



**SOARING HIGH.  
STAYING GROUNDED.**



## BUSINESS HIGHLIGHTS

(Rs. in Crores)

Key Figures Particulars / Financial Year ended	IND AS					IGAAP			
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Employees (in nos.)	6,299	4,432	2,727	2,333	1,850	1,422	719	335	73
Branch Network (in nos.)*	382	287	229	204	202	147	72	43	17
Districts (in nos.)	170	151	130	121	115	87	54	29	15
Loan Disbursements	3,702.43	2,244.65	1,188.28	614.56	838.99	559.09	315.49	104.74	6.19
Loan Assets Under Management (AUM)	5,723.79	3,533.73	2,187.35	1,562.75	1,300.67	745.21	335.03	92.31	6.11
Net worth	2,329.55	1,591.26	1,408.05	888.02	821.79	443.70	165.70	40.09	41.68
Borrowings	3,971.14	2,423.16	1,195.65	1,254.15	1,009.82	592.16	295.89	70.86	-
Total Revenue	1,123.80	682.21	443.65	361.67	275.68	140.93	54.95	12.67	0.72
Net Interest Income	716.90	466.76	282.26	207.59	146.80	77.99	27.85	5.40	0.17
Profit Before Tax	322.96	232.85	101.36	82.04	43.81	28.28	6.50	-2.84	-1.92
Profit After Tax (Post OCI)	245.49	174.70	75.85	61.12	33.03	20.49	6.06	-2.84	-1.92

### Key Ratios

Gross NPA (%)	1.79	2.19	3.94	2.70	1.86	0.90	0.74	0.95	-
Net NPA (%)	0.85	1.26	2.34	1.37	1.28	0.76	0.53	0.71	-
Capital Adequacy Ratio (%)	41.49	45.00	64.43	50.65	59.28	48.04	48.02	42.15	594.49
Return on Total Assets (%)	4.67	5.19	3.15	3.03	2.27	2.67	2.06	-3.62	-9.18
Return on Equity (%)	12.52	11.65	6.61	7.15	5.24	6.72	5.89	-6.94	-9.23
Basic Earnings Per Share (Rs.)	23.98	36.15	18.12	17.69	10.58	6.85	2.50	-1.86	-2.90
Diluted Earnings Per Share (Rs.)	23.76	14.57	6.59	6.50	3.63	2.68	1.14	-1.86	-2.43

### Growth Ratios (in %)

AUM Growth	61.98	61.55	39.97	20.15	74.54	122.43	262.94	1,410.80	-
Loan Disbursements Growth	64.94	88.90	93.36	-26.75	50.06	77.21	201.21	1,592.08	-

\* Excluding 52 Service Centres as at 31-Mar-24

Note: Please refer Glossary in page number 190 for the explanation.

## GUIDED BY OUR PRINCIPLES, AND GROUNDED IN PURPOSE

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In a landscape fraught with challenges – from floods to demonetization and the disruption caused due to COVID-19 – Veritas Finance has remained resolute in its commitment to growth and resilience. Throughout these trials, our steadfast focus on serving our customers has been unwavering, driving our progress and shaping our journey.

Rooted in vision and values, we adapt and evolve, learning from adversity and emerging stronger. Our dedication is evident in tangible

progress: expanded credit lines, increased reach, and sustained impact.

Yet, our success isn't just about numbers; it's about values. We thrive on adaptability, innovation, and integrity in the face of adversity.





## MISSION

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





## VISION

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

VERITAS CORE VALUES

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**UPHOLDING TRUTH:**

We prioritise transparent communication and accountability, fostering authenticity and trust in all interactions.

**BUILDING TRUST:**

Through reliability and fairness, we earn and maintain the trust of our stakeholders, acting with competence and integrity.

**EMBRACING TRANSPARENCY:**

Our governance and decision-making processes adhere to high standards, providing accurate and timely information to foster credibility and responsible stewardship.

As we move forward, our unwavering commitment to these values propels us towards sustainable growth and shared prosperity.

## OUR JOURNEY SINCE INCEPTION

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### **A Vision to Empower Lives Begins!**

#### **2015-2016**

Veritas Finance commenced business in Oct 2015. Despite the deluge that engulfed Chennai in 2015, our resilience in the face of adversity laid a solid foundation for future endeavours. We ended up disbursing **INR 6 crores** by reaching out to **300 customers**.

### **Solid Foundation Stronger Growth**

#### **2016-2017**

When demonetization swept the nation in 2016, we saw an opportunity to scale to new heights. We started to focus on imparting financial literacy among our customers on the right borrowing and, the importance of maintaining a sound repayment track that boosts a healthy credit history. We disbursed **INR 100 crores** to **7500 customers** during the year.

### **Tiding over the Turbulence**

#### **2017-2018**

In 2017, Cyclone Ockhi tested our resolve. Despite the tempestuous conditions, we crossed a loan book of **INR 300 crores** with a **customer base of 15000** and proved again our ability to weather the storm and emerge stronger.

## **Navigating Through Adversity**

### **2018-2019**

The year brought forth Cyclones Gaja and Fani, posing consecutive challenges to our operations. However, our growth trajectory remained steadfast, our AUM grew to **INR 745 crores** with **30000 customers**.

## **Believe in Possibilities**

### **2019-2020**

We continued our growth focus to build a stronger Veritas by strengthening our base and expanding our reach across states. Our AUM reached **INR 1,300 crores**, with **48000 customers**.

## **Emerging stronger**

### **2020-2021**

The COVID-19 pandemic had an unprecedented impact on the entire world. We got our acts together, on a mission to ensure a safe and seamless loan process leveraged on the power of technology. Amidst the uncertainties, the Asset book grew to **INR 1500 crores** with **53,000 customers**.

## **Staying ahead**

### **2021-2022**

It was yet another challenging year for many organisations globally. Veritas was no exception. The micro-enterprises in the MSME segment, the most affected segment, faced the brunt of the second wave. With resilient customers and committed employees, Veritas emerged stronger out of the crisis. Asset book grew to **INR 2100 crores** with **70,000 customers**.

## **Decidedly digital**

### **2022-2023**

By intensifying our digitization efforts, we not only adapted to the changing landscape but also went on to promote financial inclusion by creating customer awareness while making their life easier by adopting technology. Asset book grew to **INR 3500 crores** and crossed a **customer base of 1,00,000**.

## EMPOWERING GROWTH – 2023-24

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**Portfolio:** ₹5,724 CRORES

**Disbursement:** ₹3,702 CRORES

**Customers:** 1,76,082

**Branches:** 382 \*Excludes 52 service centres

**GNPA:** 1.79%

**Employees:** 6,299

**PAT:** ₹245 CRORES



## SCALING GREAT HEIGHTS

✓ **Increase in disbursements**

This year, our focus on empowering businesses and individuals has driven significant growth in our loan book, with a robust increase in disbursements.

✓ **Expanding Reach**

Our growing branch network and dedicated team have helped us penetrate geographies with diversified product offerings like Business loans, working capital loans, Home Loans and used commercial vehicle loans.

✓ **Growth Focus**

At Veritas we focus on customer needs, ensuring sustainable growth while upholding social responsibility.



## KEY HIGHLIGHTS 2023-2024

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**Veritas Finance secures an investment of ₹400 crores in a round led by Multiples.**

**MULTIPLES** | **Avendus<sup>A</sup>**

**Credit ratings upgraded to CARE A+ with stable outlook.**

**Loan Book crossed ₹5,700 crores.**

**PBT crossed ₹300 crores.**



**Business Commenced in Bihar & Chhattisgarh**



**Launched Used Commercial Vehicle Loans Product.**



**Certified Great Place to Work.**





## EMPOWERING PEOPLE, DRIVING SUCCESS:

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At Veritas Finance, our commitment to customer and employee satisfaction drives our every action. In FY 2023-24, we continued our journey towards excellence, innovation, and inclusivity with a special focus on our employees' growth and well-being.





## **CUSTOMER CENTRICITY:**

### **01. Tailored Solutions:**

We offer personalised financial solutions that empower our customers to achieve their goals transparently and meaningfully.

### **02. Digital Innovation:**

Leveraging technology for enhanced customer experience, our digital platforms ensure convenient access to services, fostering efficiency and connectivity.

### **03. Financial Empowerment:**

Through education and resources, we equip customers to make informed financial decisions, building resilience and unlocking potential.

### **04. Proactive Support:**

Our dedicated teams provide exceptional service, exceeding expectations and building trust through reliability and empathy.

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## **EMPLOYEE CENTRICITY:**

### **01. Employee Well-being:**

We prioritise the health and happiness of our employees, offering comprehensive benefits, wellness programs, mental health resources, and a supportive work environment to promote resilience and work-life balance.


### **02. Engagement & Recognition:**

We celebrate milestones like Aashirward – the first salary, inviting parents to the company for a memorable experience. Furthermore, our commitment to diversity and inclusion fosters an environment where every individual feels respected, supported, and empowered to thrive.

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## **ADDITIONAL INITIATIVES:**

Veritas Finance goes beyond traditional benefits by offering initiatives such as the Walkathon Challenge, VPL Cricket Tournament, and Swastha – Master Health Checkups. These programs promote physical fitness, team spirit, and overall well-being, reinforcing our dedication to employee health and happiness.



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## CORPORATE INFORMATION

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### Board of Directors

**Mr. D. Arulmany**

Managing Director &  
Chief Executive Officer

**Mr. Abhijit Sen**

Independent Director

**Mr. M. Sivaraman**

Independent Director

**Mr. N. Mohanraj**

Independent Director

**Mr. Parin Mehta**

Nominee Director

**Ms. Priyamvada Ramkumar**

Nominee Director

**Mr. Suresh Subramanian**

Independent Director

**Mr. Mathew Joseph**

Independent Director

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**Mr. Sankarson Banerjee**

Independent Director

**Mr. Sudhir Narayanankutty Variyar**

Nominee Director

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### Board Observers

**Mr. Shiv Chaudhary**

Observer - Norwest Venture Partners

**Mr. Venky Natarajan**

Observer - Lok Capital Growth Fund

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### Strategic Advisor

**Mr. P. Surendra Pai**

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### Executive Director & Chief Operating Officer

**Mr. J. Prakash Rayen**

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### Executive Director & Chief Financial Officer

**Mr. V.G. Suchindran**

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## Banks

### PSU Banks

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

### Small Finance Banks

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

### Private Sector Banks

Axis Bank Limited  
Bandhan Bank Limited  
CSB Bank Limited  
Dhanlaxmi Bank Limited

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

### Foreign Banks and wholly owned subsidiaries of Foreign Banks

DBS Bank Limited  
SBM Bank (India) Limited  
Standard Chartered Bank  
The Hongkong and Shanghai Banking  
Corporation Limited

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## NBFCS

Bajaj Finance Limited  
Nabkisan Finance Limited  
Sundaram Finance Limited  
Tata Capital Financial Services Limited

## NCD Holders

A.K. Capital Finance Limited  
Axis Mutual Fund Trustee Limited  
BlueOrchard Microfinance Fund  
UNIFI AIF  
NAVAL Group Insurance Fund

## PTC Holders

Axis Balanced Advantage Fund  
Axis Strategic Bond Fund  
Edge Credit Opportunities Fund I  
HDFC Ultra Short-Term Fund  
HDFC Credit Risk Debt Fund  
HDFC Hybrid Debt Fund  
Kotak Credit Risk Fund  
Kotak Floating Rate Fund  
L&T Finance Holdings Limited  
Nippon India Ultra Short Duration Fund  
Nippon India Balance Advantage Fund  
Nippon India Hybrid Bond Fund  
Nippon India Strategic Debt Fund

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## Debenture Trustees

### Catalyst Trusteeship Limited

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

### Axis Trustee Services Limited

The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg  
Dadar west, Mumbai - 400 028  
+91 022 6230 0451  
debenturetrustee@axistrustee.in  
www.axistrustee.in

## Credit Rating Agencies

### CARE Ratings Limited

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

### CRISIL Ratings Limited

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

### ICRA Limited

4th Floor, Electric Mansion,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai - 400 025

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## Registrar & Transfer Agent

### KFIN Technnologies Limited

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

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## Secretarial Auditors

M/s M Damodaran & Associates LLP, Chennai

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## Statutory Auditors

M/s Sundaram & Srinivasan, Chennai

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## Tax Auditors

M/s CRBS & Associates, Chennai

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## Registered Office

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

CIN: U65923TN2015PTC100328

RBI Regn No: N-07.00810

## CONTACT DETAILS

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



**Mr. D. Arulmany**  
MD & CEO

### Dear Shareholders,

I'm happy to share with you the Annual Report of Veritas Finance for the year 2023-24. It gives me immense satisfaction that we have been able to put up yet another year of strong performance. We have strengthened every parameter and have grown significantly pursuing our strategy of building a stable, sustainable, and socially relevant financial institution serving the underserved segment of the economy.

### Soaring High

We have achieved significant milestones and some outstanding numbers.

- Our Loan book has grown from Rs. 3,534 crores as of 31st March 2023 to Rs. 5,724 crores as of 31st March 2024.
- Our disbursements grew from Rs. 2,245 crores in FY 23 to Rs. 3,702 crores in FY 24.
- Our customer base has grown from 1,16,000+ to 1,76,000+ customers.
- Overall 30+ OD has been contained at 3.05% and GNPA at 1.79%.
- The NNPA closed at 0.85%.
- Our profitability continued to remain strong, growing from Rs. 175 crores in FY 23 to Rs. 245 crores in FY 24.

The year also witnessed some of our key initiatives taking a good shape. Housing Loan completed its first full year of operations, with disbursements of Rs. 750 crores during the year and a closing loan book of Rs. 824 crores. The working capital loans to Urban shopkeepers expanded to more states and closed with a loan book of Rs. 610 crores.

Apart from the above quantitative milestones, we have also achieved significant strides in many areas. We were certified as a **Great Workplace** by Great Place to Work®, India. We raised equity of Rs. 400 crores during the year from **Multiples PE Fund** and **Aventus FLF**. Our credit rating was upgraded by CARE from A to **A+ with Stable outlook**. We have made foray into two new states Bihar and Chhattisgarh during the year.

While the financial sector did undergo turbulent period globally, we have seen the sector in India remaining far more resilient and withstanding the macro vicissitudes admirably. As the country embarks on the journey to become a fully developed economy over the next few years, the initiatives in inclusive financing, efforts to reach the credit to the last mile and making credit accessible to the underserved sectors will become integral part of the journey to realising this dream.

Our loans help the borrowers scale their businesses, meet their working capital needs, and construct their home. We are the first formal lending institution for many of our customers. Despite challenges in reaching out to them, we have found most of our customers demonstrate responsible repayment behaviour. It is this behaviour that keeps us focused on penetrating deeper and servicing more and more informal segment customers in the rural areas.

### Staying Grounded

At Veritas, we have had a very satisfying journey since the beginning. Commencing the business in 2015, we today have

directly touched the lives of over 1,76,000 customers across ten states. We have built a robust infrastructure, strong distribution reach and state of the art technology and leveraged our collective strength to increasingly address the financial services needs of this segment.

We are at an inflection point of our next phase of growth.

Veritas has always invested in technology ahead of time, built strong management team for future, set up strong processes and controls, have put in place a robust credit underwriting mechanism and have also built a vibrant collection team. Now that we have crossed a balance sheet size of Rs. 6,000 crores, as a middle layer NBFC, there is an acute need to ensure we build strong risk management and compliance functions. In addition, it is imperative that the organisation has an internal audit function that is commensurate to its size, to confirm that the systems and processes work to perfection. Accordingly, at Veritas we have put in place high standards of risk management practices and audit systems, as always, ahead of time. This coupled with our years of experience and expertise in lending to the informal segment, will make us a formidable player in the chosen segment.

I take the opportunity to thank all our employees who have built Veritas to what it is today, regulators who keep us on the precise path all the time, shareholders who have always been supportive through good and challenging times, our board which has been guiding us to maintain high standards of governance and more importantly our customers who demonstrate impeccable repayment behaviour and give us the strength to do more.

**D. Arulmany**



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

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

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



**Mr. Abhijit Sen**  
Independent Director

Abhijit Sen had served in Citi India as Chief Financial Officer – India Subcontinent for over 18 years. On retirement from Citi, he is associated with E&Y as an External Advisor, for their activities in the Banking and Financial Services Sector. He currently serves on several Boards including Ugro Capital Limited, Kalyani Forge Ltd, Cashpor MicroCredit. He holds a B.Tech (Hons) degree from the Indian Institute of Technology, Kharagpur and a Postgraduate Diploma in Management from the Indian Institute of Management, Kolkata with Majors in Finance & Information Systems.



**Mr. M. Sivaraman**  
Independent Director

M. Sivaraman is the former Managing Director of GIC Housing Finance Ltd. and a veteran in the financial services with more than three decades of experience spreading across Corporate Finance, Accounting and Secretarial functions. He is a Fellow Chartered Accountant (FCA) and a Company Secretary (ACS) by profession. He is also a FIII (Fellow Member of the Federation of Insurance Institutes in India).



**Mr. N. Mohanraj**  
Independent Director

N. Mohanraj is the former Director & Chief Executive Officer of LIC Nomura Mutual Fund and Executive Director of Life Insurance Corporation. He is a seasoned professional with rich experience spanning over three decades in financial services cutting across insurance, mutual fund and investments. As a Nominee of LIC, he served on Boards of many companies including Punjab Tractors Ltd, HEG, Larsen & Toubro, Grasim Industries Ltd and Venture Funds like UTI VF, India Value Fund and IDFC Fund. He holds a master's in economics from Loyola College, Chennai.



**Mr. Parin Mehta**

Nominee Director , Kedaara Capital Fund II LLP

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

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**Ms. Priyamvada Ramkumar**

Nominee Director, Lok Capital Growth Fund

Priyamvada Ramkumar has over 18 years of experience across investing investment & commercial banking. She has evaluated many deals across the NBFC and housing finance space. Prior to Lok Capital, she has worked with Veda Corporate Advisors, a boutique investment bank, for 6 years, advising companies across sectors on private equity and M&A transactions. A gold medallist, Priyamvada Ramkumar completed her bachelor’s in commerce from Stella Maris College. She holds an MBA from XLRI, Jamshedpur.

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**Mr. Sudhir Narayanankutty Variyar**

Nominee Director – Multiples Private Equity Fund III

Mr. Sudhir Narayanankutty Variyar is Deputy CEO and MD of Multiples Alternate Asset Management. Sudhir 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, Sudhir 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.

Sudhir 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.

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**Mr. Sankarson Banerjee**

Independent Director

Mr. Sankarson Banerjee has a wealth of expertise spanning over 30 years in management and technology, including over 16 years in CXO-level positions, specializing in digital transformation, product design, cloud transformation and agile ways of working. He works with businesses and start-ups to refine their product, improve their go-to-market offerings, increase adoption of new technologies and choose technology directions. He has also been working with firms to understand and improve their internal technology capabilities with a particular focus on digital and AI. He has held CIO roles in RBL Bank, The National Stock Exchange and IIFL Group and worked extensively in technology consulting with stints in Accenture, Mphasis and IBM. He was closely associated with e-commerce in India as cofounder of one of the first wave of e-commerce start-ups to gain prominence in India, and later as CEO of retail major Future Group’s e-commerce subsidiary in 2006. He is a graduate from IIT Kharagpur and IIM Calcutta.





**Mr. Mathew Joseph**  
Independent Director

Mr Mathew Joseph has over 35 years' experience with India's Largest Housing Finance Company and superannuated as Member of Executive Management and Chief Risk Officer. Apart from overseeing Risk. His expertise includes both Retail and wholesale Financing and he was a Member of Core Committees of the Corporation. During his tenure with the Corporation, he led World Bank / IFC assignments for supporting and establishing Housing Finance Institutions in Africa and Asia.

He holds a bachelor's degree in science from the Madras University and is a Member of the Institute of Chartered Accountants.

He is a Director on the Boards of Tamil Nadu Infrastructure Financial Services Ltd ,Tamil Nadu Infrastructure Trustee Co Ltd, IIFL Home Finance Limited, and is also a consultant with World Bank for their Affordable Housing Fund.

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**Mr. Suresh Subramanian**  
Independent Director

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.

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**Mr. Venky Natarajan**  
Observer, Lok Capital Growth Fund

Venkatesh Natarajan is the Co-Founder and Partner of Lok Capital and has been involved in microfinance and impact investing for 15+ years. He had served as a director on the boards of many financial services companies including Ujjivan, Suryoday and Equitas Finance. He holds an MBA from Cornell University and an M.S. in Electrical Engineering from Arizona State in Tempe.

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

Shiv Chaudhary is a Managing Director at NVP India where he serves as an advisor on growth equity investments in Indian companies across a wide range of sectors including consumer, healthcare, technology, business services and financials. NVP India investments that he has been involved with include Esskay Finance, Thyrocare, Snowman Logistics, Pepperfry, RBL Bank and IndusInd Bank. Prior to rejoining NVP in 2019, Shiv Chaudhary spent a year with Edelweiss Private Equity Business. Prior to this, Shiv was with NVP for 9 years. Shiv obtained his Bachelor of Arts degree in Economics from Oberlin College.

## EXECUTIVE COMMITTEE

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**Mr. D. Arulmany**

Managing Director & CEO, Veritas Finance

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

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

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**Mr. J. Prakash Rayen**

Executive Director & Chief Operating Officer

J. Prakash Rayen has over 25 years of experience in the BFSI segment, spearheading the Technology initiatives of the retail assets division across organizations like DCB Bank, Cholamandalam etc. Prior to Veritas Finance, he was at Aptus Value Housing, where he had been responsible for setting up the entire IT platform of the organization from scratch, identifying and putting in place the right solutions for the lending product and managing the technological challenges coinciding with the growth of the organization and leading the many IT innovations.

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

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**Mr. V.G. Suchindran**

Executive Director & Chief Financial Officer

V.G. Suchindran has experience of more than 20 years in capital markets and development finance industry across organizations like Equitas Micro Finance Limited, Citibank, Cholamandalam Investment & Finance Company Limited.

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

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



**Mr. Sekhar Vikas**

Executive Vice President & Business Head - MSME Urban

Sekhar Vikas spearheaded Veritas Finance foray into the Eastern States - Odisha, West Bengal and Jharkhand. Currently, he manages the Working Capital portfolio across the country. He has more than fifteen years of experience in financial services with focus on housing, mortgage & unsecured lending space. He brings with him an ability to build and manage a large team of salespeople for range of financial products. Prior to joining Veritas Finance, Sekhar was working in organizations including Shriram City Union, Cholamandalam Investments and Finance, HDB, CBOP and HSBC. He has done his Post Graduation Degree in Management from Devi Ahilyabai University, Indore.



**Mr. K. Kannan**

Executive Vice President & Business Head - MSME Rural

K Kannan has more than 18 years of experience in Banking and Financial Services. He has worked across organizations including Axis Bank, Yes Bank and Cholamandalam Investment and Finance Company Limited (Chola). He has experience across functions including Relationship Management, Sales and Credit spanning corporate and retail finance businesses. His last role in Chola involved setting up a new vertical to cater to the rural markets utilizing the deep branch network of the group. He is a Veterinarian, graduating from Tamil Nadu Veterinary and Animal Sciences University and an MBA from IIM, Ahmedabad.



**Mr. Sankar Annamalai**

Executive Vice President & Business Head - Home Loans

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



**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.

Before Veritas, his journey included pivotal roles in esteemed organizations such as Shriram Transport Finance Company, Cholamandalam, and Indostar. Having 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. Vijay Subramanian R**

EVP & Chief Risk Officer

Vijay is a post-graduate in Management (MBA) from ICFAI Business School and has completed MDP from IIM Lucknow on Risk Management. He has over 20 years of experience in Credit and Risk across Retail and SME Products. He also has rich experience in Underwriting, Portfolio & Risk Management and implementation of the scorecard model for mortgage underwriting.

Before Veritas he had been associated with Hinduja Housing Finance as Head-Credit & Operations for Home Loans and Mortgage Product where he had been responsible for setting up the complete process for underwriting and operations from scratch and to build the credit team coinciding with the growth of the organization. He has also worked with leading banks and HFCs including Citibank, IDFC First Bank, HDFC Bank and Sundaram Home Finance in the past.

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**Ms. Kanchana Srikanth**

EVP & Chief Compliance Officer

Kanchana Srikanth heads the Compliance function at Veritas Finance and has been associated with Veritas Finance since inception aligning with the business requirements, policies, statutory and regulatory requirements.

She holds 27 years of experience in the legal field and is proficient in legal advisory, property verification, litigation, vetting of contracts of all departments at par with policies and documentation. She has rich experience in Banking and financial sectors and worked with Vijaya Bank, Cholamandalam, Lakshmi Vilas Bank and was heading Legal Department of Aptus Value Housing Finance. She has completed her professional degree in law B.A.B. L., in 1996 at Dr.Ambedkar Govt Law College and has mastered an Advance program on Human Resources Management from IIM - Lucknow.

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**Mr. Christopher Robin**

EVP & 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.

Before 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).

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**Mr. Parthiban S**

EVP - Chief Technology Officer

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

**Mr. Kumareshan Sivam**

Senior Vice President – Human Resources

Kumareshan Sivam has more than 20 years of experience spanning across industries, large part of which is in the financial services industry. He has handled all functions of HR, including Recruitment, HR operations, Employee Engagement, Training, PMS etc. Prior to joining Veritas Finance he was associated with Equitas Small Finance Bank and Cholamandalam Investment and Finance Company Ltd. He has a postgraduate degree in Personnel Management from Pune University.

**Mr. Sudharsan T E**

Senior Vice President – Credit - MSME Urban

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

**Mr. Sarath Chandran D**

Senior Vice President - Chief Technical Officer

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

**Mr. Ramesh R**

Senior Vice President - Analytics

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



**Mr. Mahesh M**

Senior Vice President - Treasury

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

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**Ms. Laxmi Sridhar**

Deputy Vice President - Finance

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

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**Ms. V Aruna**

Company Secretary & Compliance Officer

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









## BOARD'S REPORT

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## Dear Shareholders,

Your Directors have immense pleasure in presenting the Ninth annual report of your Company together with the audited financial statements for the financial year ended March 31, 2024, which is the eighth full year of operations of the company.

### Financial Results:

The highlights of the Financial Statements of the Company for the financial years 2023-24 and 2022-23 are as under:

Particulars	2023-24	2022-23
Income from Operations	1,123.80	682.21
Less: Employee cost	291.61	166.97
Finance Cost	315.62	169.21
Other Operating Cost	170.05	98.06
Profit/(Loss) before Depreciation & Tax	346.52	247.96
Less: Depreciation	23.56	15.11
Profit/(Loss) Before Tax	322.96	232.85
Less: Tax Expenses	77.91	56.45
Profit/(Loss) After Tax	245.05	176.40
Other comprehensive income for the year	0.44	-1.70
Total comprehensive income for the year	245.49	174.70
Add: Brought forward Profit / (Loss)	285.69	146.28
Less: Transfer to Statutory Reserve under Section 45-IC of the RBI Act, 1934	49.01	35.28
Balance Carried Forward	482.17	285.69

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

During the year under review, the Company has successfully grown its Loan Assets under Management from Rs. 3,533.73 Crores to Rs. 5,723.79 Crores, the Net Worth increased from Rs. 1,591.26 Crores to Rs. 2,329.55 Crores, the Interest Income increased from Rs. 652.46 Crores to Rs. 1,057.06 Crores and the Customer Base increased from 116,403 customers to 176,341 customers.

### SHARE CAPITAL:

During the year 2023-24, the authorised share capital of the Company was Increased to Rs. 202 Crores

from Rs.130 Crores consisting of authorized equity share capital of Rs.136.98 Crores (Face Value Rs.10), authorized Preference Share Capital of Rs.44.14 Crores (Face Value Rs.10) and authorized preference share capital of Rs.20.88 Crores (Face Value Rs.15).

During the year 2023-24, the Company has raised capital (inclusive of share premium) as follows:

- In July 2023, the Company has raised Rs. 400.00 Crores (Rs. 8.24 Crores of share capital and Rs. 391.76 Crores of share premium) from Multiples Private Equity Fund III and its affiliates and Aventus Future Leaders Fund II by way of allotment of equity shares.
- In July 2023, the Company also has raised Rs. 0.27 Crores (Rs. 0.27 Crores of share capital) from the Executive Committee of the Company by way of allotment of partly paid equity shares.
- In July 2023, the promoter of the Company converted 1,09,75,000 partly paid equity shares, wherein Re.1/- per share was already paid-up, to fully paid equity shares and accordingly, Rs. 78.68 Crores (Rs. 9.88 Crores of share capital and Rs. 68.80 Crores of share premium) was raised.
- In July 2023, August 2023, and September 2023, the Company has raised Rs. 13.48 Crores (Rs. 1.87 crores of share capital and Rs. 11.61 Crores of share premium) upon exercise of stock options by our employees under the company's various employees stock option schemes.

During the year 2023-24, the Company also converted the entire compulsorily convertible preference shares totalling to 5,80,58,249 with face value of Rs. 10/- and Rs. 15/- into equity shares of Rs. 10/- each on 1:1 basis as per the terms of the Shareholders' Agreement.

Accordingly, your Company has one class of paid-up equity share capital apart from the partly paid-up equity share capital of the company which together stood at Rs. 127.52 Crores as on March 31, 2024.

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

### Dividend:

Your Directors do not recommend for any dividend for the year under review. The Dividend Distribution policy is available on the website of the Company.

### Transfer to Reserves:

As required by Reserve Bank of India, the Company made a transfer of Rs. 49.01 Crores to statutory reserves constituting 20% of the profits made during the year under review.

### Deposits:

The Company is registered as a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI), and no deposit was accepted from the public for the year ended March 31, 2024.

### Capital Adequacy Ratio:

The Company had a Capital to Risk Adjusted Assets ratio of 41.49% against the statutory requirement of 15% due to higher capital base and lower leverage.

### Operational Highlights:

Some of the highlights for the year ended March 31, 2024, are:

- 1) The Company disbursed Rs. 3,702.43 Crores during the period resulting in the assets under management of Rs. 5,723.79 Crores.
- 2) During the year ended March 31, 2024, 96 branches were opened and accordingly, the Branch Network has increased to 382 branches across ten states of Tamil Nadu, West Bengal, Karnataka, Odisha, Madhya Pradesh, Telangana, Andhra Pradesh, Jharkhand, Chhattisgarh, Bihar and union territory of Puducherry.
- 3) Veritas Service Centres (VSCs) -- 51 VSCs were opened during the year ended March 31, 2024 and accordingly the total VSCs has been increased to 52 for the year ended March 31, 2024.

#### **Future outlook:**

The Company has created a strong base for the existing product verticals that cater to short-term working capital, medium-term business loans and long-term housing finance needs of the MSME segment. These verticals would enter into a year of consolidation and focus on efficiency in operation and growth. In order to further consolidate the product offerings to the MSME segment, the Company has commenced Used Commercial Vehicle Loans as a separate vertical. This would help us diversify the risk further.

#### **Credit Rating**

During the period under review, the Company got a rating upgrade to **"CARE A+"** with stable outlook (CARE Single A Plus) for the Long Term Bank loans and Non-Convertible Debentures.

The short-term rating of **"CARE A1+"**, was reaffirmed for its Short-Term Bank Loan Facilities and Commercial Papers. The rating **"CARE A1+"**, is the highest in short-term rating and indicates a very strong degree of safety with regard to timely payment of interest and principal amount.

#### **Issue of Listed Debt Securities:**

Your Company has issued Secured, Rated, Listed, Fully Paid, Redeemable, Taxable, Non-Convertible Debentures of Rs. 55 Crores during the financial year under review. These debt securities are listed with BSE Limited.

Your Company also has issued Secured, Rated, Listed, Fully Paid, Redeemable, Taxable, Non-Convertible Debentures (NCDs) in the form of Separately Transferable Redeemable Principal Parts (STRPPs) based on multiple tenures of Rs. 75 Crores during the financial year under review. These debt securities are listed with BSE Limited effective April 01, 2024. Further, your Company has been very prompt in payment of its interest and principal obligations for the financial year ended March 31, 2024, and has complied with all the disclosure requirements stipulated under SEBI (LODR) Regulations, 2015.

#### **Securitization/Assignment of Loan Portfolio:**

Your Company has actively tapped Securitization/ Direct Assignment market which has helped diversify, create liquidity, reduce the cost of funds and minimize the mismatches in asset liability management.

