the borrowing, income to expense ratio and ability to service loan, etc.

Credit Officer uses the 'Veritas' filter to ensure that the credit assessment is complete in all aspects based on credit intelligence and business type-wise credit assessment templates prepared for various businesses. This includes the Credit Officer visiting each customer's house and doing a physical verification to satisfy the veracity of all the statements in the information form and the application form and the place of business to satisfy the eligibility criteria. The credit approval is done based on delegated powers.

Credit Assessment:

Veritas uses cash flow method for its credit assessment of a particular customer basis availability documents and the details of the is outlined below:

- Underwriting is done to analyse cashflows of the customer based on personal discussion. In all these cases, a detailed note is prepared as part of the CAM providing the complete details of the business nature, daily purchase, daily sales, inventory, reference checks, business setup, lifestyle, investments, business stability, existing loan repayment behavior, Applicant banking behavior with Neighbor feedback, etc. to make proper assessment.
- Alongside all available KYC documents like ID, address & sign proofs of all borrower and co-borrowers as per KYC Policy, business registration certificate & license, GST registration certificate, Partnership Deed, if the borrower is a firm are also checked.
- Income claim is further validated and backed by asset creation tendencies of the customer over the last few years. This is one of the key parameters to arrive at the net income estimates. The credit assessment looks for tangible asset creation over the years to reflect the income claims of the customer.

Scorecard Based Approval & Risk Based Pricing:

Veritas also uses score card-based model alongside cash flow assessment and personal discussion as per existing process. Scorecard based approval matrix also brings in uniformity on credit approval process. Risk based pricing matrix is based on customer risk profile based individual score and product risk. These risk score cards are classified into Very High Risk, High Risk, Medium Risk and Low Risk, hence higher the risk pricing will be high and vice versa. The interest rates are accordingly ranges from 18% to 28% depending upon the risk score card. The approval matrix is outlined below:

- Branch Managers are empowered to approve proposals in LMS and specific approval has to be taken from Zonal Head to empower the BM. Empowered BMs should ensure they approve loans after thorough review and due diligence with all norms, KYC, bank statements being followed as per the policy. BCMs should ensure complete files including KYC, Bank statements are only to be recommended for approval.
- Any pricing deviation has to be approved based on the approval matrix and ACM/RCM should ensure the deviation is approved by the respective authority before loan approval. Any pricing deviation after the loan is approved shall not be considered.
- All other deviations like LTV, tenor, CIBIL OD etc. must be reviewed properly by the approver with proper mitigants documented before approval. An exception report on cases approved with deviation shall be circulated to RCM every month. This ensures deviations are approved judiciously with proper mitigants.

Legal & Technical Appraisal System:

For Secured loans, once the property documents reach the hub, the Legal Officer then proceeds to verify the title documents by validating the same using Encumbrance Certificate, parent documents, property tax payments etc.

Post-loan disbursement, the registration of mortgage of title deeds and information to CERSAI is completed and the details of original documents are updated in the Title Deed Register and then given to the Operations team for safekeeping till the

maturity or repayment of the loan, whichever is earlier.

Loan disbursement:

Once credit and legal process are complete at the hub, the loan is recommended for approval and the papers would be sent to Head Office and the same would be data entered into the system. At Head Office, Head - Credit, and Head - Legal would review the documents again for approval. In the case of exceptions, the proposal is then sent to the Business Committee, which comprises Board members and senior management for decision making. Once the same is approved, the branch would invite the customer to the branch and disbursement would take place at the branch by way of the cheque after collecting repayment instructions through direct debit, NACH or through post-dated cheques

Collection:

Secured Loans: Collections are done through NACH. Post-dated cheques are used till the mandate registration of NACH is complete. Repayment by cash is not encouraged and is resorted to only in the event of the bounce of the repayment instruction or the repayment instrument.

Apart from the above, to focus on the cheque bounce cases, the company has formed separate collection vertical in the seasoned branches.

Unsecured Loans: Cash collections are done on daily or weekly basis based on the preference of the customers. The customers retain the passbook for the entries made towards cash payments. Each employee is provided with unique seal to confirm receipt and upon entry of receipt in mobile app, customer gets an SMS instantly. Customers have been advised to pay only for the entry and the seal of the employee in the passbook and receipt of SMS. Three-way cash reconciliation is done to ensure that cash collected is banked the same / next day for both processing fees, pre-closure amounts as well as the instalment amounts.

Risk Management:

The Company has 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.

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

The key risks are:

Credit Risk

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

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

Operational Risk

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

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

Interest rate risk

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

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

Liquidity Risk

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

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

Competition Risk

The financial services space in India is quite competitive.

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

Regulatory and Compliance Risk

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

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

(b) **Classification of Loans given to associate, or entities related to Board, Senior management, promoters, etc.:**

Nil

(c) **Classification of loans according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:**

Please refer to paragraph (J) below of this table below.

(d) **Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time;**

(Rs in Crores)

Sr. No.	Name of the Borrower	Amount Outstanding
1	MR TARAPADA MANNA	0.46
2	MR JOEL SAMRUDDHI	0.39
3	MR MURUGAVEL C	0.31
4	MR ROKAMANDA SADGURUDU	0.30
5	MR CHALLA ADINARAYANA	0.30
6	MR ANIL KUMAR VASUDEVAN PILLAI	0.30
7	MRS GUTHI USHA	0.30
8	MR VIJAYFRANKLIN K	0.30
9	MR MARUPALLY SRINATH	0.30
10	MRS SANGITHA S	0.30
11	MR SUNILKUMAR P	0.30
12	MR RAJESH RAMACHANDRAN	0.30
13	MR NEELAKANDAN V	0.30
14	MR MUTHUVEL S M	0.30
15	MR JAYACHANDRAN J	0.30
16	MR SATHYANARAYAN SAMMANAGI	0.30
17	MR JAIKUMAR SABANAYAGAM	0.30
18	MR NATARAJ VENKATASAMY	0.30
19	MR GOKUL S	0.30
20	MR JAPAMANI M	0.30

(e) **Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations:**

Please refer to paragraph (K) of this table below

B. Details of borrowings granted by NBFC

(a) **A portfolio summary with regard to industries/ sectors to which borrowings have been made:**

Please refer to paragraph (J) in this table below including sub-paragraph (c) therein.

(b) **NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:**

Please refer to paragraph (K) of this table below.

(c) **Quantum and percentage of secured vis-à-vis unsecured borrowings made; and**

99.19% Secured and 0.81% Unsecured

C. **Details of change in shareholding**

(a) **Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:**

Nil

D. Disclosure of Assets Under Management

(a) **Segment wise breakup:**

Please refer to sub-paragraph (c) of paragraph (J) in this table below.

(b) **Type of Loans**

Please refer to sub-paragraph (a) of paragraph (J) in this table below.

E. Details of borrowers

(a) **Geographical location wise**

Please refer to sub-paragraph (e) of paragraph (J) in this table below.

F. Details of Gross NPA

(a) **Segment wise:**

Please refer to sub- paragraph (c) of paragraph (K) in this table below.

G. Details of Assets and Liabilities

(a) **Residual maturity profile wise into several bucket:**

Please refer to paragraph (L) in this table below.

H. Additional details of loans made by housing finance company

Not Applicable

I. Disclosure of latest ALM statements to stock exchange

(Rs in Crores)

Particulars	1 to 7 days	8 to 14 days	15 days to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Total
Liabilities:-											
Capital and Reserves	-	-	-	-	-	-	-	-	-	2,247.70	**2,247.70**
Bonds & Debentures	-	-	-	-	-	-	38.75	177.50	13.75	-	**230.00**
Commercial Paper	-	-	-	-	29.49	-	-	-	-	-	**29.49**
Short Term Borrowings - Banks	-	-	-	-	-	-	7.61	-	-	-	**7.61**
Long Term Borrowings - Banks	6.18	3.21	53.82	72.18	61.22	231.86	449.21	1,452.89	566.41	12.00	**2,908.99**
Long Term Borrowings - Others	1.39	1.46	19.59	15.82	19.81	50.19	102.88	274.33	4.17	-	**489.65**
Current Liabilities & Provisions	53.70	5.42	1.50	1.16	1.20	14.92	19.61	17.25	2.29	150.77	**267.80**
Total Outflows (X)	**61.27**	**10.08**	**74.91**	**89.16**	**111.73**	**296.96**	**618.06**	**1,921.98**	**586.61**	**2,410.47**	**6,181.24**
Cumulative Outflows (A)	**61.27**	**71.35**	**146.26**	**235.42**	**347.15**	**644.11**	**1,262.17**	**3,184.15**	**3,770.76**	**6,181.24**	
Assets:-											
Cash & Bank Balances (incl FDs)	344.43	54.35	76.05	176.32	200.19	-	0.05	-	11.57	3.96	**866.93**
Investments	-	-	-	-	-	-	-	34.26	-	-	**34.26**
Advances (Performing)	133.86	23.53	29.83	105.60	103.18	317.90	590.97	1,779.43	1,213.77	738.02	**5,036.10**
Fixed Assets	-	-	-	-	-	-	-	-	-	18.82	**18.82**

Other Long Term Assets	-	-	-	-	-	-	-	-	58.95	35.15	**94.10**
Other Assets	0.21	-	3.06	0.03	14.56	1.40	0.60	7.26	6.09	59.60	**92.81**
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	38.23	**38.23**
Total Inflows (Y)	**478.50**	**77.89**	**108.94**	**281.95**	**317.94**	**319.30**	**591.62**	**1,820.94**	**1,290.39**	**893.78**	**6,181.24**
Cumulative Inflows (B)	**478.50**	**556.39**	**665.32**	**947.27**	**1,265.21**	**1,584.51**	**2,176.12**	**3,997.07**	**5,287.45**	**6,181.24**	
Mismatch (Y-X)	**417.23**	**67.80**	**34.02**	**192.79**	**206.21**	**22.33**	**-26.44**	**-101.04**	**703.77**	**-1,516.69**	**-**
Cumulative Mismatch C (B-A)	**417.23**	**485.04**	**519.06**	**711.85**	**918.06**	**940.39**	**913.95**	**812.92**	**1,516.69**	**-**	
Mismatch (%)	**681.02%**	**672.36%**	**45.42%**	**216.22%**	**184.56%**	**7.52%**	**-4.28%**	**-5.26%**	**119.97%**	**-62.92%**	
Cumulative Mismatch (%) (C/A)	**681.02%**	**679.80%**	**354.89%**	**302.37%**	**264.45%**	**146.00%**	**72.41%**	**25.53%**	**40.22%**	**0.00%**	

J. Classification of loans according to

(a) **Type of Loans:**

Details of types of loans

Sl. No.	Types of loans	Rs. crore
1	Secured	4,484.13
2	Unsecured	562.17
	Total assets under management (AUM)^^	**5,046.30**

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^^Issuer is also required to disclose off balance sheet items;*

(b) **Denomination of loans outstanding by loan-to-value:**

Details of LTV:

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	49.04%
2	40-50%	33.60%
3	50-60%	5.28%
4	60-70%	0.94%
5	70-80%	-
6	80-90%	-
7	>90%	-
8	Unsecured	11.14%
	Total	**100.00%**

(c) **Sector Exposure**

Details of sectoral exposure:

Sl. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	76.08%
B	Gold loans	
C	Vehicle finance	
D	MFI	
E	MSME	19.55%
F	Capital market funding (loans against shares, margin funding)	
G	Others	4.37%
2	**Wholesale**	
A	Infrastructure	
B	Real estate (including builder loans)	
C	Promoter funding	
D	Any other sector (as applicable)	
E	Others	
	Total	**100.00%**

(d) **Denomination of loans outstanding by ticket size*:**

Details of outstanding loans category wise:

Sl. No.	Ticket size (at the time of origination)	Percentage of AUM
1	Upto Rs. 2 lakh	9.88%
2	Rs. 2-5 lakh–	47.45%
3	Rs. 5 - 10 lakh –	31.58%
4	Rs. 10 - 25 lakh –	10.25%
5	Rs. 25 - 50 lakh	0.85%
6	Rs. 50 lakh - 1 crore–	-
7	Rs. 1 - 5 crore–	-
8	Rs. 5 - 25 crore–	-
9	Rs. 25 - 100 crore	-
10	>Rs. 100 crore	-
	Total	**100.00%**

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

(e) **Geographical classification of borrowers:**

Top 5 states borrower wise

S. No.	Top 5 states	Percentage of AUM
1	Tamil Nadu	42.96%
2	Andhra Pradesh	13.91%
3	West Bengal	11.61%
4	Telangana	10.45%
5	Karnataka	7.84%
	Total	**86.77%**

K. Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations

(a) **Movement of Gross NPA**

Movement of gross NPA*	Rs. crore
Opening gross NPA	77.29
- Additions during the year	88.77
- Reductions during the year	64.42
Closing balance of gross NPA	93.64

**Please indicate the gross NPA recognition policy (Day's Past Due)*

(b) **Movement of provisions for NPA**

Movement of provisions For NPA	Rs. crore
Opening balance	33.10
- Provisions made during the year	27.35
- Write-off/ write-back of excess provisions	19.37
Closing balance	41.08

(c) **Segment wise gross NPA**

Sl. No.	Segment-wise gross NPA	Gross NPA (%)
1	**Retail**	
A	Mortgages (home loans and loans against property)	2.04%
B	Gold loans	
C	Vehicle finance	
D	MFI	
E	MSME	1.06%
F	Capital market funding (loans against shares, margin funding)	
G	Others	2.26%
2	**Wholesale**	
A	Infrastructure	

B	Real estate (including builder loans)		
C	Promoter funding		
D	Any other sector (as applicable)		
E	Others		
	Total	**1.86%**	

L. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities

(Rs in Crores)

Category	Up to 30 / 31 days	>1 months – 2 months	>2 months – 3 months	>3 months – 6 months	>6 months – 1 year	>1 years – 3 years	>3 years – 5 years	> 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	187.22	105.60	103.18	317.90	590.97	1,779.43	1,213.77	738.02	5,036.10
Investments	-	-	-	-	-	34.26	-	-	34.26
Borrowings	85.65	88.00	110.53	282.05	598.45	1,904.73	584.33	12.00	3,665.73
FCA*	-	-	-	-	-	-	-	-	-
FCL*	-	-	-	-	-	-	-	-	-

**FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities;*

6.17 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 years including the current financial year:

Nil

6.18 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the non-convertible securities.

The Issuer hereby declares that there has been no material event, development or change on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

6.19 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company:

Nil

6.20 Details of default and non-payment of statutory dues for the preceding three years and current financial year

Nil

6.21 Details of pending litigation involving the Issuer, promoter, director, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the financial position of the Issuer, which may affect the Issue or the investor's decision to invest / continue to invest in the Debentures/Subordinated Bonds/PDIs:

As on March 31, 2023, the company has dispute related income tax dues amounting to Rs. 54.74 lakhs and Rs. 10.61 lakhs pending with Commissioner of Income Tax (Appeals) and such dispute is related to AY 2018-19 and AY 2020-21. During December 2023, the company has received a show cause GST notice for a demand of Rs 214.46 lakh pertaining to FY 2018-19 and in this regard, the company has represented before the Assistant commissioner of GST and same is pending with the authority.

6.22 Details of acts of material frauds committed against the issuer in the preceding three financial years and current financial year, if any, and if so, the action taken by the Issuer.

In compliance with RBI guidelines on reporting of fraud, the Company has designated Risk Audit Team and Legal Team to identify and report any case related to fraud every month and immediately as when it occurs to the Board. The Board of Directors of the Company reviews the fraud cases on a quarterly basis and the status is reported to RBI in due course. The details of fraud cases as on December 31, 2023 which is being revied and intimated to RBI is as given below:

Description of Fraud	No of Instances	Amount of Fraud (Rs in Lakh)	Current Status
Misappropriation of cash collection on pre-closure by employee	1	8.64	Employee resigned; FIR lodged against the employee. Insolvency petition has been filed before the Principal Subordinate Judge of Tanjore vide IP No. 3/2022.
Misrepresentation of company as deposit taking entity by employee	1	1.50	Employee resigned; FIR lodged against the employee. Legal action initiated is pending before the concern Judicial Magistrate Court, Barasat

6.23 Details of pending proceedings initiated against the Issuer for economic offences, if any:

Nil

6.24 Related party transactions entered during the preceding three financial years and current financial year with regard to loans made or, guarantees given or securities provided.

Nil

6.25 The Placement Memorandum shall not include a statement purporting to be made by an expert unless the expert is a person who is not, and has not been, engaged or interested in the formation or promotion or management, of the Company and has given his written consent to the Issue of the issue document and has not withdrawn such consent before the delivery of a copy of the issue document to the Registrar (as applicable) for registration and a statement to that effect shall be included in the issue document.

There is no statement made by an expert in the Placement Memorandum.

6.26 In case the issuer is a Non-Banking Finance Company (NBFC) and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:

S No.	Name of Borrower (A)	Amount of Advances / exposures to such borrower (Group) (Rs. Crore) (B)	Percentage of Exposure (C) = B / Total Assets Under Management
N.A.			

6.27 In order to allow investors to better assess the Issue, the following additional disclosures shall be made by the Issuer in the issue documents:

(a) **A portfolio summary with regards to industries/ sectors to which borrowings have been granted by NBFCs –** Please refer to Para 6.16

(b) Quantum and percentage of secured vis-à-vis unsecured borrowings granted by NBFCs. – Please refer to Para 6.16

(c) Any change in promoters' holdings in NBFCs during the preceding financial year beyond the threshold specified by the Reserve Bank of India from time to time– Please refer to Para 6.16

6.28 Consent of directors, auditors, bankers to issue, trustees, solicitors or advocates to the issue, legal advisors to the issue, lead managers to the issue, Registrar to the Issue, and lenders (if required, as per the terms of the agreement) and experts.

Obtained wherever applicable.

6.29 The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee.

The Debenture Trustee for the proposed issuance of Debentures is Axis Trustee Services Limited. Debenture Trustee has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

(a) **Fees charged by Debenture Trustee**

The Debenture Trustee has agreed for an initial acceptance fee amounting to INR 100,000/- and Annual Fee amounting to INR 50,000/- effective from 1st April 2024 until cessation of Axis Trustee's service / satisfaction of charge in terms of the fee letter no. ATSL/CO/2023-2024/640 dated 18th March 2024.

(b) **Terms of carrying out due diligence**

(i) The Debenture Trustee, either through itself or its agents / advisors / consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in this Placement Memorandum and the Applicable Law, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Applicable Law, the Debenture Trustee, either through itself or its agents / advisors / consultants, shall have the power to examine the books of account of the Issuer and to have the Issuer's assets inspected by its officers and/or external auditors / valuers / consultants / lawyers / technical experts / management consultants appointed by the Debenture Trustee.

(ii) The Issuer shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, Depository(ies), Information Utility, Insolvency and Bankruptcy Board of India or any other authority, as may be required, where the Charged Assets and/or prior encumbrances in relation to the Charged Assets of the Issuer and the Guarantor, are registered / disclosed.

(iii) In relation to the already encumbered Charged Assets, where the trustee or its agent on behalf of the existing charge holders under the concerned transaction documents, have provided conditional consent / permission to the Issuer to create further charge on such Charged Assets (along with the terms of such conditional consent / permission (if any)), the Debenture Trustee shall have the power to (i) verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders / the relevant trustee and the Issuer and the Guarantor; (ii) intimate the existing charge holders/ the relevant trustee about proposal of creation of further encumbrance and seeking their comments/ objections (to be communicated to the Debenture Trustee within 5 (five) working days), if any.

(iv) In relation to the guarantee to be provided by the Guarantor, the Debenture Trustee shall verify the relevant filings made on websites of Ministry of Corporate Affairs, the Exchange, TransUnion CIBIL Limited, Information Utility etc., and obtain appraisal report, necessary financial certificates from professionals in accordance with chapter II of the SEBI Debenture Trustee Master Circular.

(v) Without prejudice to the aforesaid, the Issuer shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Applicable Law.

(vi) The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the preparation of the reports / certificates / documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be borne as per the terms of the letter dated 18th March 2023.

6.30 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document

Not Applicable

6.31 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention: Please refer Annexure VI.

(a) ***The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made, should be disclosed:*** Interest and all other charges shall accrue based on an actual/actual basis.

(b) ***Procedure and time schedule for allotment and issue of securities should be disclosed****:* Please refer Section 6.6 and Section 8.

(c) ***Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration****:* Please refer Annexure VI.

6.32 Disclosures pertaining to wilful defaulter:

(a) **The following disclosures shall be made if the issuer or its promoter or director is declared wilful defaulter**:

(i) ***Name of the bank declaring as a wilful defaulter:*** N.A.

(ii) ***The year in which it was declared as a wilful defaulter:*** N.A.

(iii) ***Outstanding amount when declared as a wilful defaulter:*** N.A.

(iv) ***Name of the entity declared as a wilful defaulter:*** N.A.

(v) ***Steps taken, if any, for the removal from the list of wilful defaulters:*** N.A.

(vi) ***Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions:*** N.A.

(vii) ***Any other disclosure as specified by the Board***: N.A.

(b) **The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages**: N.A.

6.33 **Undertaking by the Issuer**: Please refer Section 9A.

6.34 **Risk Factors**: Please refer Section 4.

6.35 **Attestation by Directors**: Please refer Section 9B.

6.36 **Disclosure in case of non-convertible preference shares**: Not Applicable.

6.37 **Other details:**

(a) Creation of Debenture Redemption Reserve (DRR) / Capital Redemption Reserve (CRR) - relevant legislations and applicability:

As per Section 71 of the Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) Issue/instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines, etc.):

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the LODR Regulations, the SEBI Debenture Trustees Regulations, the SEBI Listed Debentures Circulars, and RBI guidelines and SEBI guidelines applicable to issuance of non-convertible debentures by NBFCs on a private placement basis.

(c) Default in Payment:

Please refer the sections named "*Default Interest Rate*" and "*Additional Disclosures (Default in Payment)*" of Section 7.1 (*Summary Terms*) in respect of the additional interest in the event of a Payment Default.

Please also refer Section 1.1.7.2(a) in respect of an event of default arising due to a non-payment by the Issuer.

(d) ***Delay in Listing:***

Please refer the section named "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" of Section 7.1 (*Summary Terms*) in relation to the listing requirements in respect of the Debentures and section named "*Additional Disclosures (Delay in Listing)*" of Section 7.1 (*Summary Terms*) in respect of the default interest in the event of delay in listing.

(e) ***Delay in allotment of securities:***

(i) The Company shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements**.**

(f) ***Issue details*****:** Please refer Section 7.

(g) ***Application process*****:** *The* application process for the Issue is as provided in Section 8 of this Placement Memorandum.

(h) ***Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 but not contained in this schedule, if any*****:** The finalised form of the PPOA prepared in accordance with the Form PAS 4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014 is provided as **Annexure X**. Please refer **Annexure X** for all disclosures required under the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out therein.

(i) ***Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project***: Not applicable.

6.38 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Certified copy of the resolution passed by the Board of Directors of the Issuer dated January 30, 2024, authorizing the issuance of the Debentures offered under terms of this Placement Memorandum.
4	Certified true copy of the resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on December 23, 2023, authorizing the Company to issue non-convertible debentures under Section 42 of the Companies Act.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated January 02, 2024, rating rationale from the rating agency dated January 04, 2024, along with the detailed press release.
7	Letter from Axis Trustee Services Limited dated March 18, 2024, giving its consent to act as Debenture Trustee.
8	Letter from Register and Transfer Agent.
9	Certified true copy of the certificate of incorporation of the Company.

10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL and CDSL.
11	Copy of application made to BSE for grant of in-principle approval for listing of Debentures

6.39 Details in case of non-convertible redeemable preference shares issue: Not Applicable.

6.40 Utilization of the Issue Proceeds

The proceeds shall be used for as set out in the column of "Details of the utilization of the Proceeds" under Section 7 of this Placement Memorandum and shall not be utilized for the purposes mentioned below.

The Issue Proceeds equivalent to 100% of the funds raised by the Issue will be utilized towards the on-lending purpose and for regular business purposes including refinancing of existing debt

The Issuer shall not use the proceeds of the Issue towards:

1. Any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities;
2. Any speculative purposes;
3. Investment in the real estate sector, including the acquisition of land, and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019;
4. Providing or making any inter-corporate deposits to/in any subsidiary and/or associate Issuer;
5. Providing any bill discounting facilities;
6. making any repayment of any loans availed from its directors and/or Promoters; and/or
7. in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies

6.41 The aggregate number of securities of the Issuer and its subsidiary companies purchased or sold by the promoter group, and by the directors of the Issuer which is a promoter of the Issuer, and by the directors of the Issuer and their relatives, within 6 (six) months immediately preceding the date of filing the Disclosure Document with the Registrar of Companies:

Aggregate number of securities of the Company purchased and sold by the promoter group from April 1, 2023, till date are provided below:

Aggregate number of securities purchased	Aggregate number of securities sold
13,89,518	30,88,771

6.42 The summary of reservations or qualifications or adverse remarks of auditors in the three financial years immediately preceding the year of issue of issue document, and of their impact on the financial statements and financial position of the company, and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remarks.

There are no reservations or qualifications or adverse remarks of auditors in the three financial years immediately preceding the year of issue of document.

6.43 Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of

circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries.

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	10.61
BSE Limited	0.10

6.44 **Summary Terms**: Please refer Section 7.1.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 7: TERMS OF THE ISSUE

7.1 SUMMARY TERMS

Security Name (Name of the non-convertible securities which includes (Coupon/ dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	**9.75% Veritas Finance Private Limited 2025- STRPP 1** **9.75% Veritas Finance Private Limited 2026- STRPP 2** **9.75% Veritas Finance Private Limited 2028- STRPP 3**
Issuer / Company	Veritas Finance Private Limited ("VFPL")
Type of Instrument	Senior, Secured, Rated, Listed, Fully Paid, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" / "Debentures") in the form of Separately Transferable Redeemable Principal Parts (STRPPs)
Nature of Instrument (Secured or Unsecured)	Secured
Seniority (Senior or Subordinated)	Senior
Mode of Issue	Private placement
Promoter	Mr. Arulmany Duraisamy
Promoter Group	Promoter group shall have the meaning as defined under Companies Act, 2013 and the SEBI Regulations.
Eligible Investors	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of the Bonds subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): a) Qualified Institutional Buyers ("**QIBs**") means the following entities: a) A mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI; b) Foreign portfolio investor other than individuals, corporate bodies and family offices; c) a Public Financial Institution; d) a Scheduled Commercial Bank; e) a multilateral and bi-lateral development financial institution; f) a State Industrial Development Corporation; g) An insurance company registered with Insurance Regulatory and Development Authority of India; h) A Provident Fund with minimum corpus of Rs.25 Crores i) A Pension Fund with minimum corpus of Rs.25 Crores j) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; k) An insurance fund set up and managed by Army, Navy / Air force of the Union of India; l) Insurance funds set up and managed by the Department of Posts, India; and m) Systemically important Non- Banking Financial Companies. Any non-QIB including *inter-alia* resident individual investors, Hindu Undivided Families (excluding minors and NRIs), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Laws in India, companies, bodies corporate etc., who/ which has been authorized by the Issuer, to participate in a particular issue on the EBP platform. The advisor(s)/ arranger(s)/ placement agent(s), broker(s) associated with the Issue and/or their affiliates/ subsidiaries/ associates/ group companies and/or their promoters/ directors/ key managerial personnel/ officers/ employees may subscribe to the Issue as the applicable laws including but not limited to (i) SEBI (Merchant Bankers) Regulations, 1992 and Code of Conduct specified therein; (ii) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and Code of Conduct specified therein, as applicable, do not restrict them from subscribing to the Issue. Note: Participation by potential investors in the issue may be subject to statutory and/or

	regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	a. The NCDs are proposed to be listed on the WDM of the BSE. The NCDs shall be listed within 3 (Three) working days from the Issue Closure Date ("Listing Period"). b. The Issuer shall ensure that the Debentures continue to be listed on the wholesale debt market segment of the BSE. c. In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will: (i) pay to the Debenture Holders, a penal interest of 1% (One Percent) p.a. over the applicable Coupon Rate from the Deemed Date of Allotment until the listing of the Debentures is completed; and (ii) be permitted to utilize the issue proceeds of its 2 (two) subsequent privately placed issuances of securities only after receiving final listing approval from the stock exchange(s).
Rating of the Instrument (Rating)	CARE A+/Stable by CARE Ratings Limited The Issuer/Investor(s) reserves the right to obtain an additional credit rating from any SEBI registered Credit Rating Agency for full or part of the Issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the issue.
Credit Rating Agency	CARE Ratings Limited
Debenture Trustee	Axis Trustee Services Limited
Total Issue Size	Upto Rs. 75,00,00,000/- (Rupees Seventy-Five Crores Only)
Minimum Subscription	The minimum application size for the Issue shall be 100 (One Hundred) Debentures and in multiples of 1 (One) Debenture thereafter.
Option to retain Oversubscription	Nil
Anchor Portion Details	NA
Objects of the Issue	The Issue Proceeds equivalent to 100% of the funds raised by the Issue will be utilized towards the on-lending purpose and for regular business purposes including refinancing of existing debt The Issuer shall not use the proceeds of the Issue towards: a. Any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities; b. Any speculative purposes; c. Investment in the real estate sector, including the acquisition of land, and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; d. Providingor making any inter-corporate deposits to/in any subsidiary and/or associate Issuer; e. Providing any bill discounting facilities; f. making any repayment of any loans availed from its directors and/or Promoters; and/or g. in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group Issuer' then disclosures shall be made in the following format:	Not Applicable
Purpose for which there is requirement of funds	The Issue Proceeds equivalent to 100% of the funds raised by the Issue will be utilized towards the on-lending purpose and for regular business purposes including refinancing of existing debt The Issuer shall not use the proceeds of the Issue towards:

	a. Any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities; b. Any speculative purposes; c. Investment in the real estate sector, including the acquisition of land, and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; d. Providing/extending making any inter-corporate deposits to/in any subsidiary and/or associate Issuer; e. Providing any bill discounting facilities; f. making any repayment of any loans availed from its directors and/or Promoters; and/or g. in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies h. However, pending utilisaiton of proceeds, issuer can place the amount in short-term fixed deposits with banks and invest in untis of liquid/overnight mutual funds as per the investment policy of the issuer.		
Step Up Coupon Rate	In case of downgrade or assignment of any new rating, which is lower than the existing credit rating of the NCDs/Issuer as on Deemed Date of Allotment the Coupon for the balance period would increase by 0.50% ("Step-up Rate") for each notch downgrade in rating and the same will be with effect from the rating downgrade date. The Step Up, in accordance with this clause shall not require any notice, intimation or action on behalf of the Debenture Trustee or the Debenture Holders. In case, rating from multiple rating agencies is available, the lowest rating available for long term borrowing shall be considered for calculation for the the purpose of this clause.		
Coupon Rate	9.75% (Nine decimal Seven Five Percent) per annum payable quarterly		
STRPPs	STRPP - 1	STRPP - 2	STRPP - 3
STRPP Size	Rs. 25,00,00,000/-	Rs. 25,00,00,000/-	Rs. 25,00,00,000/-
Face Value	Rs. 1,00,000/- per STRPP	Rs. 1,00,000/- per STRPP	Rs. 1,00,000/- per STRPP
Issue price	Rs. 1,00,000/- per STRPP	Rs. 1,00,000/- per STRPP	Rs. 1,00,000/- per STRPP
Coupon Type	Fixed	Fixed	Fixed
Coupon Rate	9.75% p.a. payable quarterly	9.75% p.a. payable quarterly	9.75% p.a. payable quarterly
Coupon Payment Frequency	Quarterly and on Redemption Date	Quarterly and on Redemption Date	Quarterly and on Redemption Date
Coupon Payment Date(s)	The Coupon shall be payable on a quarterly basis from the Deemed Date of Allotment and on the Final Redemption Date(s) (subject to the Business Day convention as set out in Annexure I (Illustration of Cash Flows) hereto.	The Coupon shall be payable on a quarterly basis from the Deemed Date of Allotment and on the Final Redemption Date(s) (subject to the Business Day convention as set out in Annexure I (Illustration of Cash Flows) hereto.	The Coupon shall be payable on a quarterly basis from the Deemed Date of Allotment and on the Final Redemption Date(s) (subject to the Business Day convention as set out in Annexure I (Illustration of Cash Flows) hereto.
Cumulative / Non-Cumulative, in case of dividend	Not Applicable	Not Applicable	Not Applicable
Coupon Rate Reset Date(s)	Not Applicable	Not Applicable	Not Applicable
Coupon Reset Process / Spread Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	Not Applicable	Not Applicable	Not Applicable
Tenor	16 months from the Deemed Date of Allotment	32 months from the Deemed Date of Allotment	48 months from the Deemed Date of Allotment
Redemption Amount	Bullet, At par	Bullet, At par	Bullet, At par
Redemption Date	July 28, 2025	November 28, 2026	March 28, 2028
Redemption Premium/ Discount	Not Applicable	Not Applicable	Not Applicable

Discount at which security is issued and the effective coupon as a result of such discount.	NA	NA	NA
Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount	NA	NA	NA
Put Option	Nil	Nil	Nil
Put Option Date(s)	Not Applicable	Not Applicable	Not Applicable
Put Option Price	Not Applicable	Not Applicable	Not Applicable
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable	Not Applicable	Not Applicable
Call Option	Nil	Nil	Nil
Call Option Date(s)	Not Applicable	Not Applicable	Not Applicable
Call Option Price	Not Applicable	Not Applicable	Not Applicable
Call Notification Time (Timelines by which the investor need to intimate Issuer before exercising the call)	Not Applicable	Not Applicable	Not Applicable
Default Interest Rate/ Additional Interest Rate	Without prejudice to the other rights of the Debenture Trustee (including the right to call an Event of Default): a) If, at any time, a Payment Default and /or any other Event of Default occurs, the Issuer agrees to pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding NCDs (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a Payment Default or any other Event of Default until such default is cured or the Debentures are fully redeemed. b) In case delay in execution of Debenture Trust Deed (DTD) and/ or Deed Of Hypothecation (DOH) 1 (One) day prior to filing of the listing application with BSE Limited for listing of the Debentures, and/or perfect the same by filing CHG-9 Form with ROC within requisite timelines, then the Issuer shall, at the option of the Debenture Holders, either (i) return the subscription amount with the agreed rate of interest or (ii) to pay additional coupon at the rate of 2% (Two Percent)per annum over and above the applicable Coupon Rate on all amounts outstanding NCDs (including the Outstanding Principal Amounts and any accrued interest) from the Issue Closure Date until such time DTD and/or DOH is executed and /or perfected. c) If, at any time, a breach of any terms of Financial Covenant or Management Covenant or Rating Covenant, the Issuer agrees to pay additional coupon at the rate of 2% (Two Percent)per annum over and above the applicable Coupon Rate on all amounts outstanding NCDs (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a breach, until the Debentures are fully redeemed or till the covenants criteria has been replenished.		
Day Count Basis (Actual/Actual)	Interest and all other charges shall accrue based on an actual/actual basis.		
Interest on Application Money	At the Coupon Rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque(s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid.		
Minimum application and multiples of Debt securities thereafter	The minimum application size for the Issue shall be 100 (One Hundred) Debentures and in multiples of 1 (One) Debenture thereafter.		
Issue Timing			
1. Issue Opening Date	March 27, 2024		
2. Issue Closing Date	March 27, 2024		

3. Date of earliest closing of the issue, if any.	Not Applicable
4. Pay-in Date	March 28, 2024
5. Deemed Date of Allotment	March 28, 2024
Bidding Details	Open Bidding
Mode of Allotment	Uniform Yield
Manner of Settlement	ICCL
Settlement Cycle	T+1
Settlement Mode of the Instrument	All interest, principal repayments, penal interest and other amounts, if any, payable by the Issuer to the Debenture Holders shall be paid to the Debenture Holders by electronic mode of transfer like RTGS/NEFT/direct credit to such bank account within India as the Debenture Holders' inform the Issuer in writing and which details are available with the Registrar.
Depositories	NSDL and CDSL
Disclosure of Interest/Dividend/ redemption dates	Please refer Annexure I for the indicative cash flows.
Record Date	A Register of Debenture Holders shall be maintained in accordance with Section 88 of the Companies Act, 2013 and the Register of Debenture Holders/the Register of Beneficial Owners, shall be closed 7 (seven) calendar days prior to each Due Date.
All covenants of the Issue (including side letters, accelerated payment clause etc.)	There are no other covenants other than as prescribed in the Placement Memorandum and the Debenture Trust Deed.
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Placement Memorandum.	The outstanding NCD amount, together with interest, default interest remuneration of the Trustee, charges, fees, expenses and all other monies due from the Issuer, shall be secured by (to the satisfaction of the NCD holders): a. First Ranking Exclusive Charge via a deed of hypothecation over specific asset portfolio of receivables of the Issuer ("Hypothecated Assets"**)** with a security cover of 1.00 time ("Minimum Security Cover") to be maintained on the Outstanding Amounts of the NCDs along with coupon thereon at all times during the tenor of the NCDs ("Security")**.** The Issuer shall execute the Debenture Trust Deed and Deed of Hypothecation on or prior to the Deemed Date of Allotment and perfect the same by filing CHG-9 with Registrar of Companies (ROC) with 30 (Thirty) calendar days from execution of Deed of Hypothecation. <u>Eligibility Criteria for the Hypothecated Assets to be maintained at all times during the tenor of the NCDs:</u> a. The Hypothecated Assets should be current at the time of selection and replacement. However on an ongoing basis, the Hypothecated Assets shall not past due above 60 (Sixty) days at any point in time at all during the entire of the NCDs. b. The Hypothecated Assets should not have been restructured and/or rescheduled c. The Hypothecated Assets to be provided to the Debenture Trustee must comprise of only Secured loan portfolio.. d. The Hypothecated Assets are existing at the time of selection, and have not been terminated or prepaid; e. The Hypothecated Assets are free from all Encumbrances and are not subject to any lien or charge; f. All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines. g. The Hypothecated Assets being charged must comply with all extant 'know your customer' norms specified by RBI; h. The Hypothecated Assets generated from lending to Issuer's associate/s & subsidiary/s and/or Related Party shall not be considered for asset cover calculation from this issuance. No drawing power for shall be provided for Issuer's receivables generated from the lending to Issuer's associate/s /subsidiary/s/ Related Party. In case of the replacement of Security or in the event of any fall in the Security Cover below the Minimum-Security Cover, the Issuer shall be obliged to reinstate the Security Cover to atleast the Minimum-Security Cover in terms of the Deed of Hypothecation, within 30 (Thirty) calendar days from the date of such fall in the Security Cover.

	Without prejudice to the obligation of the Issuer in terms of the foregoing, the Issuer shall be liable to pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate from the date on which the Security Cover falls below the Minimum-Security Cover until the date on which it is reinstated in terms of the Transaction Documents.
Undertaking	The Issuer hereby undertakes that the Security to be created on the Hypothecated Assets is free from all Encumbrances and are not subject to any lien or charge. The Issuer shall /has procured required consents wherever applicable prior to the creation of charge for this NCD issue.
Transaction Documents	The Issuer has executed/shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines/ Companies Act 2013 (as applicable) for issuance of NCDs through private placement: a. Debenture Trustee Agreement b. Placement Memorandum; c. Private Placement Offer Letter (Form PAS-4); d. Debenture Trust Deed; e. Deed of Hypothecation; f. Such other documents as agreed between the Issuer and the Debenture Trustee
Conditions Precedent to Disbursement	a. Execution of the Transaction Documents; b. Due diligence certificate (Annexure A) issued by the Debenture Trustee in accordance with the SEBI Debenture Trustee Master Circular as amended from time to time; c. Rating Rationale and press release from the Credit Rating Agency; d. Rating Letter from the Credit Rating Agency e. Debenture Trustee Consent Letter; f. BSE in-principal approval; g. LEI Registration Number h. A certified copy of the resolution of the Issuer's board of directors authorizing the issuance of the Debentures to be provided prior to the Deemed Date of Allotment; i. A certified copy of the resolution of the shareholders of the Issuer under Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013 to be provided prior to the Deemed Date of Allotment; j. A certified copy of resolution of the shareholders of the Issuer under Section 42 of the Companies Act, 2013; k. Duly completed certified/ self-attested KYC Documents of the Authorized Signatories of the Issuer who are executing the Transaction Documents; l. . m. Duly certified true copy of Memorandum and Articles of Association of the Issuer along with the Certificate of Incorporation and RBI Registration Certificate. n. The Issuer to provide a management undertaking that all the borrowing facilities of the Issuer are standard in nature, the Issuer has not defaulted in making any payments in respect thereto, the issuance of the Debentures would not cause any borrowing, or similar limit binding on the Issuer to be exceeded, execution of the relevant Security Documents and creation of the security interests, would not breach any limits under the constitutional documents of the Issuer, there are no proceedings or claims for the recovery of any Tax pending against the Issuer including, without limitation, any income tax proceedings requiring it to obtain the consent of the Assessing Officer under Section 281(1) of the Income Tax Act, 1961 for the purpose of creating security interest in respect of the secured property and the Issuer has obtained all regulatory and statutory consents to issue Debentures.
Conditions Subsequent to Disbursement	The Issuer shall fulfill the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment: a. Receipt of Due diligence certificate (Annexure B) issued by the Debenture Trustee in accordance with the SEBI Debenture Trustee Master Circular as ameded from time to time; b. The Issuer shall ensure that the Debentures are credited into the beneficial owner account(s) of the Debenture within 2 (Two) Business Days from the relevant Deemed Date of Allotment; c. The Issuer will ensure listing of Debentures on the BSE within 3 (Three) working days from the Issue Closure Date; d. The Issuer shall file a copy of Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the relevant registrar of companies within

	15 days from the Deemed Date of Allotment; e. Perfection of the Security over the Hypothecated Assets by filing Form CHG-9 with the Registrar of Companies within stipulated timelines. f. The Issuer shall provide the details on utilisation of funds raised through the issue of Debentures duly certified by the Issuer's statutory auditor to the Debenture Trustee within stipulated timeliness; g. Execution of any other documents as the Debenture Trustee may require.
Representation & Warranties	The Issuer declares, represents and warrants to the Debenture Trustee and the Debenture Holders, as follows which representations and warranties shall be made as on the date of this Placement Memorandum and shall be deemed to be repeated on each date until the Final Settlement Date: 1. Status i. The Issuer has been duly incorporated, organized and is validly existing, under applicable law. ii. The Issuer is a non-banking financial company registered with the RBI and such registration is valid and subsisting; iii. The Issuer has the corporate power, authority and all material permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted. 2. Binding Obligations The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations. 3. Non-conflict with other obligations The entry into and performance by the Issuer of, the transactions contemplated by the Transaction Documents do not and will not conflict with: i. any Applicable Law (including, without limitation, any laws and regulations regarding anti-money laundering or terrorism financing, and similar financial sanctions); ii. its constitutional documents; iii. any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the Financial Indebtedness availed of by the Issuer. 4. Power and authority It has the power to issue the NCDs and enter into, performs and delivers, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents. 5. Validity and admissibility in evidence All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable: i. to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; ii. to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and iii. for it to carry on its business, and which are material, have been obtained or effected and are in full force and effect. 6. No default i. No Event of Default or potential event of default has currently occurred and is continuing or would be expected as a result from the execution or performance of any Transaction Documents or the issuance of the Debentures. ii. No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under

	any other agreement or instrument which is binding on the Issuer or any of its Assets or which might have a Material Adverse Effect. 7. Pari-Passu Ranking i. Each Debenture issued by the Issuer will constitute direct, senior and secured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior, secured investors / lenders and shall rank pari-passu to all senior, secured indebtedness of the Issuer. ii. Each of the Debenture Holders shall inter-se rank pari-passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege. 8. Legal / Litigation Matters i. There are no claims, investigations or proceedings before any court, tribunal or governmental authority in progress or pending against or relating to the Issuer, which would have a Material Adverse Effect. ii. There are no unfulfilled or unsatisfied judgments or court orders in respect of the Issuer. iii. The Issuer has not taken any action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings or no order has been passed for its winding-up, dissolution or re-organization or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, trustee or other similar officer for it or in respect of its assets. 9. No misleading information All information provided by the Issuer to the Debenture Trustee/Debenture Holders is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and is not misleading due to omission to state a fact or otherwise. 10. Compliance; Corporate Matters i. The Issuer has complied with Applicable Law, including without limitation, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021 and all other Applicable Law in respect of the issuance of the Debentures and for the performance of the Issuer of its obligations with respect to the Debentures, and to carry on its business. ii. There has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of any Governmental Authority issued or outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated against the Issuer which would have a Material Adverse Effect. iii. No notice or other communication (official or otherwise) from any Governmental Authority has been issued or is outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated with respect to an alleged, actual or potential violation and/or failure to comply with any such Applicable Law or requiring them to take or omit any action. iv. The Issuer shall complete all necessary formalities including all filings with and notices to the relevant regulatory authorities as may be required, including but not limited to the designated stock exchange (if applicable) and the ROC and obtain all consents and approvals required for the completion of the Issue. v. All legal and procedural requirements specified in the Constitutional Documents or required under the Applicable Law have been duly complied with in all respects in relation to the issue of the Debentures. vi. The registers and minute books (including the minutes of the board and general meetings) required to be maintained by the Issuer under Applicable Law:

1. are up-to-date and have been maintained in accordance with the Applicable Law;
2. comprise complete and accurate records of all information required to be recorded in such books and records; and
3. no notice or allegation that any of them are incorrect and/or should be rectified has been received.

11. Assets

Except for the security interests and encumbrances created and recorded with the ROC (available using CIN U65923TN2015PTC100328) on the website http://www.mca.gov.in/MCA21/index.html under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

12. Financial statements; Accounts and Records

i. Its audited financial statements most recently provided to the Debenture Trustee as of March 31, 2023 were prepared in accordance with Applicable Accounting Standards consistently applied save to the extent expressly disclosed in such financial statements.
ii. Its audited financial statements as of March 31, 2023 provided to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the Financial Year save to the extent expressly disclosed in such financial statements.
iii. The books of accounts of the Issuer have been fairly and properly maintained, the accounts of the Issuer have been prepared in accordance with Applicable Law and the Applicable Accounting Standards, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Issuer and its subsidiaries. The Issuer has a proper, efficient and effective book-keeping and accounting system in place as well as adequate professional staff, including maintaining of accounts showing the loan drawings, payments, interest etc.

13. Solvency

i. The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended from making payments of any of its debts and it has not been deemed by a court to be unable to pay its debts for the purposes of Applicable Law, nor will it become unable to pay its debts for the purposes of Applicable Law as a consequence of entering into the Transaction Documents.

ii. The Issuer, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its Financial Indebtedness.

iii. The value of the Assets of the Issuer is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.

iv. No insolvency or bankruptcy process has commenced under Applicable Law in respect of the Issuer (including pursuant to the IBC and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019) as amended from time to time.

v. No reference has been made, or enquiry or proceedings commenced, in respect of the Issuer, before the National Companies Law Tribunal or under any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the Stressed Assets Framework).

14. Hypothecated Assets

i. The Hypothecated Assets are the sole and absolute property of the Issuer and the Issuer has a clear and marketable title to the Hypothecated Assets.

ii. Other than the security interest created/to be created pursuant to the Transaction Documents, the Hypothecated Assets are free from any other mortgage, charge or encumbrance and are not subject to any lis-pendens, attachment, or other order or process issued by any Governmental Authority.

iii. None of the Client Loans comprising the Hypothecated Assets have been previously sold, transferred or assigned to any other bank or financial institution.

iv. The Transaction Documents executed or to be executed constitute, and shall constitute legal, valid and enforceable security interest in favour of the Debenture Trustee and for the benefit of the Debenture Holders on all the assets thereby secured and all necessary and appropriate consents for the creation, effectiveness, priority and enforcement of such security have been obtained.

v. The Issuer is not aware of any document, judgment or legal process or defects affecting the title, ownership of the Hypothecated Assets which has remained undisclosed and/or which may have a Material Adverse Effect.

15. Material Adverse Effect

i. No Material Adverse Effect has occurred, including without limitation, in relation to the business, condition, operations, performance or prospects of the Issuer.

ii. There are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect.

16. Illegality

It is not illegal or unlawful for the Issuer to perform any of its obligations under the Transaction Documents.

17. Tax Laws

i. The Issuer has complied with all the requirements as specified under the Tax laws as applicable to the Issuer in relation to returns, computations, notices and information which are, or are required to be made or given by the Issuer to any Tax authority for taxation, and for any other Tax or duty purposes, have been made and are correct.

ii. The Issuer has not received any notice of any Tax disputes or other liabilities of Taxes in respect of which a claim has been made or notice has been issued against the Issuer.

18. No Immunity

Neither the Issuer nor any of its assets are entitled to immunity from suit, execution, attachment or other legal process in its jurisdiction of incorporation. The issuance of the Debentures (and the Transaction Documents) constitutes, and the exercise of the Issuer's rights and performance of and compliance with its obligations in relation thereto, will constitute, private and commercial acts done and performed for private and commercial purposes.

19. Confirmations pursuant to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021, as amended from time to time:

With effect from the date of filing of the draft Placement Memorandum with the BSE, as on the date of filing of the draft Placement Memorandum with the BSE in accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021:

	i. the Issuer or the Promoter/ Promoter Group of the Issuer, or the directors of the Issuer have not been debarred from accessing the securities market or dealing in securities by the Securities and Exchange Board of India; ii. no Promoter of the Issuer or director of the Issuer is a promoter or director of any another Issuer which is debarred from accessing the securities market or dealing in securities by Securities and Exchange Board of India; iii. no Promoter of the Issuer or director of the Issuer is a fugitive economic offender; and iv. no fines or penalties levied by Securities and Exchange Board of India or designated stock exchange is pending to be paid by the Issuer. For the purposes of this Placement Memorandum "Material Adverse Effect" shall mean, with respect to any entity, the effect or consequence of an event, circumstance, occurrence or condition including change in credit rating/ outlook/ opinion, change in senior management team, change in the statutory auditor of the Company other than required by the applicable law, change in board of directors' member which has caused, as of any date of determination, or change in applicable regulation by any regulatory authority impacting the current business model or could reasonably be expected to cause a material and adverse effect on: (i) the financial condition, business or operation of the entity which in the opinion of the Debenture Holder is prejudicial to the ability of the entity to perform its obligations under the Transaction Documents; (ii) on the rights or remedies of the Debenture Holders hereunder or under any other Transaction Documents; (iii) the ability of the entity to perform its obligations under the Transaction Documents; or (iv) the legality, validity or enforceability of any of the Transaction Documents. "Final Settlement Date" shall mean the date on which all payments have been irrevocably discharged in full and all the Debentures have been redeemed by the Issuer in full in accordance with the terms of the Transaction Documents and the Debenture Holders have provided a written confirmation of the same to the Issuer (with a copy marked to the Debenture Trustee).
Affirmative and Reporting Covenants	The Issuer hereby covenants with the Debenture Trustee that the Issuer shall at all times till the Final Settlement Date: 1. **Use of Proceeds** use the proceeds of the Issue only for the Purpose and in accordance with Applicable Law and the Transaction Documents; 2. **Costs and Expenses** pay all reasonable costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Company before they are incurred and shall not include any foreign travel costs; 3. **Payment of Rents, etc.** pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when such amounts are payable; 4. **Preserve Corporate Status** (i) diligently preserve and maintain its corporate existence and status and all rights, privileges, and concessions now held or hereafter acquired by it in the conduct of its business; (ii) comply with all acts, authorisations, consents, permissions, rules,

regulations, orders and directions of any Governmental Authority; and

(iii) not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the Outstanding Amounts might or would be hindered or delayed;

5. **Pay Stamp Duty**

pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the applicable state laws. In the event the Company fails to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee shall be at liberty (but shall not be bound) to pay such amounts and the Company shall reimburse the aforementioned amounts to the Debenture Trustee on demand;

6. **Furnish Information to Debenture Trustee**

(i) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business of the Company or to investigate the affairs of the Company;

(ii) allow the Debenture Trustee to make such examination and investigation as and when deemed necessary and shall furnish the Debenture Trustee with all such information as they may require and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation;

(iii) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require for the purpose of filing any relevant forms with any Governmental Authority (including but not limited to the CERSAI) in relation to the Debentures and the Hypothecated Assets;

(iv) furnish reports to the Debenture Trustee any and all information required to be provided to the Debenture Holders under Applicable Law;

7. **Redressal of Grievances**

promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

8. **Comply with Investor Education and Protection Fund Requirements**

comply with the provisions of the Companies Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund ("**IEPF**"), if applicable to it. The Company hereby further agrees and undertakes that until the Final Settlement Date it shall abide by the regulations, rules or guidelines/listing requirements if any, issued from time to time by the Ministry of Corporate Affairs, RBI, SEBI or any other competent Governmental Authority;

9. **Corporate Governance; Fair Practices Code**

comply with any corporate governance requirements applicable to the Company (as may be prescribed by the RBI, or any other Governmental Authority) and the fair practices code prescribed by the RBI;

10. **Further Assurances**

(i) provide details of any litigation, arbitration or administrative proceedings;

(ii) comply with any monitoring and/or servicing requests/calls from the Debenture Trustee on a quarterly basis and at such other time periods as the Debenture Trustee may reasonably request;

(iii) execute and/or do, at its own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by Applicable Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;

(iv) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations and licenses necessary to enable it to lawfully enter into and perform its obligations under this Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of this Deed;

(v) comply with:

(A) all Applicable Law (including but not limited to the Companies Act, the environmental, social and taxation related laws, all directions issued by regulatory authority, as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time;

(B) the Debenture Trustees Regulations as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 of the Debenture Trustees Regulations thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures;

(C) the provisions of the Companies Act in relation to the Issue;

(D) procure that the Debentures are rated and continue to be rated until the Final Settlement Date;

(E) ensure that, at time of making any payment of interest or repayment of the principal amount of the Debentures in full or in part, the Company shall do so in the manner that is in accordance with Applicable Law relating to Tax but without, in any way requiring the Company to incur any additional costs, expenses or taxes and the Company shall avail of all the benefits available under any treaty applicable to the Company and/or the Debenture Holders; and

(F) if so required, the terms of Chapter XI (Operational framework for transactions in defaulted debt securities post maturity date/

redemption date) of the Listed NCDs Master Circular, and provide all details/intimations to the Debenture Trustee, the Depositories, and BSE (as the case may be) in accordance with therein;

(vi) to the extent applicable, it will submit to the Debenture Trustee, on a quarterly basis, a certificate from the statutory auditor of the Company giving the value of receivables/book debts; and

(vii) it will provide all necessary assistance and cooperation to, and permit the Debenture Trustee to conduct periodical checks, verifications, due diligence and other inspections (at such frequency and within such timelines as may be determined by the Debenture Trustee) in respect of the books and accounts of the Company and the Hypothecated Assets;

11. **Security**

the Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:

(i) the Debentures shall be secured by way of a exclusive and continuing charge on the Hypothecated Assets in favour of the Debenture Trustee for the benefit of the Debenture Holders on or prior to the Deemed Date of Allotment;

(ii) all the Hypothecated Assets that will be charged to the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to the Transaction Security and be dealt with only under the directions of the Debenture Trustee;

(iii) the Company shall not create any charge, lien or other encumbrance upon or over the Hypothecated Assets or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice the Transaction Security;

(iv) the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve the Transaction Security and to maintain the Transaction Security undiminished and claim reimbursement thereof;

(v) to create the security over the Hypothecated Assets as contemplated in the Transaction Documents on or prior to the Deemed Date of Allotment by executing the duly stamped Deed of Hypothecation;

(vi) to register and perfect the security interest created thereunder by filing Form CHG-9 with the concerned ROC and ensuring and procuring that the Debenture Trustee files the prescribed Form I with CERSAI reporting the charge created to the CERSAI in relation thereto in accordance with the timelines set out in the Deed of Hypothecation;

(vii) the Company shall, at the time periods set out in the Deed of Hypothecation, provide a list of the Hypothecated Assets to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover;

(viii) the Company shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/Client Loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained or replace such

Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents;

(ix) the Company shall, on a half yearly basis, as and when required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Hypothecated Assets from time to time;

(x) furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee in respect of the Hypothecated Assets;

(xi) furnish and execute all necessary documents to give effect to the Hypothecated Assets;

(xii) the Hypothecated Assets shall fulfil the eligibility criteria set out in the Deed of Hypothecation;

(xiii) nothing contained herein shall prejudice the rights or remedies of the Debenture Trustee and/or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Company to the Debenture Trustee and/or the Debenture Holders;

(xiv) the Debenture Holders shall have a beneficial interest in the Hypothecated Assets of the Company which have been charged to the Debenture Trustee to the extent of the Outstanding Amounts of the Debentures under this Deed; and

(xv) to forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the Hypothecated Assets and such amounts shall be deemed to be secured by the Hypothecated Assets;

12. **Filings; Compliance with Applicable Law**

the Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:

(i) the Company shall comply with the relevant provisions of the SEBI LODR Regulations applicable to listed entities which have listed their non-convertible securities, including (to the extent applicable), the provisions of Chapter II (Principles governing disclosures and obligations of listed entity), Chapter III (Common obligations of listed entities), Chapter IV (Obligations of a listed entity which has listed its specified securities and non-convertible debt securities), and Chapter V (Obligations of listed entity which has listed its non-convertible securities) of the SEBI LODR Regulations;

(ii) The Issuer shall submit to the Debenture Trustee, within 15 (Fifteen) calendar days from the end of each month listing the Hypothecated Assets and the value thereof,.

(iii) it will provide all such assistance to the Debenture Trustee as may be required by it, to carry out the necessary due diligence and monitor the security cover in the manner as may be specified by SEBI from time to time. In this regard, in accordance with Chapter VI (Periodical/ Continuous Monitoring by Debenture Trustee) of the SEBI Debenture Trustees Master Circular, the Company undertakes and agrees to provide all relevant documents/information, as applicable, to enable the Debenture Trustee to

submit the following reports/certifications to BSE in accordance with Chapter VI (Periodical/ Continuous Monitoring by Debenture Trustee) of the SEBI Debenture Trustees Master Circular.

(A) a security cover certificate on a quarterly basis, within 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant Financial Year) and within 90 (ninety) days from March 31 of the relevant Financial Year or such other timelines as may be prescribed under Applicable Law in the format prescribed in the SEBI Debenture Trustees Master Circular;

(iv) it will submit to the BSE, on a periodical basis and/or on an 'as and when' basis (depending upon the occurrence of any event), such information as prescribed under the SEBI Centralized Database Requirements, in such format as may be prescribed by the BSE;

(v) it will provide/fill all such information as prescribed under the SEBI Centralized Database Requirements at the time of allotment of the International Securities Identification Number (ISIN) in respect of the Debentures;

(vi) it will submit to the Debenture Trustee, on a quarterly basis a certificate from the statutory auditor of the Company giving the value of receivables/book debts including compliance with the covenants set out in the Debt Disclosure Documents in such manner as may be specified by SEBI from time to time;

(vii) and

(viii) it will provide such assistance as may be required by the Debenture Trustee to, prior to the creation of charge to secure the Debentures, exercise independent due diligence to ensure that such security is free from any encumbrance or that the necessary consent(s) from other charge-holders (if applicable) have been obtained in the manner as may be specified by the SEBI from time to time;

13. **Internal Control**

maintain internal control for the purpose of:

(i) preventing fraud on amounts lent by the Company; and

(ii) preventing money being used for money laundering or illegal purposes;

14. **Audit and Inspection**

subject to the providing of a prior notice of 15 (fifteen) days, permit visits and inspection of books of records, documents and accounts to the Debenture Trustee and other authorised representatives of the Debenture Holders at such time periods as may be reasonably requested by them;

15. **Filings, Information to the Debenture Trustee**

a. The Issuer shall submit to the Debenture Trustee and to the Debenture Holder(s), if so requested) within 120 (One Hundred and Twenty) days from the close of each Financial Year:

i. its duly audited annual financial statements;
ii. a certificate from a director of the Issuer/ the chief financial officer/

	authorized signatory of the Issuer confirming that no Event of Default or potential Event of Default has occurred or is subsisting; iii. all information/ documents required to be submitted by the Issuer to the RBI on an annual basis in respect of such Financial Year. iv. Such other information as may be required to be complied by the Issuer as per the applicable regulations. b. The Issuer shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), within 45 (Forty-Five) calendar days from the close of each quarter in a Financial Year: i. its quarterly financials along with the relevant schedules thereto; ii. MIS on report to be Issuer iii. the list of the directors on the board of directors of the Issuer; iv. the shareholding pattern of the Issuer; v. the details of transactions with related parties and balances outstanding on a quarterly basis; vi. the debt profile of the Issuer (including, without limitation, the non-convertible debentures issued by the Issuer) with detailed terms of borrowings availed by the Issuer; vii. Related Parties balances outstanding on a quarterly basis. viii. Asset liability management ("ALM") statement of the Issuer for such quarter; ix. Liquidity position of the Issuer at the end of such quarter, in a format acceptable to the Debenture Holders; x. xi. Information on any fraud amounting to more than 1% of Gross Loan Portfolio; xii. Such other information as may be required to be complied by the Issuer as per the applicable regulations; c. Event Based Reporting The Issuer shall provide to the Debenture Trustee information in respect of the following events forthwith and in any event not later than 15 (Fifteen) calendar days from the occurrence of such event: (i) Any changes effected in shareholding structure of the Issuer (except due to change in shareholding due to ESOPs); (ii) Any change in the composition of the board of directors of the Issuer; (iii) Any change in the KMPs of the Issuer as per Companies Act; (iv) Any amendment to the constitutional documents of the Issuer which affects the rights of the Debenture Holder(s); (v) Any Material Adverse Effect; (vi) Any dispute, litigation, investigation or other proceeding against the Issuer and/ or any notice in this regard received by the Issuer for an amount more than 1% of the Networth of the Issuer; (vii) Resignation of the statutory auditor of the Company along with the reason of the regination (i) d. Other notification/ intimation to the Debenture Trustee: The Issuer shall provide information to the Debenture Trustee in respect of the following promptly on the occurrence of such event: E. notify the Debenture Trustee in writing, of any notice of an application or petition for insolvency and/ or winding up having been made or receipt of any statutory notice of insolvency and/ or winding up under the provisions of the Act or any other notice under any other Applicable Law or otherwise of any suit or legal process intended to be filed affecting the title to the property of the Issuer; F. notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause any of the representations

	and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any respect; G. provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Issuer as the Debenture Trustee may request; H. notify the Debenture Trustee promptly of any revision in the rating or assignment of a fresh rating provided by any Rating Agency to the Debentures; I. inform the Debenture Trustee promptly about any failure to create, perfect and maintain the Security and about all orders, directions, notices of court/tribunal affecting the Hypothecated Assets; J. The Issuer agrees that it shall forward to the Debenture Trustee promptly: a) a copy of the statutory auditors' and directors' annual report, balance sheet and profit and loss account and of all periodical and special reports at the same time as they are issued; b) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and c) a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media. K. The Issuer shall forthwith provide a written intimation to the Debenture Trustee of any event which constitutes an Event of Default or which may with the expiry of time be classified as an Event of Default, specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy the same. L. The Issuer shall keep the Debenture Trustee and Debenture Holders informed of all the orders, directions or notices of any court or tribunal affecting or likely to affect the assets (or any part thereof) of the Issuer. M. The Issuer shall forthwith provide to the Debenture Trustee the details of any litigation, arbitration or administrative proceedings filed or initiated against the Issuer. N. Submit to the Debenture Trustee, if so requested, a statement that the assets of the Issuer which are available by way of security is/are sufficient to discharge the claims of the Debenture Holders as and when they become due. O. Such information as the Debenture Holders may require as to all matters relating to the business, property and affairs of the Issuer that materially impacts the interests of the Debenture Holders and provide access to relevant books of accounts, documents and records in relation to this Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers of the Issuer including the registers relating to the Hypothecated Assets as required by the Debenture Trustee and to take copies and extracts thereof. 2. The Issuer hereby agrees and undertakes that the Promoter Debt if any shall at all times be contractually subordinated (in ranking and payment) to the Secured Obligations, at any time after the occurrence of a payment default for any financial indebtedeness, no payments shall be made in respect of the Promoter Debt except with the express prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders). 3. The Issuer hereby further agrees, declares and covenants with the Debenture

	Trustee as follows: (i) The Debentures shall be secured by way of a first ranking exclusive charge on the Hypothecated Assets; (ii) that the Issuer is not aware of any document, judgment or legal process or defects affecting the title, ownership of the Security which has remained undisclosed and/or which may have Material Adverse Effect on the Debenture Holders. 4. Filings The Issuer shall cooperate with the Debenture Trustee/ Debenture Holders in connection with any assistance the Debenture Trustee/ Debenture Holders may require for the purpose of submitting information in relation to the Debentures and the Transaction Documents to any relevant information utility in accordance with the IBC, and to confirm or authenticate all filings and information sought to be uploaded, and update or modify or rectify any errors in such financial information submitted. For the purposes of this Placement Memorandum: "Financial Year" shall mean the financial year of the Issuer used for the purposes of accounting; "IBC" shall mean the Insolvency and Bankruptcy Code, 2016 and the rules and regulations issued in respect thereof, as the same may be amended, modified and supplemented from time to time; "Promoter Debt" shall mean all existing and future Financial Indebtedness availed of by the Issuer from the Promoters. "Secured Obligations" shall means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Company to the Debenture Holders or the Debenture Trustee under the Transaction Documents, including without limitation, the making of payment of any interest/ interest accrued thereon, redemption of principal amounts, the default interest, additional interest, liquidated damages and all fees, costs, charges, expenses and other amounts payable by the Company in respect of the Debentures.
Negative Covenants	The Issuer shall maintain below mentioned covenants during the entire tenor of the NCDs and till all the amounts outstanding are been duly repaid, in case of any change, the Issuer to seek a prior-written consent of the Majority Debenture Holders and Debenture Trustee. Provided that in the event the Issuer has provided a prior written request to all the Debenture Holder(s) in relation to any action under any of the Negative Covenant that the Issuer proposes to take and the Majority Debenture Holder(s) have not responded within a period of 15 (Fifteen) calendar days from the date of such written request being provided by the Issuer (upon a written one reminder being provided by the Issuer to all the Debenture Holder(s) after the expiry of 10 (Ten) calendar days from the date of such written request), the consent of the Majority Debenture Holder(s) shall then be deemed to be provided to the issuer for undertaking such action and the Issuer shall then be permitted to undertake such action without obtaining any further consent from the Majority Debenture Holder(s): a) Change the general nature of its business from that which is permitted as Non-Banking Financial Company by the RBI. b) Change in its Constitutional Documents in any material way or reduce its authorized capital in any way which would prejudicially affect the interests of the Debenture Holders. c) Any change in the capital structure (except increase in Share Capital due to capital infusion and/or ESOPs) of the Issuer at any point of time during the tenor of the NCDs. d) Change in the financial year end from 31st March unless such change is

	mandatorily required to be made for compliance with Applicable Law. e) Declare or pay any dividend or make any distributions on its share capital (other than dividends or distributions payable on shares of the Company), unless: i. no Event of Default has occurred and is then continuing after a cure period as mentioned in Event of Default Clause and ii. the Company is in compliance with the Financial Covenants iii. Until the Issuer has paid or has made satisfactory provision for payment of the installments of the principal due and interests/coupon due on the Debentures; f) Undertake or permit any merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction. Acquire any company, business or undertaking if the amount of the acquisition cost, whether paid by cash or otherwise, when aggregated with the aggregate acquisition cost of any other companies, business or undertaking acquired by it during that financial year exceeds 10% (Ten Percent) of the Equity. g) Acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or transfer any assets or lend to or guarantee or indemnify or give security for the obligations of a joint venture (or agree to transfer, lend, guarantee, indemnify or give security for the obligations of a joint venture) exceeding 10% Ten Percent) of the Equity. h) Effect any change in the statutory auditors of the Company, other than as per mandatory requirement under Applicable Law. i) Undertake any new business outside financial services or any diversification of its business outside financial services. j) Appoint or continue to the appointment of any person as a director/ or a key managerial person of the Company who is classified as a wilful defaulter as a director. k) Enter into any contractual obligation which may adversely affect the financials standing. l) Apply to the court for the winding up of the Company or agree to the winding up of the Company. m) Sell, transfer, or otherwise dispose of in any manner whatsoever any Assets of the Company, other than any securitization/ direct assignment transaction undertaken by the Company in the ordinary course of its business as per applicable RBI Master Directions or any amendment, supplement or restatement thereto. It is clarified that, a securitization/ direct assignment representing an exit of line of business will not be construed as being in the ordinary course of business of the Company and the Company shall not be permitted to effect the same except after obtaining the prior written consent of the Debenture Trustee. n) Enter into compromise or arrangement or settlement with any of its creditors (secured and unsecured) that would prejudicially affect the interest of the Debenture Holders. o) Participate in any involuntary process under the IBC or Undertake/permit any

	voluntary process under the IBC. p) Unsecured Borrowings from Promoters/ related parties/ Inter Corporate Deposits from related parties held by the Issuer shall not be repaid (except by way of equity conversion) in-case of any payment default in any of the financial indebentdeness of the Issuer.
Financial Covenants	The Issuer shall maintain the below mentioned covenants during the entire tenor of the Debentures and till all the amounts outstanding is being duly repaid: a. Total Debt/Tangible Net Worth ratio to be within 4x. b. Capital Adequacy Ratio (CAR) of atleast 18% or as per applicable RBI regulation, whichever is higher. Of the above CAR, Tier-I to remain at minimum of 12%. c. Gross NPA not to exceed 5% of Gross Loan Portfolio d. Net NPA to Tangible Net Worth shall not exceed 10%. e. Earnings: After-tax Net Income (excluding extraordinary income) to remain positive. f. Issuer to adhere with LCR framework/ guidelines as per directions by RBI applicable to NBFC from time to time. g. There shall not be any negative mismatches on cumulative basis in any of the buckets till the next one year of ALM statement after incorporating all the liabilities of the Issuer incorporating Put Options/ Reset Options etc. (in any form). The asset will include all the unencumbered Cash and Cash equivalent maturing across all the buckets of the ALM as part of the opening asset balance. Unutilized bank lines, undisbursed committed sanctions of the company and cash credit limits shall not be taken into account while testing the same. All covenants would be tested on quarterly basis i.e. as on 31 March, 30 June, 30 Sept and 31 Dec every year, starting from March 31, 2024 on consolidated and standalone balance sheet till the redemption of the NCDs. The above Financial Covenants shall be certified by the Statutory Auditor of the Issuer within 45 (Forty Five) calendar days from the end of each reporting quarter. In case of breach of any of the covenants, the Issuer shall pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the NCDS (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a breach, until the NCDs are fully redeemed or till the covenants criteria has been replenished. **<u>Definitions</u>** a) "Total Debt" shall include the following: - All Long-Term Borrowings, including ineligible portion of subordinated debt in form of Tier II Capital including current maturities - All Short Term Borrowing - Financial Guarantees Provided if any - Letter of Comfort/Shortfall undertaking provided by the Issuer, if any b) Equity/Net Worth Shall Include the following: - Equity Share issued by the Issuer - CCPS issued by the Issuer - Reserve and Surplus of the Issuer

	c) "Capital Adequacy Ratio" means the capital adequacy ratio as defined by the Reserve Bank of India from time to time; For the purpose of calculation of minimum capital ratio: (i) credit enhancements provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital without any ceiling. The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital. (ii) First loss default guarantee provided by the Company on Co-lending/business correspondent portfolio shall be reduced from Tier I Capital without any ceiling. (iii) Second loss default guarantee provided by the Company on Co-lending/business correspondent portfolio shall be added to Risk Weighted Assets with 100% risk weight (iv) It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI. d) "Gross NPA" shall be arrived at in accordance with applicable RBI regulations governing asset classification and provisioning for NBFCs. e) "Gross Loan Portfolio" shall include on balance sheet portfolio including Securitization; f) "EBIT" means earnings before interest and tax and shall include one-time time / exceptional items (profit or loss) in its computation; g) "PAT" shall be profit after tax and shall include one-time time / exceptional items (profit or loss) in its computation; h) "Net NPA" shall be arrived at in accordance with applicable RBI regulations governing asset classification and provisions for NBFCs. i) "Tangible Net-worth" shall mean the Equity, as reduced by the, intangible assets, goodwill, deferred tax assets, revaluation reserve, miscellaneous expenses, investment in security receipts and any credit enhancement provided by the Company on managed asset book.
Rating Covenants	The Issuer shall maintain the below mentioned covenants during the entire tenor of the NCDs and till all the amounts outstanding is being duly repaid: a) The Issuer shall ensure that there is no suspension of the credit rating of the Issuer and/ or the Debentures by any of the credit rating agency. b) The Credit Rating of the Issuer from any credit rating agency to remain at minimum of "BBB+/Stable". c) The Issuer shall ensure that there is no assignment of new long-term credit rating at BBB+ or below from any credit rating agency; The occurrence of events above will be determined by the Debenture Holders solely and at its discretion.
Holding and Management Covenants	The Company undertakes that the following covenants ("Management Covenant(s)") shall be maintained at all times until the Final Redemption Date, unless the prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) is obtained: a) Mr. D Arulmany shall continue to be designated as the Managing Director & Chief Executive Officer of the Company & also be designated on the Board of the Company.
Early Optional Redemption	The Issuer shall require to redeem the Debentures along with accrued coupon/interest upon the occurrence of any of the below mentioned events ("Early Optional Redemption

	Events"): 1. Breach of any of the covenants as mentioned under the Financial Covenants 2. Breach of any of the covenants as mentioned under the Rating Covenants; 3. Breach of any of the covenants as mentioned under Management Covenants' 4. Occurrence of Material Adverse Effect/ any results of any Annual Review conducted by the Debenture Holder not being to the satisfaction of the Debenture Holder. 5. Any legal or regulatory decision resulting in suspension/ revocation of the NBFC license; Upon happening of any of the Early Optional Redemption Events as mentioned above, the Issuer shall immediately not later than 1 (One) business day issue a notice to the Debenture Trustee for redemption of Outstanding Amounts in relation to Debentures ("**Early Optional Redemption Date").** The Issuer shall be required to make payment of the aggregate amounts outstanding in relation to such debentures, to all the Debenture Holder(s) including any unpaid Principal Amount, accrued but unpaid Coupon/Interest, Default Interest (if applicable) and liquidated damages (if applicable) within 25 (Twenty-Five) calendar days of the Early Optional Redemption Date. Provided that if the Issuer fails to redeem the Debentures and pay outstanding amounts to all Debenture Holder(s) within the specified time period, the Issuer shall pay interest at the rate of 15% (Fifteen Percent) per annum for the period of delay.
Issuance mode of the Instrument	On a Private Placement basis on a dematerialized form
Trading mode of the Instrument	Dematerialized form
Event of Defaults (including manner of voting /conditions of joining Inter Creditor Agreement)	An Event of Default ("Event of Default") shall have occurred upon the happening of any event or circumstances mentioned hereunder: 1. **<u>Payment based Defaults</u>**: (a) The Issuer does not pay on the Due Date(s) any amount payable in terms of the Transaction Documents at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 1 (One) business day of the relevant Due Date and/or (ii) the payment made by the Company is returned due to the bank details provided by Debenture Holder(s) being incorrect or invalid; (b) An event of default shall arise if the Issuer: i. defaults in any payment of Financial Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Financial Indebtedness was created; or ii. defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such Financial Indebtedness to become due prior to its stated maturity; or iii. any Financial Indebtedness of the Issuer is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof; provided that if the above-mentioned Event of Default is capable of being remedied in the sole discretion of the Debenture Holders, the Majority Debenture Holders may provide a cure period as deemed appropriate to them; (c) Failure of the Issuer to make payment of the aggregate amounts outstanding along with the accrued interest and other charges in relation to the Debentures within stipulated timelines in terms of the Transaction Documents upon exercise of the Optional Accelerated Redemption Option and /or Put Option. (d) The Issuer admits in writing its inability to pay its debts as they fall due or

suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with one or more creditors with a view to rescheduling its indebtedness;

2. **Security based Defaults:**

(a) If the Issuer fails to create and / or perfect the Security (i.e., filing CHG-9 Form with ROC) within the stipulated timelines.

(b) In the event that the Security Cover falls below the Minimum-Security Cover and the Issuer fails to reinstate the same within 30 (Thirty) calendar days from the date of such fall in the Security Cover;

3. **Covenants & Information based Defaults:**

(a) Breach of any terms, covenants (including, without limitation, negative covenants, affirmative covenants, reporting covenants) or obligation under the Transaction Documents.

(b) If the Issuer fails to share any information within 5 (five) calendar days upon the request by a debenture holder(s).

4. **Defaults relating to validity of the Transaction Documents**

(a) The Placement Memorandum or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable.

(b) It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any other obligation of the Issuer under any transaction documents are not or cease to be valid, binding or enforceable.

(c) Any representation or warranty made by the Issuer in any transaction document or in any certificate, financial statement or other document delivered to the Debenture Trustee/ Debenture Holders by the Issuer is/are incorrect, false or misleading in any respect when made or deemed made;

(d) The Issuer repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents;

(e) Any of the Transaction Document failing to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests failing to have the priority contemplated under the Transaction Documents, or the security interests becoming unlawful, invalid or unenforceable or the Security over the Hypothecated Assets is in jeopardy;

5. **Other Defaults**

(a) There shall have occurred Material Adverse Effect;

(b) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

i. the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;
ii. the composition, compromise, assignment or arrangement with any creditor of the Issuer;
iii. the appointment of a liquidator, receiver or similar other officer in respect of a composition, compromise, assignment or arrangement with any creditor of the Issuer;
iv. enforcement of any security over any assets of the Issuer or any analogous procedure or step is taken in any jurisdiction;
v. any other event occurs or proceeding is instituted that under any applicable law would have an effect analogous to any of the events listed in paragraph (i), (ii), (iii) and (iv) above;

	(c) Any Governmental Authority including without limitationCentral Bureau of Investigation (CBI), Directorate of Enforcement, Serious Fraud Investigation office (SFIO), condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets (including assets forming part of the security) of the Issuer or of its share capital, or takes any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or a substantial part of its business or operations; (d) The Issuer's organizational status or any licenses or franchise is revoked or suspended by any government agency or authority after the Issuer has exhausted all remedies and appeals relating thereof; (e) Surrender, revocation or suspension of the Issuer's certificate of registration as a non-banking financial Issuer by the Reserve Bank of India provided that this shall not apply where such certificate of registration is surrendered pursuant to obtaining a banking license; (f) The listing of the Debentures ceases or is suspended at any point of time prior to the Final Redemption Date. (g) The Issuer ceases to carry on its business or any substantial part thereof or gives notice of its intention to do so. (h) The Issuer has taken or suffered to be taken any action for reorganization of its capital or any rearrangement, merger or amalgamation without prior approval of the Debenture Holders in terms hereof; (i) Any material act of fraud, embezzlement, misstatement, misappropriation, or siphoning off of the Issuer's/Promoter's funds or revenues or any other act having a similar effect being committed by the management of the Issuer/ Promoter. (j) The Promoters and/or the directors/ or the key managerial personnel of the Issuer are charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the Promoters and/or the directors and/ or the key managerial personnel of the Issuer, including any accusations, charges and/or convictions of any offence relating to bribery or being declared a willful defaulter. (k) In the event that an application for corporate insolvency resolution process of the Issuer is filed or any form of communication indicating an intention to file such application is issued or any creditor of the Issuer takes any steps requesting the filing of such application, in each case, by the appropriate regulator, under the IBC and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019; (l) If the Issuer commences any voluntary proceedings under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect (including by passing any resolution of the Board or the shareholders/creditors of the Issuer) or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consents to the appointment of or the taking of possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property; (m) If a petition is filed for the winding up of the Issuer under the Companies Act, 2013 and the same is not stayed or dismissed within a period of 15 days of its filing; (n) Any order/ judgement passed by any of the regulatory authorities against any of the Promoter / Promoter Group /Issuer resulting in debarment of the Promoter / Promoter Group/Issuer for raising funds from the financial markets. (o) The Issuer commences negotiations with one or more of its lenders/ debenture trustees/ debenture holders with a view to rescheduling any of its indebtedness or failure or inability of the Issuer to pay its debts as they mature.

	In case of breach of any of the above-mentioned covenants, the Issuer shall have a cure period of 30 (Thirty) calendar days to rectify such breach. However, there shall be no cure period for Payment based Defaults. Subject to the approval of the debenture holders and the conditions as may be specified by the appropriate authority from time to time, the Debenture Trustee, on behalf of the debenture holders, may enter into inter-creditor agreements provided under the framework specified by the Reserve Bank of India. The voting shall be through show of hands or poll or through such other manner as the Majority Debenture Holder/s may deem fit.
Provisions related to Cross Default Clause	As mentioned in paragraph Clause 1 (b) of the section titled 'Events of Default'
Consequences Of Events Of Default	If one or more Events of Default occur(s) (other than a Payment Default), the Debenture Trustee may, on the instructions of the Majority Debenture Holders in accordance with the DTD, or where a Payment Default occurs, the Debenture Trustee may, on the instructions of any Debenture Holder in accordance with the DTD, by a notice in writing to the Issuer initiate the following course of action: (a) require the Issuer to mandatorily redeem the Debentures and repay the Outstanding Principal Amounts, along with accrued but unpaid interest and other costs, charges and expenses incurred under or in connection with the DTD and the other Transaction Documents; (b) accelerate the redemption of the Debentures and declare all or any of the Debentures to be due and payable immediately (or on such date(s) as may be prescribed by the Debenture Trustee), whereupon it shall become so due and payable; (c) enforce the security interest created under the Transaction Documents (including in respect of the Transaction Security) in accordance with the terms of the Transaction Documents; (d) appoint any independent agency to inspect and examine the working of the Issuer and give a report to the Debenture Holders/the Debenture Trustee. The Issuer shall provide its full co-operation and necessary assistance to such agency and bear all costs and expenses of examination, including the professional fees, travelling and other expenses; (e) appoint a nominee director in accordance with the DTD; (f) take any actions in respect of Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular in accordance with the provisions of the DTD; and (g) take all such other action, and exercise such other right as is permitted under the DTD, the other Transaction Documents or under Applicable Law, including any action that may be required for the purposes of protecting the interests of the Debenture Holders. (h) without prejudice to its other rights hereunder or under IBC or any other applicable Law, in its sole discretion to exercise all the rights, powers and remedies vested in it for the protection, perfection and enforcement of its rights in respect of the Security herein. (i) Disclosure of information to the relevant authorities or regulatory such as Credit Information Bureau (India) Limited and/or any other agency so authorized by the Reserve Bank of India in any such manner that deem fit to the Debenture Trustee.

	Notice on the Occurrence of an Event of Default (a) If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default, has occurred, the Issuer shall, forthwith give notice thereof to the Debenture Holders and the Debenture Trustee in writing specifying the nature of such event or Event of Default. (b) In addition to the foregoing, in accordance with Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular, the Debenture Trustee shall send a notice to the Debenture Holders within 3 (three) days of the occurrence of an Event of Default, in accordance with the mode of delivery of notice mentioned therein, convening a meeting within 30 (thirty) calendar days of the occurrence of an Event of Default. PROVIDED THAT if the Event of Default is cured or rectified within the intervening period between the date of the aforementioned notice from the Debenture Trustee to the date the aforementioned meeting is convened, no such meeting of the Debenture Holders shall be required. The Debenture Trustee shall maintain the details of the providing and receipt of such notice in accordance with Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular. **Additional obligations of the Debenture Trustee** (a) In respect of Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular, the entering into, and the performance of any obligations under any inter-creditor agreement (pursuant to the Stressed Assets Framework) or any resolution plan shall be subject to the terms of Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular (including without limitation, the resolution plan being finalised within the time period prescribed in Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular, and exiting of the inter-creditor agreement on the occurrence of the matters prescribed under Chapter X (*Breach of Covenants, Default and Remedies*) of the SEBI Debenture Trustees Master Circular. (b) In the event the Recovery Expense Fund is proposed to be utilised for the purposes of enforcement of the Security, the Debenture Trustee shall follow the procedure set out in Chapter IV (*Recovery Expenses Fund*) of the SEBI Debenture Trustees Master Circular. (c) The Debenture Trustee shall access the centralized database of corporate bond/debentures and verify the information regarding default history and other relevant information of the Issuer. In case of any discrepancy in the information of the Issuer, the Debenture Trustee shall notify the same to the BSE and update the correct information in the centralized database, within the timelines prescribed under the SEBI Centralized Database Requirements.
Creation of recovery expense fund	The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI DT Master circular dated March 31, 2023 (bearing reference number:SEBI/HO/DDHS-PoD1/P/CIR/2023/109) and inform the Debenture Trustee of the same. The recovery expense fund shall be utilised in such manner and for such purposes as is more particularly provided under the said Regulations and Applicable Law.
Conditions for breach of covenant (as specified in the Debenture Trust Deed)	The Conditions for breach of covenants if any shall be specified in the Debenture Trust Deed.
Right to Re-purchase and Re-issue the Debenture	The Issuer, subject to the prevailing guidelines, rules/regulations of the Reserve Bank of India and the Securities and Exchange Board of India and other Authorities, shall have the option from time to time to repurchase a part or all of the Debentures from the secondary markets or otherwise, on prior mutual consent(s) from the debenture

	holder(s), at any time prior to the date of maturity. In the event of a part or all of its Debentures being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Issuer shall have, and shall be deemed to have had, the power to reissue the Debentures either by reissuing the same Debentures or by issuing other Debentures in their place. Further the Issuer, in respect of such repurchased/redeemed Debentures shall have the power exercisable either for a part or all of those Debentures, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by the Applicable Law.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s).
Risk Factors pertaining to the Issue	As mentioned in the Placement Memorandum under captioned "Risk Factor"
Business Day	Any day of the week (excluding, Saturdays, Sundays and any day which is a public holiday) on which banks are normally open for business in Mumbai & Chennai, India
Business Day Convention	If any Coupon Payment Date(s) or any other Due Date(s) for the performance of any event falls on a day that is not a Business Day, then the succeeding Business Day will be considered as the effective date. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact. If the Final Redemption Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.
Reissuance	Issuer reserves the right to make multiple issuances under the same ISIN with reference to Listed NCDs Circular or such other amended circular issued by the SEBI from time to time. Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium / par / discount as the case may be in line with said SEBI circular.
Indemnification	The Issuer and Promoter shall indemnify and hold harmless and agree to keep the Debenture Trustee and its Directors / employees / representatives indemnified against any loss or deficiencies suffered or liabilities and expenses incurred including penalties and interest or withholding of taxes, statutory liabilities or in the event of breach by the Issuer of or any agreement and their obligations during the tenor of the Debentures and any non-compliance with the Applicable Laws;
Confidentiality	The terms and conditions described in this Placement Memorandum, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Placement Memorandum, or to file this Placement Memorandum, with any regulatory body, it shall disclose or file the same at a reasonable time only after informing the other party(ies).
Governing Law and Jurisdiction	(a) Governing Law This Deed is governed by and construed in accordance with the laws of India. (b) Jurisdiction (i) The Parties agree that the courts and tribunals at Chennai, India shall have exclusive jurisdiction to settle all disputes which may arise out of or in connection with this Deed ("Dispute"). Accordingly, any suit, action or proceedings relating to any Dispute (together referred to as "Proceedings") arising out of or in connection with this Deed may be brought in the courts and tribunals of Chennai, India and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts and tribunals. (ii) The Parties irrevocably waive any objection now or in future, to the laying of the venue of any Proceedings in the courts and tribunals at Chennai, India and any claim that any such Proceedings have been brought in an inconvenient forum.