During the financial year under review, the Company

has securitised receivables of Rs. 614.36 Crores for a sale consideration from Investors of Rs. 552.53 Crores. These Securitisation transactions were carried out in line with RBI guidelines on Securitization of Standard Assets and accounted in line with Indian Accounting Standards.

#### **Issuance of Commercial Papers:**

As part of diversification process, during the period under review, your Company issued unlisted Commercial Papers amounting to Rs. 105.00 crores and the same was also duly redeemed during the financial year itself.

#### **RBI Guidelines:**

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

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

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

The Company ensures compliance with the extant RBI guidelines including the Scale Based Regulations and has initiated appropriate steps to comply with these regulations as they become applicable.

#### **Other Statutory Compliances:**

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

#### **Board of Directors:**

During the year ended March 31, 2024:

- Mr. Sudhir Narayanankutty Variyar (DIN: 00168672) was appointed as an Additional Director (Nominee Director of Multiples Private Equity Fund III) in the Board Meeting of the Company held on July 07, 2023, with effect from July 07, 2023.
- Mr. Sudhir Narayanankutty Variyar, Additional Director, was regularized as the Nominee Director of Multiples Private Equity Fund III in the Extra-Ordinary General Meeting of the Company held on July 10, 2023.
- Mr. Suresh Subramanian (DIN: 02070440) and Mr. Mathew Joseph (DIN: 01033802) were appointed as Additional Directors (Independent Directors) with effect from November 24, 2023.
- Mr. Suresh Subramanian (DIN: 02070440) and Mr. Mathew Joseph (DIN: 01033802), Additional Directors, were regularized as the Independent Directors in the Extra-Ordinary General Meeting of the Company held on December 23, 2023.
- Mr. Sankarson Banerjee (DIN: 07407346) was appointed as an Additional Director (Independent Director) with effect from March 27, 2024.

- Mr. Sankarson Banerjee (DIN: 07407346), Additional Director, was later regularized as the Independent Director in the Extra-Ordinary General Meeting of the Company held on April 20, 2024.
- Mr. Gaurav Malhotra (DIN: 07640504), Nominee Director - British International Investment plc., stepped down from the Board with effect from March 27, 2024.

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

#### **Key Management Personnel:**

Pursuant to the provisions of section 203 of the Companies Act read with the rules made there under, the following employees are the whole-time key managerial personnel of the company as on March 31, 2024:

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

#### **Other Officers:**

Your Company has crossed the asset size of Rs. 5,000 Crores during the financial year under review and by virtue of being classified as being a 'NBFC- ML (Non-banking financial company - Middle Layer)', the following officers were appointed as per extant RBI guidelines:

1. Ms. D. Kanchana Srikanth - Chief Compliance Officer effective October 01, 2023
2. Mr. R. Vijay Subramanian - Chief Risk Officer effective October 01, 2023
3. Mr. W. Christopher Robin - Chief Audit Officer effective January 02, 2024

#### **Statutory Auditors:**

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

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

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

#### **Statutory Auditors' Report:**

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report on the Financial Statements for the financial year ended March 31, 2024. The said Auditors' Reports for the Financial Year ended March 31, 2024, on the Financial Statements of the Company forms part of this Annual Report.

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

#### **Secretarial Auditors and their Report:**

Pursuant to the provisions of Section 204(1) of the Companies Act 2013 read along with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2020 and other applicable provisions, if any, of the Companies Act 2013, M/s. M Damodaran & Associates LLP, were appointed as the Secretarial Auditors of the Company for the financial year 2023 - 24.

The Secretarial Audit Report for the FY 2023-24 forms part of the Annual Report as 'Annexure-IV'. The Report of Secretarial Auditors is self-explanatory.

#### **Subsidiary / Joint Ventures / Associate Companies:**

As on March 31, 2024, the Company does not have any subsidiaries, joint ventures, or associate companies.

#### **Material changes and commitments:**

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

#### **ISO Certifications:**

Your company has the following ISO certifications:

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

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

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

#### **Corporate Governance Report:**

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

#### **Committees:**

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

#### **Internal Financial controls:**

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational which include its design, implementation and

maintenance along with periodical internal review of operational effectiveness and sustenance.

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

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

#### **Annual Return as per the Companies Act 2013:**

As per Section 134 (3) (a) of the Companies Act, 2013, annual return as referred to in Section 92(3) of the act, for the year 2023 - 24 will be uploaded in the website of the Company : <https://www.veritasfin.in/annualreturn.php>

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

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

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

The Company has not entered into any transaction with the related parties in terms of Section 188 of the Companies Act, 2013, during the period under review. Accordingly, the NIL disclosure as required under Section 134(3)(h) of the Companies Act 2013, in the prescribed Form AOC-2 is attached as 'Annexure II' to this report. Disclosures as required in compliance with accounting standards with related parties are disclosed in the financial statements.

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the extant applicable laws, the Company has in place a policy on related party transactions as approved by the board and the same is available on the website of the Company at: [https://www.veritasfin.in/image/pdf\\_files/company\\_policies/RPT%20-%20Policy.pdf](https://www.veritasfin.in/image/pdf_files/company_policies/RPT%20-%20Policy.pdf)

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

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

#### **Risk Management:**

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

Pursuant to the extant RBI guidelines, Your Company also has a Chief Risk Officer, who is responsible for identification, evaluation, and mitigation of risks applicable to the Company.

#### **Risk Management, Audit, Compliance:**

The nature of your Company's business, the regulatory and external circumstances expose your Company to various risks. Primary risks include interest rate risk, credit risk, market risk, liquidity risk, operational risk, cyber security, technology risk and data risk. Additionally, the operations implicates compliance and reputation risks, legal, as well as ESG risks. To effectively address these risks, your Company has established an Enterprise Risk Management Framework.

Your Company has a structured management framework called the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess, and manage all risks that could potentially have a significant negative impact on the business, financial position, or capital adequacy.

Periodic evaluation and reporting of risk exposures are made to the Board, Committees, and management of your Company, ensuring that they are informed, and appropriate mitigation measures are initiated. The effectiveness of the existing risk models, including assumptions and parameters, are undertaken continuously in line with the evolving circumstances.

An independent Internal Audit Department has been established who is responsible for assessing the adequacy and efficiency of all internal controls, risk management practices, governance systems, policies and processes.

To foster a strong culture of checks and balances and eliminate potential conflicts of interest, we have separated the Risk, Audit, and Compliance functions from the Business functions. This separation enables a dedicated focus on revenue generation, as well as risk management and control.

#### **Corporate Social Responsibility (CSR):**

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

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

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

The Annual Report on CSR activities for the financial year ended March 31, 2024, is attached as Annexure V this Report.

**Particulars of Employees:**

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

**Formal annual performance evaluation:**

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

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

**Policy on Appointment, evaluation, and Remuneration:**

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

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

**Board Meetings held during the period:**

During the period, ten meetings of the Board of Directors was held on April 27, 2023, June 01, 2023, July 07, 2023, July 27, 2023, September 15, 2023, October 26, 2023, November 24, 2023, January 30, 2024, March 06, 2024, and March 27, 2024.

**Directors Responsibility Statement:**

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

- that in preparation of the annual financial statements for the year ended March 31, 2024, the Indian Accounting Standards (Ind-AS) and other applicable accounting standards have been followed along with proper explanations to material departures, if any.
- that the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for year ended March 31, 2024.

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

**Declaration given by Independent Directors:**

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

**Registration of Independent Directors with Independent Director's Databank**

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

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

<b>Name of the Independent Director</b>	<b>Registration Number</b>	<b>Validity of Registration</b>
Mr. Abhijit Sen	IDDB-DI- 202002-002226	Lifetime
Mr. M. Sivaraman	IDDB-DI-202001-006226	Five years till Jan 2026
Mr. N. Mohanraj	IDDB-DI-202001-004589	Lifetime
Mr. Mathew Joseph	IDDB-DI-202002-017395	February 26, 2025
Mr. Suresh Subramanian	IDDB-DI-202008-030314	Lifetime
Mr. Sankarson Banerjee	IDDB-DI-202211-045172	November 15, 2027

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

**Vigil Mechanism / Whistle Blower Policy:**

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with unethical behaviour, mismanagement, instances of actual or suspected, fraud, if any and provides safeguards against victimization of employees who avail the mechanism. The Whistle Blower Policy has been placed on the website of the Company. The Audit Committee oversees the vigil mechanism. Employees have been given direct access to the Chairperson of the Audit Committee, if needed.

During the year under review, two complaints were received by the Company. All the complaints have been investigated and addressed as per the policy of the Company as of date. None of the personnel of the Company were denied access to the Audit Committee.

**Policy on Prevention of Sexual Harassment:**

Policy on Prevention and Redressal of Sexual Harassment at Workplace is in place as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is uploaded on the website of the Company. The Company has complied with the provisions related to the constitution of the Internal Complaints Committee.

During the year under review, the Internal Complaints Committees of the Company has not received any complaint of sexual harassment and no complaint was pending as on March 31, 2024.

**Disclosure of Orders passed by Regulators or Courts or Tribunal:**

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

**Employee Stock Option Scheme:**

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

**Details of issue of Sweat Equity Shares**

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

**Maintenance of Cost Records**

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

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

In compliance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has formulated a Policy on Code of conduct for fair disclosure of UPSI and Code of Conduct to regulate, monitor and report trading by insiders which prohibits trading in securities of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company. The objective of this Code is to ensure timely and adequate disclosure of Unpublished Price Sensitive Information ('UPSI') and the manner in which it shall be unvaryingly disseminated to the Investors on an immediate and regular basis. Ms. V. Aruna, Company Secretary and Compliance Officer of the Company is authorized to act as Compliance Officer under the Code.

**Employees Relationship:**

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

**Acknowledgement**

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

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

Sd/-

**M. Sivaraman**

Independent Director and  
Chairman of Audit Committee

DIN: 02045100

Date: April 25, 2024

Place: Chennai

Sd/-

**D. Arulmany**

Managing Director & CEO  
DIN: 00009981

Date: April 25, 2024

Place: Chennai

## Risk Management

### - How we effectively manage risks at Veritas

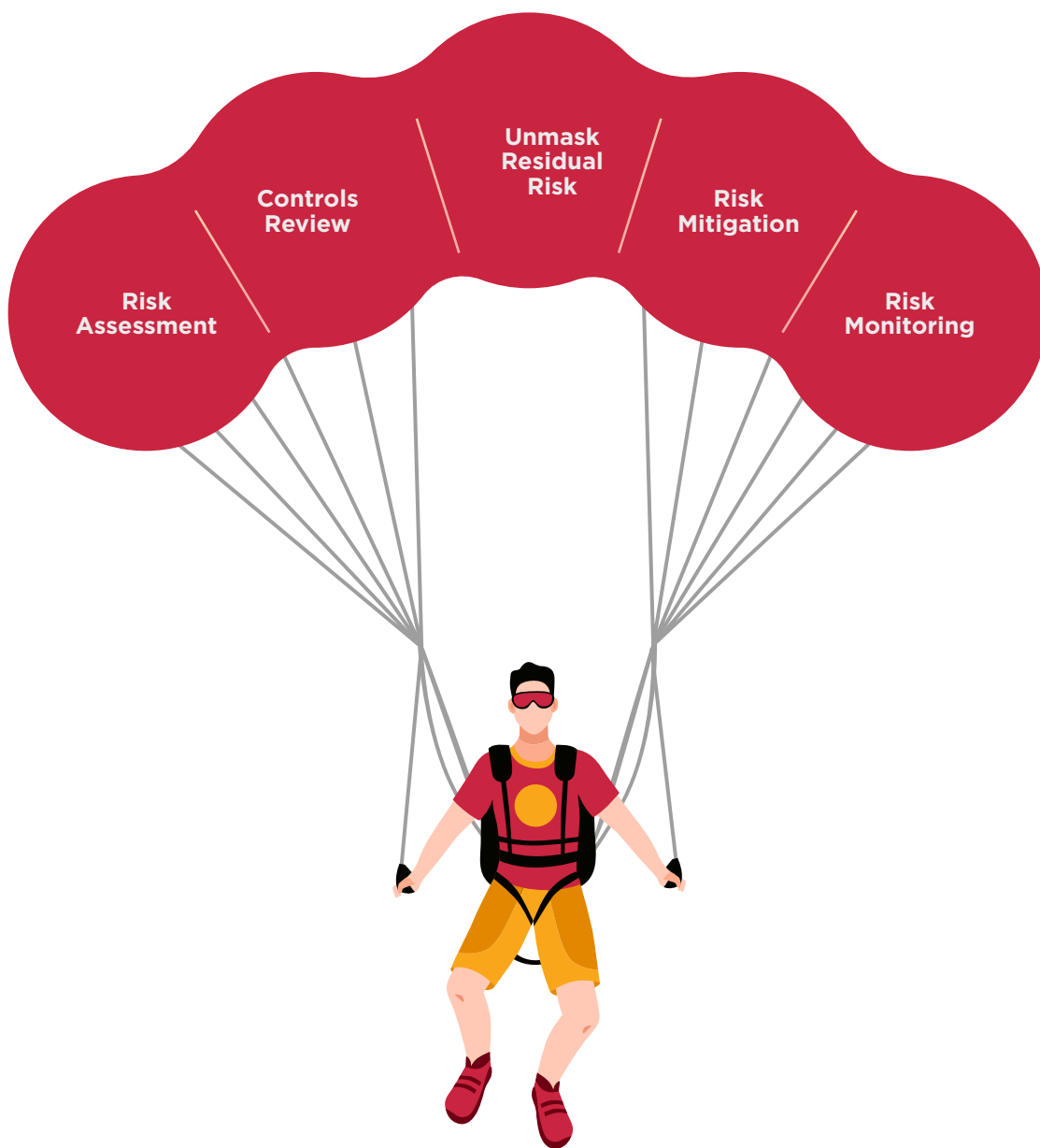
#### Overview

As Veritas steps into next phase, there is a bigger priority in building a comprehensive risk function at Enterprise level. Veritas is exposed to various risks that are an inherent part of lending business and to enable efficient management of these risks, an independent Risk Governance Structure, in line with regulatory guidelines is in place.

As we scale our operations and expand our reach, we will continue to invest on enhancing our risk management practices and build robust compliance and monitoring systems.

The Company's risk management framework comprised an understanding of underwriting, legal, liquidity, operational & technology risks. This commitment helped track spreads, costs, delinquency close to real time. The Company protected its liquidity, mobilised timely liabilities, deepened its strategic stability and strengthened the teams.

#### Our Risk Structure



ERM FRAMEWORK



## Prominent Risks and Mitigation Initiatives

Risk Types	Description	Mitigation measures
<b>Credit Risk</b>	Credit risk involves the risk of loss arising from the diminution in credit quality of a borrower along with the risk of default on contractual repayments under a loan or an advance.	In-house sourcing, comprehensive credit decisioning coupled with scorecards, robust portfolio monitoring and collections framework allows the Company to identify, monitor and manage risks inherent in its operations. The Company's risk management discipline was tested over the last few years post COVID outbreak. The pandemic threatened the quality of the Company's loan book on the grounds that customers would not be able to repay which in turn, could impair the loan book quality, profitability and credit rating.
<b>Liquidity Risk &amp; Interest Rate Risk</b>	Lenders may tighten lending policy and/ or increase cost of capital cost because of unfavourable macro-economic environment, which may pose a significant risk to business	In order to manage the liquidity risk, we have a comprehensive Asset Liability Management Policy in place. The Policy provides for several risk management measures to identify any short-term liquidity gaps and implementing immediate actions to correct such gaps, diversifying our sources of funding and maintaining strong capital adequacy. The Company measures liquidity buffers along with monthly reporting of critical ratios and threshold levels to ensure adequate liquidity planning.
<b>Compliance &amp; Regulatory Risk</b>	Changes in regulatory systems might affect the financial sector. A business is threatened by any regulatory non-compliance.	The Company has a robust framework, to mitigate compliance and regulatory risk and monitor through compliance tracker and reporting timelines. The amendments by any of the regulators are monitored closely and communicated amongst departments.
<b>IT Risk</b>	The company depends on technology intensive information systems to carry out its mission and business functions.	The company has detailed IT policies in line with regulatory guidelines. We have a robust access-control and log tracking for server security, cyber thefts, policies to ensure there is no breach in the privacy of information of customers. The IT risks are governed by both IT Strategy Committee and Risk Management Committee

<b>Operational Risk</b>	Foraying into newer regions and market segments increases business operation risks because of an imperfect understanding of local markets and the business environment could pose a risk.	We have a comprehensive system of internal controls, systems and procedures to monitor the business operations seamlessly and help minimise the operational risks.
<b>Conduct &amp; Reputation Risk</b>	The risk associated with unfavourable perceptions held by consumers, shareholders, investors, debt holders, market analysts, and other pertinent parties or regulators that could have a detrimental impact on an entity's business relationships.	We have a robust framework that is in line with regulatory guidelines. We have put in place policies and established strong redressal mechanisms to address customer grievances.  Periodic updates and effective communication are carried out with all stakeholders to address their expectations and concerns.

### Risk Governance

During the year, the Risk management framework was enhanced in line with new Regulatory guidelines/directives with formal Risk Appetite Framework, Risk Based Audit (RBA), Stress Test Scenarios and assessment of risks under Internal Capital Adequacy Assessment Process (ICAAP).

The Risk Management Committee (RMC) reviews all the risks and policies at timely intervals to ensure they are in line with the growth of the Company. Further, the Board also monitors the risks and their mitigants through its sub-committees like ALCO, Risk Management Committee, and IT Strategy Committee. The responsibilities and outcomes are monitored by the Board of Directors and RMC.

### Risk-Based Internal Audit (RBIA): Ensuring Strategic Resilience and Value

In an era where risks evolve rapidly and as the company's asset size exceeded Rs.5,000 crores, our company has introduced the Risk Based Internal Audit (RBIA) Framework. Our commitment to maintaining the highest standards of governance and oversight has led us to adopt a robust Risk-Based Internal Audit (RBIA) approach. This methodology places the spotlight on the most critical risks facing our organization, aligning audit activities with our strategic objectives and ensuring a robust defense against threats to our operational integrity and success.

The RBIA framework empowers our internal audit function to prioritize audit activities based on a comprehensive assessment of risks that could impact our business objectives. This risk-centric approach allows us to dynamically allocate our resources and focus our efforts where they are most needed, enhancing efficiency and effectiveness across the board.

#### Key Highlights of Our RBIA Approach:

**Strategic Alignment:** By focusing on risks that have the highest potential impact on our strategic goals, RBIA ensures that our audit activities are always aligned with the company's direction and priorities.

**Proactive Risk Management:** RBIA facilitates early detection and mitigation of risks, helping us to preempt potential issues before they escalate into significant problems.

**Optimized Resource Allocation:** Through targeted audits on high-risk areas, we efficiently utilize our internal audit resources, ensuring that our efforts are concentrated where they can deliver the greatest value.

**Enhanced Stakeholder Confidence:** By demonstrating a proactive and risk-aware auditing strategy, we reassure stakeholders of our commitment to transparency, governance, and continuous improvement.

As we navigate the complexities of today's business environment, our RBIA approach stands as a testament to our unwavering dedication to safeguarding the company's assets, reputation, and future. It is not just an audit methodology; it is a strategic tool that enhances our resilience, informs our decision-making, and drives our success.

### Compliance - 2nd Line of Defense - Creating a culture of Compliance.

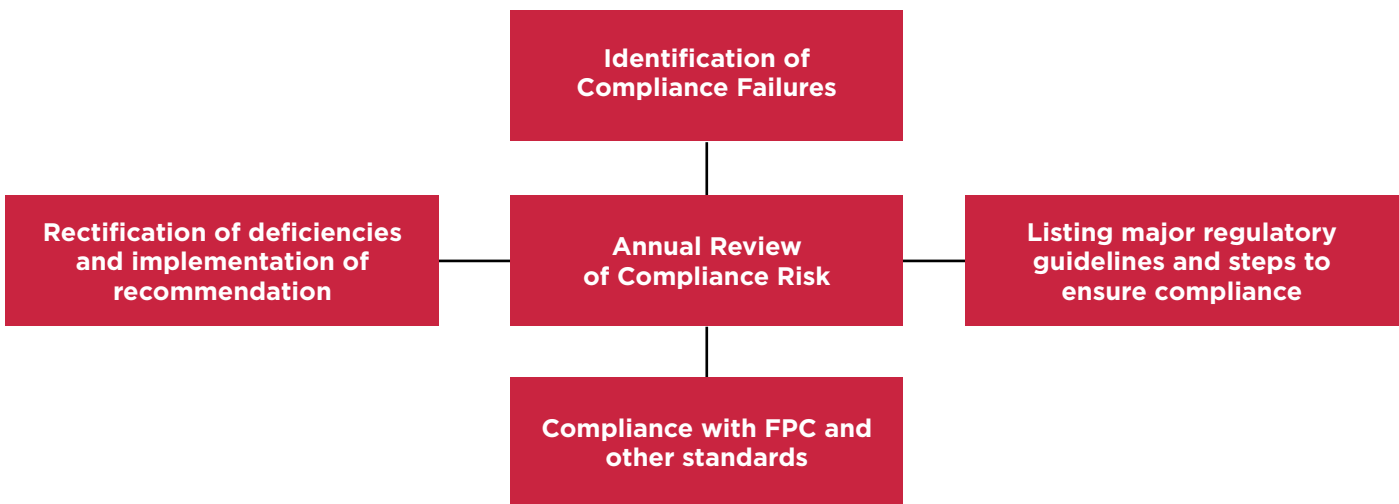
The Compliance Function is an integral part of effective governance, along with the internal control and risk management processes covering proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer service. As part of the overall structure for Corporate Governance, Compliance Function serves a critical role.

As part of a robust compliance system, Veritas has an effective compliance culture, independent corporate compliance function and a strong compliance risk management programme under the oversight of the Board. The risk of legal or regulatory sanctions, material financial loss, or loss to reputation to the company may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to organisation's activities.

The compliance function aims at ensuring that controls and procedures capture the appropriate information to allow senior management and the board to better perform their risk management functions. The organization wide compliance program is helping the management and the Board in assessing where the legal and reputational risks in the organization are concentrated, provide comparisons of the level and changing nature of risks and identify those control processes that most need enhancement.

Compliance of regulatory/ supervisory directions given by RBI in both letter and spirit in a time-bound and sustainable manner is effectively carried out and an effective Compliance Program shall be in place along with Risk department where all Risk Mitigation Plan (RMP) / Monitorable Action Plan (MAP) points are complied with within the timelines prescribed.

Compliance function is monitoring and periodically testing the compliance by performing sufficient and representative compliance testing not only through its Internal compliance but also by an external compliance consultant to effectively assess the Compliance Risk assessment and testing of the same.



Compliance function monitors and ensures timely submission of regulatory returns by the controlling offices through appropriate mechanisms like maintenance of manual calendar and centralized generation of regulatory reports. Veritas compliance function is also in the process of developing comprehensive, integrated, enterprise-wide, and workflow-based compliance solutions for the enhancement of the effectiveness of compliance automation.



A hot air balloon with orange and black segments is partially visible on the left side of the page, floating against a clear blue sky. The sun is visible in the bottom left corner, creating a bright glow and lens flare.

## REPORT ON CORPORATE GOVERNANCE

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## Report on Corporate Governance

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

### Corporate Governance Philosophy

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

to assure the Company's activities are conducted in a responsible, ethical and transparent manner.

### Board of Directors

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

The dates of the meetings of the Board of Directors which were held in FY 2023-24 are April 27, 2023, June 01, 2023, July 07, 2023, July 27, 2023, September 15, 2023, October 26, 2023, November 24, 2023, January 30, 2024, March 06, 2024, and March 27, 2024. Particulars of the Composition of the Board of Directors, Directors' attendance to the Board Meeting and particulars of their other company directorships are given below:

Sl. No.	Name of Director	Director from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held#	Attended		Salary and other compensation (in Lakhs Rs)	Sitting Fee (in Lakhs Rs)	Commission (in Lakhs Rsx)	
1	Mr. D. Arulmany	From April 30, 2015, till date	Promoter, Managing Director & CEO (First Director)	00009981	10	10	NIL	221.98	NA	NA	1,49,49,491 (including partly paid equity shares)
2	Mr. Abhijit Sen	From November 9, 2017, till date	Independent Director	00002593	10	10	7	NA	7.25	20.00	NIL
3	Mr. M. Sivaraman	From May 28, 2015, till date	Independent Director	02045100	10	10	NIL	NA	5.25	20.00	NIL
4	Mr. N. Mohanraj	From December 1, 2015, till date	Independent Director	00181969	10	10	1	NA	8.50	20.00	NIL
5	Ms. Priyamvada Ramkumar	From October 12, 2018, till date	Nominee Director of Lok Capital Growth Fund	07878808	10	9	3	NA	NA	NA	NIL
6	Mr. Gaurav Malhotra	From March 26, 2020, till March 27, 2024	*Nominee Director of British International Investment Plc.	07640504	10	9	3	NA	NA	NA	NIL
7	Mr. Parin Mehta	From February 04, 2022 till date	Nominee Director of Kedaara Capital Fund II LLP	08528090	10	9	2	NA	NA	NA	NIL
8	Mr. Sudhir Narayanankutty Variyar	From July 07, 2023, till date	Nominee Director of Multiples Private Equity Fund III	00168672	7	6	7	NA	NA	NA	NIL
9	Mr. Mathew Joseph	From November 24, 2023, till date	Independent Director	01033802	3	3	3	NA	1.25	6.50	NIL
10	Mr. Suresh Subramanian	From November 24, 2023, till date	Independent Director	02070440	3	3	3	NA	1.25	6.50	NIL
11	Mr. Sankarson Banerjee	From March 27, 2024, till date	Additional and Independent Director	07407346	0	0	3	NA	NIL	0.50	NIL

\*Mr. Gaurav Malhotra, Nominee Director of British International Investment PLC, has resigned from the Board of Directors with effect from March 27, 2024.

#Attendance and percentage are calculated for meetings attended during the Director's tenure.

All the meetings of the Board held during FY 2023-24 were conducted in person/ physical form with option/ facility to the Directors to participate via VC.

**Changes in Board Constitution:**

During the year ended March 31, 2024, the following were the changes in the Board constitution:

Sl. No.	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment)	Effective date
1	Mr. Sudhir Narayanankutty Variyar (DIN: 00168672)	Nominee Director of Multiples Private Equity Fund III	<p><b>Appointment</b> - Mr. Sudhir Narayanankutty Variyar was appointed as the Additional Director (Nominee Director of Multiples Private Equity Fund III) in the Board Meeting held on July 07, 2023.</p> <p><b>Regularisation - Change in designation.</b></p> <p>Mr. Sudhir Narayanankutty Variyar who was appointed as the Additional Director was regularised as the Nominee Director of Multiples Private Equity Fund III in the Extra-Ordinary General Meeting of the Company held on July 10, 2023.</p>	July 07, 2023
2	Mr. Mathew Joseph (DIN: 01033802)	Independent Director	<p><b>Appointment</b> - Mr. Mathew Joseph was appointed as the Additional and Independent Director in the Board Meeting held on November 24, 2023.</p> <p><b>Regularisation - Change in designation.</b></p> <p>Mr. Mathew Joseph who was appointed as the Additional and Independent Director was regularised as the Independent Director in the Extra-Ordinary General Meeting of the Company held on December 23, 2023.</p>	November 24, 2023
3	Mr. Suresh Subramanian (DIN: 02070440)	Independent Director	<p><b>Appointment</b> - Mr. Suresh Subramanian was appointed as the Additional and Independent Director in the Board Meeting held on November 24, 2023.</p> <p><b>Regularisation - Change in designation.</b></p> <p>Mr. Suresh Subramanian who was appointed as the Additional and Independent Director was regularised as the Independent Director in the Extra-Ordinary General Meeting of the Company held on December 23, 2023.</p>	November 24, 2023
4	Mr. Sankarson Banerjee (DIN: 07407346)	Additional and Independent Director	<p><b>Appointment</b> - Mr. Sankarson Banerjee was appointed as the Additional and Independent Director in the Board Meeting held on March 27, 2024.</p>	March 27, 2024
5	Mr. Gaurav Malhotra (DIN: 07640504)	Nominee Director	<p><b>Resignation</b> - Mr. Gaurav Malhotra, Nominee Director of British International Investment PLC, has resigned from the Board of Directors with effect from March 27, 2024.</p>	March 27, 2024

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

Sl. No.	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment)	Effective date
1	Mr. Parin Mehta (DIN: 08528090)	Nominee Director of Kedaara Capital Fund II LLP	Regularisation – Change in designation. Mr. Parin Mehta who was appointed as the Additional Director was regularised as the Nominee Director of Kedaara Capital Fund II LLP in the Extra-Ordinary General Meeting of the Company held on April 18, 2022.	February 04, 2022

#### Separate meeting of independent directors

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the Independent Directors had a separate meeting on October 26, 2023, without the presence of the non-independent directors and management team.

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

#### Separate Meeting of Audit Committee members with Credit Rating Agency

In compliance with the provisions of SEBI Circular No. SEBI/HO/ MIRSD/CRADT/CIR/P/2019/121 dated November 04, 2019, the Members of the Audit Committee interact with the Credit Rating Agencies (“CRAs”) at a separate Audit Committee Meeting on annual basis. Separate meeting with Credit Rating Agencies was held on January 30, 2024, to inter alia discuss matters including internal financial controls and other material disclosures made by the Company.

#### Code of Conduct

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

#### Committees of the Board

The Board has constituted various committees to support the Board in discharging its responsibilities. As at March 31, 2024, the Company has eight (8) Committees of the Board, constituted in accordance with the provisions of the Act viz.,

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

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

#### Committees of the Management

The Management of the Company has constituted various committees to support and assist the management in discharging its responsibilities.

1. Assets Liability Management Committee
2. IT Steering Committee
3. Information Security Committee



**Terms of Reference of Committees of Board are as follows:**

**I. Audit Committee**

**Terms of Reference:**

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
2. The recommendation for appointment, reappointment, replacement, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company for audit or any other services rendered by the auditors
3. Reviewing, with the management, the quarterly, half yearly and annual Financial Statements before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management
  - iv. Significant adjustments made in the Financial Statements arising out of audit findings
  - v. Compliance with accounting and other legal requirements relating to Financial Statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft Auditors Report.
4. Reviewing the Accounting Policies from time to time including those on Provisions.
5. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with Internal Auditors on any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transactions of the company with related parties
12. Scrutiny of inter-corporate loans and quarterly review of investment activities;
13. To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
14. Monitoring the end use of funds if raised through public offers and related matters.
15. Ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company.

**The Audit Committee shall mandatorily review the following information:**

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

**The powers of the Audit Committee shall include the following:**

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

## Composition & Meetings

The Audit Committee was reconstituted in the Board meeting held on January 30, 2024, as below:

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

The composition of the committee as on March 31, 2024, is given below:

Name of the Members (Now)	Designation
Mr. M. Sivaraman (Chairman)	Independent Director
Mr. Abhijit Sen	Independent Director
Mr. N. Mohanraj	Independent Director
Mr. Suresh Subramanian	Independent Director
Ms. Priyamvada Ramkumar	Nominee Director

The composition of the committee as on March 31, 2024, is given below:

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. M. Sivaraman (Chairman)	From March 28, 2016, till date	Independent Director	4	4	NIL
2.	Mr. Abhijit Sen	From November 09, 2018, till date	Independent Director	4	4	NIL
3.	Mr. N. Mohanraj	From March 28, 2016	Independent Director	4	4	NIL
4.	Mr. Gaurav Malhotra	From June 15, 2020, till January 30, 2024	#Nominee Director	4	4	NIL
5.	Mr. Suresh Subramanian	From January 30, 2024	Independent Director	0	0	NIL
6.	Ms. Priyamvada Ramkumar	From January 30, 2024	Nominee Director	0	0	NIL

#Mr. Gaurav Malhotra, Nominee Director of British International Investment PLC, has resigned from the Board of Directors with effect from March 27, 2024.

During the year ended March 31, 2024, four (4) meetings of the Committee were held on April 27, 2023, July 27, 2023, October 26, 2023, and January 30, 2024.