	The Company further irrevocably agrees that a judgment in any Proceedings brought in the courts and tribunals at Chennai, India shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction, (subject to the laws of such jurisdiction) by a suit upon such judgment, a certified copy of which shall be conclusive evidence of such judgment, or in any other manner provided by Applicable Law. (iii) Nothing contained in this Clause ii(b) (Jurisdiction), shall limit any right of the Debenture Trustee to take the Proceedings in any other court or tribunal of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Company irrevocably waives any objection it may have now or in the future to the laying of the venue of any Proceedings and any claim that any such Proceedings have been brought in an inconvenient forum. (iv) To the extent that the Company may in any jurisdiction claim for itself or its Assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its Assets such immunity (whether or not claimed), the Company hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity.
Transaction Costs	The Issuer shall bear all transaction related costs incurred by the Debenture Holders/ Debenture Trustee with respect to the legal counsel, valuers and auditors/ consultants. Such costs include: • Debenture Trustee fees; • Rating fees; • Stamping and registration costs in relation to all Transaction Documents; • Any other reasonable transaction related expense incurred by the Debenture Holders/ Debenture Trustee.
Taxes, Duties, Costs and Expenses	All relevant taxes, duties, levies, charges, fees or any other amounts payable untill the Final Settlement Date under this issuance are to be borne by the Issuer.

While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Annexure I: Illustration of Cashflows

STRPP – 1

Tenor		16 Months			
Face Value		100,000			
Coupon Rate		9.7500%			
Month	Payment Date(s)	Net Cash Flow	Principal	Interest	Principal O/s
3	28-Jun-24	2,451	-	2,451	100,000
6	28-Sep-24	2,451	-	2,451	100,000
9	28-Dec-24	2,424	-	2,424	100,000
12	28-Mar-25	2,404	-	2,404	100,000
15	28-Jun-25	2,458	-	2,458	100,000
16	28-Jul-25	100,801	100,000	801	100,000

**The above payment date may change subject to Business Day Convention*

STRPP – 2

Tenor		32 Months			
Face Value		100,000			
Coupon Rate		9.7500%			
Month	Payment Date(s)	Net Cash Flow	Principal	Interest	Principal O/s
3	28-Jun-24	2,450.82	-	2,451	100,000
6	28-Sep-24	2,450.82	-	2,451	100,000
9	28-Dec-24	2,424.18	-	2,424	100,000
12	28-Mar-25	2,404.11	-	2,404	100,000
15	28-Jun-25	2,457.53	-	2,458	100,000
18	28-Sep-25	2,457.53	-	2,458	100,000
21	28-Dec-25	2,430.82	-	2,431	100,000
24	28-Mar-26	2,404.11	-	2,404	100,000
27	28-Jun-26	2,457.53	-	2,458	100,000
30	28-Sep-26	2,457.53	-	2,458	100,000
32	28-Nov-26	101,629.45	100,000.00	1,629	-

**The above payment date may change subject to Business Day Convention*

STRPP – 3

Tenor		48 Months			
Face Value		100,000			
Coupon Rate		9.7500%			
Month	Payment Date (s)	Net Cash Flow	Principal	Interest	Principal O/s
3	28-Jun-24	2,451	-	2,451	100,000
6	28-Sep-24	2,451	-	2,451	100,000
9	28-Dec-24	2,424	-	2,424	100,000
12	28-Mar-25	2,404	-	2,404	100,000
15	28-Jun-25	2,458	-	2,458	100,000
18	28-Sep-25	2,458	-	2,458	100,000
21	28-Dec-25	2,431	-	2,431	100,000
24	28-Mar-26	2,404	-	2,404	100,000
27	28-Jun-26	2,458	-	2,458	100,000
30	28-Sep-26	2,458	-	2,458	100,000
33	28-Dec-26	2,431	-	2,431	100,000
36	28-Mar-27	2,404	-	2,404	100,000
39	28-Jun-27	2,458	-	2,458	100,000
42	28-Sep-27	2,458	-	2,458	100,000
45	28-Dec-27	2,431	-	2,431	100,000
48	28-Mar-28	102,424	100,000.00	2,424	-

**The above payment date may change subject to Business Day Convention*

Note: Calendar Year is considered while calculating leap year

Note:

a. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

b. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

c. The issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent’s records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries’ name and account number, address, bank details and DP’s identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Axis Trustee Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer pro tanto to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which, in the opinion of the Debenture Trustee, is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders as set out below:

(a) Creating of any additional security; and
(b) Amendment to the terms and conditions of the Debentures or the Transaction Documents.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked “Private Placement of Debentures”.

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business Days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery(c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the Applicant's bank, type of account and account number must be duly completed by the Applicant. This is required for the Applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as investor on the said platform (as a one time exercise) and also complete the mandatory KYC verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs")
Bid opening and closing date	Bid opening date: March 27, 2024 ; and Bid closing date: March 27, 2024
Minimum Bid lot	100 (Hundred) Debentures
Manner of bidding in the Issue	Open Bidding
Manner of allotment in the Issue	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.
Manner of settlement in the Issue	Pay-in of funds through ICCL.
Settlement cycle	T+1, where T refers to the date of bid opening date / issue opening date

Process flow of settlement:

The Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the PPOA have been issued by the Issuer and who have submitted/shall submit the Application Form ("**Successful Bidders**"), shall make the payments in respect of the Application Money in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out in the section named below of the Application Form, on or before 10:30 hours on the pay-in date:

Name of Bank	HDFC BANK
IFSC Code	HDFC0000060
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED

Name of Bank	ICICI Bank Ltd.
IFSC Code	ICIC0000106
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

Name of Bank	YES BANK
IFSC Code	YESB0CMSNOC
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Beneficiary Name	Veritas Finance Private Limited
Bank Account No.	10075578854
SWIFT Code	NA
IFSC Code	IDFB0080101
Bank Name	IDFC First Bank Limited
Branch Address	R.K Salai, Chennai

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Requirements and other Applicable Law.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

8.10 Eligible Investors should refer to the Operational Guidelines

The details of the Issue shall be entered on the EBP Platform by the Issuer in accordance with the EBP Requirements and the operational guidelines of the relevant EBP. The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the EBP Platform.

8.11 Application Procedure

The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule, and the procedure will be subject to the EBP Requirements. Where an Eligible Investor (as defined below) is participating/bidding on the EBP Platform through an arranger or a custodian, such Eligible Investor must follow, and must ensure that the arranger or a custodian representing it, follows, the procedure and the bidding threshold requirements prescribed under the EBP Requirements.

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). Subject to the EBP Guidelines, the Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons.

8.12 Fictitious Applications

All fictitious applications will be rejected. Each Eligible Investor shall provide a confirmation to the EBP that it is not using any software, algorithm, "Bots" or other automation tools, which would give unfair access for placing bids on the EBP Platform.

Any person who (i) makes in a fictitious name, an application to the Issuer for acquiring, or subscribing for any NCDs therein, or (ii) otherwise induces the Issuer to allot or register any transferor of Debentures therein to him or any other person in a fictitious name, shall be punishable under the extant laws. Attention of Applicants is specially drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013.

8.13 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. The allotment and settlement amount for the bidders shall be determined in accordance with the EBP Requirements and the operational guidelines issued by the relevant EBP. Subject to the aforesaid, in case of over subscription, priority will be given to potential investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

If so required by the Issuer, within 1 (one) Business Day of completion of the allotment, to enable the Issuer to comply with the requirements applicable to it under the EBP Requirements, successful Applicants shall provide the following details (in the form specified below) to the Issuer:

Details of Investors to whom allotment has been made			
Name	**QIB/ Non-QIB**	**Category i.e. Scheduled Commercial Banks, MF, Insurance Company, Pension Fund, Provident Fund, FPI, PFI, Corporate, Others**	**Amount invested (in Rs. Crore)**

8.14 Payment Instructions

The Application Form should be submitted directly.. Applicants can remit the applicationamount on the Pay-in Date in the account of ICCL mentioned under Section 8.9 above.

8.15 Eligible Investors

As prescribed in the EBP Requirements, "Qualified Institutional Buyers" or "QIBs" (as defined in the EBP Requirements) and non-QIBs authorized by an issuer to participate on an issuer on the EBP Platform are eligible participants (i.e., bidders) on an EBP Platform to participate in a particular issue on the EBP Platform. In furtherance of the above, to the extent permitted under and in accordance with the EBP Requirements, the following categories of Investors ("**Eligible Investors**"), when specifically approached, and identified upfront by the Issuer, shall be eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them and by completing the participation/nodding requirements prescribed for the EBP Platform and/or by submitting all the relevant documents along with the Application Form:

(a) Qualified Institutional Buyers ("**QIBs**"), being the following entities:
   - (xiv) a mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI;
   - (xv) a foreign portfolio investor other than individuals, corporate bodies and family offices;
   - (xvi) a Public Financial Institution;
   - (xvii) a Scheduled Commercial Bank;

(xviii) a multilateral and bi-lateral development financial institution;
(xix) a State Industrial Development Corporation;
(xx) an insurance company registered with Insurance Regulatory and Development Authority of India;
(xxi) a Provident Fund with minimum corpus of Rs.25 Crore Rupees
(xxii) a Pension Fund with minimum corpus of Rs.25 Crores
(xxiii) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
(xxiv) an insurance fund set up and managed by Army, Navy / Air force of the Union of India;
(xxv) insurance funds set up and managed by the Department of Posts, India; and
(xxvi) systemically important Non- Banking Financial Companies.

(b) Any non-QIB including, *inter alia*, resident individual investors, Hindu Undivided Families (excluding minors and non-resident Indians (NRIs)), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Law in India, companies, bodies corporate etc. who/which has been authorized by the Issuer, to participate in a particular issue on the EBP Platform.

(c) Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws.

By participating/bidding in the EBP Platform, each Eligible Investor represents and confirms that it has completed all enrollment and "know-your-customer" verification and other requirements prescribed under the EBP Requirements in the manner prescribed in the EBP Requirements. Where an Eligible Investor (as defined below) is participating/bidding on the EBP Platform through an arranger or a custodian, such Eligible Investor must follow, and must ensure that the arranger or a custodian representing it, follows, the procedure and the bidding threshold requirements prescribed under the EBP Requirements.

Investors, who are registered on the EBP Platform and are eligible to make bids for the Debentures of the Issuer and to whom allocation is to be made by Issuer pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the EBP Requirements and the Electronic Book Providers shall be considered as "identified persons" for the purposes of Section 42(2) of the Companies Act, 2013, to whom the Issuer shall make private placement of the Debentures and only such "identified persons" shall receive a direct communication from the Issuer with offer to subscribe to the Debentures and only such "identified persons" shall be entitled to subscribe to the Debentures.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Requirements) specifically mapped by the Issuer on the EBP Platform are also eligible to bid/apply/invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures. The Issuer, is not in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, nor is the Issuer required to check or confirm the above.

Hosting of this Placement Memorandum on the website of the BSE/EBP should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the Placement Memorandum has been hosted only as this is stipulated under the SEBI Debt Listing Regulations read with the EBP Requirements. Eligible Investors should check their eligibility before making any investment.

All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements

applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.16 A Post-Allocation Disclosures by the EBP

Upon final allocation by the Issuer, the Issuer shall disclose the relevant details (such as Issue Size, coupon rate, ISIN, number of successful bidders, category of the successful bidder(s), etc.), in accordance with the EBP Requirements and the operational guidelines of the relevant EBP. The EBP shall upload such data, as provided by the Issuer, on its website to make it available to the public.

8.17 Procedure for Applying for Dematerialised Facility

(a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.

(b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

(c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

(d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

(e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

(f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

(g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

(h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.18 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.19 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.20 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.21 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

(a) SEBI registration certificate
(b) Resolution authorizing investment and containing operating instructions
(c) Specimen signature of authorized signatories

8.22 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

(a) Memorandum and Articles of Association or other constitutional documents
(b) Resolution authorising investment
(c) Certified true copy of the Power of Attorney to custodian
(d) Specimen signatures of the authorised signatories
(e) SEBI registration certificate (for Mutual Funds)
(f) Copy of PAN card
(g) Application Form (including EFT/RTGS details)

8.23 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.24 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtain legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

8.25 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.26 Effect of Holidays

If the Coupon Payment Date falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment. If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages and all other monies payable under the Debenture Trust Deed falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

8.27 Tax Deduction at Source

1. Interest on NCDs issued pursuant to this Issue is subject to deduction of income tax under the provisions of the Income Tax Act, 1961 **("IT Act")** or any other statutory modification or re-enactment thereof, as applicable. NCD Holders desirous of claiming non-deduction or lower deduction of tax at source under applicable laws, as the case may be, shall be required to submit the declaration/ certificates as per format prescribed under applicable laws with the Issuer and the RTA at the below mentioned address on or prior to the relevant Record Date for payment of interest on the NCDs:

Particulars	**Contact Details of the Issuer**	**Contact Details of the RTA**
Name	Veritas Finance Private Limited	KFin Technologies Limited
Correspondence Address	SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032	Karvy Selenium Tower, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032
Contact Person	Ms. V. Aruna	Mr Jagannadh Chakka
Designation	Company Secretary & Compliance	Manager
E-mail ID	aruna.v@veritasfin.in	jagannadh.chakka@kfintech.com
Tel. No.	044-46150029	040-23420818
Link for online submission	-	https://mfs.kfintech.com/onlinesubmissionform15gh/

2. In case of non-receipt of such prescribed declaration/ certificate from the NCD Holders claiming non-deduction or lower deduction of tax at source under applicable laws, on or prior to the relevant Record Date, the Issuer shall make TDS deductions in accordance with the prescribed rates prior to credit of interest on NCDs.

3. Income Tax is deductible at source at the rate of 10% on interest on NCDs held by resident Indians in accordance with Section 193 of the IT Act. In cases where interest is to be paid to an Individual or hindu undivided family (**"HUF"**) (being the NCD Holder) is less than Rs. 5,000 and interest is to be paid by way of account payee cheque then the relevant NCD Holder may seek non deduction of tax at source on the interest on NCDs by submitting the prescribed declaration/certificates with the Issuer and the RTA at the aforesaid address on or prior to the relevant Record Date.

4. In case of NCD Holder who is a resident Individual or resident HUF claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Debenture Holders (other than companies and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all Debenture Holders (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

5. Debenture Holders may seek/ may be granted, as the case may be, non-deduction or lower deduction of tax at source in following instances under the IT Act:
   a) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed by the NCD Holder with the Company before the Record Date for payment of interest;

   b) When the resident Debenture Holder with Permanent Account Number (**"PAN"**) (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

   c) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the IT Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL;

   d) All mutual funds registered under Securities and Exchange Board of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10 (23D) of the IT Act in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the IT Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the IT Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it;

   e) For any NCDs held by Foreign Institutional Investors/ Foreign Portfolio Investors/ Qualified Foreign Investors, interest on NCDs may be eligible for concessional tax rate of 5% (plus applicable surcharge and health and education cess) for interest referred under Section 194LD applicable in respect of rupee denominated bonds of

an Indian Company between June 1, 2013 and July 1, 2023 provided such rate does not exceed the rate as may be notified by the Government. Further, in case where section 194LD is not applicable, the interest income earned by FIIs/FPIs should be chargeable to tax at the rate of 20% under section 115AD of the IT Act. Tax shall be deducted u/s. 196D of the IT Act on such income at 20%. Where DTAA is applicable to the payee, the rate of tax deduction shall be lower of rate as per DTAA or 20%, subject to the conditions prescribed therein;

f) Interest payable to Life Insurance Corporation, General Insurance Corporation and any other insurers are exempted from deductions of tax at source under Section 193 of the IT Act;

g) Interest payable to entities falling under the list of entities exempted from TDS by the circular no. 18/2017 by Central Board of Direct Taxes (whose income is unconditionally exempt under Section 10 of the IT Act and who are also statutorily not required to tile return of income as per Section 139 of the IT Act);

h) Any other specific exemption available to any other category of investors under the IT Act.

6. In case(s) where the NCD Holder(s) do not submit the declaration/ certificates as per format prescribed under applicable laws with the Issuer and the RTA at the specified address on or prior to the relevant Record Date for payment of interest on the NCDs, the Issuer shall not be liable to refund the applicable amount of tax deducted at source and the NCD Holders would be required to directly take up with the tax authorities for refund, if any.

8.28 Allotment

The Issuer shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements.

8.29 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investors from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is March 28, 2024 by which date the Investors would be intimated of allotment.

8.30 Record Date

The Record Date will be 7 (seven) days prior to any Due Date.

8.31 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.32 Interest on Application Money

Please refer Section 7.1 (*Summary Terms*).

8.33 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.34 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 9: UNDERTAKINGS AND DISCLOSURES BY THE ISSUER AND THE DIRECTORS

SECTION 9A: UNDERTAKINGS AND DISCLOSURES BY THE ISSUER

9.1 UNDERTAKING BY THE ISSUER

(a) Investors are advised to read the risk factors (set out in Section 3) carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities/Debentures have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

Specific attention of investors is invited to the statement of 'Risk factors' given on page number 21 under the section 'General Risks'.

(b) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document/Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the offer document/Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Offer Document/Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

(c) The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Offer Document/Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

(d) The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

(e) The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

(f) The Issuer hereby declares the credit rating obtained by it in relation to the Debentures from CARE Ratings Limited being “CARE A+” (pronounced as “CARE Single A Plus”) shall be valid on the date of Issue and listing of Debentures.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 9B: DECLARATION AND DISCLOSURES BY THE DIRECTORS

Each of the directors of the Company hereby confirm and declare that:

(g) The Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder.

(h) The compliance with the Acts and the rules and regulations does not imply that payment of dividend or interest or repayment of non-convertible securities, is guaranteed by the Central Government.

(i) The monies received under the offer shall be used only for the purposes and objects indicated in this Placement Memorandum.

(j) Whatever is stated in this form/Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form/Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

(k) General Risk:

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds insuch securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 4 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the

I am authorized by the Board of Directors of the Company vide resolution number 20 dated January 30, 2024, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct, and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

The extent of disclosures made in this Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

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

Veritas Finance Private Limited Chennai 600 032 Guindy

Director
Name: D. Arulmany
Title: Managing Director & Chief Executive Officer
DIN: 00009981

Date: March 26, 2024

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Annexure I: Term Sheet

Please refer to the summary of the term in section 7.1.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE II: RATING LETTER, RATING RATIONALE AND PRESS RELEASE FROM THE RATING AGENCY

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IV: APPLICATION FORM

VERITAS FINANCE PRIVATE LIMITED

A private limited company incorporated under the Companies Act, 2013.

Date of Incorporation: April 30, 2015

Registered Office: SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032

Telephone No.: 044 – 4615 0011

Website: http://www.veritasfin.in

DEBENTURE SERIES APPLICATION FORM SERIAL NO.									

Issue of 7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs")

DEBENTURE SERIES APPLIED FOR:

Number of Debentures: ____In words: _____-only
Amount Rs._____/-In words Rupees :_____Only

DETAILS OF PAYMENT:

Cheque / Demand Draft / RTGS
No. _____ Drawn on_____

Funds transferred to Veritas Finance Private Limited
Dated _____

Total Amount Enclosed
(In Figures) Rs._/- (In words) _Only

APPLICANT'S NAME IN FULL (CAPITALS)SPECIMEN SIGNATURE

APPLICANT'S ADDRESS

ADDRESS																		
STREET																		
CITY																		
PIN							**PHONE**								**FAX**			

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT ____

WE ARE( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's Signature:

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	**NSDL and CDSL**
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account : (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary

Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("**Transferee**"), we shall convey all the terms and conditions contained herein and in this Placement Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer and each of such person harmless in respect of any claim by any Transferee.

Applicant's
Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

----------(TEAR HERE)----------

ACKNOWLEDGMENT SLIP

(To be filled in by Applicant) **SERIAL NO.**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Received from _____

Address_____
_____
Cheque/Draft/UTR # _____ Drawn on _____ for Rs. _____
on account of application of _____ Debenture

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE V: FINANCIAL STATEMENTS ALONG WITH AUDITOR'S REPORTS, SCHEDULES, FOOTNOTES

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Please refer to the Annexure I of the summary of terms in section 7.1.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VII: BOARD RESOLUTION

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VIII: SHAREHOLDERS' RESOLUTION

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IX: DUE DILIGENCE CERTIFICATES

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE X: PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE XI: IN-PRINCIPLE APPROVAL FROM BSE

Attached separately.

No. CARE/CRO/RL/2023-24/1393

Shri D. Arulmany
MD & CEO
Veritas Finance Private Limited
SKCL Central Square 1, South and North Wing, 7th Floor, Unit - C28 - C35, CIPET Road,
Thiru Vi Ka Industrial Estate, Guindy,
Chennai
Tamil Nadu 600032

January 02, 2024

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On the basis of recent developments including operational and financial performance of your Company for FY23 (Audited) and H1FY24 (Provisional), our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non Convertible Debentures	620.00	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
	Total Instruments	620.00 (Rs. Six Hundred Twenty Crore Only)		

2. Refer Annexure 1 for details of rated instruments.

3. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

4. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

5. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

6. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

7. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.

8. CARE Ratings Ltd. ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Soundarya Venkatesh
Analyst
soundarya.venkatesh@careedge.in

Ravi Shankar R
Associate Director
ravi.s@careedge.in

Encl.: As above

Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure -1

Details of Rated Facilities

Instruments	ISIN No	Date of Issue	Coupon Rate (%)	Maturity Date	Amount (Rs. crore)
NCD-VII	INE448U07190	Mar 24, 2022	10.58%	Sep 24, 2024	25.00
	INE448U07208	June 23, 2022	10.35%	Jun 23, 2028	150.00
	INE448U07216	Dec 26, 2023	9.75%	June 25, 2027	55.00
	Proposed	-	-	-	390.00
Total					**620.00**

Veritas Finance Private Limited

January 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	3,470.00 (Enhanced from 3,270.00)	CARE A+; Stable	Reaffirmed
Short-term bank facilities	35.00	CARE A1+	Reaffirmed
Non-convertible debentures	620.00	CARE A+; Stable	Reaffirmed
Commercial paper	200.00 (Enhanced from 150.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

The ratings assigned to the bank facilities and debt instruments of Veritas Finance Private Limited (Veritas) continue to factor in the experience of the promoter and the senior management team in the lending business, healthy profitability levels, improvement in asset quality indicators during FY23 (refers to the period April 01 to March 31) and H1FY24 (refers to the period April 01 to September 30), the commensurate in-house processes, established risk management and management information systems (MIS), along with the strong liquidity position. The ratings also factor in the infusion of fresh equity of ₹492 crore during H1FY24 which improved the tangible net worth to ₹2,139 crore as on September 30, 2023 and improvement in asset under management (AUM) from ₹2,187 crore as on March 31, 2022 to ₹4,483 crore as on September 30, 2023.

The ratings are, however, constrained by the limited seasoning of its portfolio and the geographical concentration amid the efforts taken for diversification. The ratings are also constrained by the presence in the micro, small and medium enterprises (MSME) segment, which is relatively risky, and the moderately-diversified resource profile.

Rating sensitivities - Factors likely to lead to rating actions

Positive factors – Factors that could individually or collectively, lead to positive rating action/upgrade:

- Significant increase in the scale of operations with sustainable profitability and improvement in asset quality on a sustained basis.

Negative factors – Factors that could individually or collectively, lead to negative rating action/downgrade:

- Weakening of the asset quality parameters, with gross non-performing assets (GNPA) of above 4% on a sustained basis.
- Weakening of the capital adequacy levels, with overall gearing above 3x on a sustained basis.
- Weakening of the liquidity profile.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the likely continuation of stable credit profile with comfortable capitalisation levels and healthy profitability levels.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Detailed description of the key rating drivers

Key strengths

Experienced promoter and senior management team

VFPL is promoted by D Arulmany, who is currently its Managing Director and Chief Executive Officer (CEO). He has an overall experience of more than 25 years, most of which is in the financial services industry. He has held various positions in companies under the Murugappa group and has also worked as the CEO of an affordable housing finance company. He is assisted by an experienced senior management team, the majority of whom were closely associated with him in earlier organisations and have significant experience in the lending business. The day-to-day operations are managed by the senior management team and are supervised by the board comprising seven directors, including the managing director, three independent directors and four nominee directors. In addition, there are two board observers, from Lok Capital and Norwest Venture Partners.

Commensurate in-house processes and MIS systems

Veritas is engaged in the lending to the MSME segment, which is generally secured by collateral and lends for a tenure of up to 15 years with a ticket size ranging to a maximum ₹50 lakh, as against larger non-banking financial companies (NBFCs) and banks, which lend at a higher ticket size. Veritas' target segment consists of MSME enterprises, where the business is on a cash-and-carry basis, especially in the rural and semi-urban areas. The company has a defined credit policy, which is drafted based on the experience and knowledge of the target customer segment gathered in the past. The company has introduced a risk-based pricing model, thus enabling an efficient pricing mechanism. The loan-to-value (LTV) ratio of less than 50% of the distressed value arrived by the company gives it a considerable cushion, in case of any delinquencies. Also, the company considers up to 55% (income to instalment ratio) of the net income of the borrower (considering other loan repayments) for repayment of the loan obligation. Veritas has its in-house team covering all the facets – business sourcing, credit, technical, legal, collection, and recovery. The selection of customers runs through several levels of checks, including the sales team along with the credit team visiting the business premises of the customer for income assessment, LTV assessment, KYC norms, etc. All the appraisals, including income assessment and property valuation, are done at the branch level by the credit officer, legal and technical teams. The reports are sent to the head office for final approval. The collections are done through post-dated cheques (PDC)/automatic clearing house (ACH) payments/direct debit mandate (DDM), and through digital payment modes. Depending upon the vintage of the loan, the sales manager or the collection officers hold the responsibility of following up with the customers to recover the loans in case of delays. Veritas uses third-party vendor software for its MIS systems, which has been used by public sector undertaking (PSU) banks and leading NBFCs. This system provides solutions for the business – from loan origination up to NPA management. This system enables the automation of the entire processes, thereby improving efficiency. This software runs on high-end servers stored in the data centre with adequate safeguards for back-up, disaster recovery, and business continuity built-in. Veritas has also established a dedicated and centralised back-office team. The MIS systems and the in-house process are commensurate with the current operations of the company.

Comfortable capitalisation levels further supported by capital raise in H1FY24

Veritas has raised ₹492 crore of fresh equity in H1FY24. It has been able to attract equity from various investors since inception at regular intervals to support its growth plans and it has raised ₹1,693 crore since inception (₹31

crore in FY16, ₹120 crore in FY18, ₹260 crore in FY19, ₹350 crore in FY20 ,₹440 crore in FY22 and ₹492 crore in H1FY24).

The total capital adequacy ratio (CAR) and Tier-I CAR has improved and stood at 47.16% and 46.99%, respectively, as on September 30, 2023 as against 45.00% and 44.67%, respectively, as on March 31, 2023, which is higher than the regulatory requirements of 15.00% and 10.00%, respectively. With higher cash and cash equivalents held by the company, the overall gearing stood at 1.57x as on March 31, 2023, as against 0.87x as on March 31, 2022. The gearing as on September 30, 2023, improved to 1.50x with the capital raise during H1FY24. The recent Reserve Bank of India (RBI) circular on the risk weighted assets of consumer loans has an impact on the risk weighted assets of the NBFCs and risk weighted assets for the banks lending to NBFCs. However, the company has healthy capitalisation levels and sufficient cushion in the margins.

CARE Ratings Limited (CARE Ratings) expects the current capitalisation to be sufficient to achieve the envisaged growth in the medium term, with gearing levels remaining comfortable below 3x.

Improvement in the scale of operations with significant increase in AUM

In the last five years, Veritas has grown at a compounded annual growth rate (CAGR) of 60%. The company's growth was impacted in FY21 and H1FY22, with low disbursements on account of COVID-19-induced pandemic. However, since H2FY22, the disbursements have improved, with improvement in the macro-economic scenario. In FY23, disbursement has witnessed further improvement and the total disbursement stood at ₹2,245 crore during FY23 as against ₹1,188 crore during FY22. The disbursement for H1FY24 was ₹1,609 crore. The AUM grew from ₹2,187 crore as on March 31, 2022 to ₹4,483 crore as on September 30, 2023.

Small business loans /MSME Loans continue to comprise majority proportion of AUM with 73% as on March 31, 2023 (80% as on March 31, 2022). The working capital loan has grown by 182% from ₹122 crore in FY22 to ₹344 crore in FY23 and is now contributing 10% of the AUM as on March 31, 2023 (PY: 6%). LAP – C loan product witnessed a growth of 67% (Y-o-Y) and comprises 14% of AUM as on March 31, 2023 (PY: 14% as on March 31, 2022). The company expanded into home loan product during Q3FY23. The disbursement under home loan vertical during H2FY23 stood at around ₹96 crore and the same constitutes around 3% of AUM.

As on September 30, 2023, share of small business loans (SBL)/ MSME, LAP-C , WCL and home loans stood at 66%, 14%, 11% and 9%, respectively.

The company operates on Hub-Spoke model, i.e., Area office (Hub) and Branch (Spoke). Hub Branch caters to all towns in and around the district up to 50-km radius and Spokes cater to their town and nearby towns in 25-km radius.

The company has increased its employees and branches from 2,727 and 229 as on March 31, 2022 to 4,432 and 287 as on March 31, 2023, respectively, to support the envisioned growth plans for the next few years. The company has further increased the number of employees and branches to 5,933 employees and 356 branches as on September 30, 2023.

Healthy profitability levels

The company has been reporting return on total assets (ROTA) of more than 3% over past 2 years ended March 31, 2022. Furthermore, ROTA has now improved to 5.7% during FY23 (3.2% in FY22), supported by reduced credit cost and improved margins. Supported by growth in advances, improvement in the yields and reduction in the cost

of funds, the net interest margin (NIM) improved to 15.7% in FY23 from 12.6% during FY22. The operating expenses increased to 7.5% in FY23 from 6.4% in FY22 on account of increase in the employee cost. The company has hired people for collections, resulting in increase in the operational expenses and has also started new product, i.e., home loan, which has also added to the cost. With improvement in the NIM, the pre-provisioning operating profit improved to ₹280 crore in FY23 from ₹161 crore in FY22. With improved asset quality, credit cost as a percentage of total assets has reduced to 1.5% in FY23 (PY: 2.5%). During FY23, Veritas reported a profit of ₹176 crore as against a profit of ₹75 crore during FY22.

NIM moderated to 13.37% in H1FY24 with moderation in yields with change in the product mix. Opex increased to 7.70% in H1FY24 with increase in the number of branches. Credit cost increased to 1.71% in H1FY24. With moderation in NIM and increase in Opex and credit costs, ROTA slightly moderated to 4.28% in H1FY24.
Nevertheless, it is critical for Veritas to contain its operating and credit costs from a profitability perspective. CARE Ratings expects profitability to remain healthy in the near term with credit costs expected to remain under control going forward.

Improvement in asset quality during FY23 and H1FY24

During FY22, post the impact of the second wave of COVID-19 and the implementation of the new IRACP norms by the company effective from November 12, 2021, the GNPA (as per the new IRACP norms) moderated to 6.88% as on December 31, 2021, and subsequently improved to 3.94% as on March 31, 2022, with increased collection efforts and partly due to write-offs during FY22. During FY23, with focused collections and lower slippages, GNPA improved and stood at 2.19% as on March 31, 2023. The slippage ratio has improved to 4.20% in FY23 from 13.98% in FY22. GNPA stood at 2.09% as on September 30, 2023.
The company's 0+ DPD and 60+ DPD improved from 9.1% and 4.2%, respectively, as on March 31, 2022, to 4.5% and 2.4%, respectively, as on March 31, 2023. The write-off stood at ₹44 crore in FY23 as against ₹43 crore in FY22. 0+ DPD and 60+ DPD stood at 4.6% and 2.3%, respectively, as on September 30, 2023.
The restructured book stood at ₹57.65 crore, i.e., around 1.6% of the loan portfolio as on March 31, 2023. The company has also disbursed a top-up loan, which stood at ₹14.78 crore as on March 31, 2023. The Emergency Credit Line Guarantee Scheme (ECLGS) book stood at ₹7.71 crore as on March 31, 2023. The gross stressed assets (GNPA + standard restructured assets + ECLGS), as a percentage of the gross loan portfolio, stood at 3.44% as on March 31, 2023 as against 7.33% as on March 31, 2022. The gross stressed assets stood at 1.08% as on September 30, 2023.
The portfolio of Veritas has limited seasoning since the company commenced lending operations in October 2015. As on March 31, 2023, 59% (PY: 50 %) of the portfolio has a seasoning of less than one year, while 25% (PY: 19%) of the portfolio has a vintage of one to two years.
With the revival of the economy and the expected growth of the company, it is critical for the company to maintain asset quality. However, with changes in the operational strategies and collection efforts of the company, CARE Ratings expects the asset quality to remain intact in the near term. With strong capital adequacy levels, higher lending rates, and good pre-provision operating profit, Veritas is better placed to absorb relatively higher credit costs, if need arises.

Key weaknesses

Geographical concentration of the portfolio wherein diversification is under progress

Veritas started its operations in Tamil Nadu during FY16 and entered various states, namely, Karnataka and West Bengal during FY17; Puducherry and Odisha during FY18; Andhra Pradesh, Telangana, and Madhya Pradesh during FY19; Jharkhand during FY20; and Bihar and Chhattisgarh during H1FY24. The share of the top state (Tamil Nadu) continues to remain at 41% as on March 31, 2023 (PY: 39%) and 43% as on September 30, 2023. Furthermore, the share of the top three states has reduced from 70% as on March 31, 2022, to 68% as on March 31, 2023 (68% as on September 30, 2023). As on March 31, 2023, the top 10 branches constitute 10% (PY: 11%) of the total loan book. As on March 31, 2023, Veritas operates in nine states/UTs across 287 branches (229 branches in nine states/UT as on March 31, 2022). As on September 30, 2023, Veritas has 356 branches across 11 states/UTs. CARE Ratings expects the concentration of the top state and top three states to remain over the medium term.

Modest credit profile of borrower segment – presence in MSME segment

Veritas is primarily lending towards the un-organised MSME segment in the rural and semi-urban areas and lends small ticket loans ticket size ranging from ₹30,000 to ₹50 lakh, with majority of the loans in the range of ₹2-5 lakh. The borrowers are mostly not serviced by the formal channels of credit due to absence of proper income documents and are vulnerable to income shocks and economic downturns. However, the management team's knowledge on this target customer segment provides comfort and the risk is mitigated to an extent as most of the secured loans are backed by mortgage of self-occupied residential property. CARE Ratings expects the company to remain focused in this segment, as there is potential to grow its business in this segment.

Moderately diversified resource profile

The share of bank borrowings – term loans (TL), working capital demand loans (WCDL)– stood at 84% as on March 31, 2023, as against 81% as on March 31, 2022. The share of term loans from NBFC/FIs stood at 7% as on March 31, 2023, as against 9% as on March 31, 2022. The share of NCDs from foreign investors stood at 6% and from mutual funds stood at 1% as on March 31, 2023 (11% and 5%, respectively, as on March 31, 2021). The company has also raised funds via securitisation in FY23; the share of borrowings from securitisation stood at 2% as on March 31, 2023.

With an increase in borrowings from banks, the weighted average cost of borrowings improved from 10.01% as on March 31, 2022, to 9.85% as on March 31, 2023. Going forward, the ability of the company to diversify its funding profile and raise funds at competitive interest rates from varied sources will remain critical from the liquidity and profitability perspectives of Veritas. Also, matching the tenor of the borrowings with the loan portfolio remains a key factor over the long term. The company started raising commercial papers (CPs) from October 2022 and currently has NIL outstanding for CP as on March 31, 2023.

The share of bank borrowings – term loans (TL) and working capital demand loan (WCDL) stood at 83% as on September 30, 2023. The share of term loans from NBFC/financial institutions (FIs) stood at 5% as on September 30, 2023. The share of NCDs from foreign investors stood at 5% and from mutual funds stood at 1% as on September 30, 2023. The share of borrowings from securitisation and CP stood at 4% and 2%, respectively, as on September 30, 2023. Going forward, it is critical for the company to diversify its resources profile as the scale increases.

Industry prospects

The financiers who provide loans to MSME units generally tend to rely on the assessment of the estimated (surrogate) cash flows and offer loans at high yields secured MSME loans with collateral security (property, machinery, etc) and a longer tenure may have the time for eventual recovery and may be more immune to economic shocks compared to the unsecured ones. Post the COVID-19 pandemic, there was significant improvement in growth and profitability for the sector. Sustainability of the same remains to be seen.

Liquidity: Strong

The company has cash and cash equivalents of ₹973 crore (includes ₹184 crore invested in mutual fund) as on September 30, 2023. The asset and liability management (ALM) profile of Veritas remains comfortable, with no cumulative mismatches in any of the time buckets up to one year as on September 30, 2023, and the total debt obligation (principal alone) less than the one-year bucket stood at ₹988 crore. In addition, the company also has un-availed lines of credit aggregating to ₹322 crore (including working capital limits of ₹107 crore) as on September 30, 2023.

Applicable criteria

Policy on default recognition
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Short Term Instruments
Non Banking Financial Companies

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Incorporated on April 30, 2015, Veritas is a non-deposit taking NBFC (loan company), registered with RBI, and promoted by D. Arulmany. Veritas lends to the borrowers engaged in the MSME sector with limited access to formal financial services. The company operates at 287 branches in 151 districts (PY: 229 branches and 130 districts) as on March 31, 2023, across nine states/UT which includes Tamil Nadu, Puducherry, West Bengal, Madhya Pradesh, Telangana, Orissa, Andhra Pradesh, Karnataka and Jharkhand. Veritas has a loan portfolio of ₹3,534 crore as on March 31, 2023 (₹2,187 crore as on March 31, 2022). The company operates through 356 branches across 11 states and UTs as on September 30, 2023. The company has started operations in Bihar and Chhattisgarh during H1FY24.
The company operates on Hub-Spoke model, i.e., Area office (Hub) and Branch (Spoke). The Hub Branch caters to all towns in and around the district up to 50 Km radius and Spokes cater to their as well as nearby towns in 25 Km radius.

Veritas offers four products such as MSME Small Business Loan (MSME), working capital loan (WCL), MSME Home construction loan (LAP-C) and home loans.

The company has divided the product segments under three heads – MSME Rural (MSME, LAP-C), MSME Urban (WCL) and Home loans (HL).

WCL is an unsecured product and the frequency of collections is on a weekly basis. MSME loans/ Small business loans (SBL) are offered for business purposes and is a secured loan product, for a ticket size of ₹1 lakh to ₹50 lakh and for tenure of up to 5 years. LAP-C/Home construction loan is given for the purpose of home construction or home improvement or shop construction for a tenor of upto 15 years, for a ticket size of ₹5 lakh to ₹25 lakh. Home

loans are given for the purpose of purchase or self-construction with a ticket size in the range of ₹5 lakh to ₹50 lakh and for a tenor of upto 15 years.

As on March 31, 2023, MSME, LAP-C, and WCL stood at 73%, 14%, and 10%, respectively, as against 80%, 14%, 6%, respectively, as on March 31, 2022. Home loans comprise around 3% of portfolio as on March 31, 2023. As on September 30, 2023, MSME, LAP-C , WCL and home loans stood at 66%, 14%, 11% and 9%, respectively.

As on September 30, 2023, on a fully diluted basis, the promoter, D Arulmany and his relatives held 11.49% (13.88% as on March 31, 2023), Norwest Venture Partners X held 21.38% (23.27% as on March 31, 2023), British International Investments (formerly CDC group PLC) held 10.23% (16.80% as on March 31, 2023), Kedaara capital fund II LLP held 14.94% (16.26% as on March 31, 2023), Lok Capital held 8.00% (11.31% as on March 31, 2023), Evolvence India Fund held 2.29% (2.49% as on March 31, 2023), Growth Catalyst Partners LLC held 0.83% (0.91% as on March 31, 2023), Caspian Impact Investment Advisers Private Limited held 0.19% (0.58% as on March 31, 2023), employees and relatives held 4.02% (3.35% as on March 31, 2023); Multiples PE fund and associates held 16.08%, while Avendus Future leaders funds held 2.30%. 1.82% (3.49% as on March 31, 2023) as ESOP & Warrants and the remaining was held by individual shareholders, employees and their relatives.

Brief Financials (Rs. crore)	31-03-2022 (A)	31-03-2023(A)	30-09-2023(UA)
	Ind-AS	Ind-AS	6m, Ind-AS
Total operating income	444	682	493
PAT	75	176	102
Interest coverage (times)	1.78	2.36	2.00
Total assets	2,618	4,115	5,457
Net NPA (%)	2.34	1.26	1.19
ROTA (%)	3.2	5.7	4.28

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments /facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial paper-Commercial paper (Standalone)	INE448U14055	14-Dec-23	-	14-Mar-24	30	CARE A1+
	Proposed	-	-		170	
Fund-based-Long term	-	-	-	July 2030	3470	CARE A+; Stable
Fund-based-Short term	-	-	-	-	35	CARE A1+
Non-convertible debenture- VII	INE448U07190	24-Mar-22	10.58	24-Sep-24	25	CARE A+; Stable
	INE448U07208	23-Jun-22	10.35	23-Jun-28	150	CARE A+; Stable
	INE448U07216	26-Dec-23	9.75	25-Jun-27	55	CARE A+; Stable
	Proposed	-	-	-	390	CARE A+; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type *	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based-Long term	LT	3470.00	CARE A+; Stable	1)CARE A+; Stable (07-Dec-23) 2)CARE A; Stable (29-Sep-23) 3)CARE A; Stable (22-Jun-23)	1)CARE A; Stable (24-Feb-23) 2)CARE A; Stable (06-Dec-22) 3)CARE A; Stable (26-Oct-22) 4)CARE A; Stable (09-Jun-22) 5)CARE A; Stable (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (13-Jul-20) 2)CARE A-; Stable (06-Jul-20)
2	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (06-Jul-20)
3	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (06-Jul-20)
4	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (26-Oct-22) 2)CARE A; Stable (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (06-Jul-20)
5	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (26-Oct-22) 2)CARE A; Stable (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (06-Jul-20)

6	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (13-Jul-20)
7	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	1)CARE A-; Stable (20-Oct-20)
8	Debentures-Non-convertible debentures	LT	620.00	CARE A+; Stable	1)CARE A+; Stable (07-Dec-23) 2)CARE A; Stable (29-Sep-23) 3)CARE A; Stable (22-Jun-23)	1)CARE A; Stable (24-Feb-23) 2)CARE A; Stable (06-Dec-22) 3)CARE A; Stable (26-Oct-22) 4)CARE A; Stable (01-Jun-22)	1)CARE A-; Stable (04-Jun-21)	-
9	Commercial paper-Commercial paper (Standalone)	ST	200.00	CARE A1+	1)CARE A1+ (07-Dec-23) 2)CARE A1+ (29-Sep-23) 3)CARE A1+ (22-Jun-23)	1)CARE A1+ (24-Feb-23) 2)CARE A1+ (06-Dec-22) 3)CARE A1+ (26-Oct-22)	-	-
10	Fund-based-Short term	ST	35.00	CARE A1+	1)CARE A1+ (07-Dec-23) 2)CARE A1+ (29-Sep-23) 3)CARE A1+ (22-Jun-23)	1)CARE A1+ (24-Feb-23) 2)CARE A1+ (06-Dec-22) 3)CARE A1+ (26-Oct-22)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities : NA

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Complex
3	Fund-based-Long term	Simple
4	Fund-based-Short term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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ATSL/CO/23-24/0339
March 18, 2024

To,
Veritas Finance Private Limited
SKCL Central Square 1, South and North Wing,
7th Floor, Unit # C28 - C35, CIPET Road,
Thiru Vi ka Industrial Estate, Guindy,
Chennai City Corporation, Tamil Nadu,
India, 600032

Dear Sir/ Madam,

Sub.: Consent to act as Debenture Trustee for the proposed privately placed issue of Listed, Secured, Redeemable, Rated, Fully Paid, Taxable, Non-Convertible Debentures issue upto Rs. 75 Crores by Veritas Finance Private Limited ("Issuer").

We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the abovementioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the General Information Document and Key Information Document and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustee is purely its business decision and not an indication on the Issuer's standing or on the Debenture Issue. By consenting to act as Debenture Trustee, ATSL does not make nor deems to have made any representation on the Issuer, its Operations, the details and projections about the Issuer or the Debentures under Offer made in the General Information Document and Key Information Document /Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the General Information Document and Key Information Document /Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer, its performance and profitability and details in the General Information Document and Key Information Document /Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debenture) Rules, 2014.

Yours truly,

For Axis Trustee Services Limited

Authorised Signatory

AXIS TRUSTEE SERVICES LIMITED

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floors,
No.1, Harrington Road, Chetpet,
Chennai – 600 031, India

Telephone: + 91 44 4608 3100
Fax: + 91 44 4608 3199

INDEPENDENT AUDITORS' REPORT

To the Members of Veritas Finance Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Veritas Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
Impairment of loans to customers – refer notes 6 and 25 to the financial statements **Charge: INR 4,044.59 lakhs (including write offs) for year ended 31 March 2021** **Provision: INR 3,851.51 lakhs as at 31 March 2021**	
Under Ind AS 109 - Financial Instruments, credit loss assessment is based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. Further, in relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the economy The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Segmentation of loans given to the customer • Criteria selected to identify significant increase in credit risk, specifically in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package	In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence: • Performed process walkthroughs to identify the controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance. • Obtained understanding of management's revised processes, compliance with the RBI circulars pertaining to impairment loss allowance, systems and controls implemented in relation to impairment allowance process, specifically in view of providing moratorium as per board approved policy read with RBI COVID-19 regulatory package including management rationale for determination of criteria of significant increase in credit risk.

Key audit matter	How the matter was addressed in our audit
• Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data. • Use of management overlay for considering the forward looking macro-economic factors, economic environment and timing of cash flows. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment loss allowance on the financial statements, we have considered this as a key audit matter.	• Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of impairment allowance including the management overlays, particularly in response to the pandemic with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management. • Performed test of details, on a sample basis, on underlying data relating to segmentation, staging as at 31 March 2021 and other key inputs for computation of ECL. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

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

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

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

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

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

S Sethuraman
Partner
Membership No. 203491
UDIN: 21203491AAAABW4462

Place : Chennai
Date : 22 April 2021

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

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

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

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

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

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

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and any other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

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

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

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

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

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

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

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

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

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.

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

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

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

S Sethuraman
Partner
Membership No. 203491
UDIN : 21203491AAAABW4462

Place : Chennai
Date : 22 April 2021

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Veritas Finance Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021 based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI").

Emphasis of Matter

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

S Sethuraman
Partner
Membership No. 203491
UDIN : 21203491AAAABW4462

Place : Chennai
Date : 22 April 2021

Veritas Finance Private Limited
Balance sheet as at 31 March 2021
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	14,810.97	42,244.86
Bank balances other than cash and cash equivalents	5	27,614.27	4,697.98
Loans	6	152,423.49	127,932.22
Investments	7	17,500.74	6,318.13
Other financial assets	8	440.91	402.65
		212,790.38	**181,595.84**
Non-financial assets			
Current tax assets (net)	9	338.79	121.59
Deferred tax assets (net)	29.2	1,684.71	1,103.70
Property, plant and equipment	10.1	656.66	910.35
Right of use assets	10.2	1,270.28	1,291.21
Intangibles assets	10.3	425.62	614.02
Intangibles assets under development	10.4	43.56	34.43
Other non-financial assets	11	276.17	186.60
		4,695.79	**4,261.90**
Total		**217,486.17**	**185,857.74**
LIABILITIES AND EQUITY			
Financial liabilities			
Trade payables	12		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		291.61	204.21
Debt securities	13	53,074.52	38,704.88
Borrowings (other than debt securities)	14	72,340.01	62,277.22
Other financial liabilities	15	1,486.47	1,405.39
		127,192.61	**102,591.70**
Non-financial liabilities			
Provisions	16	390.12	167.91
Other non-financial liabilities	17	1,101.64	919.27
		1,491.76	**1,087.18**
Equity			
Equity share capital	18	10,017.80	10,003.80
Other equity	19	78,784.00	72,175.06
		88,801.80	**82,178.86**
Total		**217,486.17**	**185,857.74**

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

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 22 April 2021

Veritas Finance Private Limited

Statement of profit and loss for the year ended 31 March 2021

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

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

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 22 April 2021

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

A Equity share capital

Particulars	Equity Share capital	Instruments entirely equity in nature (Compulsory Convertible Preference Shares)	Total
Balance as at 31 March 2019	3,142.40	5,003.29	8,145.69
Add : Issued during the financial year 2019-20	359.49	1,498.62	1,858.11
Balance as at 31 March 2020	3,501.89	6,501.91	10,003.80
Add : Issued during the financial year 2020-21	14.00	-	14.00
Balance as at 31 March 2021	3,515.89	6,501.91	10,017.80

B Other equity

Particulars	Other equity					Total other equity attributable to equity holders of the Company
	Reserves and surplus				Other comprehensive income	
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Re-measurements of defined benefit plan	
As at 31 March 2019	531.01	34,045.60	125.78	1,042.25	-	35,744.64
Premium received on shares issued during the year	-	33,385.83	-	-	-	33,385.83
Utilised during the year for share issue expenses	-	(463.45)	-	-	-	(463.45)
Profit after tax for the year	-	-	-	3,334.24	-	3,334.24
Transfer to securities premium on exercise of options	-	30.32	(30.32)	-	-	-
Transfer to statutory reserve	666.85	-	-	(666.85)	-	-
Remeasurements of defined benefit plan	-	-	-	-	(31.14)	(31.14)
Transferred to retained earnings	-	-	-	(31.14)	31.14	-
Share based payment expense	-	-	204.94	-	-	204.94
As at 31 March 2020	1,197.86	66,998.30	300.40	3,678.50	-	72,175.06
Premium received on shares issued during the year	-	7.50	-	-	-	7.50
Utilised during the year for share issue expenses	-	-	-	-	-	-
Profit after tax for the year	-	-	-	6,202.02	-	6,202.02
Transfer to securities premium on exercise of options	-	3.37	(3.37)	-	-	-
Transfer to statutory reserve	1,240.40	-	-	(1,240.40)	-	-
Remeasurements of defined benefit plan	-	-	-	-	(89.59)	(89.59)
Transferred to retained earnings	-	-	-	(89.59)	89.59	-
Share based payment expense	-	-	489.01	-	-	489.01
As at 31 March 2021	2,438.26	67,009.17	786.04	8,550.53	-	78,784.00

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

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

for and on behalf of the board of directors of
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Director
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V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 22 April 2021

Veritas Finance Private Limited

Cash flow statement for the year ended 31 March 2021

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

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities			
Profit before tax for the year		8,204.14	4,381.41
Adjustments for:			
Depreciation and amortisation	27	1,332.59	1,246.20
Impairment on financial instruments	25	4,044.59	1,510.27
Stock based payment to employees	26	489.02	204.94
Change in fair value of financial assets designed as FVTPL	22	14.93	(12.64)
Interest income on security deposit	20	(24.63)	(22.97)
Profit on disposal of leased assets	23	(4.75)	(2.79)
Finance costs	24	12,164.59	10,627.39
(Gain) / loss on sale of PPE	23	-	(0.04)
Interest income on fixed deposits	20	(2,106.13)	(798.57)
Gain on sale of investments, net	22	(613.45)	(1,051.39)
Operating cash flow before working capital changes		**23,500.90**	**16,081.81**
Changes in working capital			
Increase in loans		(28,535.86)	(55,777.72)
Increase in other financial assets		(32.74)	(67.55)
Increase in other non-financial assets		(89.57)	(46.72)
Increase in trade payables		87.40	117.50
Increase in other financial liabilities		84.21	(65.36)
Increase in provisions		102.49	62.60
Increase in other non-financial liabilities		182.37	297.01
Cash used by operations		**(4,700.80)**	**(39,398.43)**
Finance costs paid		(11,410.06)	(9,651.07)
Direct taxes paid (net)		(2,770.20)	(1,628.56)
Net cash used by operations	**(A)**	**(18,881.06)**	**(50,678.06)**
Cash flows from investing activities			
Purchase of fixed assets		(302.08)	(827.83)
Proceeds from sale of fixed assets		-	1.03
Increase in bank balances other than cash and cash equivalents		(22,916.29)	(2,170.35)
Interest received on bank balances other than cash and cash equivalents		2,106.13	798.57
Purchase of investments		(307,393.20)	(364,790.13)
Proceeds from sale of investments		296,805.87	374,039.95
Net cash generated from / (used in) investing activities	**(B)**	**(31,699.57)**	**7,051.23**
Cash flows from financing activities			
Proceeds from issue of preference shares including securities premium		-	32,245.84
Proceeds from issue of equity shares including securities premium		24.87	2,998.10
Payment of lease liabilities		(713.01)	(627.15)
Payment of share issue expenses		-	(463.45)
Proceeds from debt securities		27,000.00	18,760.00
Proceeds from borrowings (other than debt securities)		45,474.97	44,095.01
Repayment of debt securities		(13,400.00)	-
Repayment of borrowings (other than debt securities)		(35,240.09)	(22,135.60)
Net cash generated from financing activities	**(C)**	**23,146.74**	**74,872.75**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		**(27,433.89)**	**31,245.92**
Cash and cash equivalents at the beginning of the year		42,244.86	10,998.94
Cash and cash equivalents at the end of the year		**14,810.97**	**42,244.86**

D S R & Co. LLP Chartered Accountants

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Notes to cash flow statement			
Components of cash and cash equivalents:	4		
Cash on hand		295.45	15.33
Balances with banks			
In current accounts		14,515.52	4,345.08
In deposit accounts (Original maturity less than three months)		-	37,884.45
		14,810.97	**42,244.86**
Significant accounting policies	3		

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

N. A. Madhavi
Company Secretary
Membership No. : A3847(

Place : Chennai
Date : 22 April 2021

1 Reporting entity

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

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

2 Basis of preparation of Financial Statements

2.1 Statement of compliance

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

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

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

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

2.2 Presentation of financial statements

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

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

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

2.5 Use of estimates and judgements

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

Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are set out below. Also refer note 54 - Impact of Covid-19.

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VERITAS FINANCE PVT. LTD. CHENNAI -32

i) Business model assessment

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

ii) Fair value of financial instruments

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

iii) Effective Interest Rate ("EIR") method

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

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

iv) Impairment of financial asset

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

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

a) The Company's criteria for assessing if there has been a significant increase in credit risk and subsequently measuring impairment allowances for financial assets on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Provisions and other contingent liabilities

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

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

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

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

vi) Other assumptions and estimation uncertainties

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

i) Measurement of defined benefit obligations: key actuarial assumptions;

ii) Estimated useful life of property, plant and equipment and intangible assets;

b) Recognition of deferred taxes.

VERITAS FINANCE PVT. LTD. CHENNAI -32

3 Significant accounting policies

3.1 Revenue Recognition

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

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

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

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

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

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

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

A) Recognition of interest income on loans

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

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

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

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

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

B) Interest income on deposits

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

C) Fee income

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

D) Other income

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

3.2 Financial instrument - Initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

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

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VERITAS FINANCE PVT. LTD. CHENNAI -32

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

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

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

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

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

i) **Financial assets carried at amortised cost (AC)**

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

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans are held to sale and collect contractual cash flows, they are measured at FVTOCI.

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

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

B. Financial liabilities

i) **Initial recognition and measurement**

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

ii) **Subsequent measurement**

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

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2021 and 31 March 2020.

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VERITAS FINANCE PVT. LTD. CHENNAI -32

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

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

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

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

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

ii) Financial liabilities

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

3.6 Impairment of financial assets

A. Overview of ECL principles

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

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

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

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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B. Calculation of ECLs

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

Probability of Default ('PD'):

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

Exposure at Default ('EAD'):

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

Loss Given Default ('LGD'):

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

The mechanics of the ECL method are summarised below:

Stage 1:

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

Stage 2:

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

Stage 3:

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

C. Forward looking information

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

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

3.8 Determination of fair value

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

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

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

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

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

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3.9 Property, plant and equipment ('PPE')

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

3.10 Intangibles

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

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

3.11 Impairment of non-financial assets

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

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3.12 Employee benefits

(i) ***Post – employment benefits***

(a) Defined contribution plan

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

(b) Defined benefit plan

Gratuity

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

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

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

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

(ii) ***Other long-term employee benefit***

Compensated absences

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

(iii) ***Short-term employee benefits***

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

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

(iv) ***Stock based compensation***

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

3.13 Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liability

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

Contingent asset

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

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3.14 Leases

As a lessee

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

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

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

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

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

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

Short-term leases

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

3.15 Income tax

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

i. Current tax

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

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

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and
- taxable temporary differences arising on the initial recognition of goodwill.

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3.15 Income tax (continued)

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

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

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

3.16 Foreign currency transactions

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

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

3.17 Borrowing cost

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

3.18 Cash and cash equivalents

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

3.19 Segment reporting – Identification of segments

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

3.20 Earning per share

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

3.21 Cash flow statement

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

3.22 Recent pronouncements

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

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Particulars	As at 31 March 2021	As at 31 March 2020
4 Cash and cash equivalents		
Cash on hand	295.45	15.33
Balances with banks		
In current accounts	14,515.52	4,345.08
In deposit accounts (Original maturity less than three months)	-	37,884.45
	14,810.97	**42,244.86**
5 Bank balances other than cash and cash equivalents		
Bank balances other than cash and cash equivalents		
In other deposit accounts	27,614.27	4,697.98
	27,614.27	**4,697.98**
Balances with bank to the extent held as margin money or security against the borrowings.	-	-
6 Loans		
At Amortised cost		
A Based on nature		
Loans	155,560.07	129,567.89
Interest accrued	3,230.05	2,670.51
Advance from customers	(481.38)	(224.06)
Unamortised processing fees	(2,033.74)	(1,946.94)
	156,275.00	**130,067.40**
Less: Impairment loss allowance	(3,851.51)	(2,135.18)
	152,423.49	**127,932.22**
B Based on security		
Secured (refer note 6.1)		
Secured by tangible assets	149,175.41	126,084.01
Interest accrued	3,212.68	2,633.04
Advance from customers	(321.06)	(68.19)
Unamortised processing fees	(1,964.29)	(1,922.61)
	150,102.74	**126,726.25**
Less: Impairment loss allowance	(3,724.23)	(2,043.06)
	146,378.50	**124,683.19**
Unsecured		
Unsecured loans	6,384.66	3,483.88
Interest accrued	17.37	37.47
Advance from customers	(160.32)	(155.87)
Unamortised processing fees	(69.45)	(24.33)
	6,172.26	**3,341.15**
Less: Impairment loss allowance	(127.28)	(92.12)
	6,044.98	**3,249.03**
	152,423.49	**127,932.22**
C Based on region		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	155,560.07	129,567.89
Total	**155,560.07**	**129,567.89**
Interest accrued	3,230.05	2,670.51
Advance from customers	(481.38)	(224.06)
Unamortised processing fees	(2,033.74)	(1,946.94)
	156,275.00	**130,067.40**
Less: Impairment loss allowance	(3,851.51)	(2,135.18)
	152,423.49	**127,932.22**
(II) Loans outside India		
Loans outside India	-	-
	152,423.49	**127,932.22**

6.1 Loans are secured wholly by mortgage of property.

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

Particulars	As at 31 March 2021	As at 31 March 2020
7 Investments		
At fair value through profit or loss		
Investment in mutual funds	17,499.12	6,301.58
Investments	**17,499.12**	**6,301.58**
Investment outside India	-	-
Investments in India	17,499.12	6,301.58
Gross investments	**17,499.12**	**6,301.58**
Fair value changes	1.62	16.55
Net investments	**17,500.74**	**6,318.13**
Aggregate book value of quoted investments	17,500.74	6,318.13
Aggregate market value of quoted investments	17,500.74	6,318.13
Aggregate amount of fair value changes in investments	1.62	16.55
8 Other financial assets		
Unsecured, considered good		
Security deposits	392.57	367.59
Other receivables	9.28	12.63
Employee loans	39.06	22.43
Total	**440.91**	**402.65**
9 Current tax assets (net)		
Advance income tax (net of provisions)	338.79	121.59
Total	**338.79**	**121.59**
11 Other non-financial assets		
Capital and other advances	44.03	22.63
Prepaid expenses	107.74	44.07
Balance with government authorities	124.40	119.90
Total	**276.17**	**186.60**
12 Payables		
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	291.61	204.21
Total	**291.61**	**204.21**

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

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

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

13.2 Details of debentures issued by the Company:

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

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

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

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

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14.1 Details of borrowings:

a) Terms of repayment of term loans from banks:

Bank Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31 March 2021	Amount outstanding as at 31 March 2020
AU Small Finance Bank Limited	36 months	03-Mar-19	Monthly	3,608.33	3,491.67
Axis Bank Limited	36 months	30-Apr-19	Monthly	328.00	664.00
Bandhan Bank Limited	36 months	01-May-19	Monthly	-	1,388.89
Capital Small Finance Bank Limited	27 /39 months	01-Feb-20	Monthly	1,163.17	925.22
CSB Bank Limited	39/60 months	17-Jun-20	Monthly	1,722.22	1,000.00
DCB Bank Limited	36 months	31-Jan-19	Monthly	1,772.73	818.18
Equitas Small Finance Bank Limited	36 /48 months	05-Dec-20	Quarterly	8,324.72	2,333.36
Federal Bank Limited	36 months	30-Oct-19	Monthly	250.00	416.67
Fincare Small Finance Bank Limited	24 months	30-Apr-19	Monthly	-	796.88
HDFC Bank Limited	36/60 months	03-Nov-18	Monthly	1,544.44	527.78
IDFC First Bank Limited	36/ 60 months	29-Feb-20	Monthly	13,475.00	14,333.33
IndusInd Bank Limited	48 months	31-Oct-20	Monthly	2,375.00	-
Indian Bank	60 months	15-Jul-21	Monthly	5,000.00	-
Karur Vyasa Bank Limited	36 months	29-Apr-19	Monthly	333.33	666.67
RBL Bank Limited	36 months	30-Nov-18	Monthly	2,338.24	4,817.65
State Bank of India Limited	45 months	30-Jun-20	Quarterly	7,599.74	8,000.00
State Bank of Mauritius	48 months	30-Jun-21	Quarterly	2,000.00	-
Ujjivan Small Finance Bank Limited	36 months	29-Feb-20	Monthly	1,439.39	2,348.48
Utkarsh Small Finance Bank Limited	39 months	25-Jan-18	Quarterly	-	615.38
Total term loans from banks				**53,274.31**	**43,144.16**
As at balance sheet date, interest rates (per annum) range for the term loans from banks				8.02% to 12.25%	9.78% to 13.05%

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14.1 Details of borrowings (continued)

b) Terms of repayment of term loans from others:

Lender Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31 March 2021	Amount outstanding as at 31 March 2020
(i) From Housing Finance Companies					
Housing Development Finance Corporation Limited	36 months	31-Mar-18	Monthly	-	347.69
(ii) From Non-Banking Finance Companies					
AK Capital Finance Private Limited	24 / 36 months	30-Apr-20	Quarterly/ Monthly	4,117.65	3,400.00
APAC Financial Services Limited	11 months	03-Jun-21	Monthly	1,000.00	750.00
Bajaj Finance Limited	24/36 months	31-Aug-19	Monthly	2,466.67	666.67
Cholamandalam Investment and Finance Limited	36 months	01-Aug-19	Monthly	1,167.82	1,784.65
Fedbank Financial Services Limited	36 months	01-Aug-19	Monthly	590.91	1,136.36
Hero FinCorp Limited	24/30 months	03-Jun-19	Monthly	3,731.23	1,430.98
Hinduja Leyland Finance Limited	36 months	26-Apr-19	Monthly	1,588.95	2,905.28
Maanaveeya Development & Finance Private Limited	36 / 21 months	28-Jun-18	Quarterly / Monthly	-	2,213.90
NABKISAN Finance Limited	36 months	01-Nov-18	Quarterly	708.27	1,574.94
Sundaram Finance Limited	36 months	22-Dec-16	Monthly	570.10	1,252.03
TATA Capital Financial Services Limited	36/48 months	05-Jun-19	Monthly	2,958.00	1,423.73
UGRO Capital Limited	24 months	01-Mar-19	Monthly	-	244.64
Small Industries Development Bank of India	10 months	10-Aug-20	Monthly	336.00	-
Total term loans from others				**19,235.60**	**19,130.87**
As at balance sheet date, interest rates (per annum) range for the term loans from others				6.85% to 12.50%	11.00% to 12.95%

14.2 Details of term loans availed by the Company:

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

b) Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2021, 31 March 2020

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

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

Loans repayable on demand includes cash credit facilities which are secured by specific charge on loans. The range of interest rates across the facilities is 10.45% p.a to 12.25% p.a. (31 March 2020: 11.70% p.a. to 13.05% p.a).

The Company has not defaulted in repayment of loans.

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10.1 Property, plant and equipment

Particulars	Leasehold Improvements	Furniture and fixtures	Office equipments	Computers and accessories	Total
Cost					
Balance as at 31 March 2019	**382.03**	**187.30**	**84.36**	**557.97**	**1,211.66**
Additions	203.15	67.83	68.37	147.14	486.49
Disposals	-	-	-	(1.40)	(1.40)
Balance as at 31 March 2020	**585.18**	**255.13**	**152.73**	**703.71**	**1,696.75**
Additions	21.37	24.71	8.33	136.50	190.91
Disposals	-	-	-	-	-
Balance as at 31 March 2021	**606.55**	**279.84**	**161.06**	**840.21**	**1,887.66**
Accumulated depreciation					
Balance as at 31 March 2019	**130.39**	**77.85**	**15.74**	**101.63**	**325.61**
Additions	161.71	70.04	20.89	208.56	461.20
On disposals	-	-	-	(0.41)	(0.41)
Balance as at 31 March 2020	**292.10**	**147.89**	**36.63**	**309.78**	**786.40**
Additions	157.49	47.96	28.64	210.51	444.60
On disposals	-	-	-	-	-
Balance as at 31 March 2021	**449.59**	**195.85**	**65.27**	**520.29**	**1,231.00**
Net block					
As at 31 March 2020	**293.08**	**107.24**	**116.10**	**393.93**	**910.35**
As at 31 March 2021	**156.97**	**83.99**	**95.79**	**319.92**	**656.66**

10.2 Right of use assets ('ROUA')

Particulars	Office premises	Total
Gross block value		
Balance as at 31 March 2019	**1,686.31**	**1,686.31**
Additions	590.50	590.50
Deletions	(80.32)	(80.32)
Balance as at 31 March 2020	**2,196.49**	**2,196.49**
Additions	611.01	611.01
Deletions	(549.59)	(549.59)
Balance as at 31 March 2021	**2,257.91**	**2,257.91**
Accumulated depreciation		
Balance as at 31 March 2019	**419.29**	**419.29**
Additions	540.99	540.99
Deletions	(55.00)	(55.00)
Balance as at 31 March 2020	**905.28**	**905.28**
Additions	597.56	597.56
Deletions	(515.21)	(515.21)
Balance as at 31 March 2021	**987.63**	**987.63**
Net block value		
As at 31 March 2020	**1,291.21**	**1,291.21**
As at 30 March 2021	**1,270.28**	**1,270.28**

Also refer note 32

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10.3 Intangible fixed assets

Particulars	Computer Softwares	Total
Cost		
Balance as at 31 March 2019	**410.22**	**410.22**
Additions	578.67	578.67
Disposals	(154.30)	(154.30)
Balance as at 31 March 2020	**834.59**	**834.59**
Additions	102.04	102.04
Disposals	-	-
Balance as at 31 March 2021	**936.63**	**936.63**
Accumulated amortization		
Balance as at 31 March 2019	**130.86**	**130.86**
Additions	244.01	244.01
On disposals	(154.30)	(154.30)
Balance as at 31 March 2020	**220.57**	**220.57**
Additions	290.43	290.43
On disposals	-	-
Balance as at 31 March 2021	**511.01**	**511.01**
Net block		
As at 31 March 2020	**614.02**	**614.02**
As at 31 March 2021	**425.62**	**425.62**

10.4 Intangible fixed assets under development

Particulars	Software under development	Total
Balance as at 31 March 2019	**284.48**	**284.48**
Additions	26.75	26.75
Capitalized during the year	(276.80)	(276.80)
Balance as at 31 March 2020	**34.43**	**34.43**
Additions	91.59	91.59
Capitalized during the year	(82.46)	(82.46)
Balance as at 31 March 2021	**43.56**	**43.56**

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

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

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

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

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each*				
At the commencement of the year	46,987,752	3,501.89	41,301,518	3,142.40
Add: Issued during the year	140,000	14.00	5,686,234	359.49
At the end of the year	47,127,752	3,515.89	46,987,752	3,501.89
* includes 13,298,744 partly paid up equity shares of Rs. 10 each (Re. 1 paid up)				
0.01% CCPS of Rs. 10 each				
At the commencement of the year	23,655,716	2,365.57	23,655,716	2,365.57
Add: Issued during the year	-	-	-	-
At the end of the year	23,655,716	2,365.57	23,655,716	2,365.57
0.0001% CCPS of Rs. 10 each				
At the commencement of the year	20,480,732	2,048.07	5,494,514	549.45
Add: Issued during the year	-	-	14,986,218	1,498.62
At the end of the year	20,480,732	2,048.07	20,480,732	2,048.07
0.0001% CCPS of Rs. 15 each				
At the commencement of the year	13,921,801	2,088.27	13,921,801	2,088.27
Add: Issued during the year	-	-	-	-
At the end of the year	13,921,801	2,088.27	13,921,801	2,088.27

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

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs. 10*				
D. Arulmany	16,648,744	35.33%	16,648,744	35.43%
Norwest Venture Partners X Mauritius	10,690,807	22.68%	10,690,807	22.75%
Sheela Pai cole	4,064,247	8.62%	4,064,247	8.65%
Sunaina Pai Ocalan	3,961,518	8.41%	3,961,518	8.43%
Kedaara Capital Fund II LLP	3,597,041	7.63%	3,597,041	7.66%
0.01% CCPS of Rs. 10 each				
CDC Group Plc.	13,978,396	59.09%	13,978,396	59.09%
Lok Capital Growth Fund	8,602,051	36.36%	8,602,051	36.36%
0.0001% CCPS of Rs. 10 each				
Lok Capital Growth Fund	5,356,803	26.16%	5,356,803	26.16%
CDC Group Plc.	2,229,081	10.88%	2,229,081	10.88%
Kedaara Capital Fund II LLP	10,418,028	50.87%	10,418,028	50.87%
Norwest Ventures X Mauritius	2,476,820	12.09%	2,476,820	12.09%
0.0001% CCPS of Rs. 15 each				
CDC Group Plc.	4,554,206	32.71%	4,554,206	32.71%
Norwest Ventures X Mauritius	9,367,595	67.29%	9,367,595	67.29%

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

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

A. Equity shares

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

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

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

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

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

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

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

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

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

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

ii) Series B : 0.01% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 3 May 2036.

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

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

iii) Series C : 0.0001% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 10 May 2037.

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

iv) Series D : 0.0001% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 19 September 2038.

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

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

v) Series E : 0.0001% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 26 February 2039.

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

18.4 Employee Stock Option Scheme (also refer note 37)

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

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

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

18.5 Preferential offer to Promoter

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

- Agreement dated 30 November 2015, the Promoter shall have the option to subscribe to 6,000,000 equity shares of the Company at a pre-determined price of Rs. 25 per share.
- Agreement dated 1 June 2017, the Promoter shall have the option to subscribe to 400,000 equity shares of the Company at a pre-determined price of Rs. 75 per share.
- Agreement dated 15 October 2018, the Promoter shall have the option to subscribe to 4,575,000 equity shares of the Company at a pre-determined price of Rs. 135.04 per share.

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

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

18.6 Share warrants to certain employees

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

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	Particulars	As at 31 March 2021	As at 31 March 2020
19	**Other equity**		
	Statutory reserve	2,438.26	1,197.86
	Share options outstanding account	786.04	300.40
	Securities premium	67,009.17	66,998.30
	Retained earnings	8,550.53	3,678.50
		78,784.00	**72,175.06**
i.	**Statutory reserve**		
	Opening balance	1,197.86	531.01
	Add: Amount transferred from surplus in the statement of profit and loss	1,240.40	666.85
	Closing balance	**2,438.26**	**1,197.86**
ii.	**Share options outstanding account**		
	Opening balance	300.40	125.78
	Add: Share based payment expense	489.01	204.94
	Less : Transfer to securities premium on exercise of options	(3.37)	(30.32)
	Closing balance	**786.04**	**300.40**
iii.	**Securities premium**		
	Opening balance	66,998.30	34,045.60
	Add: Premium on shares issued during the period	7.50	33,385.83
	Add: Transfer from share options outstanding account on exercise of options	3.37	30.32
	Less: Utilised during the year for share issue expenses	-	(463.45)
	Closing balance	**67,009.17**	**66,998.30**
iv.	**Retained earnings**		
	Opening balance	3,678.50	1,042.25
	Add: Net Profit for the year	6,202.02	3,334.24
	Less : Appropriations		
	- Transfer to statutory reserve	(1,240.40)	(666.85)
	Add: Transfer from other comprehensive income	(89.59)	(31.14)
	Closing balance	**8,550.53**	**3,678.50**
v.	**Other comprehensive income**		
	Opening balance	-	-
	Add: Remeasurements of defined benefit asset / (liability)	(89.59)	(31.14)
	Less: Transferred to retained earnings	89.59	31.14
	Closing balance	-	-

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

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	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
20	**Interest income**		
	(On financial assets measured at amortised cost)		
	Interest on loans	32,771.41	25,131.33
	Interest on deposits	2,106.13	798.57
	Interest income on security deposit	24.63	22.97
		34,902.17	**25,952.87**
21	**Fee income**		
	Legal, documentation and inspection fees	115.94	175.23
	Others	376.60	365.97
		492.54	**541.20**
22	**Net gain / (loss) on fair value changes**		
	Net gain on financial instruments at fair value through profit or loss		
	On trading portfolio		
	-Mutual fund investments - Realised	613.45	1,051.39
	-Mutual fund investments - Unrealised	1.62	12.64
		615.07	**1,064.03**
23	**Other income**		
	Rent waiver	34.82	-
	Profit on:		
	- Sale of PPE (net)	-	0.04
	- Disposal of leased assets	4.75	2.79
	Interest on income tax refund	-	4.50
	Others	117.94	2.24
		157.51	**9.57**
24	**Finance costs**		
	At financial liabilities measured at amortised cost		
	Interest on borrowings		
	- term loans from banks	4,368.30	3,743.70
	- cash credits and overdraft from banks	0.18	0.06
	- term loans from others	1,774.18	2,540.22
	Interest on debt securities	5,534.14	3,961.09
	Interest expenses on lease liabilities	151.69	176.21
	Other borrowing costs	336.10	206.11
		12,164.59	**10,627.39**
25	**Impairment on financial instruments**		
	At amortised cost		
	Impairment loss allowance on loans	1,716.33	1,419.94
	Loans written off	2,328.26	90.33
		4,044.59	**1,510.27**
26	**Employee benefits expenses**		
	Salaries and wages	7,161.76	6,882.64
	Contribution to provident and other funds	512.36	482.23
	Stock based payment to employees	489.02	204.94
	Expenses related to post-employment defined benefit plans (refer note 30)	34.07	20.05
	Expenses related to compensated absences	91.99	47.11
	Staff welfare expenses	132.08	227.87
		8,421.28	**7,864.84**
27	**Depreciation and amortization**		
	Depreciation of property, plant and equipment	444.60	461.20
	Depreciation of right of use assets	597.56	540.99
	Amortisation of intangible assets	290.43	244.01
		1,332.59	**1,246.20**

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	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
28	**Other expenses**		
	Rent and energy costs	65.82	86.53
	Rates and taxes	162.23	169.14
	Repairs and maintenance	153.01	160.73
	Communication costs	182.81	209.76
	Printing and stationery	54.99	86.48
	Advertisement and business promotion	12.74	82.15
	Directors fees, allowances and expenses	58.25	58.25
	Auditors' fees and expenses (refer note 28.1)	43.08	22.75
	Legal and professional charges	290.25	343.09
	Insurance	9.56	8.53
	Corporate social responsibility expenses (refer note 28.2)	52.56	22.00
	Travel and conveyance expenses	582.38	404.69
	Information technology expenses	310.75	275.85
	Bank charges	17.87	7.51
	Other expenses	3.80	0.10
		2,000.10	**1,937.56**
28.1	**Payments to auditors**		
	Statutory audit	29.00	18.00
	Other services	13.00	4.00
	Reimbursement of expenses	1.08	0.75
		43.08	**22.75**
28.2	**Details of expenditure on corporate social responsibility (CSR)**		
	(a) Gross amount required to be spent by the Company during the year	52.25	21.11
	(b) Amount approved by the Board to be spent during the year	52.25	21.11
	(c) Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	52.56	22.00
	(d) Contribution to related parties	-	-
		52.56	**22.00**

(e) Excess amount spent	As at 31 March 2021	As at 31 March 2020
Opening balance	0.89	-
Amount required to be spent during the year	(52.25)	(21.11)
Amount spent during the year	52.56	22.00
Closing balance	**1.20**	**0.89**

29	**Income tax**		
	The component of income tax expenses:		
	Current tax	2,553.00	1,593.86
	Changes in estimates related to prior years	-	(49.44)
	Deferred tax	(550.88)	(497.25)
		2,002.12	**1,047.17**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
29.1 Reconciliation of total tax expense		
Accounting profit before tax	8,204.14	4,381.41
Applicable tax rate	25.17%	25.17%
Computed tax expense	2,064.82	1,102.71
Tax effect of :		
Permanent differences	(62.70)	(86.78)
Change in tax rate (refer note below)	-	80.68
Income tax expense recognised in statement of profit and loss excluding change in estimates relating to previous years	**2,002.12**	**1,096.61**
Effective tax rate	24.40%	25.03%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2020.

29.2 Deferred tax

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

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

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

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

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30 Employee benefits

30.1 Defined contribution plan

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

30.2 Defined benefit plans

Gratuity

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

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

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

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

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

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

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

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

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

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

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

	As at 31 March 2021	As at 31 March 2020
A. Change in present value defined benefit of obligations		
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at the beginning of the year	85.46	24.22
Current service cost	29.80	18.42
Interest cost	4.27	1.63
Benefits paid	(9.09)	(0.42)
Actuarial loss / (gain) recognised in other comprehensive income	119.73	41.61
Present value of defined benefit obligation at the end of the year	**230.17**	**85.46**
B. Change in fair value of plan assets during the year		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Employer contributions	9.09	0.42
Benefits paid	(9.09)	(0.42)
Actuarial loss / (gain) recognised in other comprehensive income	-	-
Fair value of plan assets at the end of the year	-	-

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30.2 Defined benefit plans (continued)

	As at 31 March 2021	As at 31 March 2020
C. Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-
D. Reconciliation of present value of the defined benefit obligation and the fair value of the plan assets		
Present value of defined benefit obligations at the end of the year	230.17	85.46
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**230.17**	**85.46**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	38.04	19.82
Non-current	192.13	65.64
	230.17	**85.46**

	Year ended 31 March 2021	Year ended 31 March 2020
E. Expense recognised in statement of profit and loss		
Current service cost	29.80	18.42
Interest cost	4.27	1.63
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss	**34.07**	**20.05**
F. Remeasurements recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation	119.73	41.61
Return on plan assets excluding interest income	-	-
	119.73	**41.61**

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

Notes:

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

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

c) Experience adjustments:

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation	230.17	85.46	24.22	6.21	5.57
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit)	(230.17)	(85.46)	(24.22)	(6.21)	(5.57)
Experience adjustments on plan liabilities - (loss) / gain	(119.73)	(41.61)	(4.23)	3.56	(0.18)
Experience adjustments on plan assets - loss / (gain)	-	-	-	-	-

d) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at 31 March 2021	As at 31 March 2020
Discount rate		
-0.5% increase	(4.82)	(1.30)
-0.5% decrease	5.01	1.33
Future salary growth		
-0.5% increase	5.15	1.45
-0.5% decrease	(5.02)	(1.43)
Attrition rate		
-0.5% increase	(2.89)	(1.10)
-0.5% decrease	2.96	1.12

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

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31 Segment information

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

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

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

32 Disclosures under Ind AS 116

A. Implementation of Ind AS 116

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

(i) Measurement of Lease Liabilities

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

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

B. The Company has entered into leasing arrangements for premises. ROU has been included after the line 'Property, Plant and Equipment' and Lease liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

(i) Amounts recognised in the Balance sheet

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

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

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

(iii) Cash Flows

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

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		Year ended 31 March 2021	Year ended 31 March 2020
33	**Contingent liabilities**		
	Income tax related matters	54.74	-
	Bank Guarantee	25.00	-
33A	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	44.13	7.60
	Undrawn committed sanctions to borrowers	1,013.95	1,025.74
34	**Earnings Per Share (EPS)**		
	Profit for the year	6,202.02	3,334.24
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	**35,051,102**	**31,525,399**
	Effect of dilutive potential equity shares:		
	Compulsory convertible preference shares	58,058,249	58,058,249
	Employee stock options and share warrants	2,327,846	2,152,543
	Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**95,437,197**	**91,736,191**
	Face value per share	10.00	10.00
	Earnings per share (in Rs.)		
	- Basic	17.69	10.58
	- Diluted	6.50	3.63

35 Related party transactions

35.1 Names of related parties and nature of relationship

Key Managerial Personnel	Mr. D. Arulmany, Managing Director and Chief Executive Officer
	Mr. J. Prakash Rayen, Chief Operating Officer
	Mr. V.G. Suchindran, Chief Financial Officer
	Mr. K.P. Venkatesh, Chief Business Officer
	Ms. N.A Madhavi, Company Secretary
	Mr. M Sivaraman, Independent Director
	Mr. N Mohan Raj, Independent Director
	Mr. Abhijit Sen, Independent Director

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35.2 Transactions during the year

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Remuneration to Key Managerial Personnel *		
Mr. D. Arulmany	110.01	110.01
Mr. J. Prakash Rayen	80.49	80.49
Mr. V.G. Suchindran	85.14	85.14
Mr. K.P. Venkatesh	85.08	85.08
Ms. N. A. Madhavi	9.65	9.73
Mr. M Sivaraman	3.90	18.75
Mr. N Mohan Raj	5.20	20.25
Mr. Abhijit Sen	4.15	19.25
Partly paid up equity shares issued during the year		
Mr. D. Arulmany #	-	23.24
Partly paid up equity shares issued during the year (in number of shares)		
Mr. D. Arulmany #	-	2,323,744
Employee stock options exercised during the year (in number of options)		
Mr. J. Prakash Rayen	-	975,000
Mr. V.G. Suchindran	-	500,000
Employee stock options exercised during the year		
Mr. J. Prakash Rayen	-	97.50
Mr. V.G. Suchindran	-	50.00

Also refer note 18

35.3 Balances as at the year-end:

Particulars	As at 31 March 2021	As at 31 March 2020
Remuneration payable to Key Managerial Personnel *		
Mr. D. Arulmany	25.00	25.00
Mr. J. Prakash Rayen	20.00	20.00
Mr. V.G. Suchindran	20.00	20.00
Mr. K.P. Venkatesh	20.00	20.00
Ms. N.A. Madhavi	1.50	1.00
Mr. M Sivaraman	15.00	14.50
Mr. N Mohan Raj	15.00	14.50
Mr. Abhijit Sen	15.00	14.50
Employee stock option (in number of options)		
Mr. J. Prakash Rayen	525,000	525,000
Mr. K.P. Venkatesh	500,000	400,000
Share warrants (in number of options)		
Mr. J. Prakash Rayen	133,334	133,334
Mr. V.G. Suchindran	133,333	133,333

Note:

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

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

Refer note 18.5

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36 Micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED Act, 2006'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

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

37 Employee Stock Option Scheme (ESOS)

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

Particulars	Veritas ESOS A, 2016	Veritas ESOS B, 2018	Veritas ESOS C, 2018
At the end of one year of service from grant date	30%	20%	20%
At the end of two years	35%	25%	25%
At the end of three years	35%	25%	25%
At the end of four years	-	30%	30%

37.1 Options outstanding under Veritas ESOS 2018 and ESOS 2016

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

Plan	Grant date	Number of	Exercise price	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	525,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	132,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	56,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	839,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	400,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	570,000	125.00	1 to 4 years	Time and performance based vesting
ESOS 2016 A	15-Jun-20	50,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 B	15-Jun-20	110,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	915,000	160.00	1 to 4 years	Time and performance based vesting
		3,597,500			

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As at 31 March 2020, the outstanding options under the Veritas ESOS, 2018 and Veritas ESOS, 2016 are as follows:

Plan	Grant date	Number of options	Exercise price in Rs.	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	590,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	185,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	78,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	889,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	400,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	660,000	125.00	1 to 4 years	Time and performance based vesting
		2,802,500			

37.2 Reconciliation of outstanding options

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	63.70	2,802,500	27.95	4,225,000
Forfeited during the year	94.64	(140,000)	125.00	(65,000)
Exercised during the year	15.36	(140,000)	10.60	(2,082,500)
Granted during the year	160.00	1,075,000	125.00	725,000
Outstanding as at end of year	**92.79**	**3,597,500**	**63.70**	**2,802,500**
Vested and exercisable as at end of year	**42.87**	**1,594,500**	**27.57**	**1,333,000**

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

37.3 Expense recognised in the statement of profit and loss

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

37.4 Fair value methodology

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

	As at 31 March 2021	As at 31 March 2020
Share price on Grant date (In Rs.)	9.51 - 218.19	9.51 - 123.22
Exercise price (In Rs.)	10.00 - 160.00	10.00 - 125.00
Fair value of options at grant date	2.48 - 108.64	2.48 - 48.24
Expected volatility	22.00% - 41.60%	22.00% - 41.60%
Option term	2.00 - 5.63 years	2.00 - 5.50 years
Expected dividends	Nil	Nil
Risk free interest rate	4.53% - 7.79%	6.14% - 7.79%
Weighted average remaining contractual life (in years)	4.31	4.50

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38 Capital

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

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

Capital Management

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

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

i Net Debt to Equity Ratio

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

	As at 31 March 2021	As at 31 March 2020
Equity	**88,801.80**	**82,178.86**
Debt	125,414.53	100,982.10
Cash and Cash equivalents	14,810.97	42,244.86
Net Debt	**110,603.56**	**58,737.24**
Net Debt to Equity Ratio	1.25	0.71

ii Capital Adequacy ratio

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

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

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39 Fair Value Measurement

a. Financial instruments by category

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

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	14,810.97	-	14,810.97
Bank balances other than cash and cash equivalents	5	27,614.27	-	27,614.27
Loans	6	152,423.49	-	152,423.49
Investments	7	-	17,500.74	17,500.74
Other financial assets	8	440.91	-	440.91
Total		**195,289.64**	**17,500.74**	**212,790.38**
Liabilities:				
Trade payables	12	291.61	-	291.61
Debt securities	13	53,074.52	-	53,074.52
Borrowings (Other than debt securities)	14	72,340.01	-	72,340.01
Other financial liabilities	15	1,486.47	-	1,486.47
Total		**127,192.61**	**-**	**127,192.61**

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

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

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39 Fair Value Measurement

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

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

			Fair value			
Particulars	**Note**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:						
Cash and cash equivalents	4	14,810.97				-
Bank balances other than cash and cash equivalents	5	27,614.27				-
Loans	6	152,423.49				-
Investments	7	17,500.74	17,500.74			17,500.74
Other financial assets	8	440.91				-
Total		**212,790.38**	**17,500.74**	-	-	**17,500.74**
Liabilities:						
Trade payables	12	291.61				
Debt securities	13	53,074.52				
Borrowings (Other than debt securities)	14	72,340.01				
Other financial liabilities	15	1,486.47				
Total		**127,192.61**	-	-	-	-

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

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

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40 Financial risk management objectives and policies

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

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

Risk management framework

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

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

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

Excessive risk concentration

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

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

(i) Market risk

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

Interest rate risk

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

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

	As at 31 March 2021	As at 31 March 2020
Fixed rate instruments		
Financial assets	183,174.34	172,150.32
Financial liabilities	69,099.67	45,866.45
	252,274.01	**218,016.77**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	54,670.24	54,068.58
	54,670.24	**54,068.58**

Cash flow sensitivity analysis for variable-rate instruments:

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2021				
Variable-rate instruments	(546.70)	546.70	(409.11)	409.11
Cash flow sensitivity (net)	**(546.70)**	**546.70**	**(409.11)**	**409.11**
31 March 2020				
Variable-rate instruments	(540.69)	540.69	(404.61)	404.61
Cash flow sensitivity (net)	**(540.69)**	**540.69**	**(404.61)**	**404.61**

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40 Financial risk management objectives and policies (continued)

(ii) Credit risk

Loans

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has credit policy approved by the Board of Directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building except for working capital loans which are unsecured. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial Instruments.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vaseick Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.
The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Life time Provision
90+ Days	Stage 3	Life time Provision

Also refer note 54

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40 Financial risk management objectives and policies (continued)

Company's internal rating and PD estimation process

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

Exposure at default

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

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

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

Loss given default

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

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

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

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

Discounting

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

Significant increase in credit risk

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

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

Grouping financial assets measured on a collective basis

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

Loan type
Ticket size

ECL computation

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

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of

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

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.