## II. Nomination and Remuneration Committee:

### Terms of Reference:

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

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals for Directorships.
3. To assess the independence of Independent Non-Executive Directors;
4. To review the results of the Board performance evaluation process that relate to the composition of the Board;

5. To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
6. To recommend remuneration payable to Non-Executive Directors of the Company from time to time.
7. Annual appraisal of the performance of the Managing Director and fixing his terms of remuneration.
8. Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-HR, and fixing their terms of remuneration.
9. Administration of ESOP Schemes of the Company as approved from time to time.

#### Composition & Meetings

**The Nomination and Remuneration Committee was reconstituted in the Board Meeting held on January 30, 2024, as below:**

Name of the Members (Before)	Name of the Members (Now)
Mr. Abhijit Sen (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. N. Mohanraj	Mr. N. Mohanraj
Ms. Priyamvada Ramkumar	Mr. Parin Mehta
Mr. Parin Mehta	Mr. Sudhir Narayanankutty Variyar
	Mr. Mathew Joseph

**The composition of the committee as on March 31, 2024, is given below:**

Name of the Members	Designation
Mr. Abhijit Sen (Chairman)	Independent Director
Mr. N. Mohanraj	Independent Director
Mr. Parin Mehta	Nominee Director
Mr. Sudhir Narayanankutty Variyar	Nominee Director
Mr. Mathew Joseph	Independent Director

**The details of the meetings of the Committee held during the year ended March 31, 2024, is given below:**

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Abhijit Sen (Chairman)	From November 09, 2018, till date	Independent Director	7	7	NIL
2.	Mr. N. Mohanraj	From March 28, 2016, till date	Independent Director	7	7	NIL
3.	Ms. Priyamvada Ramkumar	From February 26, 2020, till January 30, 2024	Nominee Director	5	4	NIL
4.	Mr. Parin Mehta	From March 24, 2022, till date	Nominee Director	7	6	NIL
5.	Mr. Sudhir Narayanankutty Variyar	From January 30, 2024, till date	Nominee Director	2	2	NIL
6.	Mr. Mathew Joseph	From January 30, 2024, till date	Independent Director	2	2	NIL

During the year ended March 31, 2024, seven (7) meetings of the Committee were held on April 27, 2023, July 07, 2023, October 25, 2023, November 24, 2023, January 23, 2024, March 06, 2024, and March 27, 2024.

### III. Corporate Social Responsibility Committee:

#### Terms of Reference:

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

#### Composition & Meetings:

The composition of the committee as on March 31, 2024, and the details of the meetings of the Committee held during the year ended March 31, 2024, is given below:

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. N. Mohanraj (Chairman)	From June 20, 2018, till date	Independent Director	2	2	NIL
2.	Mr. M. Sivaraman	From June 20, 2018, till date	Independent Director	2	2	NIL
3.	Mr. D. Arulmany	From June 20, 2018, till date	Promoter, MD & CEO (Executive)	2	2	1,49,49,491*

\*(including partly paid equity shares)

During the year ended March 31, 2024, two (2) meetings of the Committee were held on July 19, 2023, and November 23, 2023.

### IV. IT Strategy Committee:

#### Terms of Reference:

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

### Composition & Meetings:

The composition of the committee as on March 31, 2024, and the details of the meetings of the Committee held during the year ended March 31, 2024, is given below:

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Abhijit Sen (Chairman)	From July 18, 2018, till date	Independent Director	3	3	NIL
2.	Mr. D. Arulmany	From October 08, 2020, till date	Promoter, MD & CEO (Executive)	3	3	1,49,49,491*
3.	Mr. Parin Mehta	From March 24, 2022, till date	Nominee Director	3	1	NIL
4.	Mr. J. Prakash Rayen	From July 18, 2018, till date	ED & Chief Operating Officer & CISO (Employee)	3	3	24,75,000*
5.	Mr. S. Parthiban	From July 18, 2018, till date	EVP & Chief Technology Officer (Employee)	3	3	73,122

\*(including partly paid equity shares)

During the year ended March 31, 2024, three (3) meetings of the Committee were held on July 27, 2023, October 26, 2023, and January 30, 2024.

### V. Stakeholders Relationship Committee:

#### Terms of Reference:

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

### Composition & Meetings:

The composition of the committee as on March 31, 2024, and the details of the meetings of the Committee held during the year ended March 31, 2024, is given below:

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. M. Sivaraman (Chairman)	From July 18, 2018, till date	Independent Director	4	4	NIL
2	Mr. N. Mohanraj	From July 18, 2018, till date	Independent Director	4	4	NIL
3	Mr. D. Arulmany	From November 09, 2018, till date	Promoter, MD & CEO (Executive)	4	4	1,49,49,491*

\*(including partly paid equity shares)

During the year ended March 31, 2024, four (4) meetings of the Committee were held on April 27, 2023, July 26, 2023, October 26, 2023, and January 29, 2024.

### VI. Risk Management Committee:

#### Terms of Reference:

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

### Composition & Meetings:

**The Risk Management Committee was reconstituted in the Board meeting held on January 30, 2024, as below:**

Name of the Members (Before)	Name of the Members (Now)
Mr. Abhijit Sen (Chairman)	Mr. Abhijit Sen (Chairman)
Mr. D Arulmany	Mr. D Arulmany
Ms. Priyamvada Ramkumar	Ms. Priyamvada Ramkumar
Mr. Gaurav Malhotra	Mr. Sudhir Narayanankutty Variyar
Mr. Parin Mehta	Mr. Mathew Joseph

**The composition of the committee as on March 31, 2024, is given below:**

<b>Name of the Members</b>	<b>Designation</b>
Mr. Abhijit Sen (Chairman)	Independent Director
Mr. D Arulmany	Managing Director & Chief Executive Officer
Ms. Priyamvada Ramkumar	Nominee Director
Mr. Sudhir Narayanankutty Variyar	Nominee Director
Mr. Mathew Joseph	Independent Director

**The details of the meetings of the Committee held during the year ended March 31, 2024, is given below:**

<b>Sl. No.</b>	<b>Name of the member</b>	<b>Member of Committee from &amp; till date</b>	<b>Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)</b>	<b>Number of Meetings of the Committee</b>		<b>No. of shares held in the NBFC</b>
				<b>Held</b>	<b>Attended</b>	
1.	Mr. Abhijit Sen (Chairman)	From November 09, 2018, till date	Independent Director	4	4	NIL
2.	Mr. D. Arulmany	From November 09, 2018, till date	Promoter, MD & CEO (Executive)	4	4	1,49,49,491*
3.	Ms. Priyamvada Ramkumar	From June 15,2020 till date	Nominee Director	4	4	NIL
4.	Mr. Gaurav Malhotra	From June 15,2020 till January 30, 2024	#Nominee Director	4	4	NIL
5.	Mr. Parin Mehta	From March 24, 2022,till January 30, 2024	Nominee Director	4	4	NIL
6.	Mr. Sudhir Narayanankutty Variyar	From January 30, 2024, till date	Nominee Director	0	0	NIL
7.	Mr. Mathew Joseph	From January 30, 2024, till date	Independent Director	0	0	NIL

\*(including partly paid equity shares)

#Mr. Gaurav Malhotra, Nominee Director of British International Investment PLC, has resigned from the Board of Directors with effect from March 27, 2024.

During the year ended March 31, 2024, four (4) meetings of the Committee were held on April 26, 2023,July27, 2023,October 26, 2023, and January 30, 2024.

## VII. Resources & Business Committee:

### Terms of Reference:

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

### Composition & Meetings:

**The Resources & Business Committee was reconstituted in the Board meeting held on January 30, 2024, as below:**

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

**The composition of the committee as on March 31, 2024, is given below:**

Name of the Member	Designation
Mr. N. Mohanraj (Chairman)	Independent Director
Mr. D. Arulmany	Managing Director & Chief Executive Officer
Ms. Priyamvada Ramkumar	Nominee Director
Mr. Suresh Subramanian	Independent Director

**The details of the meetings of the Committee held during the year ended March 31, 2024, is given below:**

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. N. Mohanraj (Chairman)	From November 09, 2018, till date	Independent Director	6	6	NIL
2.	Mr. D. Arulmany	From November 09, 2018, till date	Promoter, MD & CEO (Executive)	6	6	1,49,49,491*
3.	Ms. Priyamvada Ramkumar	From November 09, 2018, till date	Nominee Director	6	5	NIL
4.	Mr. Gaurav Malhotra	From June 15, 2020 till January 30, 2024	#Nominee Director	4	3	NIL
5.	Mr. Suresh Subramanian	From January 30, 2024, till date	Independent Director	2	2	NIL

\*(including partly paid equity shares)

#Mr. Gaurav Malhotra, Nominee Director of British International Investment PLC, was resigned from the Board of Directors with effect from March 27, 2024.

During the year ended March 31, 2024, six (6) meetings of the Committee were held on April 26, 2023, September 15, 2023, and November 24, 2023, December 22, 2023, February 26, 2024, and March 22, 2024



## VIII. Business Impact Committee:

### Terms of Reference:

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

### Composition & Meetings:

The composition of the committee as on March 31, 2024, and the details of the meetings of the Committee held during the year ended March 31, 2024, is given below:

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Gaurav Malhotra	From November 04, 2019, till date	Representative of British International Investment Plc	2	2	NIL
2	Mr. D. Arulmany	From January 29, 2018, till date	Promoter, MD & CEO (Executive)	2	2	1,49,49,491*

\*(including partly paid equity shares)

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

During the year ended March 31, 2024, two meetings of the Committee were held on July 26, 2023, and January 29, 2024.

**Terms of Reference of Committees of Management are as follows:**

**I. Assets Liability Management Committee:**

**Terms of Reference:**

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

**Composition & Meetings:**

The Assets Liability Management Committee was reconstituted in the Board meeting held on January 30, 2024, to induct permanent invitees comprising of Business Heads, Chief Audit Officer and Chief Compliance Officer.

**The composition of the committee as on March 31, 2024, is given below:**

Name of the Members & Designation	Name of the Invitees & Designation
Mr. D. Arulmany (Chairman), Managing Director & Chief Executive Officer	Mr. Kannan K, EVP & Business Head - MSME RURAL
Mr. J. Prakash Rayen, Chief Operating Officer	Mr. Sekhar Vikas, EVP & Business Head - MSME Urban
Mr. V. G. Suchindran, Chief Financial Officer	Mr. Sankar Annamalai, EVP & Business Head - Home Loans
Mr. M. Mahesh, Senior Vice President - Treasury	Mr. Sathish R, EVP & Business Head - Vehicle Finance
Mr. R. Vijay, Chief Risk Officer	Ms. Kanchana Srikanth, Chief Compliance Officer
Ms. S.V. Laxmi, Deputy Vice President - Finance	Mr. W. Christopher Robin, Chief Audit Officer

**The details of the meetings of the Committee held during the year ended March 31, 2024, is given below:**

Sl. No.	Name of the member	Member of Committee from & till date	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. D. Arulmany (Chairman)	From January 31, 2018, till date	Promoter, MD & CEO (Executive)	12	12	1,49,49,491*
2.	Mr. J. Prakash Rayen	From January 31, 2018, till date	Chief Operating Officer	12	12	24,75,000*
3.	Mr. V. G. Suchindran	From January 31, 2018, till date	Chief Financial Officer	12	12	15,50,000*
4.	Mr. M. Mahesh	From July 18, 2018, till date	Senior Vice President - Treasury	12	12	20,576
5.	Mr. R. Vijay	From June 15, 2020, till date	Chief Risk Officer	12	12	11,014
6.	Ms. S.V. Laxmi	From August 05, 2021, till date	Deputy Vice President - Finance	12	11	NIL

\*(including partly paid equity shares)

During the year ended March 31, 2024, twelve (12) meetings of the Committee were held on April 17, 2023, May 22, 2023, June 20, 2023, July 14, 2023, August 28, 2023, September 15, 2023, October 19, 2023, November 16, 2023, December 22, 2023, January 12, 2024, February 13, 2024, and March 15, 2024.

## II. IT Steering Committee:

Pursuant to para 1.1 of the Master Direction - Information Technology Framework for the NBFC Sector and directions given in the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by RBI dated November 7, 2023, IT Steering Committee comprising of the members from management, has been constituted by the IT Strategy Committee vide its circular resolution dated September 25, 2023, to assist in implementing IT strategy that has been approved by the Board.

### Terms of Reference:

It includes prioritization of IT-enabled investment, reviewing the status of projects (including, resource conflict), monitoring service levels and improvements, IT service delivery and projects.

### IT Project Planning & Monitoring:

1. Defining project priorities and assessing strategic fit for IT proposals
2. Defining project success measures and following up progress on IT projects

### IT Architecture & IT Security:

1. Consult and advice on the selection of technology within standards.
2. Provide direction relating to technology standards and practices.
3. Ensure that vulnerability assessments of new technology are performed
4. Consult and advice on the application of architecture guidelines.
5. Provide direction to IT architecture design and ensure that the IT architecture reflects the need for legislative and regulatory compliance, the ethical use of information and business continuity.

### IT Governance:

1. Performing portfolio reviews for continuing strategic relevance
2. Reviewing, approving and budget initiatives, after assessing value-addition to business process.
3. Ensuring that all critical projects have a component for "project risk management.
4. Sponsoring or assisting in governance, risk, and control framework, and directing and monitoring key IT Governance processes.
5. Verify compliance with technology standards and guidelines.
6. Ensure compliance to regulatory and statutory requirements.

### Composition & Meetings:

The composition of the committee as on March 31, 2024, is given below:

Name of the Member	Designation
Mr. J. Prakash Rayen	Chief Information Security Officer & Chief Operating Officer
Mr. S. Parthiban	Chief Technology Officer
Mr. K. Kannan	EVP & Business Head - MSME Rural
Mr. Sekhar Vikas	EVP & Business Head - MSME Urban
Mr. Sankar Annamalai	EVP & Business Head - Home Loan
Mr. Sathish R	EVP & Business Head - Vehicle Finance
Mr. R. Vijay	Chief Risk Officer

### III. Information Security Committee

Pursuant to the directions given in the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by RBI dated November 7, 2023, Information Security Committee comprising of the members from management, has been constituted by the IT Strategy Committee in its meeting held on January 30, 2024, to assist in managing the cyber and information security.

#### Terms of Reference:

1. Development of information/cyber security policy.
2. Approve and monitor InfoSec projects and security awareness initiatives.
3. Review the cyber incidents, IS audit observations, monitoring, and mitigation.
4. Update ITSC periodically on the activities of ISC.

#### Composition & Meetings:

The composition of the committee as on March 31, 2024, is given below:

Name of the Member	Designation
Mr. R. Vijay	Chief Risk Officer
Mr. J. Prakash Rayen	Chief Information Security Officer & Chief Operating Officer
Mr. S. Parthiban	Chief Technology Officer
Mr. K. Kannan	Business Head - MSME Rural
Mr. Sekhar Vikas	Business Head - MSME Urban
Mr. Sankar Annamalai	Business Head - Home Loan
Mr. Sathish R	Senior Vice President - Business Head - Vehicle Finance

#### Disclosures

##### Remuneration of Non-Executive Directors

For FY 2023-24, the Company paid sitting fees of Rs.25,000/- to Independent Directors for attending for every Board meeting and Rs. 25,000/- for every meeting of Committees constituted by the Board, as decided, in the Board Meeting held on April 27, 2023.

The annual commission would also be paid for all the Independent Directors as per the policy and the approval of the Nomination and Remuneration Committee.

The details of the remuneration of Directors during the financial year 2023-24 are as follows:

Name of the Independent Director	Sitting Fees (Amount in Rs.)		Commission (Amount in Rs.)
	Board	Committees	
Mr. Abhijit Sen	2,50,000	4,75,000	20,00,000
Mr. M. Sivaraman	2,50,000	2,75,000	20,00,000
Mr. N. Mohanraj	2,50,000	6,00,000	20,00,000
Mr. Mathew Joseph	75,000	50,000	6,50,000
Mr. Suresh Subramanian	75,000	50,000	6,50,000
Mr. Sankarson Banerjee	NIL	NIL	50,000
<b>Total</b>	<b>9,00,000</b>	<b>14,50,000</b>	<b>73,50,000</b>
<b>Grand Total</b>			<b>97,00,000</b>

## General Body Meetings

During the period from April 01, 2023, to March 31, 2024, apart from the Annual general meeting (AGM), four Extra-ordinary General Meetings (EGM) were held as per details given below:

Type of meeting	Date	Time	Venue	Resolutions passed
AGM	28.06.2023	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> <li>To consider and approve the issuance of 82,36,723 equity shares of face value Rs. 10/- per share by preferential allotment and private placement at Rs. 485.63/- per share aggregating to Rs. 399,99,99,790/-</li> <li>To consider and approve the issuance of 26,89,518 partly paid equity shares at a price of Rs.485.63/- per share by preferential allotment.</li> <li>To consider and approve the formation of a gratuity trust by the company.</li> </ul>
EGM	20.04.2023	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> <li>To increase the borrowing powers of the Board of Directors</li> <li>Authorization for issuance and allotment of redeemable non-convertible debentures</li> <li>To undertake the transaction(s) for Securitization/Selling/Transfer/Direct Assignment of its receivables/book debts</li> <li>To increase the Authorized Share Capital of the Company from Rs.130,00,00,000/- (Rupees One Hundred and Thirty Crores Only) to Rs.202,00,00,000/- (Rupees Two Hundred and Two Crores Only) and to amend the Memorandum of Association (MOA) of the Company</li> </ul>
EGM	10.07.2023	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> <li>To consider and approve the alteration to the Articles of Association of the Company.</li> <li>Regularization of Mr. Sudhir Narayanankutty Variyar (DIN: 00168672) as the Nominee Director.</li> <li>To approve the amendment to all the Veritas Employees Stock Option Schemes</li> </ul>
EGM	23.12.2023	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> <li>Appointment of Mr. Mathew Joseph (DIN: 01033802) as the Independent Director of the Company</li> <li>Appointment of Mr. Suresh Subramanian (DIN: 02070440) as the Independent Director of the Company</li> <li>To consider and approve the alteration to the Articles of Association of the Company</li> <li>To consider and approve the interchange in limits of the borrowing powers of the Board of Rs. 5200 Crores (Rupees Five Thousand Two Hundred Crores only) for FY 2023-24</li> <li>Authorization for issuance and allotment of redeemable non-convertible debentures</li> <li>To undertake the transaction(s) for Securitization/Selling/Transfer/Direct Assignment of its receivables/book debts</li> </ul>
EGM	15.03.2024	10:00 am	Registered office of the Company	<ul style="list-style-type: none"> <li>Adoption of Veritas Employees Stock Option Scheme, 2024</li> </ul>

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

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

### Separate posts of Chairperson and Managing Director/ Chief Executive Officer

Mr. D. Arulmany is the Managing Director & Chief Executive Officer of the Company and there is no separate Chairperson of the Company. The Chairman for the meetings of the Board and the shareholders are elected at every meeting respectively.

### Risk Management

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

A detailed report on the Risk Management framework of the Company is attached separately as part of the Annual Report.

### Regulatory & Statutory Compliances

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

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

Due to the technical issues persisting in the MCA V3 portal, there was one delayed filing of e-form in relation to charge modification. The same was duly completed upon payment of requisite additional fees. The details of the same as follows:

Regulator Name	Amount in Rupees
Ministry of Corporate Affairs	3600

### Details of penalties and strictures

The following are the details of the penalties/fines imposed by the Regulators during the year ended March 31, 2024:

Regulator Name	Amount in Rupees
Employees' Provident Fund Organisation, India	136

The date of birth of one of the employees of the Company who joined in the month of July 2023 was incorrectly entered by his previous employer, due to which the UAN Number for remittance was unable to be linked at the time of PF Challan Generation. Accordingly, after correction of DOB by the said employee in the PF Portal, separate arrears challan for PF remittance was generated and paid in October 2023. Due to this, the Company received an interest and penalty of Rs. 136/- for the late remittance and it was paid on February 05, 2024.

### Compliance Report

The Board reviews the compliance of all applicable laws every quarter which are complied by the Company and validated by the internal auditors and gives appropriate directions, wherever necessary.

### Related party transactions

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

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

**General Shareholder Information****Financial year:** April 1st to March 31st**Shareholding pattern as on March 31, 2024****Equity Shares:**

<b>Category</b>	<b>Number of Shares</b>	<b>% of total</b>
Promoter & Relatives	1,54,49,491	11.70%
Resident Individual Investors	14,11,611	1.07%
Non-Resident Individual Investors holding shares on non-repatriation basis	82,92,367	6.28%
Employees & their Relatives	53,88,949	4.08%
Institutional Investors	10,14,88,791	76.87%
<b>Total</b>	<b>13,20,31,209</b>	<b>100.00%</b>

**Address for Correspondence:****Veritas Finance Private Limited**SKCL Central Square 1, 7thFloor, South & North Wing, Unit # C28-C35,  
CIPET Road, Thiru Vi Ka Industrial Estate, Guindy, Chennai - 600032

Tel.: +91 44 4615 0011

E-mail: corporate@veritasfin.in Website: <http://www.veritasfin.in>**On behalf of the Board of Directors  
For Veritas Finance Private Limited****M. Sivaraman**Independent Director  
and Chairman of Audit Committee  
DIN: 00009981

Place: Chennai

Date: April 25, 2024

**D. Arulmany**Managing Director & CEO  
DIN: 02045100

## ANNEXURE I

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

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

S.No	Particulars	Remarks
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Mr. D. Arulmany - 73.64:1 Mr. Abhijit Sen - 9.04:1 Mr. M. Sivaraman - 8.38:1 Mr. N. Mohanraj - 9.46:1 Mr. Mathew Joseph - 2.57:1 Mr. Subramanian Suresh - 2.57:1 Mr. Sankarson Banerjee - 0.17:1
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Managing Director and CEO - 25.66% Chief Financial Officer - 24.39% Chief Operating Officer-24.73% Company Secretary and Compliance Officer- 32.46% Other Directors - 32.79%
3.	The percentage increase in the median remuneration of employees in the financial year	4.69%.
4.	The number of permanent employees on the rolls of company	6299
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average % increase in employees salary: 11.92%  Average % increase in KMP salary: 26.10%
6.	Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that the remuneration paid is as per the as per the Policy for Directors, Key Managerial Personnel and other Employees.

**B. Information as per Rule 5(2) and Rule 5(3) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014** - The statement is available for inspection of the shareholders at the ensuing annual general meeting of the Company. If any member is interested in obtaining a copy, such member may send an e-mail to the Company Secretary of the Company in this regard.



**ANNEXURE II**  
**FORM NO AOC-2**

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

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

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

Veritas Finance Private Limited has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or not at arm's length during FY 2023-24.

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

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

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

Although there are no related party transactions as per Section 188 of the Companies Act, 2013 and the rules made thereunder, as per Rule 4(1) of the Companies (CSR Policy) Rules, 2014, the Company has, formed a trust in the name of "Veritas Foundation" to implement the CSR activities of the Company (CSR00046476). Further, during the financial year ended March 31, 2024, the Company established a trust by name "Veritas Employees Gratuity 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.

During the year ended March 31, 2024, the following were the transactions with Veritas Foundation:

- The Company has transferred the CSR obligation of Rs. 1,00,00,000/-, out of the total project cost of Rs. 2,51,30,000/-, towards the ongoing project to the Trust for the FY 2023-24, and the same was approved by the Board of Directors in the meeting held on November 24, 2023, based on the recommendation of the CSR Committee in the meeting held on November 23, 2023, and the prior approval of the Audit Committee accorded to this Related Party Transaction vide circular resolution passed on November 23, 2023.

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

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

---

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

**D. Arulmany**  
**Managing Director & CEO**

DIN: 00009981

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

DIN: 02045100

**Place:** Chennai

**Date:** April 25, 2024

**Place:** Chennai

**Date:** April 25, 2024

## ANNEXURE III

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

	Nature of Disclosures	Particulars
a.	Options approved to be issued as ESOPs	30,00,000
b.	Options Granted	30,50,000
c.	Options Vested	-
d.	Options Exercised	29,61,500
e.	The total no. of shares arising as a result of exercise of option	29,61,500
f.	Options Lapsed / Surrendered	88,500
g.	Variation of terms of option	NIL
h.	Total number of options in force	-
i.	Options available for grant	38,500
j.	Money realized by exercise of options	3,81,30,000
k.	a. Details of options granted to Key Managerial Personnel (KMP) b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2024 c. Identified employees who were granted Options, during the period ended 31.03.2024, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL NIL NIL
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	Exercise Price was Rs.10 for Options granted on 18.01.2016 Exercise Price was Rs.20 for Options granted on 10.11.2016 Exercise Price was Rs.20 for Options granted on 20.03.2017 Exercise Price was Rs.160 for Options granted on 15.06.2020

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

	<b>Nature of Disclosures</b>	<b>Particulars</b>
a.	Options approved to be issued as ESOPs	10,00,000
b.	Options Granted	11,60,000
c.	Options Vested	42,750
d.	Options Exercised	8,35,350
e.	The total no. of shares arising as a result of exercise of option	8,35,350
f.	Options Lapsed / Surrendered	1,63,400
g.	Variation of terms of option	NIL
h.	Total number of options in force	1,61,250
i.	Options available for grant	3,400
j.	Money realized by exercise of options	3,77,04,000
k.	a. Details of options granted to Key Managerial Personnel (KMP) b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2024 c. Identified employees who were granted Options, during the period ended 31.03.2024, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL NIL NIL
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	Exercise Price was Rs.40 for Options granted on 22.03.2018. Exercise Price was Rs.160 for Options granted on 15.06.2020. Exercise Price was Rs.375 for Options granted on 30.01.2023.

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

	<b>Nature of Disclosures</b>	<b>Particulars</b>
a.	Options approved to be issued as ESOPs	20,00,000
b.	Options Granted	25,20,000
c.	Options Vested	3,90,000
d.	Options Exercised	10,00,650
e.	The total no. of shares arising as a result of exercise of option	10,00,650
f.	Options Lapsed / Surrendered	5,39,350
g.	Variation of terms of option	NIL
h.	Total number of options in force	9,80,000
i.	Options available for grant	19,350
j.	Money realized by exercise of options	13,71,65,000
k.	<p>a. Details of options granted to Key Managerial Personnel (KMP)</p> <p>b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2024</p> <p>c. Identified employees who were granted Options, during the period ended 31.03.2024, equal or exceeding 1% of the issued capital of the Company at the time of grant</p>	<p>NIL</p> <p>3 employees</p> <p>NIL</p>
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard – 20	NA
m.	The exercise price of Options	<p>Exercise Price was Rs.120 for Options granted on 06.12.2018.</p> <p>Exercise Price was Rs.125 for Options granted on 26.04.2019.</p> <p>Exercise Price was Rs.160 for Options granted on 15.06.2020.</p> <p>Exercise Price was Rs.375 for Options granted on 30.01.2023.</p> <p>Exercise Price was Rs.475 for Options granted on 26.10.2023</p>

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

	<b>Nature of Disclosures</b>	<b>Particulars</b>
a.	Options approved to be issued as ESOPs	10,00,000
b.	Options Granted	10,10,000
c.	Options Vested	1,19,250
d.	Options Exercised	24,500
e.	The total no. of shares arising as a result of exercise of option	24,500
f.	Options Lapsed / Surrendered	97,500
g.	Variation of terms of option	NIL
h.	Total number of options in force	8,88,000
i.	Options available for grant	87,500
j.	Money realized by exercise of options	55,12,500
k.	a. Details of options granted to Key Managerial Personnel (KMP) b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2024 c. Identified employees who were granted Options, during the period ended 31.03.2024, equal or exceeding 1% of the issued capital of the Company at the time of grant	NIL 5 employees NIL
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	Exercise Price was Rs.225 for Options granted on 05.08.2021. Exercise Price was Rs.350 for Options granted on 19.09.2022. Exercise Price was Rs.375 for Options granted on 30.01.2023. Exercise Price was Rs.475 for Options granted on 26.10.2023 and 30.01.2024.

**VERITAS Employees Stock Option Scheme, 2024 (VERITAS ESOS, 2024).**

	<b>Nature of Disclosures</b>	<b>Particulars</b>
a.	Options approved to be issued as ESOPs	20,00,000
b.	Options Granted	2,66,667
c.	Options Vested	NIL
d.	Options Exercised	NIL
e.	The total no. of shares arising as a result of exercise of option	NIL
f.	Options Lapsed / Surrendered	NIL
g.	Variation of terms of option	NIL
h.	Total number of options in force	2,66,667
i.	Options available for grant	17,33,333
j.	Money realized by exercise of options	NIL
k.	<p>a. Details of options granted to Key Managerial Personnel (KMP)</p> <p>b. Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31.03.2024</p> <p>c. Identified employees who were granted Options, during the period ended 31.03.2024, equal or exceeding 1% of the issued capital of the Company at the time of grant</p>	<p>2,66,667 options granted to KMPs (CFO and COO)</p> <p>2 employees (CFO and COO)</p> <p>NIL</p>
l.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard - 20	NA
m.	The exercise price of Options	Exercise Price was Rs.75 for Options granted on 27.03.2024.

## Annexure IV

### FORM NO.MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2024

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

To,

The Members,

#### **VERITAS FINANCE PRIVATE LIMITED,**

(CIN: U65923TN2015PTC100328),

SKCL Central Square 1, North Wing & South Wing, 7th Floor,  
Unit No. C28 - C35 CIPET Road, Thiru Vi Ka Industrial Estate,  
Guindy, Chennai – 600 032.

We, M Damodaran & Associates LLP, Practicing Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **VERITAS FINANCE PRIVATE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Companies books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31.03.2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31.03.2024** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (to the extent applicable)
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Reserve Bank of India Act, 1934 and RBI Directions and Guidelines as applicable to the Company.

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

- i. The Listing Agreements entered into by the Company with BSE Limited, and
- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Standards, etc. mentioned above and there are no other specific observations requiring any qualification on non-compliances.

**We further report that** the Board of Directors of the Company has been constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



Notice is given to all Directors to schedule the Board & Committee Meetings. Agenda and detailed note on agenda for the meetings were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the respective Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

**We further report that** during the audit period the Board of Directors of the Company, inter-alia, has;

- a. considered and approved, at its meeting held on 27th April, 2023, the proposal for fund raising by issue of redeemable and non-convertible debentures aggregating up to Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) in one or more series/tranches on private placement basis.
- b. allotted, vide its circular resolution dated 05th July, 2023, 1,09,26,241 equity shares (including 26,89,518 partly paid equity shares) by way of a preferential allotment on a private-placement basis.
- c. approved, vide its circular resolution dated 13th July, 2023, the conversion of 1,09,75,000 partly paid-up equity shares having face value Rs. 10/- (Rupees Ten) each to fully paid-up equity shares.
- d. approved, at its meeting held on 15th September, 2023, the conversion of 5,80,58,249 Compulsorily Convertible Preference shares of Series B, C, D & E bearing face value of Rs. 10/- each and Rs. 15/- each, as applicable, to Equity shares of Rs. 10/- each at the agreed conversion ratio of 1:1, pursuant to the Amended and Restated Shareholders' Agreement dated 21st June, 2023.
- e. allotted, vide its circular resolution dated 26th December, 2023, 5500 Series 15 secured, rated, redeemable, listed, non-convertible debentures aggregating to Rs. 55,00,00,000/- (Rupees Fifty Five Crores only).
- f. considered and approved, at its meeting held on 30th January, 2024, the proposal for fund raising by issue of redeemable and non-convertible debentures, based on amended limits, aggregating up to Rs. 400,00,00,000/- (Rupees Four Hundred Crores only) in one or more series/tranches on private placement basis.
- g. allotted 18,73,000 Equity Shares of Rs. 10/- each under Veritas Employee Stock Option Scheme on various dates.
- h. Allotted, vide circular resolution dated 28th March, 2024, Series 16, 7500 Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures in the form of Separately Transferable Redeemable Principal Parts (STRPPs) aggregating up to Rs. 75,00,00,000/- (Rupees Seventy Five Crores only).