40 Financial risk management objectives and policies (continued)

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

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**125,563.44**	**2,081.56**	**2,422.40**	**130,067.40**	**72,466.00**	**1,115.17**	**798.84**	**74,380.01**
Asset derecognised or repaid (including write-off)	(15,778.28)	(651.96)	(1,775.48)	(18,205.72)	(8,011.39)	(176.70)	(135.42)	(8,323.51)
Assets partially repaid	(10,327.58)	-	-	(10,327.58)	(8,556.06)	(69.57)	-	(8,625.63)
Roll forwards to higher stages	(9,985.82)	(628.25)	-	(10,614.07)	(2,724.89)	(514.03)	-	(3,238.92)
Roll forward from lower stages	-	7,457.28	3,156.79	10,614.07	-	1,638.77	1,600.15	3,238.92
Roll back from higher stages	302.98	2.85	-	305.83	-	(71.42)	(5.75)	(77.17)
Roll back to lower stages	-	(296.07)	(9.76)	(305.83)	71.42	5.75	-	77.17
New assets originated *	54,193.42	124.50	422.98	54,740.90	72,318.36	153.59	164.58	72,636.53
Gross carrying amount closing balance	**143,968.16**	**8,089.91**	**4,216.93**	**156,275.00**	**125,563.44**	**2,081.56**	**2,422.40**	**130,067.40**

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

Also refer note 54

Reconciliation of ECL balance is given below:

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

Also refer note 54

Analysis of inputs to the ECL model under multiple economic scenarios

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

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

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

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40 Financial risk management objectives and policies (continued)

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits, other receivables and employee loans. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

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

The Cash credit facilities may be overdrawn anytime and may be terminated any time without notice.

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2021:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	291.61	291.61	-	-	-
Debt securities	53,275.59	35,515.59	17,760.00	-	-
Borrowings (other than debt securities)	72,683.22	34,815.37	29,953.74	7,914.11	-
Other financial liabilities	1,863.35	708.03	627.06	285.14	243.12
Total	**128,113.77**	**71,330.60**	**48,340.80**	**8,199.25**	**243.12**
Financial assets					
Cash and cash equivalents	14,810.97	14,810.97	-	-	-
Bank balances other than cash and cash equivalents	27,614.27	27,614.27	-	-	-
Loans (also refer note 54)	158,308.74	36,020.44	65,576.08	41,134.05	15,578.17
Investments	17,500.74	17,500.74	-	-	-
Other financial assets	440.91	185.75	191.93	23.96	39.27
Total	**218,675.63**	**96,132.17**	**65,768.01**	**41,158.01**	**15,617.44**

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2020:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	204.21	204.21	-	-	-
Debt securities	38,890.29	20,130.29	12,760.00	6,000.00	-
Borrowings (other than debt securities)	62,497.29	30,490.70	29,951.32	2,055.27	-
Other financial liabilities	1,804.18	617.88	612.14	265.82	308.33
Total	**103,395.97**	**51,443.08**	**43,323.46**	**8,321.09**	**308.33**
Financial assets					
Cash and cash equivalents	42,244.86	42,244.86	-	-	-
Bank balances other than cash and cash equivalents	4,697.98	4,697.98	-	-	-
Loans (also refer note 54)	132,014.34	27,700.78	55,624.40	36,443.07	12,246.09
Investments	6,318.13	6,318.13	-	-	-
Other financial assets	402.65	158.41	184.62	19.56	40.06
Total	**185,677.96**	**81,120.16**	**55,809.02**	**36,462.63**	**12,286.15**

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41 Securitization transactions

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

42 Gold loan portfolio

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

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

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

45.1 Capital adequacy ratio

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

Particulars	As at 31 March 2021	As at 31 March 2020
Tier I Capital	86,540.17	80,382.64
Tier II Capital	365.73	865.02
Total Capital	**86,905.90**	**81,247.66**
Total Risk Assets	171,590.00	137,060.24
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	50.43%	58.65%
Tier II Capital as a percentage of Total Risk Assets (%)	0.22%	0.63%
Total Capital (%)	**50.65%**	**59.28%**

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45.2 Exposure to real estate sector

Particulars	As at 31 March 2021	As at 31 March 2020
The Company does not have any direct or indirect exposure to the real estate sector other than properties mortgaged as collateral by its customers		
Direct Exposure		
i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
ii) Commercial Real Estate *		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	8,981.98	6,368.31
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
Total exposure to real estate sector	**8,981.98**	**6,368.31**

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

45.3 Exposure to capital market

Particulars	As at 31 March 2021	As at 31 March 2020
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

45.4 Exposure to Perpetual Debt Instruments (PDI)

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

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

		As at 31 March 2021	**As at 31 March 2020**
45.6	**Concentration of advances**		
	Total advances to twenty largest borrowers	483.70	306.84
	Percentage of advances to twenty largest borrowers to total advances	0.31%	0.24%
45.7	**Concentration of exposures**		
	Total exposures to twenty largest borrowers	483.70	306.84
	Percentage of exposures to twenty largest borrowers to total exposures	0.31%	0.24%
45.8	**Concentration of NPAs (Stage 3 assets)**		
	Total exposure to top four NPA accounts	67.73	45.46
45.9	**Sector-wise NPAs (Stage 3 assets) (Percentage of NPAs to total advances in that sector)**		
	Agriculture & allied activities	-	-
	MSME	-	-
	Corporate borrowers	-	-
	Services	-	-
	Unsecured personal loans	-	-
	Auto loans	-	-
	Other loans (retail)		
	- Secured	2.71%	1.87%
	- Unsecured	2.30%	1.43%

The above sector-wise NPA and advances is based on the data available with the Company which has been relied upon by the auditors. Also refer note 54.

45.10 Ratings assigned by credit rating agencies :

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

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

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

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

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

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

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45.12 Registration / license / authorization obtained from financial sector regulators

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

45.13 Investments

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

45.14 Derivatives

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

45.15 Details of non- performing financial assets purchases and sold

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

45.16 Details of financing of Parent Company products

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

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

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

45.18 Advances against intangible securities

The Company has not given any loans against intangible securities

45.19 Penalties imposed by RBI and other regulators

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

45.20 Draw down from reserves

The Company has made no drawdown from existing reserves.

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

There are no overseas assets owned by the Company.

45.22 Off-balance sheet SPVs sponsored

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

45.23 Customer complaints

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

The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

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45.24 Asset Liability Management

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

Particulars	Upto 30/31 days (1 Month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,606.92	2,785.87	2,506.35	5,991.92	11,099.17	21,994.38	7,372.45	-	**53,357.06**
Borrowings from others	1,354.89	888.75	742.57	3,172.26	4,666.67	7,959.36	541.66	-	**19,326.16**
Debt securities	46.38	3,500.00	-	1,785.72	30,183.49	17,760.00	-	-	**53,275.59**
Assets									
Loans (Refer note 1 & 2)									
- Secured	4,259.47	2,172.15	2,210.29	6,859.62	14,750.87	65,102.41	41,134.05	15,578.17	**152,067.03**
-Unsecured	571.42	631.93	593.27	1,590.91	2,380.51	473.67	-	-	**6,241.71**
Investment in mutual funds	17,500.74	-	-	-	-	-	-	-	**17,500.74**

(b) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2020:

Particulars	Upto 30/31 days (1 Month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,316.37	1,328.52	2,071.56	4,792.14	9,387.24	22,349.17	2,055.27	-	**43,300.27**
Borrowings from others	1,038.73	1,081.29	1,325.71	2,795.54	5,353.60	7,602.15	-	-	**19,197.02**
Debt securities	1,230.29	-	-	8,000.00	10,900.00	12,760.00	6,000.00	-	**38,890.29**
Assets									
Loans (Refer note 1 & 2)									
- Secured	1,701.30	1,694.43	1,735.11	7,578.09	11,690.78	55,559.99	36,443.07	12,246.09	**128,648.86**
-Unsecured	-	-	722.26	1,872.51	706.30	64.41	-		**3,365.48**
Investment in mutual funds	6,318.13	-	-	-	-	-	-	-	**6,318.13**

Note:

1 Excludes the unamortised component of sourcing cost/ income which is adjusted as part of loan balances.

2 Estimated expected cashflows considering the moratorium and restructuring given to the customers. Also refer note 51.1, 51.2 and 54.

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
Assets side:		
c) **Break-up of Loans and Advances including bills receivables [other than those included**		
(a) Secured (refer note 6)	150,102.74	126,726.25
(b) Unsecured (refer note 6)	6,172.26	3,341.15
d) **Break up of Leased Assets and stock on hire and other assets counting towards asset**		
(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	-	-

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Particulars	As at 31 March 2021	As at 31 March 2020
e) Break-up of Investments (at fair value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	17,500.74	6,318.13
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
Long Term Investments:		
I. Quoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		

f) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	As at 31 March 2021 (Net of Provisions)		As at 31 March 2020 (Net of Provisions)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	146,378.50	6,044.98	124,683.19	3,249.03
	146,378.50	**6,044.98**	**124,683.19**	**3,249.03**

g) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) :

Category	Market Value / Break up or fair value or Net Asset Value as on 31 March 2021	Book Value as on 31 March 2021 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on 31 March 2020	Book Value as on 31 March 2020 (Net of provisions)
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
	-	-	-	-

h) Other Information (Also refer note 54)

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
a) Loans and advances in the nature of loans to subsidiaries	-	-
b) Loans and advances in the nature of loans to associates	-	-
c) Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
d) Loans and advances in the nature of loans to firms / companies in which directors are interested	-	-

48 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of a first and pari passu hypothecation of receivables under financing activities.

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

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

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

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

As at 31 March 2021

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5) = (3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	143,968.16	365.73	143,602.43	609.66	1,132.28
	Stage 2	8,089.91	1,376.21	6,713.70		
Subtotal for Standard		**152,058.07**	**1,741.94**	**150,316.13**	**609.66**	1,132.28
Non-performing assets (NPA)						
Substandard	Stage 3	3,437.48	1,714.04	1,723.44	353.91	1,360.13
Doubtful - up to 1 year	Stage 3	779.45	395.53	383.92	180.88	214.65
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**779.45**	**395.53**	**383.92**	**180.88**	**214.65**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,216.93**	**2,109.57**	**2,107.36**	**534.79**	**1,574.78**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**143,968.16**	**365.73**	**143,602.43**	**609.66**	**1,132.28**
	Stage 2	**8,089.91**	**1,376.21**	**6,713.70**		
	Stage 3	**4,216.93**	**2,109.57**	**2,107.36**	**534.79**	**1,574.78**
		156,275.00	**3,851.51**	**152,423.49**	**1,144.45**	**2,707.06**

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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 2020

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5) = (3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	125,563.44	865.02	124,698.42	832.15	531.10
	Stage 2	2,081.56	498.23	1,583.33		
Subtotal for Standard		**127,645.00**	**1,363.25**	**126,281.75**	**832.15**	**531.10**
Non-performing assets (NPA)						
Substandard	Stage 3	1,408.62	450.43	958.19	146.46	303.97
Doubtful - up to 1 year	Stage 3	805.33	257.02	548.31	176.88	80.14
1 to 3 years	Stage 3	193.41	59.83	133.58	58.16	1.67
More than 3 years	Stage 3	15.04	4.65	10.39	7.53	(2.88)
Subtotal for doubtful		**1,013.78**	**321.50**	**692.28**	**242.57**	**78.93**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,422.40**	**771.93**	**1,650.47**	**389.03**	**382.90**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**125,563.44**	**865.02**	**124,698.42**	**832.15**	**531.10**
	Stage 2	**2,081.56**	**498.23**	**1,583.33**		
	Stage 3	**2,422.40**	**771.93**	**1,650.47**	**389.03**	**382.90**
		130,067.40	**2,135.18**	**127,932.22**	**1,221.18**	**914.00**

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

50.2 Disclosure pursuant to Reserve Bank of India circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID 19 Regulatory Package

Particulars	As at 31 March 2021	As at 31 March 2020
Respective amount in SMA/ overdue categories, where the moratorium/ deferment was extended	-	-
Respective amount where asset classification benefits is extended	-	-
General provision made	-	-
General provision adjusted during the period against the slippages and the residual provisions	-	-

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51 Maturity analysis of assets and liabilities

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

	31-Mar-21			31-Mar-20		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents	14,810.97	-	14,810.97	42,244.86	-	42,244.86
Bank balances other than cash and cash equivalents	27,614.27	-	27,614.27	4,697.98	-	4,697.98
Loans	36,020.44	116,403.05	152,423.49	27,700.78	100,231.44	127,932.22
Investments	17,500.74	-	17,500.74	6,318.13	-	6,318.13
Other financial assets	185.75	255.16	440.91	158.41	244.24	402.65
Current tax assets (Net)	338.79	-	338.79	121.59	-	121.59
Deferred tax Assets (Net)	-	1,684.71	1,684.71	-	1,103.70	1,103.70
Property, plant and equipment	-	656.66	656.66	-	910.35	910.35
Right of use assets	-	1,270.28	1,270.28	-	1,291.21	1,291.21
Intangible assets under development	-	425.62	425.62	-	614.02	614.02
Intangible assets	-	43.56	43.56	-	34.43	34.43
Other non-financial assets	276.17	-	276.17	186.60	-	186.60
Total Assets	**96,747.13**	**120,739.04**	**217,486.17**	**81,428.35**	**104,429.39**	**185,857.74**
Liabilities						
Financial Liabilities						
Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	291.61	-	291.61	204.21	-	204.21
Debt Securities	35,515.59	17,558.92	53,074.52	20,130.29	18,574.59	38,704.88
Borrowings (Other than DebtSecurities)	34,815.38	37,524.63	72,340.01	30,490.70	31,786.52	62,277.22
Other financial liabilities	577.15	909.32	1,486.47	498.65	906.74	1,405.39
Non-Financial Liabilities						
Provisions	38.04	352.08	390.12	19.82	148.09	167.91
Other non-financial liabilities	1,101.64	-	1,101.64	919.27	-	919.27
Total Liabilities	72,339.41	56,344.96	128,684.37	52,262.94	51,415.94	103,678.88
Net	**24,407.72**	**64,394.09**	**88,801.80**	**29,165.41**	**53,013.45**	**82,178.86**
Other undrawn commitments	1,013.95	-	1,013.95	1,025.74	-	1,025.74
Total commitments	**1,013.95**	-	**1,013.95**	**1,025.74**	-	**1,025.74**

51A Changes in liability arising from financing activities

Particulars	01-Apr-20	Cash Flows	New leases	Others*	31-Mar-21
Debt Securities	38,704.88	13,600.00	-	769.64	53,074.52
Borrowings (other than debt securities)	62,277.22	10,234.88	-	(172.09)	72,340.01
Lease Liability	1,387.57	(713.01)	709.88	-	1,384.44
Total	**102,369.67**	**23,121.87**	**709.88**	**597.55**	**126,798.97**

Particulars	01-Apr-19	Cash Flows	New leases	Others*	31-Mar-20
Debt Securities	19,209.59	18,760.00	-	735.29	38,704.88
Borrowings (other than debt securities)	40,252.99	21,959.41	-	64.82	62,277.22
Lease Liability	1,294.43	(627.15)	720.29	-	1,387.57
Total	**60,757.01**	**40,092.26**	**720.29**	**800.11**	**100,982.10**

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

D.S.R. & Co. LLP * Chartered Accountants *

VERITAS FINANCE PVT. LTD. * CHENNAI -32 *

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

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

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

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

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

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

52 Ex-gratia Payment

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

53 Interest on Interest

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

54 Impact of COVID-19

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

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

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

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

S Sethuraman
Partner
Membership No. : 203491

Place : Chennai
Date : 22 April 2021

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 22 April 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Veritas Finance Private Limited

ReportontheFinancialStatements

Opinion

We have audited the accompanying financial statements of Veritas Finance Private Limited ("the Company"),which comprisetheBalanceSheetasat 31 March2022,theStatement of Profitand Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter Paragraph

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

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Key Audit Matters

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

Key Audit matter	How our audit addressed the Key matter
Impairment Loss Allowance Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgement include: 1. Categorization of loans in Stage I, II and III based on identification of: (a) exposures with significant increase in credit risk since their origination and (b) Individually impaired / default exposures. 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience.	➢ 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.

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Key Audit matter	How our audit addressed the Key matter
The impact of different future macroeconomic conditions in the determination of ECL. These judgements required the models to be reassessed including the impact of Covid -19 Pandemic to measure the ECL. Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.	➢ For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. ➢ We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements
IT Systems and Controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, Any control lapses, Validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated	We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. Reliance was also placed on the System Audit report of the Company. Based on our review no material weakness was found in the IT Systems and Controls.

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

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

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

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

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

Responsibilities of Management and those charged with Governancefor theFinancialStatements

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.

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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 whetherthe company has adequate internal financial controls system in place and the operatingeffectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness ofaccounting 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, theplanned scope and timing of the audit and significant audit findings, including any significantdeficiencies in internal control that we identify during our audit.

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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 thosematters that were of most significance in the audit of the financial statements of the currentperiod and are therefore the key audit matters. We describe these matters in our auditor'sreport unless law or regulation precludes public disclosure about the matter or when, inextremely 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 tooutweigh the public interest benefits of such communication.

ReportonOther LegalandRegulatory 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) Asrequired by Section143 (3)oftheAct,wereportthat:

   (a) we have soughtand obtainedall theinformationand explanationswhich to thebestof our knowledgeand beliefwere necessaryforthepurposes ofouraudit;

   (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 on31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
   The company being a Private Company, the provisions of Section 197 to the Act is not applicable.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in Note no.33.

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

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

iv.

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

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

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

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

For Sundaram and Srinivasan
Chartered Accountants
FRN: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AHZKQJ3356

Date: 28th April 2022
Place: Chennai

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ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

SUNDARAM & SRINIVASAN
New No:4,
Old No:23,
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CHENNAI
600 018.
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Offices : Chennai - Bengaluru - Madurai

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Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No.: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AHZKQJ3356

Place: Chennai
Date: 28th April 2022

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ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-assets.

(B) The company is maintaining proper records showing full particulars of Intangible Assets.

b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed

c) The Company does not have any Immovable Property as of 31st March 2022. Hence reporting under this clause is not applicable.

d) The Company has not revalued its Property Plant and equipment or Intangible assets or both during the year.

e) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, no proceedings has been initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988.

(ii) a) The company does not have any inventory and hence reporting under this clause is not applicable.

b) During the year, the company had availed working capital limits in excess of Rs. Five Crores from banks and financial institutions on the basis of security of current assets. The quarterly returns and the statements submitted to lenders are in agreement with the books of accounts.

(iii) a) Clause 3(iii)(a) is not applicable to the company since the company's principal business is to give loans.

b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the company's interest

c) The schedule of repayment of principal and payment of interest has been stipulated for all Loans and advances in the nature of loans, The repayments of principal and payments of interest are regular except for loans amounting to Rs.20,037 Lakhs for which repayment of principal and payments of interest are not regular.

Bucket	Amount in Lakhs
1-90 DPD	12,674
More than 90 DPD	7,363

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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 made private placement of shares during the year. The Requirements of Section 42 and 62 of the Companies Act have been duly complied with by the company. Based on our examination of books of accounts and other records of the company and according to the information and explanations provided by the management, the funds raised have been used for the purposes for which the funds were raised.

xi) a) To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company or material fraud on the Company were noticed or reported during the course of our audit.

b) No report under sub section (12) of Section 143 of the Companies Act in form ADT-4 was filed as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) The company did not receive any whistle blower complaints during the year.

xii) The Company is not a Nidhi Company. Hence, clauses 3(xii)(a),(b),(c) of the Order are not applicable.

xiii) The transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv) a) The company has an Internal Audit System commensurate with the Size and Nature of its business.
b) We have considered the Reports of Internal Auditors for the financial year ended 31st March 2022.

xv) According to the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year.

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d) The amounts overdue for more than 90 days aggregating principal repayment and interest payments is Rs.7363 Lakhs. In our opinion reasonable steps have been taken by the company for recovery of principal and interest.

e) Clause 3(iii)(e) is not applicable to the company since the company's principal business is to give loans

f) The company has not given loans or advances in the nature of loans repayable on demand or without specifying the terms or period of repayment.

(iv) The company has complied with the provisions of section 185 and 186 of the Act in respect of loans granted, investments made, guarantees given and securities provided, wherever applicable.

(v) The Company has not accepted any deposits within the meaning of sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder.

(vi) The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.

(vii) a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues applicable to it during the year with appropriate authorities.

b) According to the information and explanations given to us, dues of income-tax has not been deposited with the appropriate authorities on account of dispute as per details below

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

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

(viii) There was no transaction which were not recorded in the books of accounts or surrendered as Income during the year in the tax assessments under Income Tax Act.

(ix) a) Based on our examination of the books of accounts and other records of the company, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, the company has not been declared as a willful defaulter by any bank, financial institution, or any other lender.

c) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, Term Loans obtained were applied for the purposes which it was obtained.

SUNDARAM & SRINIVASAN New No.:4, Old No.:23, CPR ROAD, CHENNAI 600 018. CHARTERED ACCOUNTANTS

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xvi) a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.

b) The company has conducted Non-banking Financial Activities with Valid Certificate of Registration from Reserve Bank of India.

c) The company is not a Core Investment Company, hence reporting under clause 3(xvi)(c) is not applicable

d) The Company is not a part of any Group. Hence reporting under this clause is not applicable.

xvii) The company has not incurred cash losses during the year and the immediately preceding financial year.

xviii) There was resignation of statutory auditors during the year in pursuance of the circular issued by the RBI. We have considered the issues, objections or concerns raised by the outgoing auditors.

xix) On the basis of our evaluation of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement and our knowledge of Board of Directors and Management plans, we are of the opinion that, no material uncertainty exists as on the date of Audit Report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet.

xx) a) The company has transferred the unspent amount of Rs.37.50 Lakhs towards Corporate Social Responsibility Expenditure which requires to be transferred to a fund specified in schedule VII to the Companies Act,2013 within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

b) The company does not have any ongoing project for CSR. Hence reporting under this clause is not applicable.

xxi) As the company is not required to prepare the consolidated financial statements, the reporting under clause 3(xxi) is not applicable.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration Number: 004207S

S. Usha
Partner
Membership Number: 211785
UDIN: 22211785AHZKQJ3356

Place: Chennai
Date: 28th April 2022

SUNDARAM & SRINIVASAN
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Veritas Finance Private Limited
Balance sheet as at 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	33,473.91	14,810.97
Bank balances other than cash and cash equivalents	5	11,521.62	27,614.27
Loans	6	213,209.17	152,423.49
Investments	7	-	17,500.74
Other financial assets	8	692.81	440.91
		258,897.51	**212,790.38**
Non-financial assets			
Current tax assets (net)	9	412.56	338.79
Deferred tax assets (net)	29.2	2,226.76	1,684.71
Property, plant and equipment	10.1	492.73	656.66
Right of use assets	10.2	1,561.28	1,270.28
Intangibles assets	10.3	225.06	425.62
Intangibles assets under development	10.4	45.76	43.56
Other non-financial assets	11	385.57	276.17
		5,349.72	**4,695.79**
Total		**264,247.23**	**217,486.17**
LIABILITIES AND EQUITY			
Financial liabilities			
Trade payables	12		
- Total outstanding dues of micro enterprises and small enterprises		4.89	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		326.21	291.61
Debt securities	13	24,207.26	53,074.52
Borrowings (other than debt securities)	14	95,357.96	72,340.01
Other financial liabilities	15	1,868.66	1,486.47
		121,764.98	**127,192.61**
Non-financial liabilities			
Provisions	16	416.16	390.12
Other non-financial liabilities	17	1,261.27	1,101.64
		1,677.43	**1,491.76**
Equity			
Equity share capital	18	11,358.00	10,017.80
Other equity	19	129,446.82	78,784.00
		140,804.82	**88,801.80**
Total		**264,247.23**	**217,486.17**

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

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

S Usha
S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

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

N. Mohanraj
Director
DIN : 00181969

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

v. g. suchindran V.AR

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 28 April 2022

Veritas Finance Private Limited
Statement of profit and loss for the year ended 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

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

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

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

S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

for and on behalf of the board of directors of
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V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 28 April 2022

Veritas Finance Private Limited
Statement of changes in equity for the year ended 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

A **Equity share capital**

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

B **Other equity**

Particulars	Other equity					Total other equity attributable to equity holders of the Company
	Reserves and surplus				Other comprehensive income	
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Re-measurements of defined benefit plan	
As at 31 March 2020	1,197.86	66,998.30	300.40	3,678.50	-	72,175.06
Premium received on shares issued during the year	-	7.50	-	-	-	7.50
Utilised during the year for share issue expenses	-	-	-	-	-	-
Profit after tax for the year	-	-	-	6,202.02	-	6,202.02
Transfer to securities premium on exercise of options	-	3.37	(3.37)	-	-	-
Transfer to statutory reserve	1,240.40	-	-	(1,240.40)	-	-
Remeasurements of defined benefit plan	-	-	-	-	(89.59)	(89.59)
Transferred to retained earnings	-	-	-	(89.59)	89.59	-
Share based payment expense	-	-	489.01	-	-	489.01
As at 31 March 2021	2,438.26	67,009.17	786.04	8,550.53	-	78,784.00
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	109,707.24	1,165.80	14,627.44	-	129,446.82

Significant accounting policies (refer note 3)

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

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

S. Usha

S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

for and on behalf of the board of directors of
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V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 28 April 2022

Veritas Finance Private Limited

Cash flow statement for the year ended 31 March 2022

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

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
Cash flows from operating activities			
Profit before tax for the year		10,136.34	8,204.14
Adjustments for:			
Depreciation and amortisation	27	1,425.40	1,332.59
Impairment on financial instruments	25	5,935.56	4,044.59
Stock based payment to employees	26	393.31	489.02
Change in fair value of financial assets designed as FVTPL	22	1.62	14.93
Interest income on security deposit	20	(24.06)	(24.63)
Profit on disposal of leased assets	23	(9.90)	(4.75)
Finance costs	24	12,893.81	12,164.59
(Gain) / loss on sale of PPE (net)	23	(4.29)	-
Interest income on fixed deposits	20	(1,657.47)	(2,106.13)
Gain on sale of investments, net	22	(640.48)	(613.45)
Operating cash flow before working capital changes		**28,449.84**	**23,500.90**
Changes in working capital			
Increase in loans		(66,718.50)	(28,535.86)
Increase in other financial assets		(260.18)	(32.74)
Increase in other non-financial assets		(109.40)	(89.57)
Increase in trade payables		39.49	87.40
Increase in other financial liabilities		32.44	84.21
Increase in provisions		85.64	102.49
Increase in other non-financial liabilities		159.63	182.37
Cash used by operations		**(38,321.04)**	**(4,700.80)**
Finance costs paid		(13,757.85)	(11,410.06)
Direct taxes paid (net)		(3,226.77)	(2,770.20)
Net cash used by operations	**(A)**	**(55,305.66)**	**(18,881.06)**
Cash flows from investing activities			
Purchase of fixed assets		(336.03)	(302.08)
Increase in bank balances other than cash and cash equivalents		16,092.65	(22,916.29)
Interest received on bank balances other than cash and cash equivalents		1,657.47	2,106.13
Purchase of investments		(488,101.64)	(307,393.20)
Proceeds from sale of investments		506,239.62	296,805.87
Net cash generated from / (used in) investing activities	**(B)**	**35,552.07**	**(31,699.57)**
Cash flows from financing activities			
Proceeds from issue of preference shares including securities premium		-	-
Proceeds from issue of equity shares including securities premium		44,050.88	24.87
Payment of lease liabilities		(807.63)	(713.01)
Payment of share issue expenses		(26.16)	-
Proceeds from debt securities		5,500.00	27,000.00
Proceeds from borrowings (other than debt securities)		61,880.29	45,474.97
Repayment of debt securities		(33,500.00)	(13,400.00)
Repayment of borrowings (other than debt securities)		(38,680.84)	(35,240.09)
Net cash generated from financing activities	**(C)**	**38,416.54**	**23,146.74**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		**18,662.94**	**(27,433.89)**
Cash and cash equivalents at the beginning of the year		14,810.97	42,244.86
Cash and cash equivalents at the end of the year	**4**	**33,473.91**	**14,810.97**

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI -32

Veritas Finance Private Limited

Cash flow statement for the year ended 31 March 2022

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

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Notes to cash flow statement			
Components of cash and cash equivalents:	4		
Cash on hand		366.78	295.45
Balances with banks			
In current accounts		15,103.82	14,515.52
In deposit accounts (Original maturity less than three months)		18,003.31	-
		33,473.91	**14,810.97**
Significant accounting policies	3		

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

As per our report of even date attached

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

S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

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

N. Mohanraj
Director
DIN : 00181969

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

V. G. Suchindran

V. G. Suchindran
Chief Financial Officer

V.AN

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

Place : Chennai
Date : 28 April 2022

1 Reporting entity

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

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

2 Basis of preparation of Financial Statements

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') in confirmity with generally accepted accounting principles in India and other relevant provisions of the Act.
The financial statements are prepared based on the notified Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies that are required to comply with Ind AS.

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

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

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

2.2 Presentation of financial statements

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

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

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

2.5 Use of estimates and judgements

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

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

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i) Business model assessment

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

ii) Fair value of financial instruments

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

iii) Effective Interest Rate ("EIR") method

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

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

iv) Impairment of financial asset

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

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

a) The Company's criteria for assessing if there has been a significant increase in credit risk and subsequently measuring impairment allowances for financial assets on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Provisions and other contingent liabilities

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

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

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

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

vi) Other assumptions and estimation uncertainties

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

i) Measurement of defined benefit obligations: key actuarial assumptions;

ii) Estimated useful life of property, plant and equipment and intangible assets;

b) Recognition of deferred taxes.

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3 Significant accounting policies

3.1 Revenue Recognition

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

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

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

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

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

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

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

A) Recognition of interest income on loans

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

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

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

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

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

B) Interest income on deposits

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

C) Fee income

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

D) Other income

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

3.2 Financial instrument - Initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

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

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3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

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

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

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

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

i) Financial assets carried at amortised cost (AC)

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

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans are held to sale and collect contractual cash flows, they are measured at FVTOCI.

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

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

B. Financial liabilities

i) Initial recognition and measurement

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

ii) Subsequent measurement

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

3.4 Reclassification of financial assets and liabilities

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

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3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

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

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

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

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

ii) Financial liabilities

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

3.6 Impairment of financial assets

A. Overview of ECL principles

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

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

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

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

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

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

Stage 1:

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

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B. Calculation of ECLs

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

Probability of Default ('PD'):

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

Exposure at Default ('EAD'):

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

Loss Given Default ('LGD'):

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

The mechanics of the ECL method are summarised below:

Stage 1:

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

Stage 2:

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

Stage 3:

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

C. Forward looking information

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

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.
For all loan accounts which are in NPAs and which is yet to be settled for specified period, then it is technically written-off.

3.8 Determination of fair value

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

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

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

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

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

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3.9 Property, plant and equipment ('PPE')

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

3.10 Intangibles

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

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

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

3.11 Impairment of non-financial assets

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

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.

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3.12 Employee benefits

(i) ***Post – employment benefits***

(a) Defined contribution plan

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

(b) Defined benefit plan

Gratuity

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

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

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

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

(ii) ***Other long-term employee benefit***

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within 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.

(iii) ***Short-term employee benefits***

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

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

(iv) ***Stock based compensation***

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

3.13 Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liability

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

Contingent asset

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

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3.14 Leases

As a lessee

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

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

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

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

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

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

Short-term leases

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

3.15 Income tax

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

i. Current tax

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

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

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and
- taxable temporary differences arising on the initial recognition of goodwill.

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3.15 Income tax (continued)

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

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

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

3.16 Foreign currency transactions

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

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

3.17 Borrowing cost

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

3.18 Cash and cash equivalents

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

3.19 Segment reporting – Identification of segments

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

3.20 Earning per share

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

3.21 Cash flow statement

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

3.22 Recent pronouncements

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

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Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	As at 31 March 2022	As at 31 March 2021
4 Cash and cash equivalents		
Cash on hand	366.78	295.45
Balances with banks		
In current accounts	15,103.82	14,515.52
In deposit accounts (Original maturity less than three months)	18,003.31	-
	33,473.91	**14,810.97**
5 Bank balances other than cash and cash equivalents		
Bank balances other than cash and cash equivalents		
In other deposit accounts (Original maturity more than three months)	11,521.62	27,614.27
	11,521.62	**27,614.27**
Balances with bank to the extent held as margin money or security against the borrowings.	-	-
6 Loans		
At Amortised cost		
A Based on nature		
Loans	217,663.74	155,560.07
Interest accrued	4,635.05	3,230.05
Advance from customers	(642.55)	(481.38)
Unamortised processing fees	(2,920.87)	(2,033.74)
	218,735.37	**156,275.00**
Less: Impairment loss allowance	(5,526.20)	(3,851.51)
	213,209.17	**152,423.49**
B Based on security		
Secured (refer note 6.1)		
Secured by tangible assets	205,021.71	149,175.41
Interest accrued	4,602.58	3,212.68
Advance from customers	(318.10)	(321.06)
Unamortised processing fees	(2,759.69)	(1,964.29)
	206,546.50	**150,102.74**
Less: Impairment loss allowance	(5,364.80)	(3,724.23)
	201,181.70	**146,378.50**
Unsecured		
Unsecured loans	12,642.03	6,384.66
Interest accrued	32.47	17.37
Advance from customers	(324.45)	(160.32)
Unamortised processing fees	(161.18)	(69.45)
	12,188.87	**6,172.26**
Less: Impairment loss allowance	(161.40)	(127.28)
	12,027.47	**6,044.98**
	213,209.17	**152,423.49**
C Based on region		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	217,663.74	155,560.07
Total	**217,663.74**	**155,560.07**
Interest accrued	4,635.05	3,230.05
Advance from customers	(642.55)	(481.38)
Unamortised processing fees	(2,920.87)	(2,033.74)
	218,735.37	**156,275.00**
Less: Impairment loss allowance	(5,526.20)	(3,851.51)
	213,209.17	**152,423.49**
(II) Loans outside India		
Loans outside India	-	-
	213,209.17	**152,423.49**

6.1 Loans are secured wholly by mortgage of property.
Loans including instalments and interest outstanding amounting to Rs. 36.53 Lakhs in respect of two properties symbolically repossed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. (SARFAESI, 2002)

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Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	As at 31 March 2022	As at 31 March 2021
7 Investments		
At fair value through profit or loss		
Investment in mutual funds	-	17,499.12
Investment in FDs-Non Bank	-	-
Investments	-	**17,499.12**
Investment outside India	-	-
Investments in India	-	17,499.12
Gross investments	-	**17,499.12**
Fair value changes	-	1.62
Investment in FDs-Non Bank - Accrual	-	-
Net investments	-	**17,500.74**
Aggregate book value of quoted investments	-	17,500.74
Aggregate market value of quoted investments	-	17,500.74
Aggregate amount of fair value changes in investments	-	1.62
8 Other financial assets		
Unsecured, considered good		
Other receivables	0.04	9.28
Security deposits	485.88	392.57
Employee loans	32.29	39.06
Less : Impairment Loss on the above	(2.74)	-
Other Advances	177.34	-
Total	**692.81**	**440.91**
9 Current tax assets (net)		
Advance income tax (net of provisions)	412.56	338.79
Total	**412.56**	**338.79**

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10.1 Property, plant and equipment

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

10.2 Right of use assets ('ROUA')

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

Also refer note 32

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10.3 Intangible fixed assets

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

10.4 Intangible fixed assets under development

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

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10.5 Intangible fixed assets under development - Aging Schedule

As at 31 Mar 2022

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

As at 31 Mar 2021

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

10.6 Details of Benami Transactions

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

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

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

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 2022

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

As at 31 Mar 2021

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

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Particulars	As at 31 March 2022	As at 31 March 2021
13 Debt securities (refer note 13.1 and 13.2)		
At amortised cost		
Secured debentures		
Nil (31 March 2021: 800) Series 5 redeemable non-convertible debentures of Rs. 10 lakhs each	-	8,000.00
Nil (31 March 2021: 350) Series 2 redeemable non-convertible debentures of Rs. 10 lakhs each	-	3,500.00
416 (31 March 2021: 416) Series 7 redeemable non-convertible debentures of Rs. 10 lakhs each	4,160.00	4,160.00
860 (31 March 2021: 860) Series 8 redeemable non-convertible debentures of Rs. 10 lakhs each	8,600.00	8,600.00
Nil (31 March 2021: 250) Series 9A redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,500.00
Nil (31 March 2021: 200) Series 9B redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,000.00
Nil (31 March 2021 : 500) Series 9C redeemable non-convertible debentures of Rs. 10 lakhs each	-	5,000.00
Nil (31 March 2021 : 500) Series 9D redeemable non-convertible debentures of Rs. 10 lakhs each	-	5,000.00
Nil (31 March 2021 : 500) Series 9E redeemable non-convertible debentures of Rs. 10 lakhs each	-	5,000.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	2,500.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	2,500.00
Nil (31 March 2021: 250) Series 11 redeemable non-convertible debentures of Rs. 10 lakhs each	-	2,500.00
300 (31 March 2021: Nil) Series 12 redeemable non-convertible debentures of Rs. 10 lakhs each	3,000.00	-
250 (31 March 2021: Nil) Series 13 redeemable non-convertible debentures of Rs. 10 lakhs each	2,500.00	-
	23,260.00	51,260.00
Add: Interest accrued but not due	1,008.22	2,015.59
Less: Unamortised processing fees	(60.96)	(201.07)
Total	**24,207.26**	**53,074.52**
Debts securities in India	24,207.26	53,074.52
Debts securities outside India	-	-
Total	**24,207.26**	**53,074.52**

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

Particulars	Tenure	Final Maturity date / call (or) put option date	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
Nil (31 March 2021: 350) Series 2 redeemable non-convertible debentures of Rs. 10 Lakhs each	48 months	31-May-21	-	3,500.00
Nil (31 March 2021: 800) Series 5 redeemable non-convertible debentures of Rs. 10 Lakhs each	54 months	28-Mar-22 ; 27-Sep-23	-	8,000.00
208 (31 March 2021: 208) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29-Jul-22	2,080.00	2,080.00
208 (31 March 2021: 208) Series 7 redeemable non-convertible debentures of Rs. 10 Lakhs each	36 months	29-Jul-22	2,080.00	2,080.00
860 (31 March 2021: 860) Series 8 redeemable non-convertible debentures of Rs. 10 Lakhs each	72 months	22-Aug-22; 20-Aug-25	8,600.00	8,600.00
Nil (31 March 2021: 250) Series 9A redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	16-Jan-22	-	2,500.00
Nil (31 March 2021: 200) Series 9B redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	05-Feb-22	-	2,000.00
Nil (31 March 2021: 500) Series 9C redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	12-Feb-22	-	5,000.00
Nil (31 March 2021: 500) Series 9D redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	03-Mar-22	-	5,000.00
Nil (31 March 2021: 250) Series 9E redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	28-Mar-22	-	5,000.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	11-May-22	2,500.00	2,500.00
250 (31 March 2021: 250) Series 10 redeemable non-convertible debentures of Rs. 10 lakhs each	18 months	11-May-22	2,500.00	2,500.00
Nil (31 March 2021: 250) Series 11 redeemable non-convertible debentures of Rs. 10 lakhs each	36 months	27-Jan-22; 27-Jan-23; 27-Jan-24	-	2,500.00
300 (31 March 2021: Nil) Series 12 redeemable non-convertible debentures of Rs. 10 lakhs each	36 months	12-Jan-23;12 -July-24;	3,000.00	-
250 (31 March 2021: Nil) Series 13 redeemable non-convertible debentures of Rs. 10 lakhs each	30 months	23-Jun-23; 24-Sep-24	2,500.00	-
Total			**23,260.00**	**51,260.00**
As at balance sheet date, interest rates (per annum) range for the NCD			9.50 %to 12.96%	9.25 %to 12.96%

13.2 Details of debentures issued by the Company:

a) NCDs are secured by specific charge on loans in favour of the Trustee for the benefit of the debenture holders. The Company has maintained a security cover ranging from 1 to 1.1 times of the outstanding loan amount at any point of time.