**We further report that** during the audit period the Shareholders of the Company, inter alia, has;

- a. passed a Special Resolution under section 180(1)(c) and other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 20th April, 2023 to amend the borrowing powers of the Board of Directors as follows:

Particulars	Old Limits (in Rs. Crores)	Amended Limits (in Rs. Crores)
Private placement of Non-Convertible Debentures (NCDs)	1000.00	600.00
Borrowings from such person or persons including banks, institutions, corporates, etc., by way of External Commercial Borrowings (ECBs), availing Standby Letter of Credit (SBLC), and all types of fund and non-fund based facilities.	2700.00	4000.00
Borrowings by way of Commercial Papers	50.00	200.00
<b>Total Direct Borrowings (in Rs. Crores) (outstanding at any point of time)</b>	<b>3750.00</b>	<b>4800.00</b>
Securitization of its loan receivables, and/or to sell / transfer / directly assign substantial assets including receivables / book debt of the Company	250.00	400.00
<b>Grand Total (in Rs. Crores)</b>	<b>4000.00</b>	<b>5200.00</b>

- b. passed a Special Resolution under section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 20th April, 2023, to undertake the transaction(s) for Securitization/Selling/Transfer/Direct Assignment of its receivables/book debts up to Rs. 400,00,00,000/- (Rupees Four Hundred Crores only).

- c. passed a Special Resolution under section 61, 64 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 20th April, 2023 to increase the Authorized Share Capital of the Company from Rs. 130,00,00,000/- (Rupees One Hundred and Thirty Crores Only) to Rs. 202,00,00,000/- (Rupees Two Hundred and Two Crores Only) and to amend the Memorandum of Association.
- d. passed a Special Resolution under section 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 20th April, 2023 for issue of secured/unsecured/subordinated, rated/unrated, listed/unlisted non-convertible debentures on a private placement basis in one or more tranches up to a maximum amount not exceeding Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) during a period of one year.
- e. passed a Special Resolution under Sections 23, 42, and 62(1)(c) and all other applicable provisions of the Companies Act, 2013 at an Annual General Meeting held on 28th June, 2023 for issuance of 82,36,723 equity shares of the Company aggregating to Rs.399,99,99,790.491/- at an issue price of Rs. 485.63/- per share comprising of face value of Rs. 10/- per share and share premium of Rs. 475.63/- per share by way of a preferential allotment on a private placement basis.
- f. passed a Special Resolution under Sections 23, 42, and 62(1)(c) and all other applicable provisions of the Companies Act, 2013 at an Annual General Meeting held on 28th June, 2023 for issuance of 26,89,518 partly paid equity shares at an issue price of Rs.485.63 /- per share comprising of face value of Rs. 10/- per share and share premium of Rs. 475.63/- per share aggregating to Rs. 130,61,10,626.34/- by way of a preferential allotment on a private placement basis wherein Re. 1 is payable on the date of subscription and the remainder payable in the manner set out in the Shareholders' Agreement and Share Subscription Agreement.
- g. passed a Special Resolution under section 5, 14 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meetings held on 10th July, 2023 & 23rd December, 2023 to approve the alteration of the Articles of Association of the Company.
- h. passed a Special Resolution under applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 10th July, 2023 to approve the amendment to the Veritas Employees Stock Option Schemes.
- i. passed a Special Resolution under section 180(1)(c) and other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 23rd December, 2023 to amend the borrowing powers of the Board of Directors as follows:

Particulars	Old Limits (in Rs. Crores)	Amended Limits (in Rs. Crores)
Private placement of Non-Convertible Debentures (NCDs)	600.00	400.00
Borrowings from such person or persons including banks, institutions, corporates, etc., by way of External Commercial Borrowings (ECBs), availing Standby Letter of Credit (SBLC), and all types of fund and non-fund based facilities.	4000.00	4000.00
Borrowings by way of Commercial Papers	200.00	200.00
<b>Total Direct Borrowings (in Rs. Crores) (outstanding at any point of time)</b>	<b>4800.00</b>	<b>4600.00</b>
Securitization of its loan receivables, and/or to sell / transfer / directly assign substantial assets including receivables / book debt of the Company	400.00	600.00
<b>Grand Total (in Rs. Crores)</b>	<b>5200.00</b>	<b>5200.00</b>

- j. passed a Special Resolution under section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 23rd December, 2023 to undertake the transaction(s) for Securitization/Selling/Transfer/Direct Assignment of its receivables/book debts up to Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) based on amended limits.
- k. passed a Special Resolution under section 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 23rd December, 2023 for issue of secured/unsecured/subordinated, rated/unrated, listed/unlisted non-convertible debentures on a private placement basis in one or more tranches up to a maximum amount not exceeding Rs. 400,00,00,000/- (Rupees Four Hundred Crores only) during a period of one year based on amended limits.

Place: Chennai  
Date: April 25, 2024

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

For **M DAMODARAN & ASSOCIATES LLP**  
**M. DAMODARAN**  
Managing Partner  
Membership No.: 5837  
COP. No.: 5081  
FRN: L2019TN006000  
PR 1374/2021  
ICSI UDIN: F005837F000245472

To,

The Members,

**VERITAS FINANCE PRIVATE LIMITED,**

(CIN: U65923TN2015PTC100328),

SKCL Central Square 1, North & South Wing, 7th Floor,

Unit No. C28 - C35 CIPET Road, Thiru Vi Ka Industrial Estate,

Guindy, Chennai - 600 032.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai

Date: April 25, 2024

For **M DAMODARAN & ASSOCIATES LLP**

**M. DAMODARAN**  
**Managing Partner**

Membership No.: 5837

COP. No.: 5081

FRN: L2019TN006000

PR 1374/2021

ICSI UDIN: F005837F000245472

## CORPORATE SOCIAL RESPONSIBILITY REPORT

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# CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

## Annexure V

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

### 1. Brief outline on CSR Policy of the Company.

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

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

### 2. Composition of CSR Committee:

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

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

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

### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Impact assessment of CSR projects is not applicable as the company’s average CSR obligation in the three immediately preceding financial years does not exceed ten crore rupees or more and there are no CSR projects having outlays of one crore rupees or more, which have been completed not less than one year before undertaking the impact study.

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

Particulars	(in Rs. Lakhs)
Profit/(Loss) - 2022-23	23,743.84
Profit/(Loss) - 2021-22	11,921.53
Profit/(Loss) - 2020-21	9,966.59
<b>Average PROFIT for CSR purpose</b>	<b>15,210.65</b>

### (b) Two percent of average net profit of the company as per section 135(5)

Particulars	(in Rs. Lakhs)
2% of average Profit/Loss for last three years *	304.30

\*Prescribed CSR Expenditure

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

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

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]. - Rs. 304.30 Lakhs

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)**

- Rs. 153.00 Lakhs

(b) Amount spent in Administrative Overheads- NIL

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

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]- Rs. 153.00 Lakhs

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. Lakhs)	Amount Unspent (in Rs. Lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in Rs. Lakhs)	Date of transfer	Name of the Fund	Amount (in Rs. Lakhs)	Date of transfer
153.00	151.30	April 03, 2024	NA	NA	NA

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

Sl. No.	Particular	Amount (in Lakhs Rs.)
i.	Two percent of average net profit of the company as per section 135(5)	₹ 304.30 Lakhs
ii.	Total amount spent for the Financial Year	₹ 153.00 Lakhs
iii.	Excess amount spent for the financial year [(ii)-(i)]	NIL
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**7. Details of Unspent CSR amount for the preceding three financial years:**

Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in Rs. Lakhs)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		Amount remaining to be spent in succeeding financial years (in Rs.)	Deficiency, if any
				Amount (in Rs)	Date of transfer		
FY 2020-21	NA	NA	NA	NA	NA	NA	NA
FY 2021-22	NA	NA	89.10	37.50	April 21, 2022	NIL	NIL
FY 2022-23	NA	NA	NA	NA	NA	NA	NA

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No**

**If Yes, enter the number of Capital assets created/ acquired – NA**

**Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					(1)	(2)	(3)
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries.

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** - In FY 2023-24, Rs. 251.30 Lakhs was allocated to Veritas Foundation towards an 'ongoing project', as identified and approved by the Board, of which Rs. 100.00 Lakhs has been spent in FY 2023-24. The unspent CSR amount of Rs. 151.30 Lakhs has duly been transferred to 'Unspent CSR Account FY 2023-24' on April 03, 2024.

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

Date: April 25, 2024  
Place: Chennai

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

Date: April 25, 2024  
Place: Chennai



## CENTRE FOR INTRINSIC MOTIVATION (CIM)

Centre for Intrinsic Motivation (CIM) is a flagship venture of Schools and Teachers Innovating for Results (India) which have been working in Tamil Nadu since 2018. As part of the SDG 4, Teachers play an integral part in ensuring inclusiveness and equitable quality education for all by 2030. In the FY 2023-24, CIM partnering with the State Education Department and in collaboration with Veritas Foundation, has worked in the three districts of Tamil Nadu such as Thanjavur, Mayiladuthurai and Cuddalore to improve the quality of learning environments in the government schools.

### PROJECT OUTREACH

Number of District Officials Trained	231
Number of Teachers trained to create better learning environments for children	20,712
Number of Students Impacted	9,97,526



**Orientation Of Master Trainers**



**HM Training Report: Leadership Development**



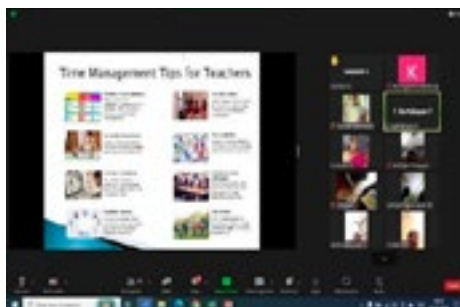
**Model School HM Circle - "Pulari Muttram"**



**Disseminating Best Practices**



**Model Schools Society Workshop Report: Building Connect**



**A Webinar on stress and Time Management**



**Model School Teacher Training For The Year 2024-2025**

### IMPACT STORY

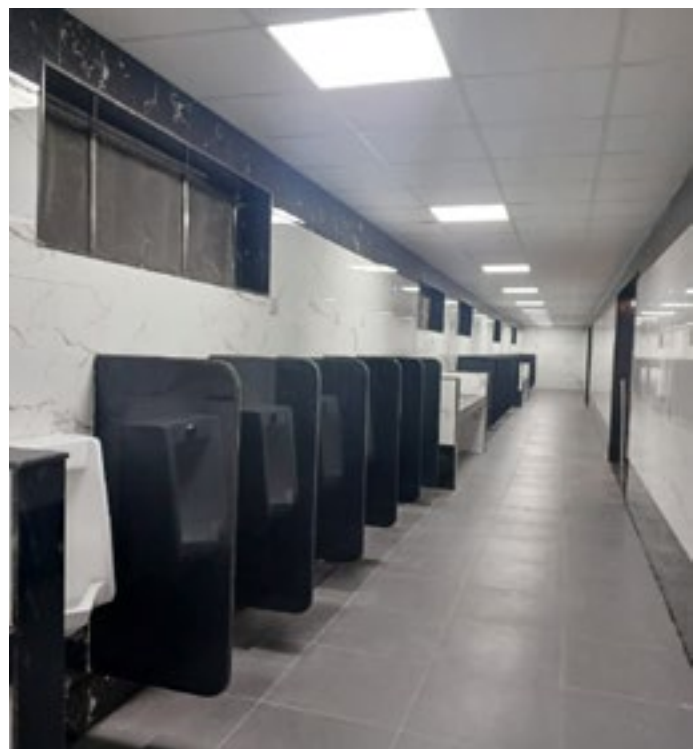
Mr.Xavier Chandrakumar, Head Teacher, Vallalar, Cuddalore district undertook the challenging task of rejuvenating the Vallalar Government Higher Secondary School as its Head Teacher. Recognizing the necessity for a collective effort, Xavier embarked on a mission to instill a culture of improvement and unity among the staff and parents. By fostering reflection, critical thinking, and motivation, he galvanized the entire school community to collaborate in the transformation process.

As Xavier rolled up his sleeves and began cleaning the school compound, a ripple effect of positivity ensued. With the support and organizational backing, the school underwent a remarkable rejuvenation. Boundaries were reinforced, extracurricular activities were introduced, and student well-being became a focal point. Despite facing resistance and even physical altercation, Xavier and his team remained undeterred, making classrooms more inviting and promoting a sense of belonging through inter-house competitions. Through his leadership and CIM's ethos of collaborative improvement, Xavier breathed new life into the Vallalar Government Higher Secondary School, setting it on a path of renewal and progress.

## **FREE MODERN SMART PUBLIC TOILET FACILITIES AT CENTRAL BUS STATION, TIRUCHIRAPPALLI.**

Veritas Foundation, the CSR arm of Veritas Finance Private Limited, has undertaken the CSR project of construction and maintenance of free modern smart public toilet facilities at Central Bus Station, Tiruchirappalli. The inauguration was done by Thiru. K. N. Nehru, Hon'ble Minister for Municipal Administration, Urban and Water Supply of Tamil Nadu, in the presence of Thiru. M. Pradeep Kumar, IAS, District Collector & District Magistrate, Tiruchirappalli.

Under this project, thirty state-of-the-art urinals have been built, in the Central Bus Station, Tiruchirappalli, at the highest standards of hygiene, to be used free of cost by the common public. The said facilities would be operated and maintained by Veritas Foundation for two years as part of the Project.



## PROJECT - YUVA UNSTOPABLE

In pursuit of fostering holistic development and well-being among students, initiatives with the government schools to develop play areas and gym facilities has been undertaken and successfully completed. This project aimed to address the critical absence of recreational spaces and basic gym equipment, thereby enriching the educational experience and promoting the overall growth and development of children. This project embarks the journey of conceptualization, implementation, and the transformative impact of integrating play and gym facilities within government school premises.

### Program Deliverables are as follows:

Double swing, Merry Go Round, Air Walker, Chest press and seated puller, Sea saw, Shoulder builder and Sports kit (badminton, bat, volleyball, football, Basketball, chessboard, tennis ball, hurdles etc.)

### Project Beneficiary Detail

Sr. No	School	Location	No. of	No. of	Total
1	ZPHS Kothaguda	Hyderabad	422	435	857
2	ZPHS Kondapur	Hyderabad	276	295	571
3	ZPHS Serilingampally	Hyderabad	555	550	1105
4	ZPHS Serilingampally Venkatrao	Hyderabad	192	210	402
5	ZPHS Gacchibowli	Hyderabad	328	298	626
6	ZPHS Darga Hussainshawali	Hyderabad	160	116	276
7	ZPHS Raidurg, Serilingampally	Hyderabad	710	420	1130
8	ZPHS Kothagadi	Hyderabad	182	155	337
9	ZPHS Bachupally	Hyderabad	283	272	555
10	ZPHS Maktha Mahaboob	Hyderabad	286	189	475
	<b>Total</b>				<b>6334</b>

### Before the intervention



### After the Intervention



## Appointment, Remuneration and Evaluation Policy

### Preamble:

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

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

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

### Definitions:

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

### The objectives of this policy:

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

### Nomination and Remuneration Committee (NRC):

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

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

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

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

### 2. Role of the Committee:

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

- a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- b) To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals for Directorships.
- c) To assess the independence of Independent Directors;
- d) To review the results of the Board performance evaluation process that relate to the composition of the Board;

- e) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
- f) Annual appraisal of the performance of the Managing Director and fixing the terms of his remuneration.
- g) Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-Human Resources and fixing terms of their remuneration.
- h) Administration of ESOP Schemes of the Company as approved from time to time.
- i) The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

### **3. Key Principles**

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

- Benchmarked to appropriate market: The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees of the quality required to run the Company successfully.
- Adopt a Pay for Performance philosophy such that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Have an appropriate balance in pay mix: The remuneration has a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. For the Senior Management, variable pay shall be higher at higher levels of responsibility and subject to the following principles:
  - a) It shall be commensurate with the role and prudent risk taking profile of KMPs and Senior Management employees;
  - b) Can be reduced to zero based on performance at an individual, business-unit and companywide level.
- Be financially viable and relevant to market practices and commensurate to skills:
  - a) taking into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, and any other relevant factors that the Committee may deem fit;
  - b) be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.
- The compensation of KMPs and Senior Management shall be aligned effectively with prudent risk taking to ensure that
  - a) compensation is adjusted for all types of risks;
  - b) the compensation outcomes are symmetric with risk outcomes;
  - c) compensation pay-outs are sensitive to the time horizon of the risks, and
  - d) the mix of cash, equity and other forms of compensation are consistent with risk alignment.
- Compliant with local laws:
  - a) Remuneration for Senior Management is in compliance with the relevant provisions of the Companies Act, 2013.
  - b) Remuneration for all employees are in compliance with the relevant provisions of Payment of Wages Act, Minimum Wages Act, and such other relevant Labour Laws of the country as may be applicable to the Company from time to time.

### **4. Compensation Governance:**

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

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

## **5. Appointment and removal of Director, KMP and Senior Management:**

### **Appointment criteria and qualification:**

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

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

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

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

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

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

### **Removal:**

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

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

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

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

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

## **6. Performance Evaluation of the Board, Committees and each of the Directors**

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

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

## **7. Remuneration of Managing Director and/or Chief Executive Officer, KMP and Senior Management**

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

be, shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder.

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

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

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

The compensation structure shall broadly comprise the following components:

1. Fixed Pay

2. Variable Pay

#### **Composition of Fixed Pay:**

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

#### **Composition of Variable Pay:**

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

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

**ESOPs:** The KMPs and Senior executives are eligible for long term incentive plan in the form of ESOPs, as per the scheme in force from time to time. Grants under the Scheme are approved by the NRC Committee.

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

**Car Scheme:** In addition to the above, the Senior Employees may also be eligible and be provided with Company Car, Mobile and such other benefits and such other perquisites as may be determined and issued from time to time based on the company policy.

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

#### **8. Compensation for Risk Control and Compliance Staff:**

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

#### **9. Malus and Clawback:**

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

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

#### **Malus & Clawback may be applied under the following circumstances:**

- a. Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the Company;

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

**Malus may be applied under the following additional circumstances:**

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

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

**No variable pay / New Grants:**

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

**10. Remuneration to Independent Director**

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

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

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

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

**11. Policy Review**

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



## Annexure A

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

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

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

### MATRIX FOR EVALUATION OF INDEPENDENT DIRECTOR

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

#### Rating:

1- Always

2- Mostly

3-Sometimes

4-Occasionally

### MATRIX FOR EVALUATION OF NOMINEE DIRECTOR

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

#### Rating:

1- Always

2- Mostly

3-Sometimes

4-Occasionally



## MANAGEMENT DISCUSSION & ANALYSIS

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## MACRO-ECONOMIC OVERVIEW:

The International Monetary Fund (IMF) raised its growth projection for India's GDP in the current fiscal year 2024-25 to 6.80% and forecast a 6.50% expansion next year. The latest FY25 forecast is a 0.30% upward revision from January's projection, the IMF said in its World Economic Outlook in April 2024.

The global economy had remained remarkably resilient with steady growth and inflation returning to target and had defied expectations of stagflation and global recession in the wake of the post-pandemic supply disruptions, Russia's invasion of Ukraine and subsequent global energy and food crises as well as the monetary tightening across economies, the IMF observed.

For the global economy, the IMF expected median headline inflation to ease from 2.80% at the end of this year to 2.40% at the end of 2025. It projected global output growth in 2024 and 2025 at 3.20%, after bottoming out at 2.30% at the end of 2022.

## MSME INDUSTRY INSIGHTS:

In March 2023, India was estimated to have 75 million micro, small, and medium enterprises. The sector has been responsible for contributing approximately 30% to the country's GDP, comprised 43.60% of merchandise exports, and accounted for close to 123 million jobs. Needless to say, that growth in this sector will pave the way for sustainable rises in income and output.

Despite their importance, small and mid-sized businesses are mired in challenges. Some are structural in nature like, gaps in technology and worker skills, market linkages and insufficient infrastructure. The major challenge impeding the growth of MSMEs continues to be the availability and easy access to formal credit. These structural impediments have often weighed on businesses' operational efficiencies and prevented units from scaling up.

## MARKET OPPORTUNITY:

A combined study by Transunion CIBIL and SIDBI indicated that India has approximately 630 lakh MSME corporates of which only 250 lakhs have ever availed credit from formal sources. While the sector continues to grow at a projected compound annual growth rate (CAGR) of 2.5%, the number of MSME corporate entities is expected to touch 750 lakhs by FY23. Of these, around 500 lakhs are expected to be New to Credit (NTC) MSMEs. Lenders can tap into this vast segment by identifying deserving NTC MSMEs, connecting with them and customizing credit products for their requirements.

Though the COVID pandemic played havoc on these businesses, MSMEs are now emerging from this challenging period, with several parameters pointing to steady growth. The sector's demand for loans, for example, has surged by 33% in the first quarter of fiscal year 2024, while delinquencies are declining as nonperforming assets have improved across all types of lenders to MSMEs and across all MSME borrowers. Falling NPAs are improving Indian MSMEs' borrowing prospects.

Delinquency rate	Borrower type			Bank type		
	Micro	Small	Medium	PSU bank	Private bank	NBFC
Q4 FY 2023	3.1%	2.0%	1.9%	3.0%	1.4%	3.6%
Q4 FY 2020	3.7%	3.1%	4.1%	5.3%	2.1%	4.6%

Source: Small Industries Development Bank of India.

Most of the MSMEs borrow from informal sources for financing their needs due to lack of documentation or credit footprint. Credit access can help un-organised MSMEs integrate into the formal economy, compete with global players, and gradually transition into the organized, formal sector. With our unique product offerings that focus on assessing the income earning capacity of the customer rather than relying on documentation and our enhanced use of technology to assist in the onboarding and underwriting processes, we aim to do our part in bridging this gap effectively.

## KEY FOCUS AREAS OF THE COMPANY:

Veritas Finance Private Limited ("Veritas"), a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI"), has presence across ten states namely, Tamil Nadu, West Bengal, Karnataka, Odisha, Andhra Pradesh, Telangana, Madhya Pradesh, Jharkhand, Bihar and Chhattisgarh

and in the union territory of Puducherry. The Company was incorporated in April 2015 and commenced its operations in November 2015. This is the eighth full year of operations.

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

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

Overall, we would be reaching the MSME and salaried customers through the following products in the semi-urban and rural areas:

- **Secured: Medium term - Financial inclusion loans, Micro business loans and Small Business Loans**
- **Unsecured: Short-term Working Capital Loans**
- **Secured: Long term - Home Loans and Loan against Property**
- **Secured: Medium term - Used Commercial Vehicle loans**

**Our core strengths**

- Understanding the customer - We understand our customers from the rural and semi-urban India and offer them with the suitable products based on their needs.
- Strong work-force - With 6,299 employees and equipped with high teeth to tail ratio of around 50.17% as of March-24, we are better placed to offer best-in-class customer experience.
- Geographical presence - Spread across 10 states and 1 union territory, our network of 382 branches and 52 service centers covers wider geographies catering to customers from the southern, eastern and central parts of India.
- Efficient Disbursal mechanism - Powered with the help of technology, we keep our turnaround time for disbursal to the minimum.

**VERITAS UNDERWRITING METHODOLOGY**

As an organization that operates in providing loans to underserved segment, Veritas has unique credit

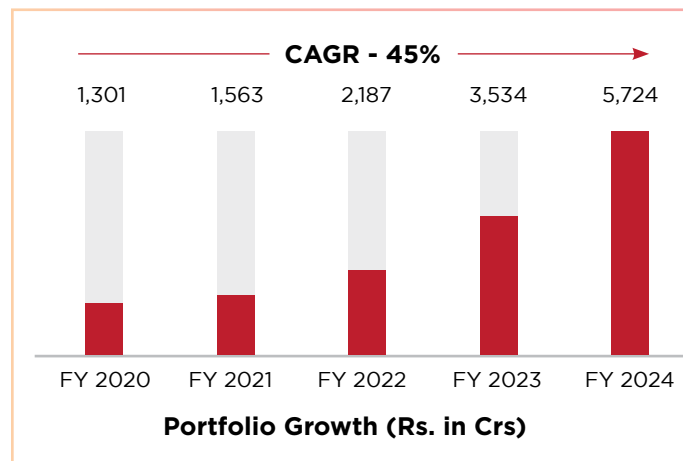
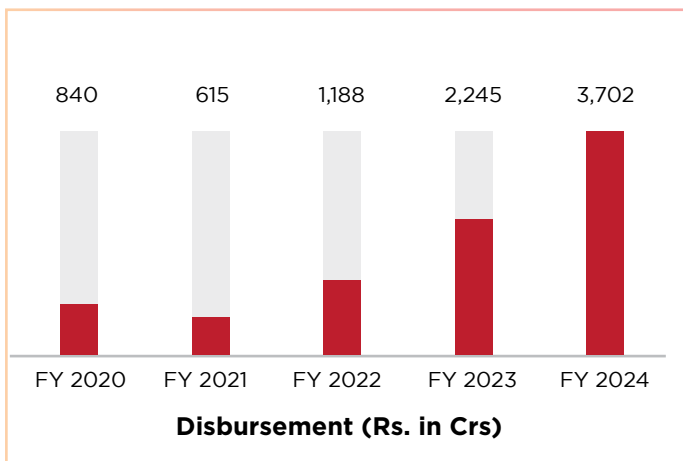
methodologies for different customer segments. We study our customers’ enterprises in detail and assess peculiarities of the respective business activities. Their income, ability, intention, business sustainability and credit behavior are subjected to scrutiny through traditional and non-traditional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

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

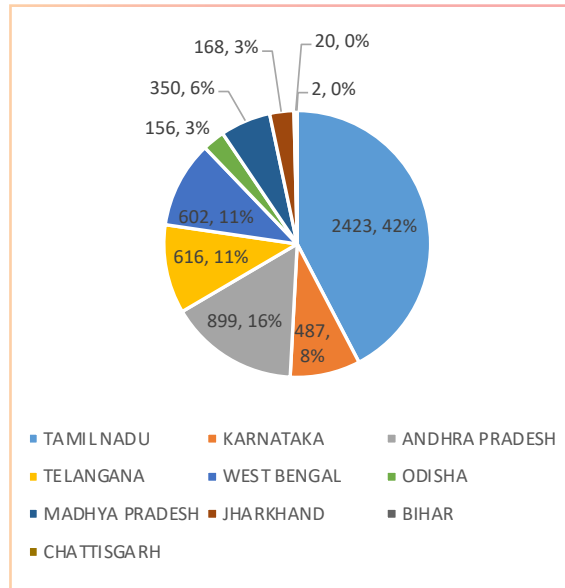
**PORTFOLIO GROWTH**

Veritas has made an impact in the lives of 176,341 customers as of March 31, 2024. The Company has a loan portfolio of Rs. 5,723.79 crores as of March 31, 2024 growing from Rs. 3,533.73 crores as of March 31, 2023. The share of secured loan portfolio, i.e., MSME Loans and Construction Finance Loans stands at 75%, Home loans stands at 14% , unsecured loan portfolio, i.e., Working Capital loans stands at 11% of gross loan portfolio. We closed the year with a disbursement of Rs. 3,702 crores as against Rs. 2,245 Crores in the previous year.

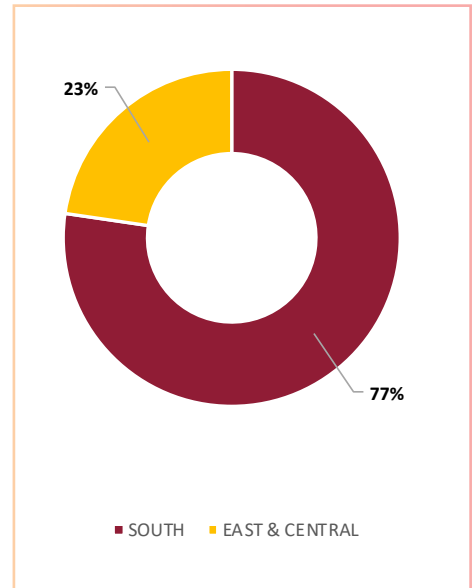
Disbursements and Assets under management (AUM) over the years since inception is given below:



As of March 31, 2024, the Company has 382 branches and 52 service centers spread across 10 states and 1 Union territory.



**State-wise Portfolio (Rs. in Crs)**



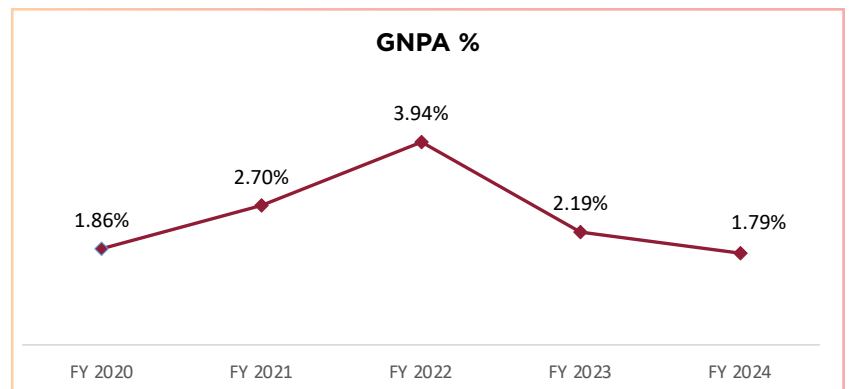
**Zone-wise Portfolio**

### ASSET QUALITY

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

portfolio quality. As of March 31, 2024, we have contained and brought down our NPA levels to 1.79% as against 2.19% in Mar 31, 2023.

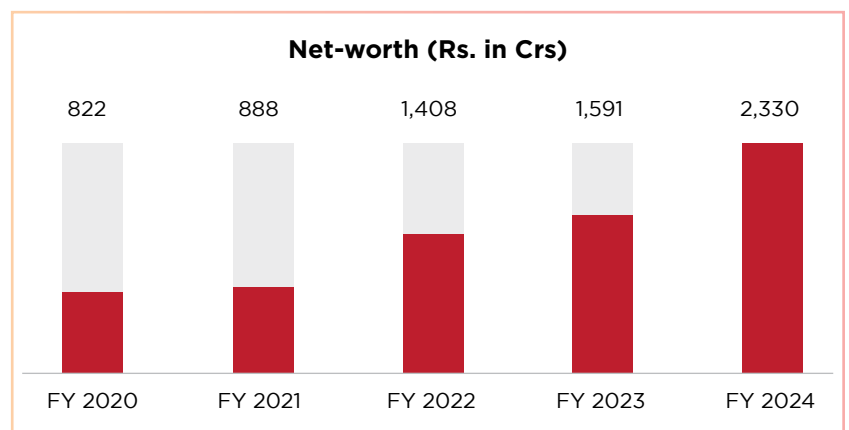
The trend of GNPA's has been as follows:



### CAPITAL

The total amount of capital available to the Company is an important parameter to represent the strength of the institution. To present a perspective of the scale of improvement on this critical parameter, the total paid-up capital and securities premium of the Company has increased from Rs. 165 crores on March 31, 2018 to Rs. 444 Crores as of March 31, 2019 and further to Rs. 822 Crores as of March 31, 2020 as the Company raised capital from new Investors. During FY 2021-22, existing investors invested further share capital of Rs. 440.04 Crores to help build a strong capital base during challenging times which took the Net worth to Rs. 1,408 crores as of March 31, 2022. During FY 2023-24, capital was raised to the tune of Rs. 400 crores from new investors

and the Net worth as of March 31, 2024 stood at Rs. 2,330 crores. The Company has maintained a healthy capital adequacy ratio well above the levels directed by the RBI. As of March 31, 2024, the capital adequacy ratio of the Company is 41.49%. The net-worth of the Company has grown as follows:

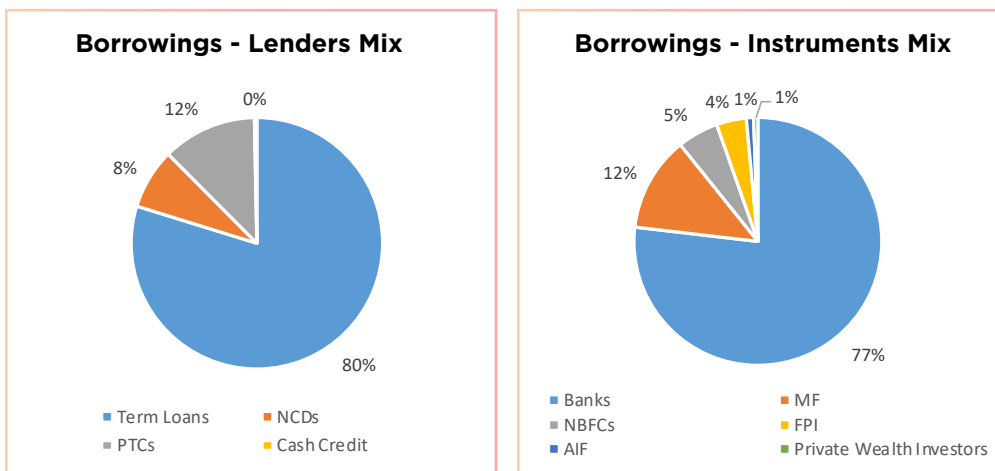


## DIVERSIFIED FUNDING PROFILE

The funding for the business is from an optimum mix of equity and debt. The Company continues to follow the policy of diversification of funding sources. The Company has existing relationships with 44 lenders across Banks, NBFCs, Foreign Portfolio Investor (FPI), AIFs and Mutual funds. During the year, the company has availed fresh borrowings aggregating to Rs. 2,655.03 Crores, which includes Rs. 130 Crores of NCDs issued during the year. During the year, the Company has issued Commercial paper amounting to Rs. 105 Crores which were invested by Ultra HNIs, NBFCs, and Corporate Treasuries.