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

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

d) The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the company has been not declared as wilful defaulter by Banks, Financial Institution or any other lender.

e) We confirm that the company has used the proceeds of NCDs for the purpose for which they have been borrowed.

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Particulars	As at 31 March 2022	As at 31 March 2021
14 Borrowings (Other than debt securities) (refer note 14.1 and 14.2)		
At amortised cost		
Term loans (secured)		
From banks	83,252.85	51,774.31
From other parties	10,500.13	19,235.60
Loans repayable on demand (secured)		
From banks	1,956.38	1,500.00
	95,709.36	**72,509.91**
Add: Interest accrued but not due	182.95	173.31
Less: Unamortised processing fee	(534.35)	(343.21)
Total	**95,357.96**	**72,340.01**
Borrowings in India	95,357.96	72,340.01
Borrowings outside India	-	-
Total	**95,357.96**	**72,340.01**

Loans repayable on demand from banks includes cash credit facilities which are secured by specific charge on loans. The range of interest rates across the facilities is 8.15% p.a to 10.45% p.a. (31 March 2021: 10.45% p.a to 12.25% p.a.).

The Company has not defaulted in repayment of loans.

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14.1 Details of borrowings:

a) Terms of repayment of borrowings from banks:

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

Bank Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
AU Small Finance Bank Limited	36 months	03/Jul/19	Monthly	4,305.56	3,608.33
Axis Bank Limited	60 months	11/Sep/21	Monthly	6,766.62	328.00
Bank of Baroda	60 months	10/Jan/22	Monthly	3,675.00	-
Canara Bank	45 months	15/Feb/22	Quarterly	4,666.67	-
Capital Small Finance Bank Limited	39/60 months	01/Jan/21	Monthly	2,121.14	1,163.17
CSB Bank Limited	39/60 months	17/Jun/20	Monthly	1,194.23	1,722.22
DCB Bank Limited	36 months	31/Jan/19	Monthly	-	272.73
Equitas Small Finance Bank Limited	48 months	05/Jan/21	Quarterly	6,483.75	8,324.72
Federal Bank Limited	36 months	25/Mar/22	Monthly	2,430.51	250.00
HDFC Bank Limited	60 months	30/Oct/20	Monthly	1,050.00	1,544.44
IDBI Bank Limited	60 months	01/Oct/22	Monthly	2,500.00	-
IDFC First Bank Limited	36/ 60 months	29/Feb/20	Monthly	11,602.19	13,475.00
Indian Bank	60 months	15/Jul/21	Monthly	4,207.72	5,000.00
IndusInd Bank Limited	48 months	31/Oct/20	Monthly	3,843.75	2,375.00
RBL Bank Limited	36/48 months	31/Dec/19	Monthly	6,798.59	2,338.24
Standard Chartered Bank	12 months	31/Aug/22	Yearly	3,000.00	-
State Bank of India	36 / 45 months	30/Jun/20	Quarterly	14,799.04	7,599.74
SBM Bank (India) Limited	48 months	30/Jun/21	Quarterly	1,500.00	2,000.00
The Karur Vysya Bank Limited	36 months	31/Dec/21	Monthly	1,777.78	333.33
Ujjivan Small Finance Bank Limited	36 months	29/Feb/20	Monthly	530.30	1,439.39
Total term loans from banks				**83,252.85**	**51,774.31**
(ii) Terms of repayment of cash credit from banks:					
State Bank of India	NA	NA	On demand	1,956.38	-
(iii) Terms of repayment of Working Capital demand loan from banks:					
DCB Bank Limited	34 days	03-May-21	Bullet	-	1,500.00
				85,209.23	**53,274.31**
As at balance sheet date, interest rates (per annum) range for the term loans from banks				8.06% to 11.25%	8.02% to 12.25%

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14.1 Details of borrowings (continued)

b) Terms of repayment of term loans from others:

Lender Name	Tenure of the Loan	Earliest installment date	Principal repayment mode (instalments)	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
(i) From Non-Banking Finance Companies / DFI					
AK Capital Finance Private Limited	24/36 months	30/Apr/20	Quarterly/ Monthly	1,985.29	4,117.65
APAC Financial Services Limited	11 months	03/Jun/21	Monthly	-	1,000.00
Bajaj Finance Limited	36 months	30/Apr/21	Monthly	1,678.79	2,466.67
Cholamandalam Investment and Finance Limited	36 months	01/Aug/19	Monthly	472.06	1,167.82
Fedbank Financial Services Limited	36 months	01/Aug/19	Monthly	-	590.91
Hero FinCorp Limited	30 months	03/May/21	Monthly	2,323.96	3,731.23
Hinduja Leyland Finance Limited	36 months	26/Apr/19	Monthly	-	1,588.95
NABKISAN Finance Limited	36 months	01/Sep/19	Quarterly	2,090.18	708.27
Sundaram Finance Limited	36 months	22/Dec/16	Monthly	-	570.10
TATA Capital Financial Services Limited	36/48 months	05/Jun/19	Monthly	1,949.85	2,958.00
Small Industries Development Bank of India	10 months	10/Aug/20	Monthly	-	336.00
Total term loans from others				**10,500.13**	**19,235.60**
As at balance sheet date, interest rates (per annum) range for the term loans from others				9.5% to 12.40%	6.85% to 12.50%

14.2 Details of term loans availed by the Company:

a) 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.

b) Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly/quarterly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2022 and 31 March 2021.

c) 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.

d) We confirm that the company has used the borrowings from Banks and Financial Institutions for the purporse for which it has been borrowed.

e) The company has availed borrowings from banks or financial institutions on the basis of security of current assets, and we confirm that quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts.

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Veritas Finance Private Limited

Notes to the financial statements for the year ended 31 March 2022

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

	Particulars	As at 31 March 2022	As at 31 March 2021
15	**Other financial liabilities**		
	Lease liabilities	1,734.19	1,384.44
	Other liabilities	134.47	102.03
		1,868.66	**1,486.47**
16	**Provisions**		
	Provision for employee benefits		
	Provision for gratuity	251.99	230.17
	Provision for compensated absences	164.17	159.95
		416.16	**390.12**
17	**Other non-financial liabilities**		
	Statutory dues payable	204.43	178.65
	Employee benefits payable	1,056.84	922.99
		1,261.27	**1,101.64**

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Particulars	As at 31 March 2022	As at 31 March 2021
18 Equity share capital		
Authorised		
64,980,000 (31 March 2021 : 48,000,000) equity shares of Rs. 10 each	6,498.00	4,800.00
44,136,448 (31 March 2021 : 51,000,000) compulsory convertible preference shares ("CCPS") of Rs. 10 each	4,413.64	5,100.00
13,922,368 (31 March 2021: 14,000,000) CCPS of Rs. 15 each	2,088.36	2,100.00
	13,000.00	**12,000.00**
Issued, subscribed and paid-up		
Fully paid-up		
47,230,975 (31 March 2021: 33,829,008) equity shares of Rs. 10 each	4,723.10	3,382.90
23,655,716 (31 March 2021: 23,655,716) 0.01% CCPS of Rs. 10 each	2,365.57	2,365.57
20,480,732 (31 March 2021: 20,480,732) 0.0001% CCPS of Rs. 10 each	2,048.07	2,048.07
13,921,801 (31 March 2021: 13,921,801) 0.0001% CCPS of Rs. 15 each	2,088.27	2,088.27
Issued, subscribed, called and paid-		
Partly paid-up		
13,298,744 (31 March 2021:13,298,744) equity shares of Rs. 10 each, Re. 1 paid up	132.99	132.99
	11,358.00	**10,017.80**

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

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each*				
At the commencement of the year	47,127,752	3,515.89	46,987,752	3,501.89
Add: Issued during the year	13,401,967	1,340.20	140,000	14.00
At the end of the year	**60,529,719**	**4,856.09**	**47,127,752**	**3,515.89**
* includes 13,298,744 partly paid up equity shares of Rs. 10 each (Re. 1 paid up)				
0.01% CCPS of Rs. 10 each				
At the commencement of the year	23,655,716	2,365.57	23,655,716	2,365.57
Add: Issued during the year	-	-	-	-
At the end of the year	**23,655,716**	**2,365.57**	**23,655,716**	**2,365.57**
0.0001% CCPS of Rs. 10 each				
At the commencement of the year	20,480,732	2,048.07	20,480,732	2,048.07
Add: Issued during the year	-	-	-	-
At the end of the year	**20,480,732**	**2,048.07**	**20,480,732**	**2,048.07**
0.0001% CCPS of Rs. 15 each				
At the commencement of the year	13,921,801	2,088.27	13,921,801	2,088.27
Add: Issued during the year	-	-	-	-
At the end of the year	**13,921,801**	**2,088.27**	**13,921,801**	**2,088.27**

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18.2 Details of Promotor Holdings

Details as at 31 March 2022

Name of the Promotor	No of Shares as at 1 April 2021	Movement during the year	No of Shares as at 31 March 2022	% of Total Shares	% of Change during the period
Equity Shares					
Fully paid up shares					
D. Arulmany	3,350,000	-	**3,350,000**	2.82%	-
Vidya Arulmany	500,000	-	**500,000**	0.42%	-
Partly paid up shares					
D. Arulmany	13,298,744	-	**13,298,744**	11.21%	-

Details as at 31 March 2021

Name of the Promotor	No of Shares as at 1 April 2020	Movement during the year	No of Shares as at 31 March 2021	% of Total Shares	% of Change during the period
Equity Shares					
Fully paid up shares					
D. Arulmany	3,350,000	-	**3,350,000**	3.18%	-
Vidya Arulmany	500,000	-	**500,000**	0.48%	-
Partly paid up shares					
D. Arulmany	13,298,744	-	**13,298,744**	12.64%	-

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

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs. 10*				
D. Arulmany	16,648,744	27.51%	16,648,744	35.33%
Norwest Venture Partners X Mauritius	16,296,868	26.92%	10,690,807	22.68%
Sheela Pai cole	3,664,247	6.05%	4,064,247	8.62%
Sunaina Pai Ocalan	3,561,518	5.88%	3,961,518	8.41%
Kedaara Capital Fund II LLP	9,203,102	15.20%	3,597,041	7.63%
0.01% CCPS of Rs. 10 each				
CDC Group Plc. **	13,978,396	59.09%	13,978,396	59.09%
Lok Capital Growth Fund	8,602,051	36.36%	8,602,051	36.36%
0.0001% CCPS of Rs. 10 each				
Lok Capital Growth Fund	5,356,803	26.16%	5,356,803	26.16%
CDC Group Plc. **	2,229,081	10.88%	2,229,081	10.88%
Kedaara Capital Fund II LLP	10,418,028	50.87%	10,418,028	50.87%
Norwest Ventures X Mauritius	2,476,820	12.09%	2,476,820	12.09%
0.0001% CCPS of Rs. 15 each				
CDC Group Plc.**	4,554,206	32.71%	4,554,206	32.71%
Norwest Ventures X Mauritius	9,367,595	67.29%	9,367,595	67.29%

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

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

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

A. Equity shares

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

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

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

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

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

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

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

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

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

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

ii) Series B : 0.01% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 3 May 2036.

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

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

iii) Series C : 0.0001% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 10 May 2037.

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

iv) Series D : 0.0001% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 19 September 2038.

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

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

v) Series E : 0.0001% Compulsory Convertible Preference Shares

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

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

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

c. The final conversion date is 26 February 2039.

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

18.5 Employee Stock Option Scheme (also refer note 37)

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

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

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

On 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 Rs. 10/- each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.

18.6 Preferential offer to Promoter

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

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

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

- Agreement dated 15 October 2018, the Promoter shall have the option to subscribe to 4,575,000 equity shares of the Company at a pre-determined price of Rs. 135.04 per share.

During the year 2018-19, the Company has issued 10,975,000 partly paid equity shares of Rs. 10 each at a premium of Rs. 62.69 per share each paid up to the extent of Re. 1 per share to the Promoter through rights issue in lieu of the accumulated options. Accordingly, the options issued to the Promoter has been extinguished. The unpaid amount of Rs. 71.69 per share including premium has not been called as at 31 March 2022.

During the year 2019-20, the Company has issued 2,323,744 partly paid equity shares of Rs. 10 each at a premium of Rs. 205.17 per share each paid up to the extent of Re. 1 per share to the Promoter through a preferential offer. The unpaid amount of Rs. 214.17 per share including premium has not been called as at 31 March 2022.

18.7 Share warrants to certain employees

The Company vide its Investment Agreement dated 1 June 2017 read with amended agreement dated 12 October 2018 has provided certain preferential rights to certain employees of the Company, to subscribe to an aggregate of 266,667 equity shares of the Company at a pre-determined price of Rs. 75 per share, not later than 30 November 2022.

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	Particulars	As at 31 March 2022	As at 31 March 2021
19	**Other equity**		
	Statutory reserve	3,946.34	2,438.26
	Share options outstanding account	1,165.80	786.04
	Securities premium	109,707.24	67,009.17
	Retained earnings	14,627.44	8,550.53
		129,446.82	**78,784.00**
i.	**Statutory reserve**		
	Opening balance	2,438.26	1,197.86
	Add: Amount transferred from surplus in the statement of profit and loss	1,508.08	1,240.40
	Closing balance	**3,946.34**	**2,438.26**
ii.	**Share options outstanding account**		
	Opening balance	786.04	300.40
	Add: Share based payment expense	393.31	489.01
	Less : Transfer to securities premium on exercise of options	(13.55)	(3.37)
	Closing balance	**1,165.80**	**786.04**
iii.	**Securities premium**		
	Opening balance	67,009.17	66,998.30
	Add: Premium on shares issued during the period	42,710.68	7.50
	Add: Transfer from share options outstanding account on exercise of options	13.55	3.37
	Less: Utilised during the year for share issue expenses	(26.16)	-
	Closing balance	**109,707.24**	**67,009.17**
iv.	**Retained earnings**		
	Opening balance	8,550.53	3,678.50
	Add: Net Profit for the year	7,540.39	6,202.02
	Less : Appropriations		
	- Transfer to statutory reserve	(1,508.08)	(1,240.40)
	Add: Transfer from other comprehensive income	44.60	(89.59)
	Closing balance	**14,627.44**	**8,550.53**
v.	**Other comprehensive income**		
	Opening balance	-	-
	Add: Remeasurements of defined benefit asset / (liability)	44.60	(89.59)
	Less: Transferred to retained earnings	(44.60)	89.59
	Closing balance	-	-

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

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	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
20	**Interest income**		
	(On financial assets measured at amortised cost)		
	Interest on loans	40,930.01	32,771.41
	Interest on deposits	1,657.47	2,106.13
	Interest income on security deposit	24.06	24.63
		42,611.54	**34,902.17**
21	**Fee income**		
	Legal, documentation and inspection fees	244.69	115.94
	Others	713.33	376.60
		958.02	**492.54**
22	**Net gain / (loss) on fair value changes**		
	Net gain on financial instruments at fair value through profit or loss		
	On trading portfolio		
	-Mutual fund investments - Realised	640.48	613.45
	-Mutual fund investments - Unrealised	(1.62)	1.62
		638.86	**615.07**
23	**Other income**		
	Rent waiver	-	34.82
	Profit on:		
	- Sale of PPE	6.20	-
	- Disposal of leased assets	9.90	4.75
	Interest on income tax refund	-	-
	Others	140.04	117.94
		156.14	**157.51**
24	**Finance costs**		
	At financial liabilities measured at amortised cost		
	Interest on borrowings		
	- term loans from banks	5,258.90	4,368.30
	- cash credits and overdraft from banks	1.90	0.18
	- term loans from others	1,395.77	1,774.18
	Interest on debt securities	5,613.57	5,534.14
	Interest expenses on lease liabilities	190.01	151.69
	Other borrowing costs	433.66	336.10
		12,893.81	**12,164.59**
25	**Impairment on financial instruments**		
	At amortised cost		
	Impairment loss allowance on loans	1,674.69	1,716.33
	Loans written off	4,258.13	2,328.26
	Impairment loss allowance on loans - Others	2.74	-
		5,935.56	**4,044.59**
26	**Employee benefits expenses**		
	Salaries and wages	9,566.08	7,161.76
	Contribution to provident and other funds	652.33	512.36
	Stock based payment to employees	393.31	489.02
	Expenses related to post-employment defined benefit plans (refer note 30)	91.70	34.07
	Expenses related to compensated absences	26.03	91.99
	Staff welfare expenses	254.86	132.08
		10,984.31	**8,421.28**
27	**Depreciation and amortization**		
	Depreciation of property, plant and equipment	384.52	444.60
	Depreciation of right of use assets	733.82	597.56
	Amortisation of intangible assets	307.06	290.43
		1,425.40	**1,332.59**

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	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
28	**Other expenses**		
	Rent and energy costs	83.53	65.82
	Rates and taxes	247.11	162.23
	Repairs and maintenance	190.52	153.01
	Communication costs	257.64	182.81
	Printing and stationery	85.43	54.99
	Advertisement and business promotion	23.95	12.74
	Directors fees, allowances and expenses	59.25	58.25
	Auditors' fees and expenses (refer note 28.1)	41.65	43.08
	Legal and professional charges	564.53	290.25
	Insurance	8.62	9.56
	Corporate social responsibility expenses (refer note 28.2)	126.60	52.56
	Travel and conveyance expenses	723.60	582.38
	Information technology expenses	503.32	310.75
	Bank charges	71.35	17.87
	Other expenses	2.04	3.80
		2,989.14	**2,000.10**
28.1	**Payments to auditors**		
	Statutory audit	33.00	29.00
	Other services	7.50	13.00
	Reimbursement of expenses	1.15	1.08
		41.65	**43.08**
28.2	**Details of expenditure on corporate social responsibility (CSR)**		
	(a) Gross amount required to be spent by the Company during the year	126.60	52.25
	(b) Amount approved by the Board to be spent during the year	126.60	52.25
	(c) Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset		-
	(ii) On purposes other than (i) above	89.10	52.56
	(d) Contribution to related parties	-	-
		89.10	**52.56**

(e) Excess amount spent	As at 31 March 2022	As at 31 March 2021
Amount required to be spent during the year	(126.60)	(52.25)
Amount spent during the year	89.10	52.56
Excess amount spent / (Short fall)	**(37.50)**	**0.31**

Total of Previous years shortfall - Nil

Reason for Current Year Shortfall - The Company has contributed on 21 April 2022 an amount of Rs.37.50 lakhs to PM CARES FUND, as it could not identify the specific project before 31 March 2022.

(f) Nature of CSR Activity :

- Promoting Health care including preventive Health care and sanitation
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(g) Details of Related Party Transactions - In relation to CSR Expenditure as per Ind AS	-	-
(h) Whether the provision is made with respect to a liability incurrered by entering into contractual obligation, the movements in the provision during the year.	-	-

29	**Income tax**		
	The component of income tax expenses:		
	Current tax	3,153.00	2,553.00
	Changes in estimates related to prior years	-	-
	Deferred tax	(557.05)	(550.88)
		2,595.95	**2,002.12**

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Particulars	Year ended 31 March 2022	Year ended 31 March 2021
29.1 Reconciliation of total tax expense		
Accounting profit before tax	10,136.34	8,204.14
Applicable tax rate	25.17%	25.17%
Computed tax expense	2,551.11	2,064.82
Tax effect of :		
Permanent differences	44.84	(62.70)
Change in tax rate (refer note below)	-	-
Income tax expense recognised in statement of profit and loss excluding change in estimates relating to previous years	**2,595.95**	**2,002.12**
Effective tax rate	25.61%	24.40%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2020.

1) Details of any search or survey, if any, initiated against the company.	-	-
2) Details of transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961	-	-

29.2 Deferred tax

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

Components of deferred tax asset (liability)	As at 31 March 2021	Statement of profit and loss	Other comprehensive income	As at 31 March 2022
Deferred tax asset/ (liability) in relation to -				
Fixed assets	115.93	62.55	-	178.48
Impairment on financial assets	969.35	243.16	-	1,212.51
Provision for employee benefits	185.02	23.29	(15.00)	193.31
Unamortised processing fee income (net)	375.22	210.17	-	585.39
Others	39.19	17.88	-	57.07
	1,684.71	**557.05**	**(15.00)**	**2,226.76**

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

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

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30 Employee benefits

30.1 Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as expense towards contribution to provident fund for the year aggregated to Rs. 549.79 lakhs (31 March 2021 - Rs. 423.24 lakhs).

30.2 Defined benefit plans

Gratuity

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

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

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

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

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

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

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

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

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

Details of Actuarial valuation of gratuity pursuant to Ind AS 19:
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

	As at 31 March 2022	As at 31 March 2021
A. Change in present value defined benefit of obligations		
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at the beginning of the year	230.17	85.46
Current service cost	80.35	29.80
Interest cost	11.34	4.27
Benefits paid	(10.27)	(9.09)
Actuarial loss / (gain) recognised in other comprehensive income	(59.60)	119.72
Present value of defined benefit obligation at the end of the year	**251.99**	**230.17**
B. Change in fair value of plan assets during the year		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Employer contributions	10.27	9.09
Benefits paid	(10.27)	(9.09)
Actuarial loss / (gain) recognised in other comprehensive income	-	-
Fair value of plan assets at the end of the year	-	-

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30.2 Defined benefit plans (continued)

	As at 31 March 2022	As at 31 March 2021
C. Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-
D. Reconciliation of present value of the defined benefit obligation and the fair value of the plan assets		
Present value of defined benefit obligations at the end of the year	251.99	230.17
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**251.99**	**230.17**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	86.49	38.04
Non-current	165.50	192.13
	251.99	**230.17**

	Year ended 31 March 2022	Year ended 31 March 2021
E. Expense recognised in statement of profit and loss		
Current service cost	80.35	29.80
Interest cost	11.34	4.27
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss	**91.69**	**34.07**
F. Remeasurements recognised in other comprehensive income		
Actuarial loss / (gain) on defined benefit obligation	(59.60)	119.72
Return on plan assets excluding interest income	-	-
	(59.60)	**119.72**

G. Assumptions at balance sheet date	As at 31 March 2022	As at 31 March 2021
Discount rate (refer note (b))	4.87%	5.04%
Interest rate (rate of return on assets)	NA	NA
Future salary increase (refer note (a))	11.73%	11.73%
Mortality table	Indian Assured Lives (2012 - 14)	Indian Assured Lives (2012 - 14)
Attrition rate (refer note (a))	45.40%	30.20%

Notes:

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

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

c) Experience adjustments:

	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation	251.99	230.17	85.46	24.22	6.21
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit)	(251.99)	(230.17)	(85.46)	(24.22)	(6.21)
Experience adjustments on plan liabilities - (loss) / gain	59.60	(119.72)	(41.61)	(4.23)	3.56
Experience adjustments on plan assets - loss / (gain)	-	-	-	-	-

d) **Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at 31 March 2022	As at 31 March 2021
Discount rate		
-0.5% increase	(2.86)	(4.82)
-0.5% decrease	2.94	5.01
Future salary growth		
-0.5% increase	3.28	5.15
-0.5% decrease	(3.21)	(5.02)
Attrition rate		
-0.5% increase	(1.76)	(2.89)
-0.5% decrease	1.80	2.96

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

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31 Segment information

An operating segment is a Component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director 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.

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

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

32 Disclosures under Ind AS 116

A. Implementation of Ind AS 116

On 24th July 2020, the MCA issued a notification as the Companies (Ind AS) Amendment Rules, 2020, which has come into force as on the data of publication. These amendments provide relief for lessees in the accounting for rent concessions granted as direct consequences of COVID-19. During the previous year 31 March 2021, the Company have received the rental concession for 103 branches during the period April 2020 to July 2020 amounting to Rs.34.82 lakhs (disclosed under "other income"). Out of which the full waiver of rent amounts to Rs.21.96 lakhs for 26 branches and partial rental waiver amounts to Rs.12.86 lakhs for 77 branches.

(i) Measurement of Lease Liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability recognised	1,734.19	1,384.44

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

B. The Company has entered into leasing arrangements for premises. ROU has been included after the line 'Property, Plant and Equipment' and Lease liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

(i) Amounts recognised in the Balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
a) Right-of-use assets (net)	1,561.28	1,270.28
b) Lease liabilities		
Current	588.98	475.12
Non-current	1,145.21	909.32
Total Lease liabilities	**1,734.19**	**1,384.44**
c) Additions to the Right-of-use assets	1,099.81	611.01

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a) Depreciation charge for right-of-use assets	733.82	597.56
b) Interest expense (included in finance cost)	190.01	151.69
c) Expense relating to short-term leases	-	-

(iii) Cash Flows

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
The total cash outflow of leases	807.63	713.01

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		Year ended 31 March 2022	Year ended 31 March 2021
33	**Contingent liabilities**		
	Income tax related matters	54.74	54.74
	Bank Guarantee	25.00	25.00
33A	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	345.20	44.13
	Undrawn committed sanctions to borrowers	1,589.16	1,013.95
34	**Earnings Per Share (EPS)**		
	Profit for the year	7,540.39	6,202.02
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	**41,622,599**	**35,051,102**
	Effect of dilutive potential equity shares:		
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS (including partly paid shares)	53,591,469	35,051,102
	Compulsory convertible preference shares	58,058,249	58,058,249
	Employee stock options and share warrants	2,687,406	2,327,846
	Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	**114,337,124**	**95,437,197**
	Face value per share	10.00	10.00
	Earnings per share (in Rs.)		
	- Basic	18.12	17.69
	- Diluted	6.59	6.50

35 Related party transactions

35.1 Names of related parties and nature of relationship

Key Managerial Personnel	Mr. Abhijit Sen, Independent Director
	Mr. M Sivaraman, Independent Director
	Mr. N Mohan Raj, Independent Director
	Mr. D. Arulmany, Managing Director and Chief Executive Officer
	Mr. J. Prakash Rayen, Chief Operating Officer
	Mr. V.G. Suchindran, Chief Financial Officer
	Mr. K.P. Venkatesh, Chief Business Officer
	Ms. V. Aruna, Company Secretary and Compliance Officer (With effect from 4 February 2022)
	Ms. N.A Madhavi, Company Secretary and Compliance Officer (Upto 3 February 2022)

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35.2 Transactions during the year

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Remuneration to Key Managerial Personnel *		
Mr. Abhijit Sen	19.75	19.15
Mr. M Sivaraman	19.25	18.90
Mr. N Mohan Raj	20.25	20.20
Mr. D. Arulmany	132.05	110.01
Mr. J. Prakash Rayen	94.99	80.49
Mr. V.G. Suchindran	102.22	85.14
Mr. K.P. Venkatesh	100.46	85.08
Ms. N. A. Madhavi (Upto 3 February 2022)	12.00	9.65
Ms. V. Aruna (With effect from 4 February 2022)	1.58	-
Partly paid up equity shares issued during the year		
Mr. D. Arulmany #	-	-
Partly paid up equity shares issued during the year (in number of shares)		
Mr. D. Arulmany #	-	-
Employee stock options exercised during the year (in number of options)		
Mr. J. Prakash Rayen	-	-
Mr. V.G. Suchindran	-	-
Mr. K.P. Venkatesh	-	-
Ms. N. A. Madhavi (Upto 3 February 2022)	2,000	-
Ms. V. Aruna (With effect from 4 February 2022)	-	-
Where loans and advances in the nature of loans are granted to the Promotors, 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	-	-

Particulars / Type of Borrower	Amount of Loan or advance in the nature of loan outstanding		Percentage to the Loan or advance in the nature of loans	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Promotor	-	-	-	-
Director	-	-	-	-
KMPs	-	-	-	-
Related Parties	-	-	-	-

Also refer note 18

35.3 Balances as at the year-end:

Particulars	As at 31 March 2022	As at 31 March 2021
Remuneration payable to Key Managerial Personnel *		
Mr. Abhijit Sen	15.00	15.00
Mr. M Sivaraman	15.00	15.00
Mr. N Mohan Raj	15.00	15.00
Mr. D. Arulmany	30.00	25.00
Mr. J. Prakash Rayen	25.00	20.00
Mr. V.G. Suchindran	25.00	20.00
Mr. K.P. Venkatesh	25.00	20.00
Ms. N.A. Madhavi (Upto 3 February 2022)	-	1.50
Ms. V Aruna (With effect from 4 February 2022)	0.50	-
Employee stock option (in number of options)		
Mr. J. Prakash Rayen	525,000	525,000
Mr. V.G. Suchindran	-	-
Mr. K.P. Venkatesh	500,000	500,000
Ms. N.A. Madhavi (Upto 3 February 2022)	-	-
Ms. V Aruna (With effect from 4 February 2022)	-	-
Share warrants (in numbers)		
Mr. J. Prakash Rayen	133,334	133,334
Mr. V.G. Suchindran	133,333	133,333

Note:

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

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

Refer note 18.5

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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 2022 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

	As at 31 March 2022	As at 31 March 2021
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

37 Employee Stock Option Scheme (ESOS)

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

Particulars	Veritas ESOS A, 2016	Veritas ESOS B, 2018	Veritas ESOS C, 2018	Veritas ESOS 2021
At the end of one year of service from grant date	30%	20%	20%	20%
At the end of two years	35%	25%	25%	25%
At the end of three years	35%	25%	25%	25%
At the end of four years	-	30%	30%	30%

37.1 Options outstanding under Veritas ESOS 2018 and ESOS 2016

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

Plan	Grant date	Number of	Exercise price	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	525,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	132,500	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	794,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	400,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	480,000	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	887,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2021	05-Aug-21	170,000	225.00	1 to 4 years	Time and performance based vesting
		3,519,500			

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

Plan	Grant date	Number of	Exercise price	Vesting period	Vesting condition
ESOS 2016 A Batch 1	18-Jan-16	525,000	10.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 2	10-Nov-16	132,500	20.00	1 to 3 years	Time and performance based vesting
ESOS 2016 A Batch 3	20-Mar-17	56,000	20.00	1 to 3 years	Time and performance based vesting
ESOS 2018 B Batch 1	22-Mar-18	839,000	40.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 1	06-Dec-18	400,000	120.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C Batch 2	27-Apr-19	570,000	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	110,000	160.00	1 to 4 years	Time and performance based vesting
ESOS 2018 C	15-Jun-20	915,000	160.00	1 to 4 years	Time and performance based vesting
		3,597,500			

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37.2 Reconciliation of outstanding options

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	92.79	3,597,500	63.70	2,802,500
Forfeited during the year	143.23	(245,500)	94.64	(140,000)
Exercised during the year	69.81	(67,500)	15.36	(140,000)
Granted during the year	225.00	235,000	160.00	1,075,000
Outstanding as at end of year	**87.68**	**3,519,500**	**92.79**	**3,597,500**
Vested and exercisable as at end of year	**61.36**	**2,162,500**	**42.87**	**1,594,500**

The weighted average share price on the date of exercise of options during the year ended 31 March 2022 is Rs.340.00 (31 March 2021: Rs.230.31).

37.3 Expense recognised in the statement of profit and loss

	Year ended 31 March 2022	Year ended 31 March 2021
Total expense (stock based compensation under employee benefit expenses)	393.31	489.02

37.4 Fair value methodology

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

	As at 31 March 2022	As at 31 March 2021
Share price on Grant date (In Rs.)	9.51 - 251.28	9.51 - 218.19
Exercise price (In Rs.)	10.00 - 225.00	10.00 - 160.00
Fair value of options at grant date	2.48 - 111.57	2.48 - 108.64
Expected volatility	22.00% - 41.60%	22.00% - 41.60%
Option term	2.00 - 5.63 years	2.00 - 5.63 years
Expected dividends	Nil	Nil
Risk free interest rate	4.53% - 7.79%	4.53% - 7.79%
Weighted average remaining contractual life (in years)	3.45	4.31

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38 Capital

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

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

Capital Management

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

The Company manages its capital structure and makes adjustments to it according to 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.

i Net Debt to Equity Ratio

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

	As at 31 March 2022	As at 31 March 2021
Equity	**140,804.82**	**88,801.80**
Debt	119,565.22	125,414.53
Cash and Cash equivalents	33,473.91	14,810.97
Net Debt	**86,091.31**	**110,603.56**
Net Debt to Equity Ratio	0.61	1.25

ii Capital Adequacy ratio

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

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

	As at 31 March 2022	As at 31 March 2021
Tier I Capital	137,992.16	86,540.17
Tier II Capital	854.27	365.73
Total Capital	**138,846.43**	**86,905.90**
Risk Weighted Assets	**215,512.73**	**171,590.00**
CRAR%	64.43%	50.65%
CRAR - Tier I Capital%	64.03%	50.43%
CRAR - Tier II Capital%	0.40%	0.22%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

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39 Fair Value Measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	33,473.91	-	33,473.91
Bank balances other than cash and cash equivalents	5	11,521.62	-	11,521.62
Loans	6	213,209.17	-	213,209.17
Investments	7	-	-	-
Other financial assets	8	692.81	-	692.81
Total		**258,897.51**	-	**258,897.51**
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		**121,764.98**	-	**121,764.98**

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

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	14,810.97	-	14,810.97
Bank balances other than cash and cash equivalents	5	27,614.27	-	27,614.27
Loans	6	152,423.49	-	152,423.49
Investments	7	-	17,500.74	17,500.74
Other financial assets	8	440.91	-	440.91
Total		**195,289.64**	**17,500.74**	**212,790.38**
Liabilities:				
Trade payables	12	291.61	-	291.61
Debt securities	13	53,074.52	-	53,074.52
Borrowings (Other than debt securities)	14	72,340.01	-	72,340.01
Other financial liabilities	15	1,486.47	-	1,486.47
Total		**127,192.61**	-	**127,192.61**

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39 Fair Value Measurement

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

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

			Fair value			
Particulars	**Note**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:						
Cash and cash equivalents	4	33,473.91	-	-	-	-
Bank balances other than cash and cash equivalents	5	11,521.62	-	-	-	-
Loans	6	213,209.17	-	-	-	-
Investments	7	-	-	-	-	-
Other financial assets	8	692.81	-	-	-	-
Total		**258,897.51**	-	-	-	-
Liabilities:						
Trade payables	12	331.10	-	-	-	-
Debt securities	13	24,207.26	-	-	-	-
Borrowings (Other than debt securities)	14	95,357.96	-	-	-	-
Other financial liabilities	15	1,868.66	-	-	-	-
Total		**121,764.98**	-	-	-	-

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

			Fair value			
Particulars	**Note**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:						
Cash and cash equivalents	4	14,810.97	-	-	-	-
Bank balances other than cash and cash equivalents	5	27,614.27	-	-	-	-
Loans	6	152,423.49	-	-	-	-
Investments	7	17,500.74	17,500.74	-	-	17,500.74
Other financial assets	8	440.91	-	-	-	-
Total		**212,790.38**	**17,500.74**	-	-	**17,500.74**
Liabilities:						
Trade payables	12	291.61	-	-	-	-
Debt securities	13	53,074.52	-	-	-	-
Borrowings (Other than debt securities)	14	72,340.01	-	-	-	-
Other financial liabilities	15	1,486.47	-	-	-	-
Total		**127,192.61**	-	-	-	-

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40 Financial risk management objectives and policies

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

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

Risk management framework

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

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

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

Excessive risk concentration

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

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

(i) Market risk

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

Interest rate risk

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

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

	As at 31 March 2022	As at 31 March 2021
Fixed rate instruments		
Financial assets	247,188.67	183,174.34
Financial liabilities	50,792.92	69,099.67
	297,981.59	**252,274.01**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	68,772.30	54,670.24
	68,772.30	**54,670.24**

Cash flow sensitivity analysis for variable-rate instruments:

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2022				
Variable-rate instruments	737.06	737.06	551.55	551.55
Cash flow sensitivity (net)	**737.06**	**737.06**	**551.55**	**551.55**
31 March 2021				
Variable-rate instruments	(546.70)	546.70	(409.11)	409.11
Cash flow sensitivity (net)	**(546.70)**	**546.70**	**(409.11)**	**409.11**

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40 Financial risk management objectives and policies (continued)

(ii) Credit risk

Loans

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has credit policy approved by the Board of Directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building except for working capital loans which are unsecured. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial Instruments.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vaseick Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.
The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes 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.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Life time Provision
90+ Days*	Stage 3	Life time Provision

(*Includes loans which crossed DPD of 90 days, but did not come back to zero DPD at the time of reporting)

Also refer note 57

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40 Financial risk management objectives and policies (continued)

Company's internal rating and PD estimation process

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

Exposure at default

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

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

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

Loss given default

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

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

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

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

Discounting

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

Significant increase in credit risk

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

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

Grouping financial assets measured on a collective basis

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

Loan type
Ticket size

ECL computation

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

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

	Provisions	As at 31 March 2022	As at 31 March 2021
Stage 1	12 month provision	0.43%	0.25%
Stage 2	Life time provision	9.90%	17.01%
Stage 3	Life time provision	41.47%	50.03%

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

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40 Financial risk management objectives and policies (continued)

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

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**143,968.16**	**8,089.91**	**4,216.93**	**156,275.00**	**125,563.44**	**2,081.56**	**2,422.40**	**130,067.40**
Asset derecognised or repaid (including write-off)	(22,746.98)	(2,319.62)	(1,787.74)	(26,854.34)	(15,778.28)	(651.96)	(1,775.48)	(18,205.72)
Assets partially repaid	(20,616.66)	(138.82)	238.77	(20,516.71)	(10,327.58)	-	-	(10,327.58)
Roll forwards to higher stages	(11,853.35)	(2,426.21)	-	(14,279.56)	(9,985.82)	(628.25)	-	(10,614.07)
Roll forward from lower stages	-	8,112.32	6,167.24	14,279.56	-	7,457.28	3,156.79	10,614.07
Roll back from higher stages	656.80	187.11	-	843.91	302.98	2.85	-	305.83
Roll back to lower stages	-	(558.76)	(285.15)	(843.91)	-	(296.07)	(9.76)	(305.83)
New assets originated *	109,605.90	161.38	64.14	109,831.42	54,193.42	124.50	422.98	54,740.90
Gross carrying amount closing balance	**199,013.87**	**11,107.31**	**8,614.19**	**218,735.37**	**143,968.16**	**8,089.91**	**4,216.93**	**156,275.00**

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

Also refer note 54

Reconciliation of ECL balance is given below:

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - Opening balance	**365.73**	**1,376.21**	**2,109.57**	**3,851.51**	**865.02**	**498.23**	**771.93**	**2,135.18**
Addition during the year	626.88	666.23	2,538.19	3,831.30	129.85	1,276.06	1,749.71	3,155.62
Reversal / Utilization during the	(138.34)	(942.71)	(1,075.56)	(2,156.61)	(629.14)	(398.08)	(412.07)	(1,439.29)
Impairment loss allowance - Closing balance	**854.27**	**1,099.73**	**3,572.20**	**5,526.20**	**365.73**	**1,376.21**	**2,109.57**	**3,851.51**

Also refer note 54

Analysis of inputs to the ECL model under multiple economic scenarios

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

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

ECL Scenario	As at 31 March 2022	As at 31 March 2021
Best case	4,726.39	3,847.98
Base case	4,664.49	3,816.12
Worst case	4,793.25	3,880.62

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40 Financial risk management objectives and policies (continued)

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12 month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits, other receivables and employee loans. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

	As at 31 March 2022	As at 31 March 2021
Cash credit facilities	7,543.62	3,500.00
Working capital demand loans	1,500.00	-
Total	**9,043.62**	**3,500.00**

The Cash credit facilities may be overdrawn anytime and may be terminated any time without notice.

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2022:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	331.10	331.10	-	-	-
Debt securities	24,268.22	21,768.22	2,500.00	-	-
Borrowings (other than debt securities)	95,892.31	36,249.16	42,094.01	17,549.14	-
Other financial liabilities	1,868.66	723.45	742.74	278.42	124.05
Total	**122,360.29**	**59,071.93**	**45,336.75**	**17,827.56**	**124.05**
Financial assets					
Cash and cash equivalents	33,473.91	33,473.91	-	-	-
Bank balances other than cash and cash equivalents	11,521.62	11,521.62	-	-	-
Loans (also refer note 57)	221,656.24	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	**267,344.58**	**97,913.18**	**89,644.90**	**56,623.95**	**23,162.55**

The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2021:

	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade payables	291.61	291.61	-	-	-
Debt securities	53,275.59	35,515.59	17,760.00	-	-
Borrowings (other than debt securities)	72,683.22	34,815.38	29,953.74	7,914.10	-
Other financial liabilities	1,863.35	708.03	627.06	285.14	243.12
Total	**128,113.77**	**71,330.61**	**48,340.80**	**8,199.24**	**243.12**
Financial assets					
Cash and cash equivalents	14,810.97	14,810.97	-	-	-
Bank balances other than cash and cash equivalents	27,614.27	27,614.27	-	-	-
Loans (also refer note 57)	158,308.74	36,020.45	65,576.07	41,134.05	15,578.16
Investments	17,500.74	17,500.74	-	-	-
Other financial assets	440.91	185.75	191.93	23.96	39.27
Total	**218,675.62**	**96,132.18**	**65,768.00**	**41,158.01**	**15,617.43**

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41 Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2022 and year ended 31 March 2021. Accordingly, the disclosure requirements relating to the same are not applicable.

42 Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2022 and year ended 31 March 2021.

	43 Movement of Non-Performing Assets (NPAs) (Stage 3 assets) (Credit impaired loans) (Refer note 57)	**As at 31 March 2022**	**As at 31 March 2021**
(a)	**Net impairment loss allowance to net loans (%)**		
	(Net of provision for credit impaired loans excluding assets written off)	2.34%	1.37%
(b)	**Movement of credit impaired loans under Ind AS (Gross)**		
	Opening balance	4,216.93	2,422.40
	Additions during the year	21,250.53	6,823.72
	Reductions during the year	(16,853.27)	(5,029.19)
	Closing balance	**8,614.19**	**4,216.93**
(c)	**Movement in net credit impaired loans (Net of provision for credit impaired loans)**		
	Opening balance	2,107.36	1,650.47
	Additions during the year	18,712.34	5,074.01
	Reductions during the year	(15,777.71)	(4,617.12)
	Closing balance	**5,041.99**	**2,107.36**
(d)	**Movement of impairment loss allowance for credit impaired loans**		
	Opening balance	2,109.57	771.93
	Additions during the year	2,538.19	1,749.71
	Reductions during the year	(1,075.56)	(412.07)
	Utilised /write off during the year	-	-
	Closing balance	**3,572.20**	**2,109.57**

44	**Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans** (Refer note 57)		
	Opening balance	1,741.94	1,363.25
	Add : Charge for the year	1,293.11	1,405.91
	Less : Utilised during the year	(1,081.05)	(1,027.22)
	Closing balance	**1,954.00**	**1,741.94**

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

45.1 Capital adequacy ratio

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

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Tier I Capital	137,992.16	86,540.17
Tier II Capital	854.27	365.73
Total Capital	**138,846.43**	**86,905.90**
Total Risk Assets	215,512.73	171,590.00
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	64.03%	50.43%
Tier II Capital as a percentage of Total Risk Assets (%)	0.40%	0.22%
Total Capital (%)	**64.43%**	**50.65%**

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45.2 Exposure to real estate sector

Particulars	As at 31 March 2022	As at 31 March 2021
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	192,834.93	141,120.75
ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	13,711.57	8,981.98
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
Total exposure to real estate sector	**206,546.50**	**150,102.74**

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

45.3 Exposure to capital market

Particulars	As at 31 March 2022	As at 31 March 2021
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

45.4 Exposure to Perpetual Debt Instruments (PDI)

The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2022 and previous year ended 31 March 2021.