Also, during the year the Company has completed multiple securitisation transactions aggregating to Rs. 552.53 Crores which were invested by Mutual Funds. During the year, the company has been glad to welcome new lenders partnering in our growth namely HSBC, L&T Finance Holdings Limited, HDFC Mutual Fund and Kotak Mutual Fund.

The Funding mix of the Company as on March 31, 2024 is given below:



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

## INVESTMENTS:

The Investment Policy approved by the Board of Directors envisages deployment of temporary cash surplus, arising out of the gap between cash inflows and outflows, in liquid/overnight schemes of mutual funds and/or fixed deposits with Banks. The investment function ensures adequate levels of liquidity to support business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk by investing in short-term instruments. As at March 31, 2024, the investment in Fixed deposits free of lien stood at Rs. 245.50 Crores.

## ASSET LIABILITY MANAGEMENT

The Company has a conservative and prudent policy for matching funding to assets which translates to a robust Asset-Liability stability. As a key strategy to manage healthy cash flows, the Company typically maintains two months of cash requirements in the form of un-drawn limits or in cash equivalents. The strong ALM strategy is one of the key pillars of strength of the Company on a structural basis. From an interest rate sensitivity perspective, the Company has a mix of fixed and floating rate borrowings. While the Company lends on fixed-rate basis for all loans other than home loans and borrows on both fixed and floating rates, it primarily focusses on maintaining the net interest spread at optimum levels based on market movements in interest rates.

## INTERNAL CONTROL SYSTEMS

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

Pursuant to the RBI’s Guidelines on Risk-Based Internal Audit (RBIA) System for select NBFCs and UCBs dated February 03, 2021 – every NBFC with asset size of ₹ 5,000 crore and above is required to have an in-house internal audit function. Accordingly, the Company has appointed a Chief Audit Officer (CAO) and has

formulated a Risk based Internal Audit framework covering branches and HO processes which is commensurate with the size and nature of its business. This risk-centric approach allows Strategic Alignment, Proactive Risk Management, Optimized Resource Allocation and Enhanced Stakeholder Confidence.

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

#### INFORMATION TECHNOLOGY

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

The end goal of all digital initiatives is towards easy access to data that helps decision makers take proactive actions while having appropriate data access controls and ability to enforce needs-driven access to data. We are creating and enhancing the experience of

internal as well as external stakeholders on a regular basis. The technology backbone for the company is ready to act as catalyst for the next phase of growth.

#### RISK MANAGEMENT

The Company is committed to creating value for its stakeholders through sustainable business growth and with that intent has put in place a robust risk management framework to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. The Company continues to invest in talent, processes and emerging technologies for building advanced risk management and underwriting capabilities. To enable efficient management of risk, an independent Risk Governance Structure, in line with Regulatory requirements, was put in place in the context of separation of duties and ensuring the independence of risk measurement, monitoring and control functions.

A detailed report on the Risk Management framework of the Company is attached separately as part of the Annual Report.

#### OPERATIONAL OVERVIEW

The key operational highlights of the year 2023-24 are:

- Assets under management increased to Rs. 5,723.79 crs from Rs. 3,533.73 crs in FY 2022-23.
- Total Income increased to Rs. 1,123.80 crs from Rs. 682.20 crs in FY 2022-23.
- Total Comprehensive Income increased to Rs. 245.49 crs from Rs. 174.70 crs in FY 2022-23.
- Customer base increased to 176,341.
- Employee base increased to 6,299.

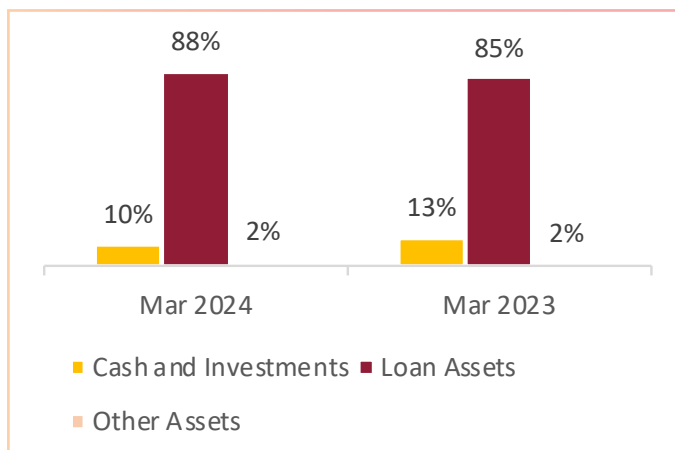
#### Balance sheet

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

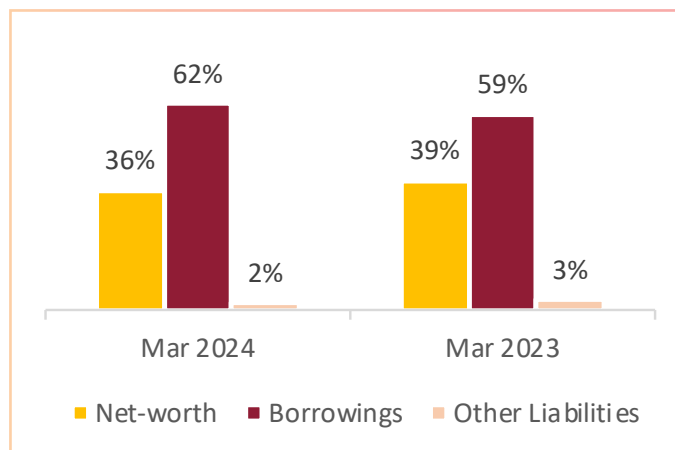
Particulars	Rs. In Crores		
	Mar-24	Mar-23	YOY Growth %
<b>ASSETS</b>			
Cash & Cash Equivalents & Short-term Investments	659.42	524.09	26%
Loan Assets	5,634.55	3,475.62	62%
Other Assets	131.31	86.70	51%
<b>TOTAL</b>	<b>6,425.28</b>	<b>4,086.40</b>	
<b>Liabilities</b>			
Net-worth	2,329.55	1,591.26	46%
Borrowings	3,971.14	2,423.16	64%
Other Liabilities	124.58	71.99	73%
<b>TOTAL</b>	<b>6,425.28</b>	<b>4,086.40</b>	



### Composition of Assets



### Composition of Liabilities



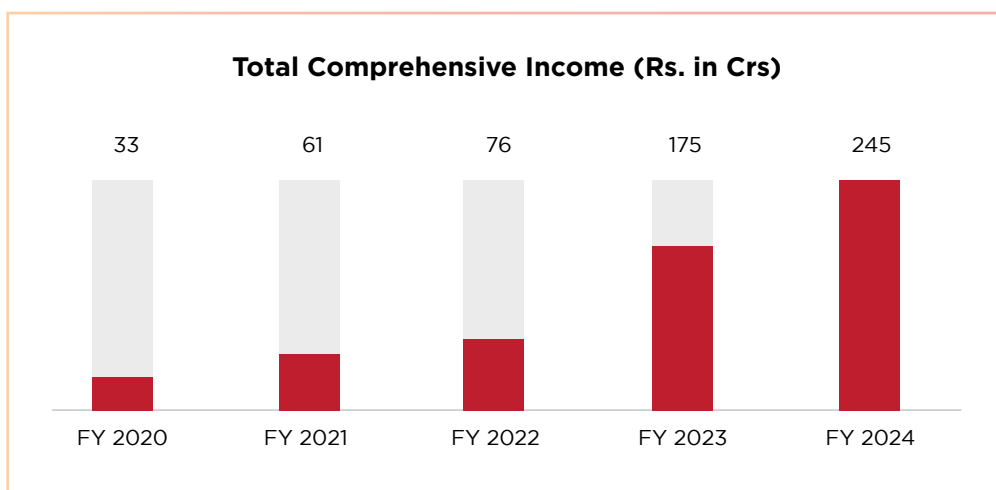
### Statement of Profit & Loss

The summary of financials years for the last two financials years is as follows:

Rs. In Crores

Particulars	Mar-24	Mar-23	YOY Growth %
Revenue from operations	1111.20	680.23	63%
Other Income	12.60	1.98	537%
<b>Total Income (A)</b>	<b>1123.80</b>	<b>682.21</b>	<b>65%</b>
Finance Cost	315.62	169.21	87%
Other Operating Cost	388.78	233.33	67%
Provisions & Losses	96.43	46.80	106%
<b>Total Expense (B)</b>	<b>800.84</b>	<b>449.36</b>	<b>78%</b>
<b>Profit before tax (PBT) (A-B)</b>	<b>322.96</b>	<b>232.85</b>	<b>39%</b>
Current and Deferred Tax	77.91	56.45	38%
<b>Profit After Tax (PAT)</b>	<b>245.05</b>	<b>176.40</b>	<b>39%</b>
Other Comprehensive Income	0.44	-1.71	126%
<b>Total Comprehensive income, net of Income Tax</b>	<b>245.49</b>	<b>174.70</b>	<b>41%</b>

### Total Comprehensive Income (Rs. in Crs)



**Key Financial ratios are as follows:**

Particulars	FY 2023-24	FY 2022-23
PBT / Total Income	28.74%	34.13%
NIM	16.09%	16.32%
Return on Total Assets (RoTA)	4.66%	5.24%
Return on Equity (RoE)	12.50%	11.76%
EPS		
Basic (Rs.)	23.98	36.15
Diluted (Rs.)	23.76	14.57
Debt/ Equity	1.7x	1.5x
Capital Adequacy	41.49%	45.00%

**HUMAN RESOURCES**

Employees are our key assets forming the foundation of the organisation. Our goal is to create an inclusive and conducive environment for growth and learning for our employees. In our endeavor to create future leaders, we provide periodic leadership training to our middle and senior management. We strive to set ourselves apart by fostering and focusing on our culture across the organization. The well-being of our employees has always been at the centre of our philosophy.

During the year, the Company received “Great Place to Work” certification from the GPTW Institute. The Certification encompasses five dimensions including the credibility of management, respect for people, fairness at the workplace, pride, and camaraderie between people.

As on March 31, 2024, the Company had 6,299 employees.

**OUTLOOK**

Our outlook for the coming year involves consolidating the existing product verticals and focus on efficiency in operation and growth. The Company has also diversified into used commercial vehicle loans, a new product vertical catering further to the needs of the MSME segment.

As the organization gears up for the next phase of growth, our focus would be to ensure that we demonstrate steady progress and improvements in terms of all the key metrics viz. AUM growth, Productivity and Profitability.

**CAUTIONARY NOTE**

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



## INDEPENDENT AUDITOR'S REPORT

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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 2024, 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 2024, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

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

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

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

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

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

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

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

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

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

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

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

**Auditor's Responsibility for the Audit of Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in

our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
  - (e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 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.
- vi. With respect to Rule 11(g) of Companies (Audit & Auditors) Rules, 2014, on maintenance of audit trail, transaction and edit log, based on our examination which included test checks, the company has used multiple accounting softwares for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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**For SUNDARAM AND SRINIVASAN  
Chartered Accountants**

Firm's Registration No. 004207S

**S Usha**

Partner

Membership No. 211785

UDIN: 24211785BKCPRL7141

Place: Chennai

Date: 25th April 2024

**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 2024, 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 2024. 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. 20,636.56 Lakhs for which repayment of principal and payments of interest are not regular.

- d) The amounts overdue for more than 90 days aggregating principal repayment and interest payments is Rs.9962.13 Lakhs. In our opinion reasonable steps have been taken by the company for recovery of principal and interest.
- e) Clause 3(iii)(e) is not applicable to the company since the company's principal business is to give loans
- f) The company has not given loans or advances in the nature of loans repayable on demand or without specifying the terms or period of repayment.
- iv There are no loans, investments, guarantees, and security in respect of which provisions of section 185 of the Companies Act, 2013 are applicable and provisions of section 186 of the Companies Act, 2013 are not applicable to the Company and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- v The Company has not accepted any deposits within the meaning of sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder.
- vi The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- vii a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and any other material statutory dues were in arrears as of 31 March 2024 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii There was no transaction which were not recorded in the books of accounts or surrendered as Income during the year in the tax assessments under Income Tax Act.
- ix a) Based on our examination of the books of accounts and other records of the company, The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
  - b) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, the company has not been declared as a wilful defaulter by any bank, financial institution, or any other lender.
  - c) Based on our examination of the Books of Accounts and other Records of the company and based on

Bucket	Amount in Lakhs
1-90 DPD	10674.43
More than 90 DPD	9962.13

- the information and explanation provided by the management, Term Loans obtained were applied for the purposes which it was obtained.
- d) Based on our examination of the Books of Accounts and other Records of the company and based on the information and explanation provided by the management, No funds raised on short term basis have been utilised for long term purposes.
- e) The company does not have any Subsidiary, Associate or Joint Venture. Hence reporting under this clause is not applicable.
- f) The company does not have any Subsidiary, Associate or Joint Venture. Hence reporting under this clause is not applicable.
- x a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer during the year.
- b) The Company has made preferential allotment of equity shares. The Requirements of 42 and 62 of the Companies Act have been duly complied with by the Company. Based on our examination of books of records and other records 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) We have taken into consideration the whistleblower complaints received by the company during the year and shared with us for reporting under this clause.
- 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 2024.
- xv According to the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year.
- xvi a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.
- b) The company has conducted Non-banking Financial Activities with Valid Certificate of Registration from Reserve Bank of India.
- c) The company is not a Core Investment Company, hence reporting under clause 3(xvi)(c) is not applicable
- d) The Company is not a part of any Group. Hence reporting under this clause is not applicable.
- xvii The company has not incurred cash losses during the year and the immediately preceding financial year.
- xviii There has been no resignation of the statutory auditors during the year and accordingly the reporting under Clause (xviii) is not applicable.
- xix On the basis of our evaluation of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statement and our knowledge of Board of Directors and Management plans, we are of the opinion that, no material uncertainty exists as on the date of Audit Report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet.
- xx a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to 135(5) of the Act. This matter has been disclosed in note 32.2 to the financial statements.
- b) In respect of ongoing projects, the company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act,
- xxi As the company is not required to prepare the consolidated financial statements, the reporting under clause 3(xxi) is not applicable.

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**For SUNDARAM AND SRINIVASAN**

**Chartered Accountants**

Firm's Registration No. 004207S

**S Usha**

Partner

Membership No.211785

UDIN: 24211785BKCPRL7141

Place: Chennai

Date: 25th April 2024

## **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 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to

the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For SUNDARAM AND SRINIVASAN  
Chartered Accountants**

Firm's Registration No. 004207S

**S Usha**

Partner

Membership No.211785

UDIN: 24211785BKCPRL7141

Place: Chennai

Date: 25th April 2024





## FINANCIAL STATEMENT

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## Balance sheet as at 31 March 2024

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

Particulars	Note	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
Financial assets			
Cash and cash equivalents	4	47,744.92	23,825.39
Bank balances other than cash and cash equivalents	5	18,197.03	28,583.38
Receivables			
- Trade Receivables	6.1	368.31	16.53
- Other Receivables	6.2	170.09	-
Loans	7	5,63,454.98	3,47,561.64
Investments	8	-	-
Other financial assets	9	2,357.66	821.32
		<b>6,32,292.99</b>	<b>4,00,808.26</b>
<b>Non-financial assets</b>			
Current tax assets (net)	10	158.82	52.17
Deferred tax assets (net)	11	4,141.29	3,113.20
Property, plant and equipment (including right of use asset)	12.1	4,622.67	4,146.52
Intangible assets	12.2	839.68	200.76
Intangible assets under development	12.3	49.05	16.08
Other non-financial assets	13	423.10	303.41
		<b>10,234.61</b>	<b>7,832.14</b>
<b>Total</b>		<b>6,42,527.60</b>	<b>4,08,640.40</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Financial liabilities</b>			
Trade payables	14		
- Total outstanding dues of micro enterprises and small enterprises		114.68	65.48
- Total outstanding dues of creditors other than micro enterprises and small enterprises		765.20	487.49
Debt securities	15	30,812.15	17,926.89
Borrowings (other than debt securities)	16	3,66,302.06	2,24,388.82
Other financial liabilities	17	6,429.11	3,514.28
		<b>4,04,423.20</b>	<b>2,46,382.96</b>
<b>Non-financial liabilities</b>			
Provisions	18	866.07	823.51
Other non-financial liabilities	19	4,282.98	2,308.33
		<b>5,149.05</b>	<b>3,131.84</b>
<b>Equity</b>			
Equity share capital	20	12,751.92	11,422.40
Other equity	21	2,20,203.43	1,47,703.20
		<b>2,32,955.35</b>	<b>1,59,125.60</b>
<b>Total</b>		<b>6,42,527.60</b>	<b>4,08,640.40</b>

Summary of Material accounting policies

3

The accompanying notes are 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: 25 April 2024

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

**M. Sivaraman**  
**Director and**  
**Chairman - Audit**  
**Committee**  
**DIN : 02045100**

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

**V. G. Suchindran**  
**Chief Financial**  
**Officer**

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



## Statement of profit and loss for the year ended 31 March 2024

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

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
<b>Revenue from operations</b>			
Interest income	22	1,05,706.44	65,246.42
Fee and commission income	23	3,186.30	1,869.42
Net gain on fair value changes	24	2,220.54	906.46
Sale of services	25	7.07	1.00
<b>Total revenue from operations</b>		<b>1,11,120.35</b>	<b>68,023.30</b>
Other income	26	1,259.72	197.84
<b>Total income</b>		<b>1,12,380.07</b>	<b>68,221.14</b>
<b>Expenses</b>			
Finance costs	27	31,561.84	16,921.69
Fees and commission expense	28	435.24	199.88
Impairment on financial instruments	29	9,643.28	4,680.47
Employee benefits expenses	30	29,160.93	16,697.06
Depreciation and amortization	31	2,356.33	1,511.42
Other expenses	32	6,925.99	4,925.62
<b>Total expenses</b>		<b>80,083.61</b>	<b>44,936.14</b>
<b>Profit before tax</b>		<b>32,296.46</b>	<b>23,285.00</b>
<b>Tax expense</b>			
Current tax	33	8,834.00	6,537.00
Adjustment of tax relating to earlier periods		-	(63.42)
Deferred tax (credit)/ charge	11	(1,042.80)	(828.96)
		<b>7,791.20</b>	<b>5,644.62</b>
<b>Profit after tax for the year</b>		<b>24,505.26</b>	<b>17,640.38</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurements of the defined benefit obligation	34.2	58.43	(228.34)
Income tax relating to items that will not be reclassified to profit or loss	11	(14.71)	57.48
<b>Other comprehensive income for the year</b>		<b>43.72</b>	<b>(170.86)</b>
<b>Other comprehensive income / (loss) for the year, net of income tax</b>		43.72	(170.86)
<b>Total comprehensive income/ (loss) for the year, net of income tax</b>		<b>24,548.98</b>	<b>17,469.52</b>
Earnings per equity share of INR 10 each			
- Basic (in INR)	37	23.98	36.15
- Diluted (in INR)		23.76	14.57

Summary of Material accounting policies

3

The accompanying notes are 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: 25 April 2024

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

**M. Sivaraman**  
Director and  
Chairman - Audit  
Committee  
DIN : 02045100

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

**V. G. Suchindran**  
Chief Financial  
Officer

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

## Statement of changes in equity for the year ended 31 March 2024

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

<b>A Equity share capital</b>			
<b>Particulars</b>	<b>Equity Share capital</b>	<b>Instruments entirely equity in nature (Compulsory Convertible Preference Shares)</b>	<b>Total</b>
<b>Balance as at 31 March 2022</b>	<b>4,856.09</b>	<b>6,501.91</b>	<b>11,358.00</b>
Add : Issued during the financial year 2022-23	64.40	-	64.40
<b>Balance as at 31 March 2023</b>	<b>4,920.49</b>	<b>6,501.91</b>	<b>11,422.40</b>
Add : Issued during the financial year 2023-24	2,025.61	-	2,025.61
Add/ less: Conversion during the financial year 2023-24 (refer note below)	5,805.82	(5,805.82)	-
Less: Transfer to securities premium on conversion of CCPS	-	(696.09)	(696.09)
<b>Balance as at 31 March 2024</b>	<b>12,751.92</b>	<b>-</b>	<b>12,751.92</b>

Note: During the Financial year 2023-24, in accordance with the memorandum of association, articles of association, and amended and restated Shareholder's agreement dated 21 June 2023, executed among the Company and the shareholders, all types of CCPS were converted into Equity shares of INR 10 each at a ratio of 1:1. The same was approved via board resolution dated 15 September 2023.

<b>B Other equity</b>						
<b>Particulars</b>	<b>Other equity</b>					
	<b>Reserves and surplus</b>				<b>Other comprehensive income</b>	
	<b>Securities premium</b>	<b>Retained earnings</b>	<b>Statutory reserve as per Section 45-1C of the RBI Act, 1934</b>	<b>Share options outstanding account</b>	<b>Re-measurements of defined benefit plan</b>	<b>Total other equity</b>
<b>As at 31 March 2022</b>	<b>1,09,707.24</b>	<b>14,627.44</b>	<b>3,946.34</b>	<b>1,165.80</b>	<b>-</b>	<b>1,29,446.82</b>
Premium received on shares issued during the year	481.62	-	-	-	-	<b>481.62</b>
Premium on conversion of preference shares issued during the year	-	-	-	-	-	-
Utilised during the year for share issue expenses	-	-	-	-	-	-
Profit after tax for the year	-	17,640.38	-	-	-	<b>17,640.38</b>
Transfer to securities premium on exercise of options under ESOP	170.58	-	-	(170.58)	-	-
Transfer to statutory reserve as per Section 45-1C of the RBI Act, 1934	-	(3,528.08)	3,528.08	-	-	-
Remeasurements of defined benefit plan	-	-	-	-	(170.86)	<b>(170.86)</b>
Transferred to retained earnings	-	(170.86)	-	-	170.86	-
Share based payment expense	-	-	-	305.24	-	<b>305.24</b>
<b>As at 31 March 2023</b>	<b>1,10,359.44</b>	<b>28,568.88</b>	<b>7,474.42</b>	<b>1,300.46</b>	<b>-</b>	<b>1,47,703.20</b>
Premium received on shares issued during the year	47,217.88	-	-	-	-	<b>47,217.88</b>
Premium on conversion of preference shares issued during the year	696.09	-	-	-	-	<b>696.09</b>
Utilised during the year for share issue expenses	(735.86)	-	-	-	-	<b>(735.86)</b>
Profit after tax for the year	-	24,505.26	-	-	-	<b>24,505.26</b>
Transfer to securities premium on exercise of options under ESOP	585.60	-	-	(585.60)	-	-
Transfer to statutory reserve as per Section 45-1C of the RBI Act, 1934	-	(4,901.05)	4,901.05	-	-	-
Remeasurements of defined benefit plan	-	-	-	-	43.72	<b>43.72</b>
Transferred to retained earnings	-	43.72	-	-	(43.72)	-
Share based payment expense	-	-	-	773.14	-	<b>773.14</b>
<b>As at 31 March 2024</b>	<b>1,58,123.15</b>	<b>48,216.81</b>	<b>12,375.47</b>	<b>1,488.00</b>	<b>-</b>	<b>2,20,203.43</b>

The accompanying notes are an integral part of the financial statements  
As per our report of even date attached

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm's Registration No. 0042075

**S Usha**  
Partner  
Membership No: 211785  
Place: Chennai  
Date : 25 April 2024

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

**M. Sivaraman**  
Director and Chairman  
- Audit Committee  
DIN : 02045100

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

**V. G. Suchindran**  
Chief Financial  
Officer

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

## Statement of cash flows for the year ended 31 March 2024

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

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
<b>Cash flows from operating activities</b>			
Profit before tax for the year		32,296.46	23,285.00
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortisation expense	31	2,356.33	1,511.42
Impairment on financial instruments	29	9,643.28	4,680.47
Share based payment expense	30	773.14	305.24
Interest income on security deposits	22	(76.23)	(28.65)
Profit on termination of leased assets	26	(30.72)	(10.27)
Finance costs	27	31,561.84	16,921.69
(Gain) / loss on sale of PPE (net)		(11.06)	3.43
Interest income on fixed deposits	22	(2,697.12)	(1,847.94)
Gain on sale of investments, net	24	(2,220.54)	(906.46)
<b>Operating cash flow before working capital changes</b>		<b>71,595.38</b>	<b>43,913.93</b>
<b>Changes in working capital</b>			
<b>Adjustments for (increase)/ decrease in operating assets:</b>			
Increase in loans		(2,25,528.09)	(1,39,026.84)
Increase in receivables		(521.87)	(16.53)
Increase in other financial assets		(1,544.88)	(134.61)
Increase in other non-financial assets		(119.70)	82.16
<b>Adjustments for increase/ (decrease) in operating liabilities:</b>			
Increase in trade payables		326.91	221.87
Increase in other financial liabilities		2,826.07	428.28
Increase in provisions		100.99	179.01
Increase in other non-financial liabilities		1,974.64	1,047.07
<b>Cash used by operations</b>		<b>(1,50,890.55)</b>	<b>(93,305.66)</b>
Finance costs paid		(34,697.74)	(17,656.24)
Interest received on bank balances other than cash and cash equivalents		2,697.12	1,847.94
<b>Total Cash used by operations</b>		<b>(1,82,891.17)</b>	<b>(1,09,113.96)</b>
Income tax paid (net of refunds)		(8,940.65)	(6,113.19)
<b>Net cash used by operations</b>	<b>(A)</b>	<b>(1,91,831.82)</b>	<b>(1,15,227.15)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment (including capital work in progress)		(2,129.76)	(1,476.25)
Proceeds from sale of Property, Plant and Equipment		31.43	19.75
Increase in fixed deposits with banks (other than cash and cash equivalents)		10,386.35	(17,061.76)
Purchase of investments		(6,60,162.04)	(4,68,921.69)
Proceeds from sale of investments		6,62,382.58	4,69,828.15
<b>Net cash generated from / (used in) investing activities</b>	<b>(B)</b>	<b>10,508.56</b>	<b>(17,611.80)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares including securities premium		49,243.49	546.02
Payment of lease liabilities		(1,517.88)	(1,068.48)
Payment of share issue expenses		(735.86)	-
Proceeds from debt securities		26,500.00	20,000.00
Proceeds from borrowings (other than debt securities)*		2,67,216.00	1,89,748.50
Repayment of debt securities		(10,500.00)	(25,760.01)
Repayment of borrowings (other than debt securities)		(1,24,962.96)	(60,275.60)
<b>Net cash generated from financing activities</b>	<b>(C)</b>	<b>2,05,242.79</b>	<b>1,23,190.43</b>
<b>Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)</b>		<b>23,919.53</b>	<b>(9,648.52)</b>
Cash and cash equivalents at the beginning of the year		23,825.39	33,473.91
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>47,744.92</b>	<b>23,825.39</b>

\*net of investment in equity tranche of Pass Through Certificates (PTCs) amounting to INR 6,520.85 Lakhs as on 31 March 2024 and INR 337.92 Lakhs as on 31 March 2023.

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
<b>Notes to statement of cash flow</b>			
<b>Components of cash and cash equivalents:</b>	4		
Cash on hand		150.58	193.79
Balances with banks			
In current accounts		39,029.91	20,629.89
In deposit accounts (Original maturity less than three months)		8,564.43	3,001.71
		<b>47,744.92</b>	<b>23,825.39</b>

Note: Indirect method as per Ind AS 7 - Statement of Cash Flows has been followed.

Summary of Material 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: 25 April 2024

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

**M. Sivaraman**  
**Director and**  
**Chairman - Audit**  
**Committee**  
**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**

# Notes to the financial statements for the year ended 31 March 2024

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

<b>1</b>	<b>Corporate information</b>	
	<p>Veritas Finance Private Limited (“the Company”) (CIN:U65923TN2015PTC100328) is a Company limited by shares and incorporated on 30 April 2015 under the provisions of the Companies Act, 2013 and domiciled in India. The debt securities of the Company namely non-convertible debentures are listed on the Bombay Stock Exchange (“BSE”). The Company is engaged in extending credit to micro and small enterprises, typically self-employed businesses and salaried segment. The loans are given for business expansion, working capital, purchase of assets, construction of houses etc. The Company follows a cash flow based model for credit assessment with suitable adaptations for each type of income sources.</p> <p>The Company had received the Certificate of Registration (Registration No. N-07.00810) 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 classified under middle layer as per scale based framework applicable from 01 October 2022. The asset size of the Company had crossed INR 5,000 crore during the Financial Year 2023-24. Accordingly, the Company is in the process of complying with the new norms that are now applicable.</p>	
<b>2</b>	<b>Basis of preparation of Financial Statements</b>	
<b>2.1</b>	<b>Statement of compliance</b>	
	<p>These financial statements have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (‘the Act’) as amended from time to time and in conformity with generally accepted accounting principles in India and other relevant provisions of the Act, the updated Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification for Implementation of Indian Accounting Standard vide Circular number RBI/2019-20/170DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15DOR(NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020, Master Direction – Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023 and other applicable circulars/notifications issued by RBI from time to time.</p> <p>Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.</p> <p>The financial statements are prepared on going concern basis based on ability of the Company to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Company has considered wide range of information relating to present and likely future conditions including projections of cash flows, profitability and ability of capital resources.</p> <p>These financial statements were subject to review and recommendation of the Audit Committee and approval by the Company’s Board of Directors. On 25 April 2024, Board of Directors of the Company approved and recommended the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.</p>	
<b>2.2</b>	<b>Presentation of financial statements</b>	
	<p>The Balance sheet, the Statement of profit and loss and the Statement of changes in equity are presented in the format prescribed under Division III of Schedule III to the Act and as amended from time to time, for Non-Banking Financial Companies (‘NBFC’) that are required to comply with Ind AS.</p> <p>The Company uses accrual basis of accounting in preparation of financial statements (other than statement of cash flows) except in case of significant uncertainties (refer note no. 3.1.C).</p> <p>The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.</p> <p>The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported on gross basis in the balance sheet. They are offset and reported net only where it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and where the parties also intend to settle on a net basis or to realize the asset and settle the liability simultaneously as permitted under Ind AS. Similarly, the Company offsets income and expenses and reports the same on net basis where the netting off reflects the substance of the transaction or other events permitted by Ind AS.</p>	
<b>2.3</b>	<b>Functional and presentation currency</b>	
	<p>These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lakhs with two decimals, unless otherwise indicated.</p>	
<b>2.4</b>	<b>Basis of measurement</b>	
	<p>The financial statements have been prepared on the historical cost basis except for the following items:</p>	
	<b>Items</b>	<b>Measurement basis</b>
	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

## Notes to the financial statements for the year ended 31 March 2024

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

2.5	<b>Use of estimates and judgements</b>
	<p>The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.</p> <p>Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are set out below.</p>
i)	<b>Business model assessment</b>
	<p>Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest (“SPPI”) test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.</p>
ii)	<b>Fair value of financial instruments</b>
	<p>The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.</p>
iii)	<b>Effective Interest Rate (“EIR”) method</b>
	<p>Under Ind AS 109 interest income is recorded using the effective interest rate (‘EIR’) method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.</p> <p>The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account the fees and costs that are an integral part of the EIR.</p>
iv)	<b>Impairment of financial asset</b>
	<p>The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.</p> <p>The Company’s expected credit loss (“ECL”) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:</p> <ol style="list-style-type: none"> <li>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.</li> <li>Development of ECL models, including the various formulas and the choice of inputs.</li> <li>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”).</li> <li>Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.</li> </ol>
v)	<b>Provisions and other contingent liabilities</b>
	<p>The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, the Company is involved in various litigations, arbitrations and regulatory inspections and proceedings in the ordinary course of its business.</p> <p>When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.</p> <p>Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.</p>

## Notes to the financial statements for the year ended 31 March 2024

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

	<p>These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.</p> <p><b>Leases:</b> The estimates and judgements related to leases include: a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. b) The determination of the incremental borrowing rate used to measure lease liabilities.</p>
<b>vi)</b>	<p><b>Other assumptions and estimation uncertainties</b></p> <p>a) Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:</p> <p>i. Measurement of defined benefit obligations: key actuarial assumptions;</p> <p>ii. Estimated useful life of property, plant and equipment and intangible assets other than those taken on lease;</p> <p>b) Recognition of deferred taxes.</p>
<b>3</b>	<p><b>Summary of material accounting policies</b></p> <p>This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p>
<b>3.1</b>	<p><b>Revenue Recognition</b></p> <p>Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.</p> <p>The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:</p> <p>Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.</p> <p>Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.</p> <p>Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.</p> <p>Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.</p> <p>Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.</p>
<b>A)</b>	<p><b>Recognition of interest income on loans</b></p> <p>Under Ind AS 109, interest income is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.</p> <p>The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.</p> <p>If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.</p> <p>The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.</p>
<b>B)</b>	<p><b>Interest income on deposits</b></p> <p>Interest on bank deposits is accounted on accrual basis on time proportion.</p>
<b>C)</b>	<p><b>Fee income</b></p> <p>Fees income such as legal, documentation, instrument bounce charges, penal charges for delayed payment and pre-closure charges (other than fees and costs that are an integral part of EIR) are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established only when the customer pays.</p>

## Notes to the financial statements for the year ended 31 March 2024

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

<b>D)</b>	<p><b>Other income</b></p> <p>All items of other income are recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.</p>
<b>E)</b>	<p><b>Taxes</b></p> <p>All incomes are recognised net of goods and services tax, wherever applicable.</p>
<b>3.2</b>	<p><b>Financial instrument - Initial recognition</b></p>
<b>A)</b>	<p><b>Date of recognition</b></p> <p>Debt securities issued and borrowings made are initially recognised when the funds reach the Company. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' bank accounts or cheques for disbursement have been prepared by the Company (as per the terms of the agreement with the borrowers) or when the Company assumes unconditional obligations to release the disbursement amount to the third party on the direction of the borrower, whichever is earlier.</p>
<b>B)</b>	<p><b>Initial measurement of financial instruments</b></p> <p>The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to or subtracted from this amount.</p>
<b>C)</b>	<p><b>Measurement categories of financial assets and liabilities</b></p> <p>The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:</p> <ul style="list-style-type: none"> <li>i) Amortised cost</li> <li>ii) Fair value through other comprehensive income (FVOCI)</li> <li>iii) Fair value through profit and loss (FVTPL)</li> </ul>
<b>3.3</b>	<p><b>Financial assets and liabilities</b></p>
<b>A.</b>	<p><b>Financial assets</b></p>
	<p><b>Business model assessment</b></p> <p>The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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).</li> <li>d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.</li> </ul>



## Notes to the financial statements for the year ended 31 March 2024

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

	<p><b>Solely payments of principal and interest (SPPI) test</b></p> <p>As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.</p> <p>Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).</p> <p>The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.</p> <p>In contrast, contractual terms that introduce more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.</p> <p>Accordingly, financial assets are measured as follows based on the existing business model:</p>
<b>i)</b>	<p><b>Financial assets carried at amortised cost (AC)</b></p> <p>A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p>
<b>ii)</b>	<p><b>Financial assets at fair value through other comprehensive income (FVTOCI)</b></p> <p>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.</p>
<b>iii)</b>	<p><b>Financial assets at fair value through profit or loss (FVTPL)</b></p> <p>Financial assets which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss. The Company records investments in mutual funds at FVTPL.</p>
<b>B.</b>	<p><b>Financial liabilities</b></p>
<b>i)</b>	<p><b>Initial recognition and measurement</b></p> <p>All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.</p>
<b>ii)</b>	<p><b>Subsequent measurement</b></p> <p>Financial liabilities are carried at amortized cost using the effective interest method.</p>
<b>3.4</b>	<p><b>Reclassification of financial assets and liabilities</b></p> <p>The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2024 and 31 March 2023.</p>
<b>3.5</b>	<p><b>Derecognition of financial assets and liabilities</b></p>
<b>A.</b>	<p><b>Derecognition of financial assets due to substantial modification of terms and conditions</b></p> <p>The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.</p>

## Notes to the financial statements for the year ended 31 March 2024

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

<b>B.</b>	<b>Derecognition of financial assets other than due to substantial modification of terms and conditions</b> <p>(i) A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.</p> <p>On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.</p> <p>(ii) The Company enters into securitisation transactions where financial assets are transferred to a special purpose vehicle for a purchase consideration. The credit enhancement is provided in the form of cash collateral and investment in equity tranche PTCs, pursuant to the transfer of financial assets under securitisation. Basis this, the Company concluded that securitisation transactions entered by the Company does not qualify for derecognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.</p>
<b>C.</b>	<b>Derecognition of financial liabilities</b> <p>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.</p>
<b>3.6</b>	<b>Impairment of financial assets</b>
<b>A.</b>	<b>Overview of ECL principles</b> <p>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.</p> <p>Expected credit losses are measured through a loss allowance at an amount equal to:</p> <p>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</p> <p>ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)</p> <p>Both LTECLs and 12 months ECLs are calculated on collective basis.</p> <p>Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:</p> <p><b>Stage 1:</b> 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)</p> <p><b>Stage 2:</b> 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.</p> <p><b>Significant increase in credit risk:</b> The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECLs rather than 12 month ECLs. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available with</p> <p><b>Credit-impaired financial assets:</b> A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events: • significant financial difficulty of the borrower; • a breach of contract such as a default or past due event; • the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider; • the disappearance of an active market for a security because of financial difficulties; or • the purchase of a financial asset at a deep discount that reflects the incurred credit losses</p>

## Notes to the financial statements for the year ended 31 March 2024

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

<b>Stage 3:</b> 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

### 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

The gross carrying amount of a financial assets is written off when there is no reasonable expectation of recovering the asset. 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:

## Notes to the financial statements for the year ended 31 March 2024

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

	<p>Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;</p> <p>Level 2 financial instruments: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and</p> <p>Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.</p>															
<b>3.9</b>	<b>Property, plant and equipment ('PPE')</b>															
<b>i.</b>	<p><b>Recognition and measurement</b></p> <p>Items of PPE are stated at cost less accumulated depreciation and accumulated impairment loss, if any.</p> <p>Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to acquisition or construction of qualifying assets for the period to the completion of installation or construction of such assets respectively are capitalised.</p> <p>If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.</p> <p>Any gain or loss on disposal of an item of PPE is recognised in statement of profit and loss.</p> <p>Advances paid towards the acquisition of PPE outstanding at each balance sheet date are classified as capital advances under non-financial assets and the cost of the assets not put to use before such date are disclosed under "Capital work-in-progress".</p>															
<b>ii.</b>	<p><b>Subsequent expenditure</b></p> <p>Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.</p>															
<b>iii.</b>	<p><b>Depreciation</b></p> <p>Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight line method and is generally recognised in the statement of profit and loss.</p> <p>The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013.</p> <p>The estimated useful lives of items of property, plant and equipment for the current and comparative years are as follows:</p> <table border="1"> <thead> <tr> <th>Asset category</th> <th>Estimated Useful life</th> <th>Useful life as per schedule II</th> </tr> </thead> <tbody> <tr> <td>Furniture and fixtures</td> <td>5 Years</td> <td>10 Years</td> </tr> <tr> <td>Office equipments</td> <td>5 Years</td> <td>5 Years</td> </tr> <tr> <td>Computers and accessories</td> <td>3 Years</td> <td>3 Years</td> </tr> <tr> <td>Vehicles</td> <td>5 Years</td> <td>8 Years</td> </tr> </tbody> </table> <p>Leasehold improvements are depreciated over the remaining period of lease or 5 years, whichever is lower.</p> <p>Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).</p> <p>Property, plant and equipment taken on rent are treated as lease. Refer note 3.14.</p>	Asset category	Estimated Useful life	Useful life as per schedule II	Furniture and fixtures	5 Years	10 Years	Office equipments	5 Years	5 Years	Computers and accessories	3 Years	3 Years	Vehicles	5 Years	8 Years
Asset category	Estimated Useful life	Useful life as per schedule II														
Furniture and fixtures	5 Years	10 Years														
Office equipments	5 Years	5 Years														
Computers and accessories	3 Years	3 Years														
Vehicles	5 Years	8 Years														
<b>3.10</b>	<b>Intangibles</b>															
<b>i.</b>	<p><b>Recognition and measurement</b></p> <p>Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.</p>															
<b>ii.</b>	<p><b>Subsequent expenditure</b></p> <p>Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as and when it is incurred.</p>															

## Notes to the financial statements for the year ended 31 March 2024

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

<b>iii.</b>	<p><b>Amortisation</b></p> <p>Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method and is included in depreciation and amortisation in statement of profit and loss.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Intangible fixed assets description</th> <th style="text-align: center;">Management estimate of useful life</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Computer software</td> <td style="text-align: center;">License period or 3 years, whichever is lower</td> </tr> </tbody> </table> <p>The amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.</p>	Intangible fixed assets description	Management estimate of useful life	Computer software	License period or 3 years, whichever is lower
Intangible fixed assets description	Management estimate of useful life				
Computer software	License period or 3 years, whichever is lower				
<b>iv.</b>	<p><b>De-recognition</b></p> <p>An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.</p>				
<b>3.11</b>	<p><b>Impairment of non-financial assets</b></p> <p>The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.</p> <p>In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial and non-financial assets like security deposits and employee related loans and advances.</p>				
<b>3.12</b>	<p><b>Employee benefits</b></p>				
<b>(i)</b>	<p><b>Post - employment benefits</b></p>				
<b>a</b>	<p><b>Defined contribution plan</b></p> <p>The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.</p>				
<b>b</b>	<p><b>Defined benefit plan</b></p> <p><b>Gratuity</b></p> <p>A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.</p> <p>The calculation of defined benefit obligation is performed on periodic basis 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. During the financial year, the Company moved into a paid gratuity scheme with SBI Life Insurance Company Limited where the amount as determined by the actuarial valuation is paid on a monthly basis and the settlements made by SBI Life Insurance Company Limited to the employee will be effected through a separate Trust registered in this regard.</p> <p>Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.</p> <p>When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.</p>				
<b>ii.</b>	<p><b>Other long-term employee benefit</b></p> <p><b>Compensated absences</b></p> <p>The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within 12 months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.</p>				

## Notes to the financial statements for the year ended 31 March 2024

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

iii.	<b>Short-term employee benefits</b>
	<p>The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:</p> <p>(a) in case of accumulated compensated absences - when employees render services that increase their entitlement of future compensated absences; and</p> <p>(b) in case of non-accumulating compensated absences - when the absences occur.</p>
iv.	<b>Share based payment</b>
	<p>The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.</p>
<b>3.13</b>	<b>Provisions, contingent liabilities and contingent assets</b>
	<p><b>Provisions</b></p> <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.</p> <p><b>Contingent liability</b></p> <p>A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.</p> <p><b>Contingent asset</b></p> <p>A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.</p>
<b>3.14</b>	<b>Leases</b>
	<p><b>As a lessee</b></p> <p>The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.</p> <p>The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.</p> <p>The lease liability is initially measured at the present value of the lease payments that are not paid as at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.</p> <p>Lease payments included in the measurement of the lease liability comprise the following:</p> <ul style="list-style-type: none"><li>- fixed payments, including in-substance fixed payments</li><li>- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date</li><li>- amounts expected to be payable under a residual value guarantee</li></ul>

## Notes to the financial statements for the year ended 31 March 2024

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

	<p>- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.</p> <p>The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.</p> <p>The Company presents right-of-use assets separately on the face of the balance sheet and lease liability under other financial liabilities.</p>
	<p><b>Short-term leases</b></p> <p>The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.</p>
<b>3.15</b>	<p><b>Income tax</b></p> <p>Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.</p> <p><b>i. Current tax</b></p> <p>Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.</p> <p>Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.</p> <p><b>ii. Deferred tax</b></p> <p>Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.</p> <p>Deferred tax is not recognised for:</p> <ul style="list-style-type: none"><li>- 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</li><li>- 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</li><li>- taxable temporary differences arising on the initial recognition of goodwill.</li></ul> <p>Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.</p> <p>Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.</p> <p>Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.</p>
	<p><b>Goods and services tax / value added tax paid on acquisition of assets or on incurring expenses</b></p> <p>Expenses and assets are recognised net of the goods and services tax/value added taxes paid except:</p> <ol style="list-style-type: none"><li>a. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable</li><li>b. When receivables and payables are stated with the amount of tax included</li></ol> <p>The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.</p>

## Notes to the financial statements for the year ended 31 March 2024

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

<b>3.16</b>	<b>Foreign currency transactions</b> <p>Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.</p> <p>Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in the statement of profit and loss.</p>
<b>3.17</b>	<b>Borrowing cost</b> <p>Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.</p>
<b>3.18</b>	<b>Cash and cash equivalents</b> <p>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.</p>
<b>3.19</b>	<b>Segment reporting - Identification of segments</b> <p>An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ('CODM') to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.</p>
<b>3.20</b>	<b>Earnings per share</b> <p>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.</p>
<b>3.21</b>	<b>Cash flow statement</b> <p>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.</p>
<b>3.22</b>	<b>Pronouncements applicable to the Company from this financial year</b> <p>The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.</p> <p>The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.</p>
<b>(i)</b>	<b>Disclosure of Accounting Policies - Amendments to Ind AS 1</b> <p>The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.</p>
<b>(ii)</b>	<b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12</b> <p>The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet.</p>



## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	As at 31 March 2024	As at 31 March 2023
<b>4</b>	<b>Cash and cash equivalents</b>		
	Cash on hand	150.58	193.79
	Balances with banks		
	In current accounts	39,029.91	20,629.89
	In deposit accounts (Original maturity less than three months) -unencumbered	8,564.43	3,001.71
		<b>47,744.92</b>	<b>23,825.39</b>
<b>5</b>	<b>Bank balances other than cash and cash equivalents</b>		
	In deposit accounts (Original maturity more than three months) -unencumbered	16,054.92	28,285.27
	In deposit accounts (Original maturity more than three months) -encumbered		
	- As cash collateral towards securitisation of loans	2,127.98	281.21
	In earmarked bank accounts		
	- Unspent CSR amount in relation to ongoing projects (refer note below)	-	-
	- Unclaimed insurance amount payable to customers	14.13	16.90
		<b>18,197.03</b>	<b>28,583.38</b>
<b>Note:</b> Current year Shortfall in CSR: The amount categorised as shortfall for the year ended 31 March 2024, aggregating to INR 151.30 lakhs, is towards the ongoing project approved by the CSR Committee and Board of Directors meeting held on 23 November 2023 and 24 November 2023 respectively.			
Subsequently, this unspent amount has been transferred on 03 April 2024 to a Designated Unspent Corporate Social Responsibility Account with scheduled commercial bank as per circular E-file no.CSR-05/01/2021-CSR-MCA dated 25 August 2021.			
<b>6.1</b>	<b>Trade receivables</b>		
	Undisputed Trade Receivables - Considered Good	368.31	16.53
	Less: Impairment Allowance	-	-
		<b>368.31</b>	<b>16.53</b>
<b>6.2</b>	<b>Other receivables</b>		
	Considered Good	170.09	-
	Less: Impairment Allowance	-	-
		<b>170.09</b>	<b>-</b>
<b>7</b>	<b>Loans</b>		
	At Amortised cost		
<b>A</b>	<b>Based on nature</b>		
	Term Loans	5,72,189.45	3,52,921.78
	Interest accrued	9,665.92	6,482.31
	Advance from customers	(1,116.47)	(956.25)
	Unamortised fees	(8,360.15)	(5,074.71)
	<b>Total (A) Gross</b>	<b>5,72,378.75</b>	<b>3,53,373.13</b>
	Less: Impairment loss allowance	(8,923.77)	(5,811.49)
	<b>Total (A) Net</b>	<b>5,63,454.98</b>	<b>3,47,561.64</b>
<b>B</b>	<b>Based on security</b>		
<b>(i)</b>	<b>Secured (refer note 7.1)</b>		
	Secured by tangible assets	5,09,887.60	3,17,529.48
	Interest accrued	9,280.53	6,385.70
	Advance from customers	(148.46)	(295.59)
	Unamortised fees	(7,631.31)	(4,590.84)
	<b>Total (B) (i) Gross</b>	<b>5,11,388.36</b>	<b>3,19,028.75</b>
	Less: Impairment loss allowance	(7,693.69)	(5,457.91)
	<b>Total (B) (i) Net</b>	<b>5,03,694.67</b>	<b>3,13,570.84</b>

## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	As at 31 March 2024	As at 31 March 2023
<b>(ii)</b>	<b>Unsecured</b>		
	Unsecured loans	62,301.85	35,392.30
	Interest accrued	385.38	96.60
	Advance from customers	(968.00)	(660.65)
	Unamortised fees	(728.84)	(483.87)
	<b>Total (B) (ii) Gross</b>	<b>60,990.39</b>	<b>34,344.38</b>
	Less: Impairment loss allowance	(1,230.08)	(353.58)
	<b>Total (B) (ii) Net</b>	<b>59,760.31</b>	<b>33,990.80</b>
	<b>Total (B) Net</b>	<b>5,63,454.98</b>	<b>3,47,561.64</b>
<b>C</b>	<b>Based on region</b>		
	<b>I) Loans in India</b>		
	(i) Public Sector	-	-
	(ii) Others	5,72,189.45	3,52,921.78
	<b>Total</b>	<b>5,72,189.45</b>	<b>3,52,921.78</b>
	Interest accrued	9,665.92	6,482.31
	Advance from customers	(1,116.47)	(956.25)
	Unamortised fees	(8,360.15)	(5,074.71)
	<b>Total (C) Gross</b>	<b>5,72,378.75</b>	<b>3,53,373.13</b>
	Less: Impairment loss allowance	(8,923.77)	(5,811.49)
	<b>Total (C) Net</b>	<b>5,63,454.98</b>	<b>3,47,561.64</b>
	<b>(II) Loans outside India</b>		
	Loans outside India	-	-
		<b>5,63,454.98</b>	<b>3,47,561.64</b>
<b>7.1</b>	Loans are secured wholly by mortgage of immovable property.		
<b>7.2</b>	No loans are granted to the Promoters, Directors, KMPs ,and Related parties		

## Notes to the financial statements for the year ended 31 March 2024

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

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

Particulars	31 March 2024				31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>3,37,790.87</b>	<b>7,853.03</b>	<b>7,729.23</b>	<b>3,53,373.13</b>	<b>1,99,013.87</b>	<b>11,107.31</b>	<b>8,614.19</b>	<b>2,18,735.37</b>
New assets originated/ increase in existing assets (Net)*	3,32,933.51	721.15	306.86	3,33,961.52	2,04,371.24	180.79	104.23	2,04,656.26
Exposure de-recognised/matured/ repaid	(1,07,969.45)	(2,513.58)	(476.57)	(1,10,959.60)	(62,599.07)	(3,467.98)	(1,043.05)	(67,110.10)
Transfer to Stage 1	508.17	(442.82)	(65.35)	-	1,900.99	(1,435.70)	(465.29)	-
Transfer to Stage 2	(4,900.15)	4,961.52	(61.37)	-	(2,880.46)	3,220.11	(339.65)	-
Transfer to Stage 3	(4,704.93)	(1,519.58)	6,224.51	-	(1,968.05)	(1,178.80)	3,146.85	-
Impact on account of exposures transferred during the period between Stages	(4.52)	123.55	876.92	995.95	(10.10)	11.91	387.10	388.91
Impact of Changes on items with in the same Stage	1,199.60	(14.93)	336.43	1,521.10	613.67	(19.76)	486.40	1,080.31
Write off	(1,045.30)	(857.17)	(4,610.88)	(6,513.35)	(651.22)	(564.85)	(3,161.55)	(4,377.62)
<b>Gross carrying amount closing balance</b>	<b>5,53,807.80</b>	<b>8,311.19</b>	<b>10,259.78</b>	<b>5,72,378.75</b>	<b>3,37,790.87</b>	<b>7,853.04</b>	<b>7,729.23</b>	<b>3,53,373.13</b>

Reconciliation of ECL balance is given below:

Particulars	31 March 2024				31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Impairment loss allowance - Opening balance</b>	<b>1,492.21</b>	<b>1,009.64</b>	<b>3,309.64</b>	<b>5,811.49</b>	<b>854.27</b>	<b>1,099.73</b>	<b>3,572.20</b>	<b>5,526.20</b>
New assets originated/ increase in existing assets (Net)*	1,385.81	107.03	170.07	1,662.91	905.07	28.40	50.56	984.03
Exposure de-recognised/matured/ repaid	(239.45)	(65.96)	(11.00)	(316.40)	(116.17)	(75.72)	(44.32)	(236.22)
Transfer to Stage 1	123.94	(83.59)	(40.35)	-	488.14	(189.64)	(298.50)	-
Transfer to Stage 2	(34.97)	73.55	(38.58)	-	(19.26)	211.39	(192.13)	-
Transfer to Stage 3	(30.75)	(243.25)	274.00	-	(11.39)	(135.13)	146.52	-
Impact on account of exposures transferred during the period between Stages	(119.31)	672.19	3,115.99	3,668.88	(471.80)	254.33	1,508.42	1,290.96
Impact of Changes on items with in the same Stage	(224.02)	(117.77)	838.20	496.41	(123.33)	(36.46)	109.37	(50.42)
Write off	(23.47)	(209.71)	(2,166.33)	(2,399.51)	(13.33)	(147.25)	(1,542.49)	(1,703.07)
<b>Impairment loss allowance - Closing balance</b>	<b>2,329.99</b>	<b>1,142.14</b>	<b>5,451.64</b>	<b>8,923.77</b>	<b>1,492.21</b>	<b>1,009.64</b>	<b>3,309.64</b>	<b>5,811.49</b>

\* 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.

The above tables consists of net movement between previous year and current year.

#### 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 material 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.

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

ECL Scenario	31 March 2024	31 March 2023
Best case	8,163.94	5,088.66
Base case	8,428.83	5,235.20
Worst case	8,728.40	5,396.48

## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	As at 31 March 2024	As at 31 March 2023
		<b>5,63,454.97</b>	<b>3,47,561.64</b>
<b>8</b>	<b>Investments</b>		
	At fair value through profit or loss		
	Investment in mutual funds	-	-
	<b>Investments</b>	-	-
	Investment outside India	-	-
	Investments in India	-	-
	<b>Gross investments</b>	-	-
	Fair value changes	-	-
	<b>Net investments</b>	-	-
	Aggregate book value of quoted investments	-	-
	Aggregate market value of quoted investments	-	-
	Aggregate book value of unquoted investments	-	-
	Aggregate amount of fair value changes in investments	-	-
The Company held investments in mutual funds during the financial year. The realised and unrealised gains earned are disclosed in the profit and loss statement under "Net gain / (loss) on fair value changes" and the cash proceeds/outflow are disclosed in the Statement of cash flows under "Cash flows from investing activities".			
<b>9</b>	<b>Other financial assets</b>		
	Unsecured, considered good		
	Security deposits	2,328.17	803.54
	Employee loans and advances	46.86	26.01
	Other Advances	-	0.61
	<b>Total Gross</b>	<b>2,375.03</b>	<b>830.16</b>
	Less : Impairment Loss on the above	(17.37)	(8.84)
	<b>Total Net</b>	<b>2,357.66</b>	<b>821.32</b>
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>10</b>	<b>Current tax assets (net)</b>		
	Advance income tax (net of provisions)	158.82	52.17
	<b>Total</b>	<b>158.82</b>	<b>52.17</b>
<b>11</b>	<b>Deferred tax assets (net)</b>		

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 2023	Statement of profit and loss	Other comprehensive income	As at 31 March 2024
<b>Deferred Tax Asset:</b>				
Difference in depreciation as per Books of Accounts and Income Tax Act, 1961	185.46	12.85	-	198.31
Impairment allowance for financial instruments	1,462.63	783.30	-	2,245.93
Provision for compensated absences and gratuity	379.89	134.39	-	514.28
Impact of effective interest rate adjustment on financial instruments	1,281.55	931.30	-	2,212.85
Others	74.94	13.29	-	88.23
<b>Total (A)</b>	<b>3,384.47</b>	<b>1,875.13</b>	<b>-</b>	<b>5,259.60</b>
<b>Deferred Tax Liabilities:</b>				
Impact of effective interest rate adjustment on financial instruments	271.27	342.16	-	613.43
Provision for compensated absences and gratuity	-	-	14.71	14.71
Provisions for Bad and Doubtful Debts under Sec 36(1) (viii)	-	490.17	-	490.17
<b>Total (B)</b>	<b>271.27</b>	<b>832.33</b>	<b>14.71</b>	<b>1,118.31</b>
<b>Net Deferred Tax Asset (A-B)</b>	<b>3,113.20</b>	<b>1,042.80</b>	<b>(14.71)</b>	<b>4,141.29</b>

## Notes to the financial statements for the year ended 31 March 2024

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

	Components of deferred tax asset (liability)	As at 31 March 2022	Statement of profit and loss	Other comprehensive income	As at 31 March 2023
	<b>Deferred Tax Asset:</b>				
	Difference in depreciation as per Books of Accounts and Income Tax Act, 1961	178.48	6.98	-	185.46
	Impairment allowance for financial instruments	1,212.51	250.12	-	1,462.63
	Provision for compensated absences and gratuity	193.31	129.10	57.48	379.89
	Impact of effective interest rate adjustment on financial instruments	585.39	696.16	-	1,281.55
	Others	57.07	17.87	-	74.94
	<b>Total (A)</b>	<b>2,226.76</b>	<b>1,100.23</b>	<b>57.48</b>	<b>3,384.47</b>
	<b>Deferred Tax Liabilities:</b>				
	Impact of effective interest rate adjustment on financial instruments	-	271.27	-	271.27
	Provision for compensated absences and gratuity	-	-	-	-
	Provisions for Bad and Doubtful Debts under Sec 36(1) (viii)	-	-	-	-
	<b>Total (B)</b>	<b>-</b>	<b>271.27</b>	<b>-</b>	<b>271.27</b>
	<b>Net Deferred Tax Asset (A-B)</b>	<b>2,226.76</b>	<b>828.96</b>	<b>57.48</b>	<b>3,113.20</b>

12.1	Property, plant and equipment & Right of Use Asset	Property, plant and equipment					Right of Use Asset		Total
		Leasehold Improvements	Furniture and fixtures	Office equipments	Computers and accessories	Vehicles	Buildings	Furniture and fixtures	
	<b>Cost</b>								
	<b>Balance as at 31 March 2022</b>	<b>601.18</b>	<b>300.90</b>	<b>177.67</b>	<b>937.57</b>	<b>-</b>	<b>2,672.61</b>	<b>-</b>	<b>4,689.93</b>
	Add: Additions	109.88	104.05	41.80	576.00	526.66	2,113.52	107.15	3,579.06
	Less: Disposals	(0.10)	(2.66)	(7.63)	(68.86)	(18.85)	(679.21)	-	(777.32)
	<b>Balance as at 31 March 2023</b>	<b>710.96</b>	<b>402.29</b>	<b>211.84</b>	<b>1,444.71</b>	<b>507.81</b>	<b>4,106.91</b>	<b>107.15</b>	<b>7,491.67</b>
	Add: Additions	406.70	208.08	88.93	425.83	147.98	1,810.86	11.74	3,100.12
	Less: Disposals	(62.44)	(20.02)	(5.66)	(53.96)	(19.63)	(985.49)	(3.77)	(1,150.97)
	<b>Balance as at 31 March 2024</b>	<b>1,055.22</b>	<b>590.35</b>	<b>295.11</b>	<b>1,816.58</b>	<b>636.16</b>	<b>4,932.28</b>	<b>115.12</b>	<b>9,440.82</b>
	<b>Accumulated depreciation</b>								
	<b>Balance as at 31 March 2022</b>	<b>469.62</b>	<b>248.30</b>	<b>95.87</b>	<b>710.80</b>	<b>-</b>	<b>1,111.33</b>	<b>-</b>	<b>2,635.92</b>
	Add: Additions	79.20	94.70	39.17	161.63	68.10	891.33	5.47	1,339.60
	Less: Disposals	(0.10)	(2.66)	(6.15)	(64.62)	(1.39)	(555.45)	-	(630.37)
	<b>Balance as at 31 March 2023</b>	<b>548.72</b>	<b>340.33</b>	<b>128.89</b>	<b>807.81</b>	<b>66.71</b>	<b>1,447.21</b>	<b>5.47</b>	<b>3,345.15</b>
	Add: Additions	175.24	167.18	48.21	320.83	117.23	1,310.59	36.71	2,175.99
	Less: Disposals	(62.35)	(18.92)	(4.80)	(50.70)	(4.57)	(561.64)	-	(702.99)
	<b>Balance as at 31 March 2024</b>	<b>661.61</b>	<b>488.59</b>	<b>172.30</b>	<b>1,077.95</b>	<b>179.37</b>	<b>2,196.16</b>	<b>42.18</b>	<b>4,818.15</b>
	<b>Net block</b>								
	<b>As at 31 March 2023</b>	<b>162.24</b>	<b>61.96</b>	<b>82.96</b>	<b>636.90</b>	<b>441.10</b>	<b>2,659.70</b>	<b>101.68</b>	<b>4,146.52</b>
	<b>As at 31 March 2024</b>	<b>393.61</b>	<b>101.76</b>	<b>122.81</b>	<b>738.63</b>	<b>456.79</b>	<b>2,736.13</b>	<b>72.94</b>	<b>4,622.67</b>

Also refer note 17.1

Note:

- 1) Wherever the Company has taken premises on rent along with furniture as a separate agreement then the ROUA of the same is shown separately.
- 2) All the Lease agreements are in the name of the Company.
- 3) The Company has elected to include ROU assets pertaining to lease of buildings, furniture & fixtures as part of the Property, plant and equipment as permitted under paragraph 47(a) of Ind AS 116.