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45.5 Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)	Year ended 31 March 2022	Year ended 31 March 2021
Impairment allowance for credit impaired loans	1,462.63	1,337.64
Impairment allowance for low credit risk loans and significant increase in credit risk loans	212.06	378.69
Provision made towards current income taxes	3,153.00	2,553.00

	As at 31 March 2022	As at 31 March 2021
45.6 Concentration of advances		
Total advances to twenty largest borrowers	436.01	483.70
Percentage of advances to twenty largest borrowers to total advances	0.20%	0.31%
45.7 Concentration of exposures		
Total exposures to twenty largest borrowers	436.01	483.70
Percentage of exposures to twenty largest borrowers to total exposures	0.20%	0.31%
45.8 Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts	75.95	67.73
45.9 Sector-wise NPAs (Stage 3 assets) (Percentage of NPAs to total advances in that sector)		
Agriculture & allied activities	-	-
MSME	0.01%	-
Corporate borrowers	-	-
Services	0.01%	0.01%
Unsecured personal loans	-	-
Auto loans	-	-
Other loans (retail)		
- Secured	4.07%	2.70%
- Unsecured	1.34%	2.30%

The above sector-wise NPA and advances is based on the data available with the Company which has been relied upon by the auditors. Also refer note 57.

45.10 Ratings assigned by credit rating agencies :

The credit rating details of the company as at 31 March 2022 are as follows:

Rating Agency	Term	Type	Rating	Amount (in Rs. Lakhs)
CARE Ratings Ltd	LT	TL	CARE A - ; (Stable)	120,000
CARE Ratings Ltd	LT	NCD	CARE A - ; (Stable)	116,260

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

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

45.11 Instances of fraud for the year ended 31 March 2022 (31 March 2021: Nil)

Nature of fraud	No of cases	Amount of fraud	Amount written off
Cash misappropriation by employee	-	-	-
Fraudulent misrepresentation by employee	1	1.50	1.50
Fraudulent representation by customers	-	-	-

During the year, 1 fraud were detected and reported to RBI, aggregating to Rs.1.50 lakhs in the nature of Fraudulent misrepresentation by employee.

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45.12 Registration / license / authorization obtained from financial sector regulators

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

45.13 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
Value of investments*		
Gross value of investments	-	17,499.13
Unrealised fair value movement	-	1.62
Net value investments	-	17,500.74
* All investments are in India		
Movement of unrealised fair value change during the year		
Opening balance	1.62	16.55
Add: Increase in unrealised fair value change during the year	-	-
Less: Decrease in unrealised fair value change during the year	(1.62)	(14.93)
Closing balance	-	1.62

45.14 Derivatives

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

45.15 Details of non- performing financial assets purchases and sold

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

45.16 Details of financing of Parent Company products

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

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

The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended 31 March 2022 and 31 March 2021.

45.18 Advances against intangible securities

The Company has not given any loans against intangible securities

45.19 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the year ended 31 March 2022 and 31 March 2021.

45.20 Draw down from reserves

The Company has made no drawdown from existing reserves.

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

There are no overseas assets owned by the Company.

45.22 Off-balance sheet SPVs sponsored

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

45.23 Customer complaints

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Number of complaints pending at the beginning of the year	10	7
Number of complaints received during the year	21	9
Number of complaints redressed during the year	17	6
Number of complaints pending at the end of the year	14	10

The above details are based on the information available with the Company regarding the complaints received from the customers which has been relied upon by the auditors.

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45.24 Asset Liability Management

(a) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2022:

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	6,238.55	219.93	436.56	4,084.85	4,163.96	12,442.61	25,032.97	89,317.68	56,602.35	23,116.78	221,656.24
Investment in mutual funds			-	-	-	-	-	-	-	-	-
Fixed Deposits with Banks	-	-	13,002.14	5,001.17	-	11,521.62	-	-	-	-	29,524.93
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	1,020.97	205.18	1,835.04	2,469.46	3,315.55	8,949.78	18,453.18	42,094.01	17,549.14	-	95,892.31
Debt securities			-	5,183.49	5.80	13,578.93	3,000.00	2,500.00	-	-	24,268.22
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Refer note 1 & 2

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

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	4,218.22	237.43	375.25	2,804.08	2,803.56	8,450.53	17,131.39	65,576.07	41,134.05	15,578.16	158,308.74
Investment in mutual funds	17,500.74			-	-	-	-	-	-	-	17,500.74
Fixed Deposits with Banks	-	-	2,513.33	12,565.52	5,010.33	7,525.08	-	-	-	-	27,614.27
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	918.55	337.39	1,705.87	3,674.62	3,248.91	9,164.19	15,765.85	29,953.74	7,914.10	-	72,683.22
Debt securities	-	-	46.38	3,500.00	-	1,785.72	30,183.49	17,760.00	-	-	53,275.59
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Refer note 1 & 2

Note:

1 Excludes the unamortised component of sourcing cost/ income which is adjusted as part of loan balances.

2 Estimated expected cashflows considering the moratorium and restructuring given to the customers. Also refer note 51.1 and 57.

3 The above table represents Maturity pattern of certain items of Assets and Liabilities. Please refer note 51 for the Maturity pattern of all assets and liabilities.

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
a) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured	24,207.26	-	53,074.52	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	93,401.58	-	70,840.01	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans *	1,956.38	-	1,500.00	-
*Represents Working Capital Demand Loans and Cash Credit from banks				
b) Break-up of (I)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Particulars	As at 31 March 2022	As at 31 March 2021
Assets side:		
c) Break-up of Loans and Advances including bills receivables [other than those included		
(a) Secured (refer note 6)	206,546.50	150,102.74
(b) Unsecured (refer note 6)	12,188.87	6,172.26
d) Break up of Leased Assets and stock on hire and other assets counting towards asset		
(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	-	-

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

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Veritas Finance Private Limited
Notes to the financial statements for the year ended 31 March 2022
(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	As at 31 March 2022	As at 31 March 2021
e) Break-up of Investments (at fair value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	17,500.74
iv. Government Securities	-	-
v. Others (please specify)	-	-
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
Long Term Investments:		
I. Quoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
II. Unquoted:		
i. Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		

f) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	As at 31 March 2022 (Net of Provisions)		As at 31 March 2021 (Net of Provisions)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	201,181.70	12,027.47	146,378.51	6,044.98
	201,181.70	**12,027.47**	**146,378.51**	**6,044.98**

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g) **Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) :**

Category	Market Value / Break up or fair value or Net Asset Value as on 31 March 2022	Book Value as on 31 March 2022 (Net of provisions)	Market Value / Break up or fair value or Net Asset Value as on 31 March 2021	Book Value as on 31 March 2021 (Net of provisions)
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
	-	-	-	-

h) **Other Information** (Also refer note 57)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets (Stage 3 assets)	-	8,614.19	-	4,216.93
(ii) Net Non-Performing Assets (Stage 3 assets)	-	5,041.99	-	2,107.36
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

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

Particulars	As at 31 March 2022	As at 31 March 2021
a) Loans and advances in the nature of loans to subsidiaries	-	-
b) Loans and advances in the nature of loans to associates	-	-
c) Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
d) Loans and advances in the nature of loans to firms / companies in which directors are interested	-	-

48 **Disclosure under clause 16 of the Listing Agreement for Debt Securities**

The Debentures are secured by way of a first and pari passu hypothecation of receivables under financing activities.

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Expenditure		
Expenditure in foreign currency	-	-

The Company did not have any unhedged foreign currency exposure as on the balance sheet date and did not enter into any derivative contracts at any time during the year and none were outstanding as at 31 March 2022 and 31 March 2021.

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

As at 31 March 2022

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS 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	199,013.87	854.27	198,159.60	809.49	44.78
	Stage 2	11,107.31	1,099.73	10,007.58	666.98	432.75
Subtotal for Standard		**210,121.18**	**1,954.00**	**208,167.18**	**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**	**199,013.87**	**854.27**	**198,159.60**	**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**
		218,735.37	**5,526.20**	**213,209.17**	**3,684.43**	**1,841.77**

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI -32

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

As at 31 March 2021

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS 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	143,968.16	365.73	143,602.43	578.51	1,132.28
	Stage 2	8,089.91	1,376.21	6,713.70	31.15	
Subtotal for Standard		**152,058.07**	**1,741.94**	**150,316.13**	**609.66**	**1,132.28**
Non-performing assets (NPA)						
Substandard	Stage 3	3,437.48	1,714.04	1,723.44	353.91	1,360.13
Doubtful - up to 1 year	Stage 3	779.45	395.53	383.92	180.88	214.65
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**779.45**	**395.53**	**383.92**	**180.88**	**214.65**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,216.93**	**2,109.57**	**2,107.36**	**534.79**	**1,574.78**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**143,968.16**	**365.73**	**143,602.43**	**578.51**	**1,132.28**
	Stage 2	**8,089.91**	**1,376.21**	**6,713.70**	**31.15**	
	Stage 3	**4,216.93**	**2,109.57**	**2,107.36**	**534.79**	**1,574.78**
		156,275.00	**3,851.51**	**152,423.49**	**1,144.45**	**2,707.06**

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at 31 March 2022 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 2022	As at 31 March 2021
Respective amount in SMA/ overdue categories, where the moratorium/ deferment was extended	-	-
Respective amount where asset classification benefits is extended	-	-
General provision made	-	-
General provision adjusted during the period against the slippages and the residual provisions	-	-

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI -32

51 Maturity analysis of assets and liabilities

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

	31-Mar-22			31-Mar-21		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents	33,473.91	-	33,473.91	14,810.97	-	14,810.97
Bank balances other than cash and cash equivalents	11,521.62		11,521.62	27,614.27	-	27,614.27
Loans	44,172.36	169,036.81	213,209.17	36,020.44	116,403.05	152,423.49
Investments	-		-	17,500.74	-	17,500.74
Other financial assets	298.22	394.59	692.81	185.75	255.16	440.91
Current tax assets (Net)	412.56		412.56	338.79	-	338.79
Deferred tax Assets (Net)		2,226.76	2,226.76	-	1,684.71	1,684.71
Property, plant and equipment		492.73	492.73	-	656.66	656.66
Right of use assets		1,561.28	1,561.28	-	1,270.28	1,270.28
Intangible assets		225.06	225.06	-	425.62	425.62
Intangible assets under development		45.76	45.76	-	43.56	43.56
Other non-financial assets	385.57	-	385.57	276.17	-	276.17
Total Assets	**90,264.24**	**173,982.99**	**264,247.23**	**96,747.13**	**120,739.04**	**217,486.17**
Liabilities						
Financial Liabilities						
Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	4.89	-	4.89	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	326.21	-	326.21	291.61	-	291.61
Debt Securities	21,707.26	2,500.00	24,207.26	35,515.59	17,558.92	53,074.52
Borrowings (Other than Debt Securities)	35,714.81	59,643.15	95,357.96	34,815.38	37,524.63	72,340.01
Other financial liabilities	1,868.66	-	1,868.66	577.15	909.32	1,486.47
Non-Financial Liabilities						
Provisions	178.68	237.48	416.16	38.04	352.08	390.12
Other non-financial liabilities	1,261.27	-	1,261.27	1,101.64	-	1,101.64
Total Liabilities	61,061.78	62,380.63	123,442.41	72,339.41	56,344.96	128,684.37
Net	**29,202.46**	**111,602.36**	**140,804.82**	**24,407.72**	**64,394.09**	**88,801.80**
Other undrawn commitments (Cancellable at the instance of the Company)	1,589.16	-	1,589.16	1,013.95	-	1,013.95
Total commitments	**1,589.16**	**-**	**1,589.16**	**1,013.95**	**-**	**1,013.95**

51A Changes in liability arising from financing activities

Particulars	01-Apr-21	Cash Flows	New leases	Others*	31-Mar-22
Debt Securities	53,074.52	(28,000.00)	-	(867.26)	24,207.26
Borrowings (other than debt securities)	72,340.01	23,199.45	-	(181.50)	95,357.96
Lease Liability	1,384.44	(807.63)	1,157.38	-	1,734.19
Total	**126,798.97**	**(5,608.18)**	**1,157.38**	**(1,048.76)**	**121,299.41**

Particulars	01-Apr-20	Cash Flows	New leases	Others*	31-Mar-21
Debt Securities	38,704.88	13,600.00	-	769.64	53,074.52
Borrowings (other than debt securities)	62,277.22	10,234.88	-	(172.09)	72,340.01
Lease Liability	1,387.57	(713.01)	709.88	-	1,384.44
Total	**102,369.67**	**23,121.87**	**709.88**	**597.55**	**126,798.97**

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

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI -32

51.1 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated for the year ended 31 March 2022

Type of Restructuring		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
	Provision there on	-	-	-	-	-	-	-	-	-	-
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)	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Downgradation of restructured accounts during the year	No.of borrowers	(403)	402	1	-	-	(403)	402	1	-	-
	Amount Outstanding	(1,468.93)	1,464.61	4.32	-	0.00	(1,468.93)	1,464.61	4.32	-	0.00
	Provision there on	-	-	-	-	-	-	-	-	-	-
Recoveries during the year	Amount	(672.07)	130.87	0.74		(540.46)	(672.07)	130.87	0.74	-	(540.46)
Closure/Write off restructured accounts during the year	No.of borrowers	475	-	-	-	475	475	-	-	-	475
	Amount Outstanding	1,245.09	-	-	-	1,245.09	1,245	-	-	-	1,245.09
Restructured accounts as on March 31, 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	-	1,310.93	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

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

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51.1 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated for the year ended 31 March 2021

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

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

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

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

52. Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

	Particulars	As at 31 March 2022	As at 31 March 2021
(a)	Omitted *	-	-
(b)	Omitted *	-	-
(c)	Debt equity ratio Debt equity ratio is (Debt securities + Borrowings) / Net worth)	0.85 times	1.41 times
(d)	Omitted *	-	-
(e)	Omitted *	-	-
(f)	Debt service coverage ratio	Not Applicable Debt service coverage ratio is not applicable for Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India and accordingly no disclosure has been made.	
(g)	Interest service coverage ratio	Not Applicable Interest service coverage ratio is not applicable for Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India and accordingly no disclosure has been made.	
(h)	Outstanding redeemable preference shares (quantity & value)	NIL. The Company does not have any redeemable preference shares as at 31 March 2022 and hence this clause is Nil	
(i)	Capital Redemption Reserve / Debenture redemption reserve	Not Applicable Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.	
(j)	Net worth (Net worth is equal to share capital plus reserves & surplus less deferred revenue expenditure)	Rs. 140,804.82	88,801.80
(k)	Net profit after tax -For the period ended 31 March 2022 (Total comprehensive income)	Rs. 7,584.99	6,112.43
(l)	Earnings per equity share of Rs. 10 each - Basic	18.12	17.69
	- Diluted	6.59	6.50
(m)	Current Ratio	1.61 times	1.32 times
(n)	Long term debt to Working Capital	60.12 times	82.61 times
(o)	Bad debts to Account Receivable Ratio (Bad debts / Accounts Receivables)	3.94%	2.70%
(p)	Current Liability Ratio	23.28%	33.71%
(q)	Total Debts to Total Assets Ratio (Debt Securities+ Borrowings (other than debt securities)+ Subordinated Debts) / Total Assets	45.25%	57.67%
(r)	Debtors Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed	
(s)	Inventory Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed	
(t)	Operating Margin (%) Operating Margin / Total Income	51.91%	56.32%
(u)	Net Profit Margin(%) Profit after tax / Total Income	17.10%	16.90%
(v)	Sector Specific Equivalent Ratio		
	i) GNPA % (Gross Stage 3)	i) 3.94%	2.70%
	ii) NNPA %	ii) 2.34%	1.37%
	iii) Provision Coverage Ratio ("PCR") (%) Impairment loss allowance for Stage III / Gross Stage III Loans	iii) 41.47%	50.03%
	iv) Asset Cover Ratio	iv) 1.10 times	1.09 times
	v) Liquidity Coverage Ratio	v) 3129%	3359%
	vi)Capital Adequacy Ratio	vi) 64.43%	50.65%

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

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53 Ex-gratia Payment

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

54 Pursuant to RBI circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances — Clarifications, the Company has revised its process of NPA classification. Had the Company followed the earlier method, the profit before tax for the quarter and year ended 31 March 2022 would have been higher by Rs. 3.33 crores. (If the company had availed the relaxation thereof referred to in RBI circulated dated 15 February 2022, the Gross stage 3 would have been 3.34%)

55 Details of loans transferred / acquired during the year ended 31 March 2022 under the RBI Master Direction on Transfer of Loan Exposures dated 24 September 2021 are given below:
(i) The Company has not transferred any Non Performing Assets (NPAs).
(ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.
(iii) The Company has not acquired any loans not in default through assignment.
(iv) The Company has not acquired any stressed loan.

56 Interest on Interest

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

57 Impact of COVID-19

While the third wave of COVID has abated, the impact of further waves of COVID on the economy needs to be seen and would be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID pandemic will further impact the company's business, cash flows and financial results, is dependent on such future developments, which cannot be predicted with any degree of certainty.

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

The Company has considered the aforesaid context of the pandemic in applying the assumptions used to determine the expected credit losses on loans. During the year, the Company has recognized an expected credit loss on loans of Rs. 5935.56 lakhs (Previous year Rs. 4,044.59 lakhs) (including write offs). The impact assessment of COVID-19 is a continuing process, given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.
In accordance with the guidelines on one time restructuring issued by the RBI Circular dated, 5 May 2021 vide Circular No. RBI/2021-22/31,DOR.STR.REC.11/21.04.048/21-22, "Resolution Framework 2.0: Resolution of Covid related stress of Individuals and Small businesses" dated 5 May 2021 and pursuant to the Board approved policy in this regard, the Company has invoked resolution plans for eligible borrowers. This is supplementary to the restructuring plans implemented for the customers as per the RBI circular no.RBI/2020-21/16DOR.No.BP.BC/3/21.04.048/2020-21 on Resolution Framework for Covid related stress dated 6 August 2020.

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

S. Usha

S Usha
Partner
Membership No. : 211785

Place : Chennai
Date : 28 April 2022

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

N. Mohanraj
Director
DIN : 00181969

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

V. G. Suchindran

V. G. Suchindran
Chief Financial Officer

V.AD

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

Place : Chennai
Date : 28 April 2022

SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
Offices: Chennai - Mumbai - Bangalore – Madurai

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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

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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**
Impairment Loss Allowance Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgement include: 1. Categorization of loans in Stage I, II and III based on identification of:	➢ 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

(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. These judgements required the models to be reassessed including the impact of Covid -19 Pandemic to measure the ECL. Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the	Pandemic and the associated probability weights. ➢ We also assessed the approach of the Company for categorization the loans in various stages reflecting the inherent risk in the respective loans. ➢ For a sample of financial assets, we tested the correctness of Staging, reasonableness of PD, accuracy of LGD and ECL computation. ➢ We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject. As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements

calculation of ECL we considered this area as a Key Audit Matter.	
IT Systems and Controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, 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. .	We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems Reliance was also placed on the System Audit report of the Company. Based on our review no material weakness was found in the IT Systems and Controls.

<u>Information Other than the Financial Statements and Auditor's Report Thereon</u>

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

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS CHENNAI 600 018 FRN : 004207S

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

SUNDARAM & SRINIVASAN CHENNAI 600 018 FRN : 004207S CHARTERED ACCOUNTANTS

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:

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS CHENNAI 600 018 FRN : 004207S

(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 it's 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 it's 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.

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS CHENNAI 600 018 FRN : 004207S

vi. With respect to Rule 11(g) of Companies (Audit & Auditors) Rules,2014, on maintenance of audit trail, transaction and edit log, 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 & Srinivasan
Chartered Accountants
Firm Registration Number: 004207S

USHA Digitally signed by USHA
Date: 2023.04.27 18:48:57 +05'30'

S.Usha
Partner
Membership Number: 211785
UDIN: 23211785BGWCUU7883

Place: Chennai
Date: 27th April 2023

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS CHENNAI 600 018 FRN : 004207S

Veritas Finance Private Limited
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 of
Veritas Finance Private Limited

M. Sivaraman
Director
DIN . 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 27 April 2023

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

Veritas Finance Private Limited
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 of
Veritas Finance Private Limited

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 27 April 2023

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

Veritas Finance Private Limited
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	Other equity					Total other equity attributable to equity holders of the Company
	Reserves and surplus				Other comprehensive income	
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Re-measurements of defined benefit plan	
As at 31 March 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

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

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

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 27 April 2023

VERITAS FINANCE PVT. LTD. CHENNAI-32

Veritas Finance Private Limited

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 termination 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		546.02	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)		1,90,322.02	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**

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

Veritas Finance Private Limited

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	As at 31 March 2023	As at 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 of
Veritas Finance Private Limited

M. Sivaraman
Director
DIN : 02045100

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

V. G. Suchindran
Chief Financial Officer

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

Place : Chennai
Date : 27 April 2023

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

1 Reporting entity

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

The Company is engaged in extending credit to micro and small enterprises typically self-employed business 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.

2 Basis of preparation of Financial Statements

2.1 Statement of compliance

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

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

These financial statements were approved by the Company's Board of Directors and authorised for issue on 27 April 2023.

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

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

2.2 Presentation of financial statements

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

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

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

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, 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.

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.

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i) Business model assessment

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

ii) Fair value of financial instruments

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

iii) Effective Interest Rate ("EIR") method

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

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

iv) Impairment of financial asset

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

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

a) The Company's criteria for assessing if there has been a significant increase in credit risk and subsequently measuring impairment allowances for financial assets on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Provisions and other contingent liabilities

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

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

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

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

vi) Other assumptions and estimation uncertainties

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

i) Measurement of defined benefit obligations: key actuarial assumptions;

ii) Estimated useful life of property, plant and equipment and intangible assets other than those taken on lease;

b) Recognition of deferred taxes.

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3 Significant accounting policies

3.1 Revenue Recognition

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

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

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

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

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

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

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

A) Recognition of interest income on loans

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

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

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

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

B) Interest income on deposits

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

C) Fee income

Fees income such as legal, documentation, 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.

D) Other income

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

3.2 Financial instrument - Initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

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

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3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

Solely payments of principal and interest (SPPI) test

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

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

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

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

i) **Financial assets carried at amortised cost (AC)**

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

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans are held to sale and collect contractual cash flows, they are measured at FVTOCI.

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

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

B. Financial liabilities

i) **Initial recognition and measurement**

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) **Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2023 and 31 March 2022.

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3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification of terms and conditions

(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.

(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.

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)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company catagorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3. (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

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B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default ('PD'):

PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default ('EAD'):

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

Loss Given Default ('LGD'):

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.
For all loan accounts which are in NPAs or matured and which is yet to be settled for specified period, then it is technically written-off.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole.

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3.9 Property, plant and equipment ('PPE')

i. Recognition and measurement

Items of PPE are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to acquisition or construction of qualifying assets for the period to the completion of installation or construction of such assets respectively are capitalised.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are classified as capital advances under non-financial assets and the cost of the assets not put to use before such date are disclosed under "Capital work-in-progress".

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight line method and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative years are as follows:

Asset category	Estimated Useful life	Useful life as per schedule II
Furniture and fixtures	5 Years	10 Years
Office equipments	5 Years	5 Years
Computers and accessories	3 Years	3 Years
Vehicles	5 Years	8 Years

Leasehold improvements are depreciated over the remaining period of lease or 5 years, whichever is lower.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Property, plant and equipment taken on rent are treated as lease. Refer note 3.14.

3.10 Intangibles

i. Recognition and measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as and when it is incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method and is included in depreciation and amortisation in statement of profit and loss.

Intangible fixed assets description	Management estimate of useful life
Computer software	License period or 3 years, whichever is lower

The amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.11 Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial and non financial assets like security deposits and employee related loans and advances.

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3.12 Employee benefits

(i) ***Post – employment benefits***

(a) Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

(b) Defined benefit plan

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) ***Other long-term employee benefit***

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within 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.

(iii) ***Short-term employee benefits***

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences - when employees render services that increase their entitlement of future compensated absences;
(b) in case of non-accumulating compensated absences - when the absences occur.

(iv) ***Stock based compensation***

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.13 Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements

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3.14 Leases

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid as at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets separately on the face of the balance sheet and lease liability under other financial liabilities.

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for 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.

3.15 Income tax

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and
- taxable temporary differences arising on the initial recognition of goodwill.

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3.15 Income tax (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in the statement of profit and loss.

3.17 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.18 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.19 Segment reporting – Identification of segments

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ('CODM') to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. (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

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:

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.

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.

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.

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	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**		
	At Amortised cost		
A	**Based on nature**		
	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**
	(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 repossed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.(SARFAESI, 2002)

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	Particulars	As at 31 March 2023	As at 31 March 2022
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**
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
	Total	**303.41**	**385.57**
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**

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Particulars	As at 31 March 2023	As at 31 March 2022

12.1 Trade payables(Ageing Schedule)

The following schedules reflect aging of trade payables with respect to the date of transactions

As at 31 March 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 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 March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 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**

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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
Adjustments						-
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
Adjustments						-
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
Adjustments			-	-	-	-
On disposals	(83.38)	(3.53)	(1.85)	(2.17)	-	(90.93)
Balance as at 31 March 2022	469.62	248.30	95.87	710.80	-	1,524.59
Additions	79.20	94.70	39.17	161.63	68.10	442.79
Adjustments			-	-	-	-
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.

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10.3 Intangible assets

Particulars	Computer Softwares	Total
Cost		
Balance as at 31 March 2021	**936.63**	**936.63**
Additions	106.49	106.49
Adjustments	-	-
Disposals	-	-
Balance as at 31 March 2022	**1,043.12**	**1,043.12**
Additions	147.53	147.53
Adjustments	-	-
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
Adjustments	-	-
On disposals	-	-
Balance as at 31 March 2022	**818.07**	**818.07**
Additions	171.83	171.83
Adjustments	-	-
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**

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10.5 Intangible fixed assets under development - Aging 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

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	Particulars	As at 31 March 2023	As at 31 March 2022
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**

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	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	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:

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

b) Interest for the above outstanding NCDs are payable on Quarterly / Half yearly basis.

c) The principal repayment for the NCDs is on the date of maturity / amortisation or upon exercise of put / call option respectively.

d) The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the Company has been not declared as wilful defaulter by Banks, Financial Institutions or any other lenders.

e) We confirm that the Company has used the proceeds of NCDs for the purpose for which they have been borrowed.

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.

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI -32

Particulars	As at 31 March 2023	As at 31 March 2022

14.1 Details of borrowings:

a) Terms of repayment of borrowings from banks:

(i) Terms of repayment of term loans from banks:

Bank Name	Tenure of the Loan	Earliest Installment date	Principal repayment mode (instalments)	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	1,823.95	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	4,965.75	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	2,222.90	-
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%

(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%	9.5% to 12.40%

c) Terms of repayment of borrowings from securitization:

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 securitization				**4,330.81**	**-**
As at balance sheet date, interest rates (per annum) range for securitization				9.30% to 13.10%	-

14.2 Details of borrowings (other than debt securities)* availed by the Company:

a) All the above loans are secured by specific charge on loans. The Company has maintained security cover ranging from 1 to 1.33 times of the outstanding loan amount at any point of time

b) Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly/quarterly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2023 and 31 March 2022

c) 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 willful defaulter by Banks, Financial Institution or any other lender.

d) We confirm that the Company has used the borrowings from Banks and Financial Institutions for the purpose for which it has been borrowed.

e) 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.

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(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**

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Particulars	As at 31 March 2023	As at 31 March 2022
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		
47,874,975 (31 March 2022: 47,230,975) equity shares of INR 10 each	4,787.50	4,723.10
23,655,716 (31 March 2022: 23,655,716) 0.01% CCPS of INR 10 each	2,365.57	2,365.57
20,480,732 (31 March 2022: 20,480,732) 0.0001% CCPS of INR 10 each	2,048.07	2,048.07
13,921,801 (31 March 2022: 13,921,801) 0.0001% CCPS of INR 15 each	2,088.27	2,088.27
Issued, subscribed, called and paid-		
Partly 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	Amount	No. of shares	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**

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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%
Evolvence 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

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18.4 Rights, preferences and restrictions attached to each class of shares

A. Equity shares

The Company has a single class of equity shares. Each holder is entitled to one vote per equity share. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

The holders of partly paid equity shares are entitled to one vote on every partly paid equity share in the same manner as if the shares were fully paid up.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. i) Series A : 0.01% Compulsory Convertible Preference Shares

Series A 0.01% CCPS having a par value of 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:

a. 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;

b. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; and

c. The date which is 19 (nineteen) years from the date of allotment of the Series A CCPS i.e., 17 March 2035.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

During the financial year 2017-18, all the Series A, 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 25 July 2017.

ii) Series B : 0.01% Compulsory Convertible Preference Shares

Series B 0.01% CCPS having a par value of 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:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and

c. The final conversion date is 3 May 2036.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

During the financial year 2017-18, 2,150,539 out of 25,806,255, Series B 0.01% Compulsory Convertible Preference Shares (CCPS) were converted into equity shares on 13 July 2017.

iii) Series C : 0.0001% Compulsory Convertible Preference Shares

Series C 0.0001% CCPS having a par value of 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:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and

c. The final conversion date is 10 May 2037.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

iv) Series D : 0.0001% Compulsory Convertible Preference Shares

Series D 0.0001% Compulsory Convertible Preference Shares (CCPS) having a par value of 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:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time, or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement; and

c. The final conversion date is 19 September 2038.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

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18.4 Rights, preferences and restrictions attached to each class of shares (continued)

v) Series E : 0.0001% Compulsory Convertible Preference Shares

Series E 0.0001% Compulsory Convertible Preference Shares (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:

a. In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; or

b. Prior to an exit if required by the purchaser pursuant to a financial or strategic sale under Clause 9 of the Shareholders Agreement ; and

c. The final conversion date is 26 February 2039.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.0001%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

18.5 Employee Stock Option Scheme (also refer note 37)

On 8 January 2016, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS A), 2016. Under the plan, the Company is authorized to issue 3,000,000 equity shares of 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.

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.

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.

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.

18.6 Preferential offer to Promoter

The Company vide its Investment Agreements has provided certain preferential rights to the Promoter of the Company, as detailed below:

- Agreement dated 30 November 2015, the Promoter shall have the option to subscribe to 6,000,000 equity shares of the Company at a pre-determined price of 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.

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.

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.

18.7 Share warrants to certain employees

The Company vide its Investment Agreement dated 1 June 2017 read with amended agreement dated 12 October 2018 has provided certain preferential rights to certain employees of the Company, to subscribe to an aggregate of 266,667 equity shares of the Company at a pre-determined price of 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).

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(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
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**

The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Also refer note 37 for further details of these plans.

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**
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:

a. 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.

b. 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 among of reserve created for recognition of employee compensation cost at grant date and fair value of options vested and but not execersied by the employess and unvested options are recoginised in statement of profit and loss account.

c. 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.

d.Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with curren year profits, reduced by losses, if any, dividend pay-outs, transfers to general reserve or any such other appropriations to specific reserves

e. Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any

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Veritas Finance Private Limited
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
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**
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**

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	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
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**
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	-

	As at 31-Mar-23	As at 31 March 2022
(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 incurrered 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**

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(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
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	-	-

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**

Components of deferred tax asset (liability)	As at 31 March 2021	Statement of profit and loss	Other comprehensive income	As at 31 March 2022
Deferred tax asset/ (liability) in relation to -				
Fixed assets	115.93	62.55	-	178.48
Impairment on financial assets	969.35	243.16	-	1,212.51
Provision for employee benefits	185.02	23.29	(15.00)	193.31
Unamortised 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**

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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.

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	-	-

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30.2 Defined benefit plans (continued)

	As at 31 March 2023	As at 31 March 2022
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

	Year ended 31 March 2023	Year ended 31 March 2022
E. Expense recognised in statement of		
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)

G. Assumptions at balance sheet date	As at 31 March 2023	As at 31 March 2022
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)	-	-

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

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31 Segment information

An operating segment is a Component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director 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.

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.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

32 Disclosures under Ind AS 116

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.

(i) Measurement of Lease Liabilities

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

(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

	Year ended 31 March 2023	Year ended 31 March 2022
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	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

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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. Sachindran, 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. Sachindran	131.50	102.12
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)	NA	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		

Particulars / Type of Borrower	Amount of Loan or advance in the nature of loan outstanding		Percentage to the Loan or advance in the nature of loans	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Promotor	-	-	-	-
Director	-	-	-	-
KMPs	-	-	-	-
Related Parties	-	-	-	-

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. Sachindran	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. Sachindran	1,33,333	1,33,333
Partly paid shares (in numbers) not called yet (refer note 3 below)	1,32,98,744	1,32,98,744
Mr. D. Arulmany		

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 -Timelimit for exercising 64,00,000 shares out of the total shares has been extended to 30 November 2023 vide resolutions 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

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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

	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	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
		36,30,000			

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			

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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	16,82,500	63.36	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 recognized 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

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38 Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital Management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to 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.

RBI scale based regulations:

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.

i Net Debt to Equity Ratio

Consistent with the others in industry, the Company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the Company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The Company has complied with this covenant through out the year.

	As at 31 March 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

The Company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of Company's credit exposures based on their risk. Also refer Note 45.1

	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	-	-

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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:

Particulars	Note	Carrying amount		
		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:

Particulars	Note	Carrying amount		
		Amortised cost	Fair value through profit and loss	Total carrying value
Assets:				
Cash and cash equivalents	4	33,473.91	-	33,473.91
Bank balances other than cash and cash equivalents	5	11,521.62	-	11,521.62
Loans	6	2,13,209.17	-	2,13,209.17
Investments	7	-	-	-
Other financial assets	8	692.81	-	692.81
Total		**2,58,897.51**	**-**	**2,58,897.51**
Liabilities:				
Trade payables	12	331.10	-	331.10
Debt securities	13	24,207.26	-	24,207.26
Borrowings (Other than debt securities)	14	95,357.96	-	95,357.96
Other financial liabilities	15	1,868.66	-	1,868.66
Total		**1,21,764.98**	**-**	**1,21,764.98**

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39 Fair Value Measurement

b. This section explain the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standards.

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:

		Carrying amount			Fair value			
Particulars	**Note**	**Amortised cost**	**Fair value**	**Carrying**	**Level 1**	**Level 2**	**Level 3**	**Total**
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	-	-	-	-	-	-
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**	-	**2,46,167.91**	-	-	-	-

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

		Carrying amount			Fair value			
Particulars	**Note**	**Amortised cost**	**Fair value through**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
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**	-	-	-	-

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40 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk
Credit risk and
Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company's board of directors and risk committee have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management council along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management council oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holdings of financial instruments. The Company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The Company's borrowings are carried at amortised cost. The borrowings with fixed rate are therefore not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments based on loan outstanding is as follows:

	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

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

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40. Financial risk management objectives and policies (continued)

(ii) Credit risk

Loans

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The Company has credit policy approved by the Board of Directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building except for working capital loans which are unsecured. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - Financial Instruments.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.
The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes 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.

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)

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40 Financial risk management objectives and policies (continued)

Company's internal rating and PD estimation process

The Company's independent Credit Risk Department operates its internal rating models in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behavior.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.
The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

Loan type
Ticket size

ECL computation

Conditional ECL at DPD pool level was computed with the following method:
Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	Provisions	As at 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.

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40 Financial risk management objectives and policies (continued)

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	(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:

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

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40 Financial risk management objectives and policies (continued)

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12 month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets

This balance is primarily constituted by security deposits, other receivables and employee loans. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The Company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the Company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following undrawn borrowing facilities :

	As at 31 March 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**

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	**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	**2,67,344.58**	**97,913.18**	**89,644.90**	**56,623.95**	**23,162.55**

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41 Financial instrument- Transferred financial assets that are not derecognised in their entirety

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.

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 orginator 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.

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.

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:

Paritculars	31-Mar-23	31-Mar-22
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.

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**

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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

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	-	-

45.4 Sectoral exposure

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	-	0.00
3.3 Tourism, Hotel and Restaurants	3,445.78	675.13
3.4 Shipping	-	0.00
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

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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.

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 exposures to twenty largest borrowers	597.77	436.01
Percentage of exposures to twenty largest borrowers to total exposures	0.17%	0.20%
45.16 Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts	83.88	75.95

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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	CRISIL AAA (SO)	4780.00
CRISIL Ratings Limited.	Long term	Securitisation- (senior tranche A1	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.

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	-	-

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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 has not given any loans against intangible securities

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.

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 -Foreclosure Request -Time to repay -Reschedule of Loan -Issues with tenor and repayment schedule	-Rate of Interest -Foreclosure Request -Time to repay -Moratorium -Reschedule of Loan

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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

(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.

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

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	-	-	-	-

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	-	-

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VERITAS FINANCE PVT. LTD. CHENNAI-34

Veritas Finance Private Limited
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
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)	-	-

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
	3,13,570.84	33,990.80	2,01,181.70	12,027.47

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

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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	-	-

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

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**

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	-	-

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VERITAS FINANCE PVT. LTD. CHENNAI-32

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(a) **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	5,617.92	-
	gain/loss on sale on account of securitisation	-	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		-
	First Loss Credit Facility – Bank Fixed Deposit	281.21	
7	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	-	-

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VERITAS FINANCE PVT. LTD. CHENNAI-32

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)	2,285.82	-	2,951.53
Total	**1,21,299.41**	**1,23,217.92**	**2,285.82**	**(962.42)**	**2,45,840.73**

Particulars	01-Apr-21	Cash Flows	New leases	Others*	31-Mar-22
Debt Securities	53,074.52	(28,000.00)	-	(867.26)	24,207.26
Borrowings (other than debt securities)	72,340.01	23,199.45	-	(181.50)	95,357.96
Lease Liability	1,384.44	(807.64)	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

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VERITAS FINANCE PVT. LTD. CHENNAI-32

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 restructured accounts during the year	No.of borrowers	546	82	1	-	629	546	82	1	-	629
	Amount Outstanding	1,131.56	253.11	5.06	-	1,389.73	1,132	253.11	5	-	1,389.73
Restructured accounts as on March 31, 2023	No.of borrowers	1,577	233	244	-	2,054	1,577	233	244	-	2,054
	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

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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 2022

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)
Closure/Write off restructured accounts during the year	No.of borrowers	475	-	-	-	475	475	-	-	-	475
	Amount Outstanding	1,245.09	-	-	-	1,245.09	1,245	-	-	-	1,245.09
Restructured accounts as on March 31, 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	-	1,310.93	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

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

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.

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

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI - 32

Veritas Finance Private Limited
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)

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 Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India and accordingly no disclosure has been made.	
(h)	Outstanding redeemable preference shares (quantity & value)	NIL. The Company does not have any redeemable preference shares as at 31 March 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
(l)	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%	64.45%

Note : * Omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021, w.e.f. 13 August 2021

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

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 of
Veritas Finance Private Limited

M. Sivaraman
Director
DIN : 02045100

D. Arulmany
Managing Director and Chief Executive Officer
DIN : 00009981

V. G. Suchindran
Chief Financial Officer

V. Aruna
Company Secretary and Compliance Officer
Membership No. : A60078

Place : Chennai
Date : 27 April 2023

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR ROAD, CHENNAI 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI-32

SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
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Website: www.sundaramandsrinivasan.com

INDEPENDENT AUDITOR'S REVIEW REPORT ON UNAUDITED QUARTERLY FINANCIAL RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 52 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (AS AMENDED)

Review Report to
The Board of Directors
Veritas Finance Private Limited

We have reviewed the accompanying Statement of unaudited financial results of Veritas Finance Private Limited (the 'Company') for the quarter ended 31 December 2023, (the 'Statement') being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India {'SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('the Listing Regulations').

This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time ("RBI guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obli8ations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'). Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements ('SRE") 2410 "Review of Interim Financial information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India ('ICAI'). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement Is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR Road, Chennai 600 018.

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respect of income recognition, asset classification, provisioning and other related matters.

For **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Firm's Registration No. 004207S)

S Usha
Partner
Membership No. 211785
UDIN: 24211785BKCPOH3157

SUNDARAM & SRINIVASAN ★ CHARTERED ACCOUNTANTS ★ New No:4, Old No:23, CPR Road, Chennai 600 018.

Place: Chennai
Date: 30th January 2024

Veritas Finance Private Limited
CIN: U65923TN2015PTC100328
Regd. 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. www.veritasfin.in
Statement of financial results for the quarter and nine months ended 31 December 2023

(All amounts are in INR in lakhs, except share data and stated otherwise)

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2023	30 September 2023	31 December 2022	31 December 2023	31 December 2022	31 March 2023
	Unaudited (Note 4)	Unaudited	Unaudited (Note 4)	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	28,009.10	24,787.44	17,252.34	74,600.90	45,648.22	65,246.42
Fee income	890.61	855.88	494.72	2,406.76	1,276.95	1,870.42
Net gain on fair value changes	778.63	429.37	331.35	1,596.04	776.43	906.46
Total revenue from operations	**29,678.34**	**26,072.69**	**18,078.41**	**78,603.70**	**47,701.60**	**68,023.30**
Other income	274.06	252.58	33.65	613.24	138.24	197.84
Total income	**29,952.40**	**26,325.27**	**18,112.06**	**79,216.94**	**47,839.84**	**68,221.14**
Expenses						
Finance costs	8,580.01	6,951.74	4,733.30	21,894.48	11,696.16	16,921.31
Impairment on financial instruments	2,999.61	2,002.96	1,688.33	7,062.49	3,529.19	4,680.47
Employee benefits expenses	7,449.87	7,663.59	4,364.74	21,237.17	11,854.84	16,697.06
Depreciation and amortization	635.37	584.84	376.14	1,718.48	1,071.42	1,511.42
Other expenses	1,932.89	1,877.70	1,443.34	5,484.69	3,668.01	5,125.88
Total expenses	**21,597.75**	**19,080.83**	**12,605.85**	**57,397.31**	**31,819.62**	**44,936.14**
Profit before Tax, Exceptional and Extraordinary items	**8,354.65**	**7,244.44**	**5,506.21**	**21,819.63**	**16,020.22**	**23,285.00**
Exceptional and Extraordinary items	-	-	-	-	-	-
Profit before Tax	**8,354.65**	**7,244.44**	**5,506.21**	**21,819.63**	**16,020.22**	**23,285.00**
Tax expense						
Current tax	1,892.00	2,167.00	1,484.00	6,022.00	4,540.58	6,473.58
Deferred tax	125.97	(480.93)	(158.43)	(728.80)	(642.35)	(828.96)
	2,017.97	**1,686.07**	**1,325.57**	**5,293.20**	**3,898.23**	**5,644.62**
Profit after tax for the period / year	**6,336.68**	**5,558.37**	**4,180.64**	**16,526.43**	**12,121.99**	**17,640.38**
Other comprehensive income						
a)Items that will not be reclassified to profit or loss						
(i) Re-measurement of the defined benefit obligation	(63.69)	674.23	(153.83)	74.92	(199.10)	(228.34)
(ii) Income tax relating to items that will not be reclassified to profit or loss	16.03	(169.70)	38.72	(18.86)	50.12	57.48
Other comprehensive income for the period / year	**(47.66)**	**504.53**	**(115.11)**	**56.06**	**(148.98)**	**(170.86)**
Other comprehensive income / (deficit) for the period / year, net of income tax						
b)Items that will be reclassified to profit or loss						
(i) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Other comprehensive income(after tax) for the period / year (a+b)	(47.66)	504.53	(115.11)	56.06	(148.98)	(170.86)
Total comprehensive income for the period / year, net of income tax	**6,289.02**	**6,062.90**	**4,065.53**	**16,582.49**	**11,973.01**	**17,469.52**
Paid up Equity Share Capital	12,751.92	12,751.92	4,919.42	12,751.92	4,919.42	4,920.49
Paid up Compulsorily Convertible Preference Share capital	-	-	6,501.91	-	6,501.91	6,501.91
Other equity	2,12,018.57	2,05,540.29	1,42,030.97	2,12,018.57	1,42,030.97	1,47,703.20
Net worth (equity and preference share capital + other equity)	2,24,770.49	2,18,292.21	1,53,452.31	2,24,770.49	1,53,452.31	1,59,125.60
Earnings per equity share (not annualised)						
- Basic (INR)	4.96	7.07	8.55	19.37	24.91	36.15
- Diluted (INR)	4.77	6.58	3.45	17.71	10.02	14.57

See accompanying notes to the financial results

SUNDARAM & SRINIVASAN ★ New No:4, Old No:23, CPR Road, Chennai 600 018. ★ CHARTERED ACCOUNTANTS

VERITAS FINANCE PVT. LTD. ★ CHENNAI - 32 ★

Veritas Finance Private Limited
CIN: U65923TN2015PTC100328
Regd. 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. www.veritasfin.in

Notes:

1 Veritas Finance Private Limited ("the Company") had received the Certificate of Registration dated 15 October 2015 from Reserve Bank of India ("RBI") to carry on the business of Non-Banking Financial Company without accepting public deposits ("NBFC-ND"). During May 2018, the Company had crossed the total assets threshold of INR 500 crores and had become a Non-Deposit Taking Systemically Important Non-Banking Financial Company ("NBFC-ND-SI").
The Company is a NBFC-ND-SI registered with the RBI and classified under middle layer as per scale based framework applicable from 01 October 2022. The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI pertaining to middle layer.
The asset size of the Company had crossed INR 5,000 crore during the nine months ended 31 December 2023. Accordingly, the Company is in the process of complying with the new norms that are now applicable.
The Company is engaged in extending credit to micro and small enterprises, typically self-employed businesses and salaried segment primarily through business loans and housing loans. The Company follows a cash flow based model for credit assessment with suitable adaptations for each type of income sources. The loans are given for business expansion, working capital, purchase of assets, construction of houses etc.

2 The financial results have been prepared in accordance with recognition and measurement principles laid down in accordance with the Indian Accounting Standard ("Ind AS") 34 - "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
The financial results 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.

3 The financial results for the quarter and nine months ended 31 December 2023 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 30 January 2024 in terms of Regulation 33 and 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015.
The above results have been subjected to review by the statutory auditors of the Company. The statutory auditors have issued an unmodified opinion. These financial results have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (India Accounting Standards) Rules, 2016. These financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at 31 December 2023 based on the press release issued by Ministry of Corporate Affairs ("MCA") on 18 January 2016. Any application guidance/ clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

4 The figures for the quarter ended 31 December 2023 and 31 December 2022, are the balancing figures in respect of the reviewed figures of the nine months ended 31 December 2023 and 31 December 2022 and figures for the half year ended 30 September 2023 and 30 September 2022 respectively.

5 There is no separate reportable segment in accordance with Ind AS 108 on "Operating Segments" in respect of the Company.

6 Earnings per share for the quarter and nine months ended 31 December 2023 and 31 December 2022 and for the quarter ended 30 September 2023 have not been annualised.

7 Other equity includes statutory reserve as per section 45IC of the RBI Act, 1934, balance in securities premium, Employee Stock Option Plan reserve and retained earnings.

8 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, 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 amounting to INR 76.78 crores exceeds the total provision required under IRACP (including standard asset provisioning) INR 46.88 crores, by INR 29.90 crores as at 31 December 2023 and accordingly, no amount is required to be transferred to impairment reserve.

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR Road, Chennai 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI - 32

9 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached in Annexure 1.

10 All the Non-Convertible Debentures (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 to 1.10 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 1.10 times of the principal and interest amount outstanding as at 31 December 2023.

11 Details of loans transferred / acquired during the period ended 31 December 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.

12 The Company during the nine months ended 31 December 2023, had granted 2,10,000 Employees Stock Options of face value of INR 10 each at an exercise price of INR 475 per option, out of Employee Stock Options Scheme, on its own shares to specified employees of the Company on 26 October 2023.
18,73,000 options of face value of INR 10 were exercised by the employees during the nine months period from April 2023 to December 2023. The total outstanding employee stock options as at 31 December 2023 stands at 18,06,250.

13 **Securitisation:** During the nine months ended 31 December 2023, the Company had raised INR 330.41 crores by way of transfer of certain pool of loan receivable accounts for consideration received in cash at the inception of the transaction through multiple securitisation transactions. In this regard, for each transaction, the Company has provided for first loss credit enhancement in the form of deposit and investment in equity tranche as credit support in the event of shortfall in collections from underlying loan contracts.

14 **Commercial paper:** During the nine months ended 31 December 2023, the Company had raised INR 105 crores by way of issuance of commercial paper with CARE A1+ rating assigned by CARE Ratings Limited.

15 Pursuant to RBI circular dated 16 November 2023, certain loan assets of the Company which are not in the nature of business loans and housing loans have been assigned a risk weight of 125% for the purpose of calculating capital risk adequacy ratio.

16 During the quarter ended 31 December 2023, the Company established a trust for the purpose of covering the gratuity payable to employees as per Payment of Gratuity Act, 1972 in association with SBI Life Insurance Company Limited.

17 Being 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 completed assessment of its risks to ensure availability of adequate capital to cover all risks applicable to the Company for financial year ended 31 March 2022 and it is in the process of assesing the same for financial year ended 31 March 2023. Also, the Company has initiated necessary steps in terms of formulating an implementation plan and ensuring compliances with norms thereof.

18 The financial results for the quarter and nine months ended 31 December 2023 are available on the websites of BSE (https://www.bseindia.com) and the Company website (https://www.veritasfin.in/announcement-and-results.php).

19 During the nine months ended 31 December 2023, the Company commenced its operations from the new head office with effect from 15 April 2023. Necessary filings with the Ministry of Corporate Affairs is completed in this regard.

20 Previous period's/year figures have been regrouped/reclassified wherever necessary, to confirm with the current period presentation.

for and on behalf of the board of directors of
Veritas Finance Private Limited

D. Arulmany
Managing Director and Chief Executive Officer

Place : Chennai
Date : 30 January 2024

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR Road, Chennai 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI - 32

Veritas Finance Private Limited
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Regd. 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. www.veritasfin.in

Annexure I

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

	Particulars	As at 31 December 2023
(a)	Omitted*	-
(b)	Omitted*	-
(c)	Debt equity ratio Debt equity ratio is (Debt securities + Borrowings) / Net worth)	1.63 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 NBFCs 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 December 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	INR 2,24,770.49 Lakhs
(k)	Net profit after tax - For the nine months ended 31 December 2023 (Total comprehensive income)	INR 16,582.49 Lakhs
(l)	Earnings per share - For the nine months ended 31 December 2023	Basic - INR 19.37 (not annualised) Diluted - INR 17.71 (not annualised)
(m)	Current Ratio	1.72 times
(n)	Long term debt to Working Capital	479.53 times
(o)	Bad debts to Account Receivable Ratio	1.86%
(p)	Current Liability Ratio	21.14%
(q)	Total Debts to Total Assets Ratio	60.90%
(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 (%)	55.18%
(u)	Net Profit Margin(%)	20.93%
(v)	Sector Specific Equivalent Ratio i) GNPA % (Gross Stage 3) ii) NNPA % iii) Provision Coverage Ratio ("PCR") (%) Impairment loss allowance for Stage III / Gross Stage III Loans iv) Security Cover Ratio v) Liquidity Coverage Ratio vi) Capital Adequacy Ratio	 i)1.86% ii)1.05% iii) 43.87% iv) 1.10 times v) 646.12% vi) 45.29%

Note : * Omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021, w.e.f. 13 August 2021.

SUNDARAM & SRINIVASAN CHARTERED ACCOUNTANTS New No:4, Old No:23, CPR Road, Chennai 600 018.

VERITAS FINANCE PVT. LTD. CHENNAI - 32

EXTRACT OF RESOLUTION PASSED IN THE BOARD MEETING OF M/S. VERITAS FINANCE PRIVATE LIMITED HELD AT SKCL CENTRAL SQUARE 1, SOUTH AND NORTH WING, 7TH FLOOR, UNIT # C28-C35, CIPET ROAD, THIRU VI KA INDUSTRIAL ESTATE, GUINDY, CHENNAI – 600032 ON TUESDAY, THE 30TH DAY OF JANUARY 2024, AT 03:30 P.M.

RESOLVED THAT, in suppression to the earlier resolutions passed in this regard, pursuant to the provisions of Section 42, Section 71, Section 179, Section 180 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) and all other applicable provisions, if any, of the Companies Act, 2013 (the "**Act**") and Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations 2021, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, other applicable SEBI Regulations, the Memorandum and Articles of Association of the Company, the Securities Contracts (Regulation) Act, 1956, RBI Regulations on issue of Non-Convertible Debentures, Listing agreement to be entered into by the company with Bombay Stock Exchange (BSE) and/or National Stock Exchange (NSE) and other applicable laws, if any and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such consent, approvals, permissions and sanctions by any of the aforesaid authorities, and within the overall issuance of NCDs as approved by the shareholders of the Company under Section 42 of the Companies Act, 2013 vide its resolution dated December 23, 2023, for debentures of Rs.400,00,00,000/- (Rupees Four Hundred Crores only), the consent of the Board of Directors (hereinafter referred to as the "Board") of the Company be and hereby accorded to create/ offer/ issue/ invite subscriptions of redeemable non-convertible debt securities in the form of secured /unsecured and / or subordinate debts (hereinafter referred to as the "NCDs") through "private placement issue" to such person or persons including one or more company(ies), bodies corporate, statutory corporation(s), commercial bank(s), domestic and multilateral lending agency(ies), financial institution(s), insurance company(ies), mutual fund(s), pension fund(s), family office(s), as the case may be or such other person/persons/investors as determined(collectively "investors"), in one of or more series /tranches, upto maximum limit of Rs.400,00,00,000/- (Rupees Four Hundred Crores only) upon such terms and conditions may be agreed with the debenture-holders/Investors, subject to due compliance with NHB/ RBI Directions to the extent applicable and also any other law, rules, directions issued by any other regulatory authorities, in this regard.

RESOLVED FURTHER THAT Mr. D. Arulmany, MD & CEO and Ms. V. Aruna, Company Secretary & Compliance Officer, be and are hereby severally authorized to:

Veritas Finance Private Limited
SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35,
CIPET Road, Thiru Vi ka Industrial Estate, Guindy, Chennai 600032.
Tel: 044 46150011; web: www.veritasfin.in; email: corporate@veritasfin.in
CIN: U65923TN2015PTC100328

For VERITAS FINANCE PRIVATE LIMITED

Company Secretary

- Accept the term sheet for issue of Non – Convertible Debentures (NCD)
- To identify investors as it deem fit
- To approve creation of security for the Debentures as may be approved by the shareholders.

RESOLVED FURTHER THAT Mr. D. Arulmany, Managing Director & CEO and Ms. V. Aruna, Company Secretary & Compliance Officer, be and are hereby severally authorized to decide on rate of interest, tenor, structure of debentures or any other terms and conditions including any modification thereto.

RESOLVED FURTHER THAT Mr. D. Arulmany, Managing Director & CEO and Ms. V. Aruna, Company Secretary and Compliance Officer, be and are hereby severally authorized to negotiate, finalise, and execute or ratify, on behalf of the Company, the Debenture Trustee Agreement for the appointment of the Debenture Trustee and the Debenture Trust Deed setting out *inter alia* the terms upon which the Debentures are being issued and the necessary security documents in favour of Catalyst Trusteeship Limited or such other trustees, including in particular the Deed of Hypothecation to do all such acts, deeds and things as may be necessary or expedient to implement this resolution and to do and execute all acts and deeds as may be required by the Debenture Trustee in connection with the aforesaid.

RESOLVED FURTHER THAT the Company be and is hereby authorised to execute and issue the Private Placement Offer cum Application Letters and Mr. D. Arulmany Managing Director & CEO and Ms. V. Aruna, Company Secretary and Compliance Officer, be and are hereby severally authorized to finalise and execute the Private Placement Offer cum Application Letters on behalf of the Company.

RESOLVED FURTHER THAT Mr. D. Arulmany, Managing Director & CEO and Ms. V. Aruna, Company Secretary and Compliance Officer, be and are hereby severally authorised to:

- execute necessary documents for obtaining credit rating,
- appoint and enter into arrangements with debenture trustees, registrars, depository and such other entities as may be deemed fit, on such terms and conditions as may be deemed fit,
- make such application(s) for listing the Secured Redeemable Non- convertible Debentures, in the Wholesale Debt Market of a Stock Exchange (BSE/NSE) and do all such acts, deeds and things as may be necessary or desirable in connection with the listing including in particular making applications to and liaising with the concerned authorities including BSE and the Securities and Exchange Board of India and negotiating, finalising and executing or ratifying such documents, papers and writings

For VERITAS FINANCE PRIVATE LIMITED
V.A
Company Secretary

including the Listing Agreement as may be necessary for the purpose

- file the disclosure requirements as per SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021, with a Stock Exchange (BSE/NSE)
- if so required, issuing the debentures through the electronic book mechanism process pursuant to the guidelines and circulars issued by the SEBI in this respect, and taking all such actions and steps as may be required for the purposes of complying with relevant guidelines, including making all relevant disclosures to the "electronic book provider"
- execute necessary documents in connection with subscription of debentures and application to Depository to seek admission of the aforesaid Company's securities in the Depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL),
- issue Letters of Allotment/Debenture Certificates in physical or demat form in favour of debenture holders,
- to pay applicable stamp duty at the time of each allotment, to make necessary filings with SEBI, and such other statutory and regulatory authorities as may be necessary and make necessary entries in the statutory registers.
- to do all such acts, deeds, things and execute or ratify all such documents whatsoever as may be required in connection with the issue of the Debentures including without limitation the opening of bank accounts, opening of demat accounts, appointment of legal counsel, the registrar to the issue, registrar & transfer agent (RTA) for the Depository, the rating agency and other advisors as may be required and making payment of their fees.
- to do all such acts, deeds and things as may be necessary in connection with the issue and allotment of Debentures.

RESOLVED FURTHER THAT any of the Director and Ms. V. Aruna, Company Secretary & Compliance Officer be and are hereby severally authorized to file necessary forms, returns and other documents with Registrar of Companies in this connection.

RESOLVED FURTHER THAT a Certified True Copy of this resolution and any other related documents as may be required in this connection be furnished as required under the signature of Mr. D. Arulmany, Managing Director & CEO or Ms. V. Aruna, Company Secretary & Compliance Officer of the Company to anyone concerned or interested in this matter or to the necessary authorities and they be requested to act thereon.

/CERTIFIED TRUE COPY/

For VERITAS FINANCE PRIVATE LIMITED

V.AR

V.ARUNA
Company Secretary
CS M.No. A60078
email : aruna.v@veritasfin.in

VERITAS

EXTRACT OF RESOLUTION PASSED IN THE EXTRA-ORDINARY GENERAL MEETING OF M/S. VERITAS FINANCE PRIVATE LIMITED HELD AT SKCL CENTRAL SQUARE 1, SOUTH AND NORTH WING, 7TH FLOOR, UNIT # C28-C35, CIPET ROAD, THIRU VI KA INDUSTRIAL ESTATE, GUINDY, CHENNAI – 600032, ON SATURDAY, 23RD DAY OF DECEMBER 2023, AT 10:00 A.M.

"**RESOLVED THAT** in supersession of all earlier resolutions passed in this regard, pursuant to the provisions of Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, for making offer(s) or invitation(s) to subscribe to secured/unsecured/subordinated, rated/unrated, listed/unlisted non-convertible debentures ("NCDs") on a private placement basis, in one or more tranches/series, for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors (including any committee and/or officers authorized by the Board of Directors thereof), based on the prevailing market condition.

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of NCDs pursuant to the authority under this Resolution shall not exceed the overall limit of Rs. 400, 00,00,000/- (Rupees Four Hundred Crores only) or such other limits as the Board of Directors are authorized to interchange within the overall limit of Rs. 5200,00, 00, 000/- (Rupees Five Thousand Two Hundred Crores only), from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board"), be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this resolution.

/CERTIFIED TRUE COPY/

For VERITAS FINANCE PRIVATE LIMITED

V.AR

V.ARUNA
Company Secretary
CS M.No. A60078
email : aruna.v@veritasfin.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5: Authorization for issuance and allotment of redeemable non- convertible debentures:

1. Pursuant to Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, the Company is required to obtain the approval of its members by way of a special resolution, before making any offer or invitation for issuance of NCDs on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of NCDs by the Company for a period of 1 (One) year from the date on which the members have provided the approval by way of the special resolution.

2. In supersession to the earlier resolutions passed in this regard, the Directors recommend the resolution for members' approval as a Special Resolution set out at item no.5 of this Notice.

3. The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out here in below:

   a) Particulars of the offer including date of passing of board resolution: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any committee and/or officers duly authorized by the Board of Directors thereof), from time to time;

   b) Kinds of securities offered and price at which security is being offered: This special resolution is restricted to the private placement issuance of non-convertible debentures by the Company which may be secured/unsecured/subordinated, rated/unrated, listed/unlisted with the terms of each issuance being determined by the Board of Directors (including any committee and/or officers duly authorized by the Board of Directors thereof), from time to time, for each issuance;

   c) Basis or justification for the price (including premium, if any) at which offer or invitation is being made: Not applicable;

   d) Name and address of valuer who performed valuation: Not applicable.

   e) Amount which the company intends to raise by way of such securities: As may be determined by the Board of Directors from time to time but subject to the limits approved under Section 42 of the Companies Act, 2013 of upto Rs. 400,00,00,000/- (Rupees Four Hundred Crores only) or such other limits as may be interchanged within the overall limit of Rs. 5200,00,00,000/- (Rupees Five Thousand Two Hundred Crores only) as authorized, from time to time.

For VERITAS FINANCE PRIVATE LIMITED

V.AD

Company Secretary

f) Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board of Directors (including any committee and/or officers, duly authorized by the Board of Directors thereof), from time to time.

4. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this Resolution.

For VERITAS FINANCE PRIVATE LIMITED

V.AR

V.ARUNA
Company Secretary
CS M.No. A60078
email : aruna.v@veritasfin.in

Annexure A

ATSL/CO/2023-24/12101
Date: 20th March 2024

To
Stock Exchange
Dear Sir / Madam

SUB.: Issuance of 7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs") by Veritas Finance Private limited (the "issuer" or "company") on a private placement basis ("issue").

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).
c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.
d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum/General Information Document & Key Information Document with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.
e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.
f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.
g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.
For **Axis Trustee Services Limited**

Authorized Signatory

Axis Trustee Services Limited

ANNEXURE X: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to: [●]
Serial No: _____

March 27, **2024**

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

Issue of 7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs") on a private placement basis (the "Issue")

1.1 General Information:

(a) **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Veritas Finance Private Limited (the "**Company**" or "**Issuer**")
Registered Office:	SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032
Corporate Office:	SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu – 600032
Telephone No.:	044 – 4615 0011
Website:	http://www.veritasfin.in
Fax:	-
Contact Person:	Mr. D. Arulmany, Managing Director & CEO
Email:	corporate@veritasfin.in

(b) **Date of Incorporation of the Company:**

April 30, 2015

(c) **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

Veritas Finance Private Limited focuses on providing loans to the customers in the informal segment for their business expansion and working capital need as well for construction of houses.

Veritas Finance currently operates in Tamil Nadu, Puducherry, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Madhya Pradesh, Jharkhand, Bihar and Chhattisgarh through hub and spoke module.

Details of branches with address as on December 31, 2023, is as follows:

As of December 31, 2023, Veritas Finance has 422 branches across Tamil Nadu, Puducherry, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Madhya Pradesh, Jharkhand, Bihar and Chhattisgarh.

(d) **Brief particulars of the management of the Company:**
The Company is managed by the Board of Directors and Senior management. The Board consists of the following members as set out in paragraph (e) below.

(e) **Name, addresses, DIN and occupations of the directors**:

S. No.	Name of the Directors	Address	DIN	Occupation
1.	Mr. Arulmany Duraisamy	Flat 4B, Victory Homes, New No.16, 54th Street. 9th Avenue, Ashok Nagar, Chennai – 600083	00009981	Employed / Promoter/Managing Director & Chief Executive Officer
2.	Mr. Abhijit Sen	A92, Grand Paradi, 572, Dadyseth Hill, August Kranti Marg, Near Kemps Corner, Mumbai - 400036	00002593	Independent Director
3.	Mr. N. Mohanraj	Plot No.16, First Floor, Sri Kamakshi Nagar, Mugalivakkam, Chennai - 600 125	00181969	Independent Director
4.	Mr. M. Sivaraman	Flat No: A105, Jasmine Court, 2/297, Mount Poonamallee Trunk Road, Kattupakkam, Chennai 600056	02045100	Independent Director
5.	Ms. Priyamvada Ramkumar	43, 6th Main Road, R A Puram, Chennai - 600028	07878808	Employed / Nominee Director
6.	Mr. Parin Nalin Mehta	Ekta Oculus, 13th Floor, flat no. 1001 and 1002, Motibaug, Chembur, Mumbai - 400071	08528090	Employed / Nominee Director
7.	Mr. Gaurav Malhotra	Flat no. A902, Mantri Espana, Devarabisanahalli, Sakra Hospital, Kariayannana Agrahara, Bengaluru – 560103	07640504	Employed / Nominee Director
8	Mr. Sudhir Narayanankutty Variyar	A-1502, Rustomjee Seasons, Madhusudan Kalelkar Road, Kalanagar, Bandra (E), Mumbai-400051	00168672	Employed / Nominee Director
9	Mr. Mathew Joseph	Flat 1301, Tower 7, Ceebros 174, MRC Nagar, Chennai -	01033802	Independent Director

S. No.	Name of the Directors	Address	DIN	Occupation
		600028		
10	Mr. Suresh Subramanian	Flat No.3B, Coral Reef Apartments, Cenotaph Road, Teynampet, Chennai -600018	02070440	Independent Director

Senior Management:

Sl.	Name	Designation
1.	Mr. J. Prakash Rayen	Executive Director & Chief Operating Officer
2.	Mr. V. G. Suchindran	Executive Director & Chief Financial Officer
3.	Mr. Arulmany Duraisamy	Managing Director & Chief Executive Officer
4.	Mr. Sekhar Vikas	Executive Vice President & Business Head – MSME Urban
5.	Mr. K. Kannan	Executive Vice President & Business Head – MSME Rural
6.	Mr. Vijay Subramanian R	Executive Vice President & Chief Risk Officer
7.	Mr. S. Parthiban	Executive Vice President – Chief Technology Officer
8.	Ms. D. Kanchana Srikanth	Executive Vice President & Chief Compliance Officer
9.	Mr. Kumareshan Sivam	Senior Vice President – Human Resources
10.	Mr. T.E. Sudharsan	Senior Vice President – Credit – MSME Urban
11.	Mr. Sankar Annamalai	Executive Vice President & Business Head – Home Loans
12.	Mr. R. Sathish	Senior Vice President & Business Head – Vehicle Finance
13.	Mr. W. Christopher Robin	Executive Vice President & Chief Audit Officer
14.	Mr. Sarath Chandran D	Senior Vice President - Chief Technical Officer
15.	Mr. M. Mahesh	Senior Vice President – Treasury
16.	Ms. Laxmi V Sridhar	Deputy Vice President – Analytics
17.	Ms. V. Aruna	Company Secretary & Compliance Officer

1.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to Section 3 of this Placement Memorandum.

1.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to Section 3 of this Placement Memorandum.

1.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: Nil
(ii) Debentures and interest thereon: Nil
(iii) Deposits and interest thereon: Nil
(iv) Loan from any bank or financial institution and interest thereon: Nil

1.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Ms. V. Aruna
Designation: Company Secretary & Compliance Officer
Address: SKCL Central Square 1, South and North Wing, 7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600032.
Phone No.: 044-46150065
Email: aruna.v@veritasfin.in

1.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

Nil

1.7 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **CHAPTER A** below.
Date of passing of Board Resolution	Resolution passed by the Board of Directors of the Company under Section 179 of the Companies Act, 2013 on January 30, 2024. A certified true copy of the said board resolution is attached hereto as **CHAPTER C**.
Date of passing of resolution in extra-ordinary general meeting, authorizing the offer of securities	Shareholders resolution under Section 42 of the Companies Act, 2013 dated December 23, 2023. A certified true copy of the said resolutions is attached hereto as **CHAPTER D**.
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs") on a private placement basis (the "Issue")
Price at which the security is being offered, including premium if any, along with justification of the price	Each STRPP are being offered at face value of Rs. 1,00,000 (Indian Rupees One Lakh) per STRPP
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable as the each STRPP are being offered at face value of Rs. 1,00,000 (Indian Rupees One Lakh) per STRPP

Relevant date with reference to which the price has been arrived at [Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]	Not applicable.
The class or classes of persons to whom the allotment is proposed to be made	Not applicable.
Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]	Not applicable.
The proposed time within which the allotment shall be completed	Issue Opening Date: March 27, 2024 Issue Closing Date: March 27, 2024 Pay-in Date: March 28, 2024 Deemed Date of Allotment: March 28, 2024
The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures]	Not applicable.
The change in control, if any, in the company that would occur consequent to the private placement	No change in control would occur consequent to this private placement.
The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price	7 (Seven)
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
Amount, which the Company intends to raise by way of proposed offer of securities	Up to Rs. 7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs") on a private placement basis (the "Issue")

<table>
<tr><td>Terms of raising of securities:</td><td>
<table>
<tr><td>STRPPs</td><td>STRPP - 1</td><td>STRPP - 2</td><td>STRPP - 3</td></tr>
<tr><td>Duration, if applicable:</td><td>16 months from the Deemed Date of Allotment</td><td>32 months from the Deemed Date of Allotment</td><td>48 months from the Deemed Date of Allotment</td></tr>
<tr><td>Redemption</td><td>Bullet, at Par</td><td>Bullet, at Par</td><td>Bullet, at Par</td></tr>
<tr><td>Rate of Interest or Coupon:</td><td colspan="3">9.75% p.a. payable quarterly from the Deemed Date of Allotment, net of withholding taxes.</td></tr>
<tr><td>Mode of Payment</td><td colspan="3">cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer.</td></tr>
<tr><td>Mode of Repayment</td><td colspan="3">cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer</td></tr>
</table>
</td></tr>
<tr><td>Proposed time schedule for which the Issue/Offer Letter is valid</td><td>Issue Opening Date: March 27, 2024
Issue Closing Date: March 27, 2024
Pay-in Date: March 28, 2024
Deemed Date of Allotment: March 28, 2024</td></tr>
<tr><td>Purpose and objects of the Issue/Offer</td><td>To raise senior secured debt to the extent up to Rs. 75,00,00,000 (Indian Rupees Seventy Five Crores) and 100% (One Hundred Percent) of the issue proceeds will be utilized for ongoing business operations of the Issuer.</td></tr>
<tr><td>Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects</td><td>N.A.</td></tr>
<tr><td>Principal terms of assets charged as security, if applicable</td><td>The outstanding NCD amount, together with interest, default interest remuneration of the Trustee, charges, fees, expenses and all other monies due from the Issuer, shall be secured by (to the satisfaction of the NCD holders):

a. First Ranking Exclusive Charge via a deed of hypothecation over specific asset portfolio of receivables of the Issuer (“Hypothecated Assets”) with a security cover of 1.00 time (“Minimum Security Cover”) to be maintained on the Outstanding Amounts of the NCDs along with coupon thereon at all times during the tenor of the NCDs (“Security”).

The Issuer shall execute the Debenture Trust Deed and Deed of Hypothecation on or prior to the Deemed Date of Allotment and perfect the same by filing CHG-9 with Registrar of Companies (ROC) with 30 (Thirty) calendar days from execution of Deed of Hypothecation.</td></tr>
</table>

	<u>Eligibility Criteria for the Hypothecated Assets to be maintained at all times during the tenor of the NCDs:</u> a. The Hypothecated Assets should be current at the time of selection and replacement. However on an ongoing basis, the Hypothecated Assets shall not past due above 60 (Sixty) days at any point in time at all during the entire of the NCDs. b. The Hypothecated Assets should not have been restructured and/or rescheduled c. The Hypothecated Assets to be provided to the Debenture Trustee must comprise of only Secured loan portfolio.. d. The Hypothecated Assets are existing at the time of selection, and have not been terminated or prepaid; e. The Hypothecated Assets are free from all Encumbrances and are not subject to any lien or charge; f. All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines. g. The Hypothecated Assets being charged must comply with all extant 'know your customer' norms specified by RBI; h. The Hypothecated Assets generated from lending to Issuer's associate/s & subsidiary/s and/or Related Party shall not be considered for asset cover calculation from this issuance. No drawing power for shall be provided for Issuer's receivables generated from the lending to Issuer's associate/s /subsidiary/s/ Related Party. In case of the replacement of Security or in the event of any fall in the Security Cover below the Minimum-Security Cover, the Issuer shall be obliged to reinstate the Security Cover to atleast the Minimum-Security Cover in terms of the Deed of Hypothecation, within 30 (Thirty) calendar days from the date of such fall in the Security Cover. Without prejudice to the obligation of the Issuer in terms of the foregoing, the Issuer shall be liable to pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate from the date on which the Security Cover falls below the Minimum-Security Cover until the date on which it is reinstated in terms of the Transaction Documents.
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	Nil

The pre-issue and post-issue shareholding pattern of the Company in the following format:

S. No	Category	Pre-Issue		Post Issue	
		No. of Shares held	% of Share Holding	No. of Shares held	% of Share Holding
A	**Promoter's Holding**				
I	Indian				

	a.	Individual	1,54,49,491	11.70	1,54,49,491	11.70	
	b.	Body Corporate					
		Sub-Total	1,54,49,491	11.70	1,54,49,491	11.70	
	II	Foreign Promoters					
		Sub-Total (A)	**1,54,49,491**	11.70	**1,54,49,491**	11.70	
	B	**Non-Promoter's Holding**					
	I	Institutional Investors	10,12,38,791	76.68	10,12,38,791	76.68	
	II	Non-Institution:					
	a.	**Private Corporate Bodies**					
		Domestic	2,50,000	0.19	2,50,000	0.19	
		Foreign					
	b.	Directors and Relatives					
	c.	Indian Public					
	d.	Foreign National					
	e.	Others (including NRIs) Trust	1,50,92,927	11.43	1,50,92,927	11.43	
	e.	**Sub-Total (B)**	**11,65,81,718**	**88.30**	**11,65,81,718**	**88.30**	
	f.	**Grand Total**	**13,20,31,209**	**100.00**	**13,20,31,209**	**100.00**	

1.8 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels):
Other banking channels – RTGS/NEFT.

1.9 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	None of the Directors or the Key Managerial Personnel of the Company or their relatives thereof is directly or indirectly concerned or materially interested in this Issue.
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	There is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against promoter of the Company during the last 3 (Three) years immediately preceding the year of issue of this Placement Memorandum and Private Placement Offer cum Application Letter
Remuneration of directors (during the current year and last 3 (three) financial years)	

Particulars	**2020-2021**	**2021-2022**	**2022-2023**	**2023-2024 (01.04.2023-31.12.2023)**
1. Mr. Arulmany D, Managing Director and CEO	Rs.110.01 lakhs	Rs.127.05 Lakhs	Rs. 176.65 lakhs	Rs. 166.49 lakhs

<table>
<tr><td></td><td>
<table>
<tr><td>2. Sitting fees paid to independent directors</td><td>Rs.13.25 lakhs</td><td>Rs.14.25 lakhs</td><td>Rs. 16.00 lakhs</td><td>Rs. 15.00 lakhs</td></tr>
<tr><td>3. Annual commission paid to Independent Directors</td><td>Rs.45.00 lakhs</td><td>Rs.45.00 lakhs</td><td>Rs.45.00 lakhs</td><td>Rs.45.00 lakhs*</td></tr>
</table>
* Commission to the Independent Directors is yet to be paid for the financial year 2023-24.
• Rs. 25,000/- per meeting of the Board or Committee is being paid for the Independent Directors.
• No sitting fees are paid to the Managing Director and the Nominee Director for attending any meeting of the Board or Committee.
• No other remuneration has been paid to the Directors other than what is listed above.
</td></tr>
<tr><td>Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided</td><td>Nil</td></tr>
<tr><td>Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark</td><td>Nil</td></tr>
<tr><td>Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries, and if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter</td><td>Nil</td></tr>
</table>

and if so, section-wise details thereof for the Company and all of its subsidiaries	
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	Nil

1.10 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

<table>
<tr><td>The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)</td><td>
<table>
<tr><th>Share Capital</th><th>Rs.</th></tr>
<tr><td>Authorised</td><td></td></tr>
<tr><td>Fully Paid-up Equity Share Capital of Rs.10/- each</td><td>131,96,67,380</td></tr>
<tr><td>Partly Paid-up Equity Share Capital of Rs.10/- each</td><td>5,01,32,620</td></tr>
<tr><td>Preference Share Capital of Rs.15/- each</td><td>20,88,35,520</td></tr>
<tr><td>Preference Share Capital of Rs.10/- each</td><td>44,13,64,480</td></tr>
<tr><td>TOTAL</td><td>202,00,00,000</td></tr>
</table>
<table>
<tr><th>Description</th><th>Number of Securities</th><th>Aggregate nominal value (in Rs.)</th></tr>
<tr><td>Issued and Subscribed Equity Share Capital</td><td>13,20,31,209</td><td>132,03,12,090</td></tr>
<tr><td>Paid-Up Equity Share Capital</td><td>13,20,31,209</td><td>127,51,92,732</td></tr>
<tr><td>TOTAL PAID-UP CAPITAL</td><td>13,20,31,209</td><td>127,51,92,732</td></tr>
</table>
</td></tr>
<tr><td>Size of the Present Offer</td><td>7500 (Seven Thousand Five Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 75,00,00,000 (Indian Rupees Seventy Five Crores) ("Debentures"/"NCDs") on a private placement basis (the "Issue")</td></tr>
<tr><td>Paid-up Capital:

a. After the offer:

b. After the conversion of Convertible Instruments (if applicable)</td><td>Equity Share Capital: Rs. 127,51,92,732 (13,20,31,209 Shares)
Preference Share Capital: Nil

Not Applicable</td></tr>
<tr><td>Share Premium Account:</td><td></td></tr>
</table>

a. Before the offer:	Rs. 2,120.19 Crores
b. After the offer:	Rs. 2,120.19 Crores

Details of the existing share capital of the Issuer including details of each allotment made by the Company indicating therein the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration:

Equity Share Capital:

S. No.	Date of Allotment	Number of Shares Allotted	Face Value of Shares	Price of allotment (including premium)	Form of consideration	Cumulative Capital
1.	30-04-2015	50,000	10	10	Cash	5,00,000
2.	28-05-2015	34,50,000	10	10	Cash	3,50,00,000
3.	20-11-2015	1,01,00,000	10	10	Cash	13,60,00,000
4.	18-03-2016	12,00,100	10	25	Cash	14,80,01,000
5.	05-05-2016	5,00,000	10	25	Cash	15,30,01,000
6.	13-07-2017	21,50,539	10	10	Conversion to Equity from CCPS on 1:1 basis	17,45,06,390
7.	25-07-2017	1,07,99,900	10	10	Conversion to Equity from CCPS on 1:1 basis	28,25,05,390
8.	30-11-2017	200	10	46.50	Cash	28,25,07,390
9.	17-05-2018	11,72,153	10	90	Cash	29,42,28,920
10.	16-06-2018	15,000	10	10	Cash	29,43,78,920
11.	31-10-2018	8,88,626	10	135.04	Cash	30,32,65,180
12.	04-01-2019	1,09,75,000	10	72.69321	Cash	31,42,40,180
13.	27-09-2019	6,500	10	20	Cash	31,43,05,180
14.	27-09-2019	1,000	10	40	Cash	31,43,15,180
15.	18-03-2020	23,23,744	10	215.17	Cash	31,66,38,924
16.	18-03-2020	12,79,990	10	215.17	Cash	32,94,38,824
17.	18-03-2020	2,60,000	10	10&20	Cash	33,20,38,824
18.	26-03-2020	18,15,000	10	10	Cash	35,01,88,824
19.	07-01-2021	1,40,000	10	10&20	Cash	35,15,88,824
20.	11-08-2021	10,500	10	20&40	Cash	35,16,93,824
21.	25-08-2021	17,500	10	20&40	Cash	35,18,68,824
22.	09-09-2021	25,000	10	40&125	Cash	35,21,18,824
23.	07.10.2021	1,33,34,467	10	330	Cash	48,54,63,494
24.	09.11.2021	4,500	10	125	Cash	48,55,08,494
25.	29.11.2021	2,000	10	160	Cash	48,55,28,494
26.	23.02.2022	2,000	10	160	Cash	48,55,48,494
27.	24.03.2022	6,000	10	160	Cash	48,56,08,494
28.	11.05.2022	12,600	10	40	Cash	48,57,34,494
29.	17.11.2022	5,90,500	10	20, 40, 120, 125 & 160	Cash	49,16,39,494
30.	25.11.2022	16,250	10	40	Cash	49,18,01,994

31.	30.12.2022	14,000	10	125	Cash	49,19,41,994
32.	21.02.2023	5,900	10	125	Cash	49,20,00,994
33.	28.02.2023	4,750	10	20 & 40	Cash	49,20,48,494
34.	05.07.2023	82,36,723	10	485.63	Cash	57,44,15,724
35.	05.07.2023	26,89,518	10	485.63	Cash	57,71,05,242
36.	10.07.2023	18,60,000	10	10, 20, 40, 125, 160, 225	Cash	59,57,05,242
37.	13.07.2023	1,09,75,000	10	72.69	Cash	69,44,80,242
38.	31.08.2023	2,500	10	225	Cash	69,45,05,242
39.	15.09.2023	5,80,58,249	10	46.5, 90, 135.04 & 215.17	Conversion to Equity from CCPS on 1:1 basis	127,50,87,732
40.	26.09.2023	10,500	10	125	Cash	127,51,92,732

Preference Share Capital:

S. No.	Date of Allotment	Number of Shares Allotted	Face Value of Shares	Price of allotment (including premium)	Form of consideration	Cumulative Capital
1.	18-03-2016	1,07,99,900	10	25	Cash	10,79,99,000
2.	04-05-2017	32,25,808	10	46.50	Cash	14,02,57,080
3.	13-07-2017	(21,50,539)	10	NA	Conversion from CCPS to Equity	11,87,51,690
4.	25-07-2017	(1,07,99,900)	10	NA	Conversion from CCPS to Equity	1,07,52,690
5.	30-11-2017	2,25,80,447	10	46.50	Cash	23,65,57,160
6.	17-05-2018	54,94,514	10	90	Cash	29,15,02,300
7.	31-10-2018	1,39,21,801	15	135.04	Cash	50,03,29,315
8.	18-03-2020	1,49,86,218	10	215.17	Cash	65,01,91,495
9.	15-09-2023	5,80,58,249	10 & 15	NA	Conversion of CCPS into Equity	-

*Kindly note the preference shares mentioned above are of different classes.

Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.

Equity Share Capital:

Date of Allotment	No. of Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration	Nature of Allotment
21.02.2023	5,900	10	125	Cash	21.02.2023
28.02.2023	4,750	10	20 & 40	Cash	28.02.2023
05.07.2023	82,36,723	10	485.63	Cash	05.07.2023

05.07.2023	26,89,518	10	485.63	Cash	05.07.2023
10.07.2023	18,60,000	10	10, 20, 40, 125, 160, 225	Cash	10.07.2023
13.07.2023	1,09,75,000	10	72.69	Cash	13.07.2023
31.08.2023	2,500	10	225	Cash	31.08.2023
15.09.2023	5,80,58,249	10	46.5, 90, 135.04 & 215.17	Conversion to Equity from CCPS on 1:1 basis	15.09.2023
26.09.2023	10,500	10	125	Cash	26.09.2023

Debentures:

Date of Allotment	No. of debentures allotted	Face Value (INR)	Issue Price (INR)	Consideration	Nature of Allotment
26.12.2023	5500	Rs. 1,00,000/-	Rs. 1,00,000/-	Cash	Private Placement

Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter

Period	Profit after tax
01.04.2020 to 31.03.2021	Profit of Rs. 61.12 Crores
01.04.2021 to 31.03.2022	Profit of Rs. 75.40Crores
01.04.2022 to 31.03.2023	Profit of Rs. 176.40 Crores

Period	Profit before tax
01.04.2020 to 31.03.2021	Profit of Rs. 82.04 Crores
01.04.2021 to 31.03.2022	Profit of Rs. 101.36 Crores
01.04.2022 to 31.03.2023	Profit of Rs. 232.85 Crores

<table>
<tr><td>Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)</td><td>
<table>
<tr><th>Period</th><th>Interest Coverage Ratio</th></tr>
<tr><td>FY 2020-21</td><td>1.74 times</td></tr>
<tr><td>FY 2021-22</td><td>1.81 times</td></tr>
<tr><td>FY 2022-23</td><td>2.41 times</td></tr>
</table>
<table>
<tr><th>Year</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Dividend Declared</td><td colspan="3">No Dividend has been declared since inception of the Company.</td></tr>
</table>
</td></tr>
<tr><td>A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter</td><td>Please refer CHAPTER A to this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter</td><td>Please refer CHAPTER B to this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company</td><td>None</td></tr>
</table>

1.11 PART B (To be filed by the Applicant)

(i) Name: **[●]**

(ii) Father's name: N/A;

(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: **[●]**

(iv) Phone number; if any: **[●]**

(v) Email ID, if any: **[●]**

(vi) PAN Number: **[●]**; and

(vii) Bank Account details:

Bank Name
SWIFT Code
IFSC Code
Address
Account in Corresponding Bank

(viii) Tick whichever is applicable:

(a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares / securities: ☐

(b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith: Not applicable.

_____

Signature

_____

Initial of the Officer of the Company designated to keep the record

DECLARATION BY THE DIRECTOR:

I, D. Arulmany, Managing Director & CEO of M/s. Veritas Finance Private Limited, on behalf of the Board hereby declare that:

1. the company has complied with the provisions of the Act and the rules made there under;
2. the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
3. the monies received under the offer shall be used only for the purposes and objects indicated in the private placement offer cum application letter;

I am authorized by the Board of Directors of the Company vide resolution number 20 dated January 30, 2024, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Date: March 27, 2024
Place: Chennai

Finance Private Limited
Chennai
00 032

Enclosed

Chapter A - A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter
Chapter B - Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter
Chapter C – Certified true copy of the Board resolution
Chapter D – Certified true copy of the shareholders resolution
Optional Attachments, if any

BSE
The Power of Vibrance

DCS/COMP/PG/IP-PPDI/544/23-24

March 21, 2024

Veritas Finance Private Limited
SKCL Central Square 1, South and North Wing
7th Floor, Unit # C28 - C35, CIPET Road, Thiru Vi Ka Industrial Estate
Guindy, Chennai, Tamil Nadu – 600032

Dear Sir/Madam

Re: Private Placement of 7500 Secured, Senior, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) having a face value of Rs.1 Lakh each and an aggregate issue size of Rs.75 Crores ("Debentures"/"NCDs") (The "Issue")

We acknowledge receipt of your application on the online portal on March 20, 2024 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com).

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18 and ensure compliance of the same.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the General information Document, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited

Prasad Bhide
Senior Manager

Akshay Arolkar
Deputy Manager