## Notes to the financial statements for the year ended 31 March 2024

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

<b>12.2 Intangible assets</b>			
	<b>Particulars</b>	<b>Computer Softwares</b>	<b>Total</b>
	<b>Cost</b>		
	<b>Balance as at 31 March 2022</b>	<b>1,043.12</b>	<b>1,043.12</b>
	Add: Additions	147.53	147.53
	Less: Disposals	-	-
	<b>Balance as at 31 March 2023</b>	<b>1,190.65</b>	<b>1,190.65</b>
	Add: Additions	819.27	819.27
	Less: Disposals	-	-
	<b>Balance as at 31 March 2024</b>	<b>2,009.92</b>	<b>2,009.92</b>
	<b>Accumulated amortization</b>		
	<b>Balance as at 31 March 2022</b>	<b>818.07</b>	<b>818.07</b>
	Add: Additions	171.83	171.83
	Less: Disposals	-	-
	<b>Balance as at 31 March 2023</b>	<b>989.90</b>	<b>989.90</b>
	Add: Additions	180.34	180.34
	Less: Disposals	-	-
	<b>Balance as at 31 March 2024</b>	<b>1,170.24</b>	<b>1,170.24</b>
	<b>Net block</b>		
	<b>As at 31 March 2023</b>	<b>200.76</b>	<b>200.76</b>
	<b>As at 31 March 2024</b>	<b>839.68</b>	<b>839.68</b>

<b>12.3 Intangible assets under development</b>			
	<b>Particulars</b>	<b>Software under development</b>	<b>Total</b>
	<b>Balance as at 31 March 2022</b>	<b>45.76</b>	<b>45.76</b>
	Add: Additions	83.12	83.12
	Less: Capitalized during the year	(112.80)	(112.80)
	<b>Balance as at 31 March 2023</b>	<b>16.08</b>	<b>16.08</b>
	Add: Additions	32.97	32.97
	Less: Capitalized during the year	-	-
	<b>Balance as at 31 March 2024</b>	<b>49.05</b>	<b>49.05</b>

### Intangible assets under development - Ageing Schedule

#### As at 31 March 2024

<b>Particulars</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Projects in Progress	49.05	-	-	-	49.05
Projects Temporary Suspended	-	-	-	-	-
<b>Total</b>	<b>49.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.05</b>
<b>As at 31 March 2023</b>					
Projects in Progress	16.08	-	-	-	16.08
Projects Temporary Suspended	-	-	-	-	-
<b>Total</b>	<b>16.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.08</b>

## Notes to the financial statements for the year ended 31 March 2024

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

<b>12.4</b>	<b>Details of Benami Transactions</b>		
	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:-		
	<b>Particulars</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
	(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

<b>13</b>	<b>Other non-financial assets</b>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Capital and other advances	102.55	2.47
	Prepaid expenses	320.55	300.94
	Balance with government authorities/ GST input credit	-	-
	<b>Total</b>	<b>423.10</b>	<b>303.41</b>

Note: Impairment on Other non-financial assets is Nil ( FY 2022-23- Nil)

<b>14</b>	<b>Trade Payables (refer note 14.1)</b>		
	<b>Trade payables</b>		
	- Total outstanding dues of micro enterprises and small enterprises	114.68	65.48
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	765.20	487.49
	<b>Total</b>	<b>879.88</b>	<b>552.97</b>

<b>14.1</b>	<b>Trade payables(Ageing Schedule)</b>	
	The following schedules reflect aging of trade payables with respect to the date of transactions	

### As at 31 March 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	114.68	-	-	-	114.68
(ii) Others	765.20	-	-	-	765.20
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
<b>Sub Total - A</b>	<b>879.88</b>	-	-	-	<b>879.88</b>
(v) Unbilled amount	-	-	-	-	-
<b>Sub Total - B</b>	-	-	-	-	-
<b>Grand Total - A + B</b>	<b>879.88</b>	-	-	-	<b>879.88</b>

## Notes to the financial statements for the year ended 31 March 2024

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

### As at 31 March 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(j) MSME	65.48	-	-	-	65.48
(ii) Others	487.49	-	-	-	487.49
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
<b>Sub Total - A</b>	<b>552.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552.97</b>
(v) Unbilled amount	-	-	-	-	-
<b>Sub Total - B</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total - A + B</b>	<b>552.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552.97</b>

15	Debt securities (refer note 15.1 and 15.2)			
	At amortised cost			
	<b>Secured:</b>			
	<b>Non-convertible debentures</b>			
	250 (31 March 2023: 250) Series 13 redeemable non-convertible debentures of INR 10 lakhs each		2,500.00	2,500.00
	1500 (31 March 2023: 1500) Series 14 redeemable non-convertible debentures of INR 10 lakhs each		15,000.00	15,000.00
	5500 (31 March 2023: Nil) Series 15 redeemable non-convertible debentures of INR 1 lakh each		5,500.00	-
	7500 (31 March 2023: Nil) Series 16 redeemable non-convertible debentures of INR 1 lakh each		7,500.00	-
			30,500.00	17,500.00
	Add: Interest accrued but not due		445.49	426.89
	Less: Unamortised fees		(133.34)	-
	<b>Total</b>		<b>30,812.15</b>	<b>17,926.89</b>
	Debt securities in India		30,812.15	17,926.89
	Debt securities outside India		-	-
			<b>30,812.15</b>	<b>17,926.89</b>



## Notes to the financial statements for the year ended 31 March 2024

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

<b>Details of terms of redemption / repayment and security provided in respect of debt securities:</b>				
<b>Particulars</b>	<b>Tenure</b>	<b>Call (or) put option date/ final Maturity date</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
250 (31 March 2023: 250) Series 13 redeemable non-convertible debentures of INR 10 lakhs each	30 months	24-Sep-24	2,500.00	2,500.00
1500 (31 March 2023: 1500) Series 14 redeemable non-convertible debentures of INR 10 lakhs each	72 months	23-Jun-28	15,000.00	15,000.00
5500 (31 March 2023: Nil) Series 15 redeemable non-convertible debentures of INR 1 lakh each	42 months	25-Jun-27	5,500.00	-
7500 (31 March 2023: Nil) Series 16 redeemable non-convertible debentures of INR 1 lakh each	48 months	28-Mar-28	7,500.00	-
<b>Total</b>			<b>30,500.00</b>	<b>17,500.00</b>
As at balance sheet date, interest rates (per annum) range for the NCDs			19.75% to 10.95%	10.58% to 10.95%
<b>Security:</b>				
<p>a) All the NCDs issued by the company are secured by exclusive charge on specific receivables of the company by way of hypothecation with security cover to the extent of 1.00 times 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 1.06 times of the principal and interest amount outstanding as at 31 March 2024.</p> <p>b) Interest for the above outstanding NCDs are payable on Monthly/ Quarterly / Half yearly basis.</p> <p>c) The principal repayment for the NCDs is on the date of maturity / amortisation or upon exercise of put / call option respectively.</p> <p>d) The Company has not defaulted in the repayment of dues to the debenture holders and we confirm that the Company has been not declared as wilful defaulter by Banks, Financial Institutions or any other lenders.</p> <p>e) We confirm that the Company has used the proceeds of NCDs for the purpose for which they have been borrowed.</p>				

## Notes to the financial statements for the year ended 31 March 2024

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

16	<b>Borrowings (Other than debt securities) (refer note 16.1 - 16.3)</b>			
	<b>As at 31 March 2024</b>		<b>As at 31 March 2023</b>	
	<b>At amortised cost</b>			
	<b>(A) Term loans (secured)</b>			
	From banks - long term	3,04,628.56		1,96,783.03
	From banks - short term	-		5,999.43
	From other parties	12,862.04		17,653.05
	<b>(B) Borrowings under securitisation (secured)</b>			
	Less: Investment in equity tranche under securitisation	55,215.75 (6,520.85)	4,095.22 (337.92)	
	<b>Borrowings under securitisation (secured)-net</b>	48,694.90		3,757.30
	<b>(C) Loans repayable on demand (secured)</b>			
	From banks	1,249.81		989.46
		<b>3,67,435.31</b>		<b>2,25,182.27</b>
	Add: Interest accrued but not due	769.48		267.48
	Less: Unamortised fees	(1,902.73)		(1,060.93)
	<b>Total</b>	<b>3,66,302.06</b>		<b>2,24,388.82</b>
	Borrowings in India	3,66,302.06		2,24,388.82
	Borrowings outside India	-		-
	<b>Total</b>	<b>3,66,302.06</b>		<b>2,24,388.82</b>

- a) 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 8.95% p.a. to 13.10% p.a. (31 March 2023: 8.45% p.a. to 13.10% p.a).
- b) The Company has not been declared as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) in accordance with the guidelines on wilful defaulters issued by the RBI.
- c) With effect from 01 July 2023, the HDFC Limited was merged into HDFC Bank Limited. Accordingly, appropriate reclassification is done in the current financial year from "Loans from other parties" to "Loans from banks". Previous year disclosure remains as applicable for that period.
- d) Borrowings under securitisation represents the net outstanding value (net of investment in pass through certificates) of the proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to Deed of Assignment. The Company has provided credit enhancement to the trust by way of cash collateral.

16.1	<b>Details of term loans - Contractual principal repayment value</b>					
	<b>Rate of interest</b>	<b>Maturity</b>	<b>Principal repayment mode (instalments)</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	
	Floating interest rate based on MCLR + spread	< 1 year	1	1,249.81	1,989.46	
			2	-	53.17	
			4	833.33	-	
			6	124.98	-	
			11	763.46	-	
			12	-	839.39	
			1 -2 years	4	-	1,999.20
				5	1,785.71	-
				6	3,214.57	-
				15	312.48	-
				16	347.83	1,333.33
				17	1,085.57	-
		18		1,623.91	375.00	
		20		2,083.33	-	
		22		4,106.01	-	
		23		6,171.96	1,595.27	
		24		2,887.87	-	

## Notes to the financial statements for the year ended 31 March 2024

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

Rate of interest	Maturity	Principal repayment mode (instalments)	As at 31 March 2024	As at 31 March 2023	
	2 -3 years	8	-	1,000.00	
		10	-	5,606.23	
		11	1,463.41	-	
		26	3,611.11	-	
		27	1,123.49	562.50	
		28	2,333.33	608.70	
		29	3,985.38	1,851.90	
		30	1,873.83	2,706.52	
		33	824.61	3,699.88	
		34	2,832.63	6,345.65	
		35	1,458.23	5,474.09	
		36	31,741.14	4,328.94	
		3 -4 years	14	1,749.91	-
	15		-	2,000.00	
	37		4,021.74	-	
	38		2,375.00	-	
	39		-	1,624.53	
	40		5,000.00	3,333.33	
	41		10,214.30	5,636.32	
	42		2,947.37	2,624.16	
	43		27,849.93	-	
	45		14,632.91	1,125.00	
	46		9,033.10	3,833.17	
	47		9,791.67	1,958.27	
	48		7,999.99	26,516.24	
	4 -5 years	18	61,104.45	2,249.87	
		48	2,400.00	15,244.66	
		50	-	3,125.00	
		52	-	6,500.00	
		53	4,416.67	-	
		54	-	33,789.24	
		55	-	4,824.56	
		58	4,833.33	4,833.33	
		59	7,866.61	-	
		60	-	5,000.00	
		> 5 years	26	4,999.89	-
	60		-	3,000.00	
	Floating interest rate based on Repo rate + spread	< 1 year	6	-	383.33
			8	444.44	-
		1 -2 years	5	1,406.25	-
			6	487.50	-
13			1,083.33	-	
18			4,750.00	-	
19			1,846.71	-	
20			-	1,111.10	
2 -3 years		9	-	2,531.25	
		10	-	812.50	
		25	-	2,083.33	
		30	-	7,916.67	
		31	-	3,013.04	

## Notes to the financial statements for the year ended 31 March 2024

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

Rate of interest	Maturity	Principal repayment mode (instalments)	As at 31 March 2024	As at 31 March 2023
Floating interest rate based on Repo rate + spread	3 -4 years	14	5,525.70	-
		38	3,958.22	-
		41	4,270.72	-
		45	2,343.70	-
		47	2,447.86	-
	4 -5 years	17	8,946.94	-
		18	-	7,105.14
Floating interest rate based on T Bill + Spread	1 -2 years	12	374.97	-
	2 -3 years	24	-	750.00
Floating interest rate based on MIBOR + spread	< 1 year	1	-	3,000.00
		3	5,000.00	-
		7	2,187.50	-
		8	2,500.00	-
Floating interest rate based on Prime Lending Rate (PLR) + Spread	< 1 year	7	-	902.32
		13	541.66	-
		25	-	1,041.62
		37	3,854.16	-
		48	-	4,000.00
Other floating reference rate (FRR)+ Spread	1 -2 years	23	3,355.12	-
	2 -3 years	35	-	4,869.72
Fixed interest rate	< 1 year	1	-	4,999.43
		3	-	722.00
		4	1,499.99	-
		7	833.33	-
		8	-	2,999.99
		9	-	279.88
	1 -2 years	19	-	2,261.90
		23	2,007.46	-
2 -3 years	35	-	3,054.82	
<b>Total</b>			<b>3,18,740.40</b>	<b>2,21,424.96</b>
As at balance sheet date, interest rates (per annum) range for the term loans			8.95% to 12.20%	8.45% to 12.25%

### 16.2 Details of securitised loans - Contractual principal repayment value

Floating interest rate based on T Bill + Spread	1 -2 years	8	500.00	3,757.30
		11	1,067.33	-
Fixed interest rate	1 -2 years	16	8,255.67	-
		21	6,699.87	-
		14	5,170.00	-
	2 -3 years	23	3,018.14	-
		25	6,605.54	-
		35	9,631.01	-
	3 -4 years	13	2,900.00	-
28		4,847.34	-	
<b>Total</b>			<b>48,694.90</b>	<b>3,757.30</b>
As at balance sheet date, interest rates (per annum) range for securitisation			9.30% to 13.10%	9.30% to 13.10%

## Notes to the financial statements for the year ended 31 March 2024

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

<b>16.3</b>	<b>Details of borrowings (other than debt securities) availed by the Company:</b>		
	<p>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.</p> <p>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 2024 and 31 March 2023.</p> <p>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.</p> <p>d) We confirm that the Company has used the borrowings from Banks and Financial Institutions for the purpose for which it has been borrowed.</p> <p>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.</p>		
<b>17</b>	<b>Other financial liabilities</b>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Lease liabilities (refer note 17.1)	3,040.30	2,951.53
	Other liabilities	553.93	327.16
	Collection from customers on securitised assets pending remittance	2,834.88	235.59
	<b>Total</b>	<b>6,429.11</b>	<b>3,514.28</b>
<b>17.1</b>	<b>Disclosures under Ind AS 116</b>		
	<p>The Company has entered into leasing arrangements for premises as well as for furnitures and fixtures. ROU has been included after the line 'Property, Plant and Equipment' and Lease liability has been included under 'Other Financial Liabilities' in the Balance Sheet.</p>		
	<b>(i) Measurement of Lease Liabilities</b>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Lease liability recognised	3,040.30	2,951.53
	The Company has considered weighted average incremental borrowing rate for discounting the lease liabilities.		
	<b>(ii) Maturity analysis of lease payments</b>		
	Less than 1 year	1,521.40	1,341.41
	1-2 years	1,256.31	1,036.90
	2-3 years	452.24	691.31
	3-4 years	147.19	186.06
	4-5 years	63.46	123.58
	> 5 years	24.40	64.71
	<b>(iii) Maturity analysis of lease liabilities</b>		
	<b>Less than 3 months</b>	328.73	271.65
	<b>3 - 6 months</b>	316.39	271.67
	<b>6 - 12 months</b>	632.70	553.56
	<b>1 - 3 years</b>	1,549.18	1,522.51
	<b>3 - 5 years</b>	191.94	271.11
	<b>&gt; 5 years</b>	21.36	61.04

## Notes to the financial statements for the year ended 31 March 2024

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

<b>(iv) Amounts recognised in the Balance sheet</b>			
<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	
a) Right-of-use assets (net)	2,809.07	2,761.38	
b) Lease liabilities			
Current	1,277.81	1,096.87	
Non-current	1,762.48	1,854.66	
Total Lease liabilities	<b>3,040.30</b>	<b>2,951.53</b>	
c) Additions to the Right-of-use assets	1,822.60	2,220.66	
<b>(v) Amounts recognised in the Statement of Profit and Loss</b>			
a) Depreciation charge for right-of-use assets	1,347.29	896.80	
b) Interest expense (included in finance cost)	318.63	227.85	
c) Expense relating to short-term leases	-	-	
<b>18 Provisions</b>			
Provision for employee benefits			
Provision for gratuity (refer note 34.2)	34.42	533.88	
Provision for compensated absences	831.65	289.63	
	<b>866.07</b>	<b>823.51</b>	
<b>19 Other non-financial liabilities</b>			
Statutory dues payable	557.76	386.17	
Unamortised transaction income (net)	30.31	-	
Employee benefits payable	3,694.91	1,922.16	
	<b>4,282.98</b>	<b>2,308.33</b>	
<b>20 Equity share capital</b>			
<b>Authorised</b>			
136,980,000 (31 March 2023 : 64,980,000) equity shares of INR 10 each	13,698.00	6,498.00	
44,136,448 (31 March 2023 : 44,136,448) compulsory convertible preference shares ("CCPS") of INR 10 each	4,413.64	4,413.64	
13,922,368 (31 March 2023: 13,922,368 ) CCPS of INR 15 each	2,088.36	2,088.36	
	<b>20,200.00</b>	<b>13,000.00</b>	
<b>Issued, subscribed and paid-up</b>			
<b>Fully paid-up</b>			
127,017,947 (31 March 2023: 47,874,975) equity shares of INR 10 each	12,701.79	4,787.50	
Nil (31 March 2023: 23,655,716) 0.01% CCPS of INR 10 each	-	2,365.57	
Nil (31 March 2023: 20,480,732) 0.0001% CCPS of INR 10 each	-	2,048.07	
Nil (31 March 2023: 13,921,801) 0.0001% CCPS of INR 15 each	-	2,088.27	
<b>Issued, subscribed, called and paid-up</b>			
<b>Partly paid-up</b>			
5,013,262 (31 March 2023:13,298,744) equity shares of INR 10 each, Re.1 paid up	50.13	132.99	
	<b>12,751.92</b>	<b>11,422.40</b>	

## Notes to the financial statements for the year ended 31 March 2024

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

20.1 Reconciliation of shares outstanding at the beginning and at the end of the year						
		As at 31 March 2024		As at 31 March 2023		
		No. of shares	Amount	No. of shares	Amount	
<b>Equity shares of INR 10 each</b>						
At the commencement of the year*		6,11,73,719	4,920.49	6,05,29,719	4,856.09	
Add: Issued during the year		1,27,99,241	2,025.61	6,44,000	64.40	
Add: Converted during the year		5,80,58,249	5,805.82	-	-	
<b>At the end of the year**</b>		<b>13,20,31,209</b>	<b>12,751.92</b>	<b>6,11,73,719</b>	<b>4,920.49</b>	
* includes 13,298,744 partly paid up equity shares of INR 10 each (INR 1 paid up)						
** includes 50,13,262 partly paid up equity shares of INR 10 each (INR 1 paid up)						
<b>0.01% CCPS of INR 10 each</b>						
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: Converted into equity shares		2,36,55,716	2,365.57	-	-	
<b>At the end of the year</b>		<b>-</b>	<b>-</b>	<b>2,36,55,716</b>	<b>2,365.57</b>	
<b>0.0001% CCPS of INR 10 each</b>						
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: Converted into equity shares		2,04,80,732	2,048.07	-	-	
<b>At the end of the year</b>		<b>-</b>	<b>-</b>	<b>2,04,80,732</b>	<b>2,048.07</b>	
<b>0.0001% CCPS of INR 15 each</b>						
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: Converted into equity shares		1,39,21,801	1,392.18	-	-	
Less: Transfer to securities premium on conversion of CCPS		-	696.09	-	-	
<b>At the end of the year</b>		<b>-</b>	<b>-</b>	<b>1,39,21,801</b>	<b>2,088.27</b>	
20.2 Details of Promoter Holdings						
Details as at 31 March 2024						
Name of the Promoter	No of Shares as at 1 April 2023	Opening % of Shares	Movement during the year	No of Shares as at 31 March 2024	Closing % of Shares	% of Change during the year
<b>Equity Shares</b>						
<b>Fully paid up shares</b>						
D. Arulmany	33,50,000	2.81%	78,86,229	<b>1,12,36,229</b>	8.51%	5.70%
Vidya Arulmany	5,00,000	0.42%	-	<b>5,00,000</b>	0.38%	-0.04%
<b>Partly paid up shares</b>						
D. Arulmany	1,32,98,744	11.15%	(95,85,482)	<b>37,13,262</b>	2.81%	-8.34%
Details as at 31 March 2023						
Name of the Promoter	No of Shares as at 1 April 2022	Opening % of Shares	Movement during the year	No of Shares as at 31 March 2023	Closing % of Shares	% of Change during the year
<b>Equity Shares</b>						
<b>Fully paid up shares</b>						
D. Arulmany	33,50,000	2.82%	-	<b>33,50,000</b>	2.81%	-0.01%
Vidya Arulmany	5,00,000	0.42%	-	<b>5,00,000</b>	0.42%	0.00%
<b>Partly paid up shares</b>						
D. Arulmany	1,32,98,744	11.21%	-	<b>1,32,98,744</b>	11.15%	-0.06%

## Notes to the financial statements for the year ended 31 March 2024

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

### 20.3 Details of shareholders holding more than 5% shares of each class of shares

	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% Holding	No. of shares	No. of shares
<b>Equity shares of INR 10*</b>				
D. Arulmany	1,49,49,491	11.32%	1,66,48,744	27.22%
Norwest Venture Partners X Mauritius	2,87,50,308	21.78%	1,62,96,868	26.64%
Kedaara Capital Fund II LLP	2,00,87,374	15.21%	92,03,102	15.04%
British International Investment Plc.**	1,37,60,568	10.42%	100	0.00%
Lok Capital Growth Fund	1,07,57,276	8.15%	15,100	0.02%
Multiples Private Equity Fund III	1,02,95,904	7.80%	-	-
Venus Investments Private Limited	1,02,95,904	7.80%	-	-
Sheela Pai Cole	33,64,247	2.55%	36,64,247	5.99%
Sunaina Pai Ocalan	32,61,518	2.47%	35,61,518	5.82%
Evolve India Fund III Limited	30,81,474	2.33%	30,81,474	5.04%
<b>0.01% CCPS of INR 10 each #</b>				
British International Investment Plc.**	-	-	1,39,78,396	59.09%
Lok Capital Growth Fund	-	-	86,02,051	36.36%
<b>0.0001% CCPS of INR 10 each #</b>				
Lok Capital Growth Fund	-	-	53,56,803	26.16%
British International Investment Plc. **	-	-	22,29,081	10.88%
Kedaara Capital Fund II LLP	-	-	1,04,18,028	50.87%
Norwest Ventures X Mauritius	-	-	24,76,820	12.09%
<b>0.0001% CCPS of INR 15 each #</b>				
British International Investment Plc.**	-	-	45,54,206	32.71%
Norwest Ventures X Mauritius	-	-	93,67,595	67.29%

\* includes 37,13,262 (March 2023: 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

#During the Financial year 2023-24, in accordance with the Memorandum of Association, Articles of Association, and amended and restated Shareholder's agreement dated 21 June 2023, executed among the Company and the shareholders, all types of CCPS were converted into Equity shares of INR 10 each at a ratio of 1:1. The same was approved via board resolution dated 15 September 2023.

### 20.4 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 issued terms offered for conversion at the option of the preference shareholders. The CCPS if not converted by the preference shareholders were 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 were 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.



## Notes to the financial statements for the year ended 31 March 2024

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

### 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 issued terms offered for conversion at the option of the preference shareholders. The CCPS if not converted by the preference shareholders were 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 were 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.

During the financial year 2023-24, the balance outstanding in Series B of 23,655,716, 0.01% CCPS were converted into equity shares of INR 10 each at a ratio of 1:1. The same was approved via board resolution dated 15 September 2023.

### 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 issued terms offered for conversion at the option of the preference shareholders. The CCPS if not converted by the preference shareholders were 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 were 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.

During the financial year 2023-24, the entire outstanding shares of 5,494,514 in Series C, 0.0001% CCPS were converted into equity shares of INR 10 each at a ratio of 1:1. The same was approved via board resolution dated 15 September 2023.

### 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 issued terms offered for conversion at the option of the preference shareholders. The CCPS if not converted by the preference shareholders were 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 were 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.

During the financial year 2023-24, the entire outstanding shares of 13,921,801 in Series D, 0.0001% CCPS were converted into equity shares of INR 10 each at a ratio of 1:1. The same was approved via board resolution dated 15 September 2023.

### 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 issued terms offered for conversion at the option of the preference shareholders. The CCPS if not converted by the preference shareholders were 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 were 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.

During the financial year 2023-24, the entire outstanding shares of 14,986,218 in Series E, 0.0001% CCPS were converted into equity shares of INR 10 each at a ratio of 1:1. The same was approved via board resolution dated 15 September 2023.

## Notes to the financial statements for the year ended 31 March 2024

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

20.5	<b>Employee Stock Option Scheme (also refer note 40)</b>						
	<p>On 8 January 2016, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS A), 2016. Under the plan, the Company is authorized to issue 3,000,000 equity shares of INR 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.</p> <p>On 26 February 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS B), 2018. Under the plan, the Company is authorized to issue 1,000,000 equity shares of INR 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.</p> <p>On 6 December 2018, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS C), 2018. Under the plan, the Company is authorized to issue 2,000,000 equity shares of INR 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.</p> <p>On 11 February, 2021, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme, 2021 (Veritas ESOS, 2021). Under the plan, the Company is authorized to issue 1,000,000 equity shares of INR 10/- each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.</p> <p>On 15 March, 2024, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme, 2024 (Veritas ESOS, 2024). Under the plan, the Company is authorized to issue 2,000,000 equity shares of INR 10/- each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan is administered by the 'Nomination and Remuneration Committee' constituted by the Board of Directors of the Company.</p> <p>The table below summarises the movement of options across various schemes of the Company:</p>						
		<b>Veritas ESOS A, 2016</b>	<b>Veritas ESOS B, 2018</b>	<b>Veritas ESOS C, 2018</b>	<b>Veritas ESOS, 2021</b>	<b>Veritas ESOS, 2024</b>	<b>Total</b>
a.	Total size of the options granted	30,00,000	10,00,000	20,00,000	10,00,000	20,00,000	90,00,000
b.	Granted options	30,50,000	11,60,000	25,20,000	10,10,000	2,66,667	80,06,667
c.	Options cancelled and added back to the scheme	88,500	1,63,400	5,39,350	97,500	-	8,88,750
d.	Net options granted	29,61,500	9,96,600	19,80,650	9,12,500	2,66,667	71,17,917
e.	Balance options available for future grants	38,500	3,400	19,350	87,500	17,33,333	18,82,083
f.	Options exercised	29,61,500	8,35,350	10,00,650	24,500	-	48,22,000
g.	Options vested but yet to be exercised	-	42,750	3,90,000	1,19,250	-	5,52,000
20.6	<b>Preferential offer to Promoter</b>						
	<p>The Company vide its Investment Agreements has provided certain preferential rights to the Promoter of the Company, as detailed below:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul> <p>During the year 2018-19, the Company has issued 10,975,000 partly paid equity shares of INR 10 each at a premium of INR 62.69 per share each paid up to the extent of INR 1 per share to the Promoter through rights issue in lieu of the accumulated options. Accordingly, the options issued to the Promoter has been extinguished. The unpaid amount of INR 71.69 per share including premium has not been called as at 31 March 2023.</p> <p>During the year 2019-20, the Company has issued 2,323,744 partly paid equity shares of INR 10 each at a premium of INR 205.17 per share each paid up to the extent of INR 1 per share to the Promoter through a preferential offer. The unpaid amount of INR 214.17 per share including premium has not been called as at 31 March 2023.</p> <p>During the year 2023-24, the Company has issued 1,389,518 partly paid equity shares of INR 10 each at a premium of INR 475.63 per share each paid up to the extent of INR 1 per share to the Promoter through preferential allotment and private placement. The unpaid amount of INR 484.63 per share including premium has not been called as at 31 March 2024.</p>						

## Notes to the financial statements for the year ended 31 March 2024

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

<b>20.7</b>	<b>Share warrants to certain employees</b>		
	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). Further, the Company vide its first amendment agreement dated 30 November 2023 to the amended and restated shareholders agreement dated 21 June 2023 and resolution passed at the extraordinary general meeting dated 23 December 2023, had extended the last date from 30 November 2023 to 31 March 2024. Subsequently, the warrants were not exercised by the employees and the same stands extinguished as at 31 March 2024.		
<b>20.8</b>	<b>Partly paid shares</b>		
	During the year, the Company issued additional equity shares of 2,689,518 partly paid up to the extent of INR 1 per share. Also, during the financial year 2023-24, partly paid equity shares of 10,975,000 was converted to fully paid equity share by way of call up notice dated 07 July 2023.		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>21</b>	<b>Other equity</b>		
	Securities premium	1,58,123.15	1,10,359.44
	Retained earnings	48,216.81	28,568.88
	Statutory reserve as per Section 45-IC of the RBI Act, 1934	12,375.47	7,474.42
	Share options outstanding account	1,488.00	1,300.46
	Other comprehensive income	-	-
		<b>2,20,203.43</b>	<b>1,47,703.20</b>
<b>i.</b>	<b>Securities premium</b>		
	Opening balance	1,10,359.44	1,09,707.24
	Add: Premium on shares issued during the year	47,217.88	481.62
	Add: Premium on conversion of preference shares issued during the period	696.09	-
	Add: Transfer from share options outstanding account on exercise of options	585.60	170.58
	Less: Utilised during the year for share issue expenses	(735.86)	-
	<b>Closing balance</b>	<b>1,58,123.15</b>	<b>1,10,359.44</b>
<b>ii.</b>	<b>Retained earnings</b>		
	Opening balance	28,568.88	14,627.44
	Add: Net Profit for the year	24,505.26	17,640.38
	Less : Appropriations		
	- Transfer to statutory reserve	(4,901.05)	(3,528.08)
	Add: Transfer from other comprehensive income	43.72	(170.86)
	<b>Closing balance</b>	<b>48,216.81</b>	<b>28,568.88</b>
<b>iii.</b>	<b>Statutory reserve as per Section 45-IC of the RBI Act, 1934</b>		
	Opening balance	7,474.42	3,946.34
	Add: Amount transferred from surplus in the statement of profit and loss	4,901.05	3,528.08
	<b>Closing balance</b>	<b>12,375.47</b>	<b>7,474.42</b>

## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	As at 31 March 2024	As at 31 March 2023
<b>iv.</b>	<b>Share options outstanding account</b>		
	Opening balance	1,300.46	1,165.80
	Add: Share based payment expense	773.14	305.24
	Less : Transfer to securities premium on exercise of options	(585.60)	(170.58)
	<b>Closing balance</b>	<b>1,488.00</b>	<b>1,300.46</b>
	The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Also refer note 40 for further details of these plans.		
<b>v.</b>	<b>Other comprehensive income</b>		
	Opening balance	-	-
	Add: Remeasurements of defined benefit asset / (liability)	43.72	(170.86)
	Less: Transferred to retained earnings	(43.72)	170.86
	<b>Closing balance</b>	<b>-</b>	<b>-</b>
	<b>Notes:</b>		
	a. 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.		
	b. Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend pay-outs, transfers to general reserve or any such other appropriations to specific reserves.		
	c. Statutory reserve represents the reserve created as per Section 45-IC 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.		
	d. Share options outstanding account represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service.		
	e. Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.		
	Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>22</b>	<b>Interest income</b>		
	(On financial assets measured at amortised cost)		
	Interest income on Loans-net	1,02,933.09	63,369.83
	Interest income on fixed deposits	2,697.12	1,847.94
	Interest income on security deposits	76.23	28.65
		<b>1,05,706.44</b>	<b>65,246.42</b>
	Note: Interest income on loans is netted-off for transaction cost amounting to INR 30.24 Lakhs for FY 2023-24 and Rs. 0.35 Lakhs for FY 2022-23.		
<b>23</b>	<b>Fee and commission income</b>		
	Legal and documentation fees	868.15	539.54
	Instrument bounce charges	930.51	602.81
	Preclosure charges	1,069.81	542.33
	Penal charges	247.83	148.14
	Others*	70.00	36.60
		<b>3,186.30</b>	<b>1,869.42</b>
<b>24</b>	<b>Net gain / (loss) on fair value changes</b>		
	Net gain on financial instruments at fair value through profit or loss		
	<b>On trading portfolio</b>		
	-Mutual fund investments - Realised	2,220.54	906.46
	-Mutual fund investments - Unrealised	-	-
		<b>2,220.54</b>	<b>906.46</b>

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

	Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>25</b>	<b>Sale of services</b>		
	Service fees for management of securitised loans*	7.07	1.00
		<b>7.07</b>	<b>1.00</b>
	* The service fees received on account of securitised loans was classified under fee income in the previous financial year. In the current financial year, it is separately disclosed under sale of services and previous financial year has been appropriately reclassified.		
<b>26</b>	<b>Other income</b>		
	Profit on:		
	- Sale of property, plant and equipment	15.08	0.88
	- Disposal of leased assets	30.72	10.27
	Interest on income tax refund	-	45.99
	Recovery of bad debts & others	626.72	140.70
	Advertisement income	587.20	-
		<b>1,259.72</b>	<b>197.84</b>
<b>27</b>	<b>Finance costs</b>		
	<b>At financial liabilities measured at amortised cost</b>		
	Interest on borrowings other than debt securities		
	- term loans from banks	24,770.28	12,393.15
	- cash credits and overdraft from banks	4.25	4.24
	- term loans from others	1,670.76	990.18
	- securitisation	1,333.36	215.60
	Interest on debt securities	2,531.09	2,542.76
	Interest expenses on lease liabilities	318.63	227.85
	Bank Charges	2.39	0.38
	Other borrowing costs	931.08	547.53
		<b>31,561.84</b>	<b>16,921.69</b>
<b>28</b>	<b>Fees and commission expense</b>		
	Fees and commission expense	435.24	199.88
		<b>435.24</b>	<b>199.88</b>
<b>29</b>	<b>Impairment on financial instruments</b>		
	<b>Impairment loss allowance:</b>		
	- on loans - measured at amortised cost	3,112.28	285.29
	- on receivables and other financial assets - measured at amortised cost	8.54	6.09
	Loans written off	6,522.46	4,389.09
		<b>9,643.28</b>	<b>4,680.47</b>
<b>30</b>	<b>Employee benefits expenses</b>		
	Salaries, bonus and wages	24,729.27	14,778.92
	Contribution to provident fund and ESI	1,477.07	943.07
	Expenses related to gratuity (refer note 34)	969.41	73.76
	Expenses related to compensated absences	600.76	156.72
	Share based payment expense (refer note 40)	773.14	305.24
	Staff welfare expenses	611.28	439.35
		<b>29,160.93</b>	<b>16,697.06</b>

## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>31</b>	<b>Depreciation and amortization</b>		
	Depreciation of property, plant and equipment (including right of use asset)	2,175.99	1,339.59
	Amortisation of intangible assets	180.34	171.83
		<b>2,356.33</b>	<b>1,511.42</b>
<b>32</b>	<b>Other expenses</b>		
	Energy costs	172.76	115.23
	Rates and taxes	662.16	428.53
	Repairs and maintenance	372.69	257.38
	Communication costs	469.51	394.53
	Printing and stationery	190.91	151.95
	Advertisement and business promotion	137.48	61.53
	Directors fees, allowances and expenses	97.00	61.00
	Auditors' fees and expenses (refer note 32.1)	53.68	41.00
	Legal and professional charges	1,311.26	780.19
	Insurance	20.03	19.38
	Corporate social responsibility expenses (refer note 32.2)	304.30	184.70
	Travel and conveyance expenses	2,138.40	1,583.46
	Information technology expenses	766.56	674.30
	Cash Management Services	221.99	152.24
	Donation	-	10.00
	Other expenses*	7.26	10.20
		<b>6,925.99</b>	<b>4,925.62</b>
	*Include loss on sale of PPE to the extent of INR 4.02 lakhs and INR 4.32 lakhs for the financial year ended 31 March 2024 and 31 March 2023 respectively.		
<b>32.1</b>	<b>Payments to auditors</b>		
	Statutory audit	50.00	41.00
	Reimbursement of expenses	3.68	-
		<b>53.68</b>	<b>41.00</b>
<b>32.2</b>	<b>Details of expenditure on corporate social responsibility (CSR)</b>		
	(a) Gross amount required to be spent by the Company during the year	304.30	184.70
	(b) Amount approved by the Board to be spent during the year	304.30	184.70
	(c) Amount spent during the year (in cash) :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purposes other than (i) above	153.00	184.70
	(d) Details of related party transactions out of the above-contribution to a trust - Veritas Foundation	100.00	184.70
		<b>153.00</b>	<b>184.70</b>
	(e) Excess/ shortfall amount spent		
	Amount required to be spent during the year	(304.30)	(184.70)
	Amount spent during the year	153.00	184.70
	<b>Excess amount spent / (Short fall)</b>	<b>(151.30)</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 March 2024

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

	<p><b>Current year Shortfall in CSR:</b> The amount categorised as shortfall for the year ended 31 March 2024, aggregating to INR 151.30 lakhs, is towards the ongoing project approved by the CSR Committee and Board of Directors meeting held on 23 November 2023 and 24 November 2023 respectively. Subsequently, this unspent amount has been transferred on 03 April 2024 to a Designated Unspent Corporate Social Responsibility Account with scheduled commercial bank as per circular E-file no.CSR-05/01/2021-CSR-MCA dated 25 August 2021.</p>		
	(f) Nature of CSR Activity :		
	- Promoting Health care including preventive Health care and sanitation	-	89.54
	- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	153.00	95.16
	(g) Details of Related Party Transactions - In relation to CSR Expenditure as per Ind AS	100.00	184.70
	(h) Whether the provision is made with respect to a liability incurred by entering into contractual obligation, the movements in the provision during the year.	(151.30)	-
<b>33</b>	<b>Income tax</b>		
	<b>The component of tax expenses:</b>		
	Current tax - in respect of current year	8,834.00	6,537.00
	Current tax - in respect of prior years	-	(63.42)
	Deferred tax	(1,042.80)	(828.96)
		<b>7,791.20</b>	<b>5,644.62</b>
<b>33.1</b>	<b>Reconciliation of income tax expense</b>		
	Accounting profit before tax	32,296.46	23,285.00
	Applicable income tax rate	25.17%	25.17%
	Computed income tax expense	8,128.37	5,860.37
	<b>Tax effect of :</b>		
	Permanent differences:	<b>(337.17)</b>	<b>(152.33)</b>
	- Impact Deduction u/s 80JJA	(479.48)	(293.33)
	- Expenses /provisions not deductible in determining taxable profit	18.52	15.18
	- Impact of difference in tax base for Donations and CSR Expense	76.59	49.00
	- Share based payment expense – No deduction claimed under tax	47.20	76.82
	<b>Income tax expense recognised in statement of profit and loss excluding change in estimates relating to previous years</b>	<b>7,791.20</b>	<b>5,708.04</b>
	Effective tax rate	24.12%	24.51%
	1) Details of any search or survey, if any, initiated against the Company.	-	-
	2) Details of transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961	-	-

## Notes to the financial statements for the year ended 31 March 2024

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

<b>34</b>	<b>Employee benefits</b>		
<b>34.1</b>	<b>Defined contribution plan</b>		
	<p>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 1,276.90 lakhs (31 March 2022 - INR 808.61 lakhs).</p>		
<b>34.2</b>	<b>Defined benefit plans</b>		
	<b>Gratuity</b>		
	<p>The defined benefit plans expose the Company to risks such as Actuarial risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:</p> <p><b>Actuarial risk:</b> It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:</p> <p><b>Adverse salary growth experience:</b> 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.</p> <p><b>Variability in mortality rates:</b> 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.</p> <p><b>Variability in withdrawal rates:</b> 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.</p> <p><b>Liquidity risk:</b> 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.</p> <p><b>Market risk:</b> 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.</p> <p><b>Legislative risk:</b> 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.</p> <p>Details of Actuarial valuation of gratuity pursuant to Ind AS 19:</p> <p>The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components</p>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	<b>A. Change in present value of defined benefit of obligations</b>		
	Change in defined benefit obligations during the year		
	Present value of defined benefit obligation at the beginning of the year	533.88	251.99
	Current service cost	162.43	61.98
	Past Service Cost	794.89	-
	Interest cost	35.92	11.80
	Benefits paid and Charges deducted from the fund	(25.58)	-
	Direct benefits paid by the Company	(45.98)	(20.21)
	Impact of Change in Assumptions on Plan Liabilities-loss/(gain)	(479.66)	115.95
	Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-	-
	Experience adjustments on plan liabilities -loss/(gain)	417.52	112.39
	<b>Present value of defined benefit obligation at the end of the year</b>	<b>1,393.42</b>	<b>533.88</b>



## Notes to the financial statements for the year ended 31 March 2024

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>B. Change in fair value of plan assets during the year</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	23.83	-
Contributions to the fund	1,364.46	-
Direct Contributions to meet direct benefit payments	45.98	20.21
Benefits paid and Charges deducted from the fund	(25.58)	-
Direct benefits paid by the Company	(45.98)	(20.21)
Actuarial (loss)/ gain recognised in other comprehensive income	(3.70)	-
<b>Fair value of plan assets at the end of the year</b>	<b>1,359.01</b>	<b>-</b>
<b>C. Actual return on plan assets</b>		
Expected return on plan assets	23.83	-
Actuarial gain / (loss) on plan assets	(3.70)	-
<b>Actual return on plan assets</b>	<b>20.13</b>	<b>-</b>
<b>D. Reconciliation of present value of the defined benefit obligation and the fair value of the plan assets</b>		
Present value of defined benefit obligations at the end of the year	1,393.42	533.88
Fair value of plan assets	1,359.01	-
<b>Net liability recognised in balance sheet</b>	<b>34.42</b>	<b>533.88</b>
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	34.42	124.13
Non-current	-	409.75
	<b>34.42</b>	<b>533.88</b>
<b>E. Expense recognised in statement of profit and loss</b>		
Current service cost	162.43	61.98
Past Service Cost	794.89	-
Interest cost	35.92	11.80
Expected return on plan assets	(23.83)	-
<b>Net cost recognized in the statement of profit and loss</b>	<b>969.41</b>	<b>73.77</b>
<b>F. Remeasurements recognised in other comprehensive income</b>		
Actuarial loss / (gain) on defined benefit obligation	(62.13)	228.33
Actuarial loss/ (gain) on plan assets	3.70	-
	<b>(58.43)</b>	<b>228.33</b>

## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	As at 31 March 2024	As at 31 March 2023
	<b>G. Assumptions at balance sheet date</b>		
	Discount rate (refer note (b))	6.93%	7.12%
	Interest rate (rate of return on assets)	6.93%	NA
	Future salary increase (refer note (a))	13.80%	15.25%
	Mortality table	Indian Assured Lives (2012 - 14)	Indian Assured Lives (2012 - 14)
	Attrition rate (refer note (a))	49.41%	30.00%
	Notes:		
a)	The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management re-visits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external / internal factors affecting the Company.		
b)	During the Financial year 2023-24, 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.		
c)	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.		
<b>d)</b>	<b>Experience adjustments:</b>		
	Defined benefit obligation	1,393.42	533.88
	Fair value of plan assets	1,359.01	-
	Surplus / (deficit)	(34.42)	(533.88)
	Experience adjustments on plan liabilities - (loss) / gain	(417.52)	(112.39)
	Impact of Change in Assumptions on Plan Liabilities-(loss)/gain	479.66	(115.96)
	Actuarial gain / (loss) on plan assets	(3.70)	-
<b>e)</b>	<b>Sensitivity analysis:</b>		
	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:		
	Discount rate		
	-0.5% increase	(15.92)	(9.74)
	-0.5% decrease	16.28	10.12
	Future salary growth		
	-0.5% increase	15.86	9.95
	-0.5% decrease	(15.85)	(9.71)
	Attrition rate		
	-0.5% increase	(6.37)	(4.72)
	-0.5% decrease	6.50	4.86
	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.		
	<b>Additional disclosures under Ind AS 19</b>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Average Duration of Defined Benefit Obligations (in years)	2.50	4.50
	Projected undiscounted expected benefit outgo		
	Year 1	585.94	110.45
	Year 2	348.02	96.48
	Year 3	232.38	83.21
	Year 4	165.56	76.48
	Year 5	116.83	72.66
	Next 5 Years	145.54	197.68

## Notes to the financial statements for the year ended 31 March 2024

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

35	Segment information		
	<p>An operating segment is a Component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director and Chief Executive Officer ('MD &amp; CEO') to make decisions about resource to be allocated to the segments and assess their performance. The MD &amp; CEO is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.</p> <p>The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated reporting segments. The Company is primarily engaged in extending credit to micro and small enterprises typically self-employed business and salaried segment. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to extending credit to micro and small enterprises typically self-employed business and salaried segment.</p> <p>The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.</p>		
	<b>Particulars</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
<b>36.1</b>	<b>Contingent liabilities</b>		
	Claims against the Company not acknowledged as debt	16.65	4.79
	Income tax and GST related matters (refer note 1 and note 2)	269.20	65.35
	Bank Guarantee	25.00	25.00
	Note:		
	1. During the financial year 2022-23, 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's appeal with the CIT (A) was dismissed and the demand was paid. Accordingly the same has been appropriately reduced from the contingent liability.		
	2. The Income tax and GST related matters of the financial year 2023-24, includes amount to the extent of INR 214.46 lakhs with respect to show cause notice received from the GST authorities, against which representation has been made by the Company.		
<b>36.2</b>	<b>Commitments</b>		
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	462.76	875.93
	Undrawn committed sanctions to borrowers	22,891.84	4,251.65
<b>37</b>	<b>Earnings Per Share (EPS)</b>		
	Profit for the year	24,505.26	17,640.38
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	<b>10,21,89,762</b>	<b>4,88,00,715</b>
	<b>Effect of dilutive potential equity shares:</b>		
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS (including partly paid shares)	10,21,89,762	6,07,69,585
	Compulsory convertible preference shares	-	5,80,58,249
	Employee stock options and share warrants	9,48,828	22,23,305
	<b>Weighted average number of equity shares outstanding during the year for calculation of diluted EPS</b>	<b>10,31,38,590</b>	<b>12,10,51,139</b>
	Face value per share	10.00	10.00
	Earnings per share (in INR)		
	- Basic	23.98	36.15
	- Diluted	23.76	14.57

## Notes to the financial statements for the year ended 31 March 2024

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

38	Related party transactions		
38.1	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. Suresh Subramanian , Independent Director (effective from 24 November 2023) Mr. Mathew Joseph, Independent Director (effective from 24 November 2023) Mr. Sankarson Banerjee, Additional and Independent Director (effective from 27 March 2024) Mr. D. Arulmany, Managing Director and Chief Executive Officer Mr. J. Prakash Rayen, Chief Operating Officer Mr. V.G. Suchindran, Chief Financial Officer Mr. K.P. Venkatesh, Chief People Officer (Upto 30 November 2022) Ms. V. Aruna, Company Secretary and Compliance Officer		
Enterprises owned or significantly influenced by key management personnel or their relatives	-Veritas Foundation -Veritas Employees Gratuity Trust		
38.2	Transactions during the year		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023	
<b>Veritas Foundation</b>			
Donation towards Corpus	-	10.00	
CSR contribution	100.00	184.70	
<b>Remuneration to Key Managerial Personnel</b>			
Mr. Abhijit Sen	27.25	20.50	
Mr. M Sivaraman	25.25	19.50	
Mr. N Mohan Raj	28.50	21.00	
Mr. Suresh Subramanian	7.75	-	
Mr. Mathew Joseph	7.75	-	
Mr. Sankarson Banerjee	0.50	-	
Mr. D. Arulmany	221.98	176.65	
Mr. J. Prakash Rayen	2,652.83	124.89	
Mr. V.G. Suchindran	163.57	131.50	
Mr. K.P. Venkatesh (Upto 30 November 2022)	-	996.58	
Ms. V. Aruna	13.64	10.30	
<b>Employee stock options granted during the year (in number of options)</b>			
Mr. J. Prakash Rayen	1,33,334	-	
Mr. V.G. Suchindran	1,33,333	-	
Ms. V. Aruna	-	10,000	
<b>Employee stock options exercised during the year</b>			
Mr. J. Prakash Rayen	52.50	33.50	
<b>Employee stock options exercised during the year (in number of options)</b>			
Mr. J. Prakash Rayen	5,25,000	-	
Mr. K.P. Venkatesh (Upto 30 November 2022)	-	3,35,000	
<b>Partly paid up equity shares issued during the year</b>			
Mr. D. Arulmany, Managing Director and Chief Executive Officer	13.90	-	
Mr. J. Prakash Rayen, Chief Operating Officer	5.00	-	
Mr. V.G. Suchindran, Chief Financial Officer	8.00	-	

## Notes to the financial statements for the year ended 31 March 2024

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

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Partly paid up equity shares issued during the year (in number of shares)</b>		
Mr. D. Arulmany, Managing Director and Chief Executive Officer	13,89,518	-
Mr. J. Prakash Rayen, Chief Operating Officer	5,00,000	-
Mr. V.G. Suchindran, Chief Financial Officer	8,00,000	-
<b>Conversion of partly paid up share to fully paid up</b>		
Mr. D. Arulmany, Managing Director and Chief Executive Officer	987.75	-
<b>Conversion of partly paid up share to fully paid up (in number of shares)</b>		
Mr. D. Arulmany, Managing Director and Chief Executive Officer	1,09,75,000	-

**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 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023
Promoter	-	-	-	-
Director	-	-	-	-
KMPs	-	-	-	-
Related Parties	-	-	-	-

### 38.3 Balances as at the year-end:

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Veritas Foundation</b>		
Donation towards Corpus	-	-
CSR contribution	-	-
<b>Remuneration payable to Key Managerial Personnel (refer note 1 and 2 below)</b>		
Mr. Abhijit Sen	20.00	15.00
Mr. M Sivaraman	20.00	15.00
Mr. N Mohan Raj	20.00	15.00
Mr. Suresh Subramanian	6.50	-
Mr. Mathew Joseph	6.50	-
Mr. Sankarson Banerjee	0.50	-
Mr. D. Arulmany	50.00	40.00
Mr. J. Prakash Rayen	42.50	35.00
Mr. V.G. Suchindran	42.50	35.00
Ms. V Aruna	1.50	1.25
<b>Employee stock option (in number of options) - granted, but not yet exercised</b>		
Mr. J. Prakash Rayen	1,33,334	5,25,000
Ms. V Aruna	10,000	10,000
Mr. V.G. Suchindran	1,33,333	
<b>Share warrants (in numbers)</b>		
Mr. J. Prakash Rayen	-	1,33,334
Mr. V.G. Suchindran	-	1,33,333

## Notes to the financial statements for the year ended 31 March 2024

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Partly paid shares (in numbers) not called yet</b>		
Mr. D. Arulmany, Managing Director and Chief Executive Officer	37,13,262	1,32,98,744
Mr. J. Prakash Rayen, Chief Operating Officer	5,00,000	-
Mr. V.G. Suchindran, Chief Financial Officer	8,00,000	-

**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.

**39 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 2024 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at 31 March 2024	As at 31 March 2023
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	114.68	65.48
- 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.	-	-

**40 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	Veritas ESOS 2024
At the end of one year of service from grant date	30%	20%	20%	20%	20%
At the end of two years	35%	25%	25%	25%	25%
At the end of three years	35%	25%	25%	25%	25%
At the end of four years	-	30%	30%	30%	30%

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

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

<b>40.1 Options outstanding under Veritas ESOS</b>						
As at 31 March 2024, the outstanding options under the Veritas ESOS, 2021, Veritas ESOS, October 2018, Veritas ESOS, 2018, Veritas ESOS, 2016 and Veritas ESOS, 2024 are as follows:						
<b>Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Exercise price in INR</b>	<b>Vesting period</b>	<b>Vesting condition</b>	
ESOS 2018 C Batch 2	26-Apr-19	1,23,000	125.00	1 to 4 years	Time and performance based vesting	
ESOS 2018 B Batch 2	15-Jun-20	41,250	160.00	1 to 4 years	Time and performance based vesting	
ESOS 2018 C Batch 3	15-Jun-20	4,07,000	160.00	1 to 4 years	Time and performance based vesting	
ESOS 2021 Batch 1	05-Aug-21	1,28,000	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 2018 B Batch 3	30-Jan-23	1,20,000	375.00	1 to 4 years	Time and performance based vesting	
ESOS 2018 C Batch 4	30-Jan-23	4,10,000	375.00	1 to 4 years	Time and performance based vesting	
ESOS 2018 C Batch 5	26-Oct-23	40,000	475.00	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	
ESOS 2021 Batch 4	26-Oct-23	1,55,000	475.00	1 to 4 years	Time and performance based vesting	
ESOS 2021 Batch 5	30-Jan-24	2,50,000	475.00	1 to 4 years	Time and performance based vesting	
ESOS 2024	27-Mar-24	2,66,667	75.00	1 to 4 years	Time and performance based vesting	
		<b>22,95,917</b>				

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:

<b>Plan</b>	<b>Grant date</b>	<b>Number of options</b>	<b>Exercise price in INR</b>	<b>Vesting period</b>	<b>Vesting condition</b>	
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 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 2	27-Apr-19	4,27,000	125.00	1 to 4 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	
		<b>35,30,000</b>				

## 40.2 Reconciliation of outstanding options

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

<b>Particulars</b>	<b>As at 31 March 2024</b>		<b>As at 31 March 2023</b>	
	<b>Weighted average exercise price per option</b>	<b>Number of options</b>	<b>Weighted average exercise price per option</b>	<b>Number of options</b>
Outstanding at beginning of year	168.23	35,30,000	87.68	35,19,500
Forfeited during the year	297.92	(87,750)	129.51	(2,60,500)
Exercised during the year	71.98	(18,73,000)	85.20	(6,44,000)
Granted during the year	328.21	7,26,667	366.80	9,15,000
Outstanding as at end of year	<b>292.54</b>	<b>22,95,917</b>	<b>168.23</b>	<b>35,30,000</b>
<b>Vested and exercisable as at end of year</b>	<b>224.11</b>	<b>5,52,000</b>	<b>72.76</b>	<b>18,82,500</b>

The weighted average share price on the date of exercise of options during the year ended 31 March 2024 is INR 485.63 (31 March 2023: INR 404.03).

## Notes to the financial statements for the year ended 31 March 2024

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

<b>40.3 Expense recognised in the statement of profit and loss</b>			
	<b>Particulars</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2024</b>
	Total expense (stock based compensation under employee benefit expenses)	773.14	305.24
<b>40.4 Fair value methodology</b>			
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:			
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Share price on Grant date (In INR)	9.51 - 498.59	9.51 - 405.00
	Exercise price (In INR)	10.00 - 475.00	10.00 - 375.00
	Fair value of options at grant date	2.48 - 435.83	2.48 - 190.88
	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)	4.94	3.78
<b>41</b>	<b>Capital</b>		
<p>The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.</p> <p>The Company has complied in full with all its externally imposed capital requirements over the reporting period.</p> <p><b>Capital Management</b></p> <p>The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.</p> <p>The Company manages its capital structure and makes adjustments to it according to the changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.</p> <p><b>RBI scale based regulations:</b></p> <p>Being a Middle layer NBFC (NBFC-ML), the company's Internal Capital Adequacy Assessment Process (ICAAP) takes a structured approach towards the identification, assessment, and management of all risks that may have a materially adverse impact on our business, financial position, and capital adequacy. The ICAAP framework is guided by the Company's Board approved ICAAP Policy, which is in line with regulatory expectations. Also, the company has enhanced its framework for Enterprise Risk Management (ERM) to a comprehensive and holistic approach to risk management. 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 2023 which include the Stress Test Scenario while assessing ICAAP.</p> <p><b>i Net Debt to Equity Ratio</b></p> <p>Consistent with the others in industry, the Company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the Company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The Company has complied with this covenant through out the year.</p>			
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	<b>Equity</b>	<b>2,32,955.35</b>	<b>1,59,125.60</b>
	Debt	3,97,114.21	2,42,315.71
	Cash and Cash equivalents	47,744.92	23,825.39
	<b>Net Debt</b>	<b>3,49,369.29</b>	<b>2,18,490.32</b>
	<b>Net Debt to Equity Ratio</b>	<b>1.50</b>	<b>1.37</b>



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

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

<b>ii</b>	<b>Capital Adequacy ratio</b>			
	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 48.1			
	<b>Particulars</b>	<b>As at 31 March 2024</b>		<b>As at 31 March 2023</b>
	Tier I Capital	2,18,688.52		1,55,185.07
	Tier II Capital	-		1,164.91
	<b>Total Capital</b>	<b>2,18,688.52</b>		<b>1,56,349.98</b>
	<b>Risk Weighted Assets</b>	<b>5,27,060.02</b>		<b>3,47,406.38</b>
	CRAR%	41.49%		45.00%
	CRAR - Tier I Capital %	41.49%		44.67%
	CRAR - Tier II Capital %	-		0.33%
	Amount of subordinated debt raised as Tier-II capital	-		-
	Amount raised by issue of Perpetual Debt Instruments	-		-
	<p>1. As on 31st March 2024, the first loss credit enhancement on securitisation transactions exceeded the provisions for Standard Assets (which forms part of tier II capital). Consequently, the excess amount of first loss credit enhancement has been adjusted against tier 1 capital.</p> <p>2. 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.</p>			
<b>42</b>	<b>Fair Value Measurement</b>			
<b>42 a.</b>	<b>Financial instruments by category</b>			
	The carrying value and fair value of financial instruments by categories as of 31 March 2024 were as follows:			
		<b>Carrying amount</b>		
	<b>Particulars</b>	<b>Note</b>	<b>Amortised cost</b>	<b>Fair value through profit and loss</b>
	<b>Financial Assets:</b>			<b>Total carrying value</b>
	Cash and cash equivalents	4	47,744.92	-
	Bank balances other than cash and cash equivalents	5	18,197.03	-
	Receivables	6.1 & 6.2	538.40	538.40
	Loans	7	5,63,454.98	-
	Investments	8	-	-
	Other financial assets	9	2,357.66	-
	<b>Total</b>		<b>6,32,292.99</b>	<b>-</b>
	<b>Financial Liabilities:</b>			
	Trade payables	14	879.88	-
	Debt securities	15	30,812.15	-
	Borrowings (Other than debt securities)	16	3,66,302.06	-
	Other financial liabilities	17	6,429.11	-
	<b>Total</b>		<b>4,04,423.20</b>	<b>-</b>
				<b>4,04,423.20</b>

## Notes to the financial statements for the year ended 31 March 2024

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

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:					
		Carrying amount			
Particulars	Note	Amortised cost	Fair value through profit and loss	Total carrying value	
<b>Financial Assets:</b>					
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	
Receivables	6.1 & 6.2	16.53	-	16.53	
Loans	7	3,47,561.64	-	3,47,561.64	
Investments	8	-	-	-	
Other financial assets	9	821.32	-	821.32	
<b>Total</b>		<b>4,00,808.26</b>	<b>-</b>	<b>4,00,808.26</b>	
<b>Financial Liabilities:</b>					
Trade payables	14	552.97	-	552.97	
Debt securities	15	17,926.89	-	17,926.89	
Borrowings (Other than debt securities)	16	2,24,388.82	-	2,24,388.82	
Other financial liabilities	17	3,514.28	-	3,514.28	
<b>Total</b>		<b>2,46,382.96</b>	<b>-</b>	<b>2,46,382.96</b>	

**42 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 2024 were as follows:

The carrying value and fair value of financial instruments by categories as of 31 March 2024 were as follows:					
		Carrying amount			
Particulars	Note	Amortised cost	Fair value through profit and loss	Carrying amount	
<b>Financial Assets:</b>					
Cash and cash equivalents	4	47,744.92	-	47,744.92	
Bank balances other than cash and cash equivalents	5	18,197.03	-	18,197.03	
Receivables	6.1 & 6.2	538.40	-	538.40	
Loans	7	5,63,454.98	-	5,63,454.98	
Investments	8	-	-	-	
Other financial assets	9	2,357.66	-	2,357.66	
<b>Total</b>		<b>6,32,292.99</b>	<b>-</b>	<b>6,32,292.99</b>	
<b>Financial Liabilities:</b>					
Trade payables	14	879.88	-	879.88	
Debt securities	15	30,812.15	-	30,812.15	
Borrowings (Other than debt securities)	16	3,66,302.06	-	3,66,302.06	
Other financial liabilities	17	6,429.11	-	6,429.11	
<b>Total</b>		<b>4,04,423.20</b>	<b>-</b>	<b>4,04,423.20</b>	

## Notes to the financial statements for the year ended 31 March 2024

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

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:					
Particulars	Note	Carrying amount			Total carrying value
		Amortised cost	Fair value through profit and loss		
<b>Financial Assets:</b>					
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
Receivables	6.1 & 6.2	16.53			16.53
Loans	7	3,47,561.64	-		3,47,561.64
Investments	8	-	-		-
Other financial assets	9	821.32	-		821.32
<b>Total</b>		<b>4,00,808.26</b>	<b>-</b>		<b>4,00,808.26</b>
<b>Financial Liabilities:</b>					
Trade payables	14	552.97	-		552.97
Debt securities	15	17,926.89	-		17,926.89
Borrowings (Other than debt securities)	16	2,24,388.82	-		2,24,388.82
Other financial liabilities	17	3,514.28	-		3,514.28
<b>Total</b>		<b>2,46,382.96</b>	<b>-</b>		<b>2,46,382.96</b>

### 43 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 other 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.

## Notes to the financial statements for the year ended 31 March 2024

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

	<p><b>Interest rate risk</b></p> <p>Interest rate risk primarily arises from borrowings with variable rates. The Company's borrowings are carried at amortised cost. The borrowings with fixed rate are therefore not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</p>
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The interest rate profile of the Company's interest bearing financial instruments based on loan outstanding is as follows:			
Particulars	As at 31 March 2024	As at 31 March 2023	
<b>Fixed rate instruments</b>			
Financial assets	5,15,909.66	3,74,940.92	
Financial liabilities	81,968.34	31,818.03	
<b>Variable rate instruments</b>			
Financial assets	83,041.26	9,565.95	
Financial liabilities	3,15,966.97	2,10,864.23	

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
<b>31 March 2024</b>				
Variable-rate instruments	(2,329.26)	2,329.26	(1,743.03)	1,743.03
<b>Cash flow sensitivity (net)</b>	<b>(2,329.26)</b>	<b>2,329.26</b>	<b>(1,743.03)</b>	<b>1,743.03</b>
<b>31 March 2023</b>				
Variable-rate instruments	2,012.98	(2,012.98)	1,506.36	(1,506.36)
<b>Cash flow sensitivity (net)</b>	<b>2,012.98</b>	<b>(2,012.98)</b>	<b>1,506.36</b>	<b>(1,506.36)</b>

<b>(ii)</b>	<p><b>Credit risk</b></p> <p><b>Loans</b></p> <p>Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The Company has credit policy approved by the Board of Directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.</p> <p>The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.</p> <p>The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building except for working capital loans which are unsecured. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.</p> <p><b>Impairment assessment - Expected credit loss ("ECL"):</b></p> <p>An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - Financial Instruments.</p> <p>ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:</p> <ol style="list-style-type: none"> <li>a. Marginal probability of default ("MPD")</li> <li>b. Loss given default ("LGD")</li> <li>c. Exposure at default ("EAD")</li> <li>d. Discount factor ("D")</li> </ol>
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## Notes to the financial statements for the year ended 31 March 2024

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

<p><b>Probability of default:</b> PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vaseick Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last five years historical data.</p> <p><b>Marginal probability:</b> The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.</p> <p><b>Conditional marginal probability:</b> As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.</p> <p><b>Staging of loans:</b> <b>Definition of default and cure</b> The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes zero days past due on its contractual obligations. Such cured loans are classified as Stage 1 after such cure has taken place. As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the day past dues criteria and other market factors which significantly impacts the portfolio.</p>															
<table border="1"> <thead> <tr> <th data-bbox="183 965 619 1003"><b>Days past dues status</b></th> <th data-bbox="619 965 1059 1003"><b>Stage</b></th> <th data-bbox="1059 965 1495 1003"><b>Provisions</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="183 1003 619 1041">Current</td> <td data-bbox="619 1003 1059 1041">Stage 1</td> <td data-bbox="1059 1003 1495 1041">12 Months Provision</td> </tr> <tr> <td data-bbox="183 1041 619 1079">1-30 Days</td> <td data-bbox="619 1041 1059 1079">Stage 1</td> <td data-bbox="1059 1041 1495 1079">12 Months Provision</td> </tr> <tr> <td data-bbox="183 1079 619 1117">31-90 Days</td> <td data-bbox="619 1079 1059 1117">Stage 2</td> <td data-bbox="1059 1079 1495 1117">Life time Provision</td> </tr> <tr> <td data-bbox="183 1117 619 1171">90+ Days*</td> <td data-bbox="619 1117 1059 1171">Stage 3</td> <td data-bbox="1059 1117 1495 1171">Life time Provision</td> </tr> </tbody> </table>	<b>Days past dues status</b>	<b>Stage</b>	<b>Provisions</b>	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
<b>Days past dues status</b>	<b>Stage</b>	<b>Provisions</b>													
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													
<p>(*Includes loans which crossed DPD of 90 days, but did not come back to zero DPD at the time of reporting)</p>															
<p><b>Company's internal rating and PD estimation process</b> The Company's independent Credit Risk Department operates its internal rating models in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behavior.</p>															
<p><b>Exposure at default</b> The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The PDs are then assigned to each economic scenario based on the outcome of models.</p>															
<p><b>Loss given default</b> The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics. Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group. Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.</p>															

## Notes to the financial statements for the year ended 31 March 2024

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

	<p><b>Discounting</b> As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.</p>			
	<p><b>Significant increase in credit risk</b> The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.</p>			
	<p><b>Grouping financial assets measured on a collective basis</b> 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</p>			
	<p><b>ECL computation</b> 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)</p>			
	<p>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:</p>			
		<b>Provisions</b>		
			<b>As at 31 March 2024</b>	
			<b>As at 31 March 2023</b>	
	Stage 1	12 month provision	0.42%	0.44%
	Stage 2	Life time provision	13.74%	12.86%
	Stage 3	Life time provision	53.14%	42.82%
	<p>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 note 7.3</p>			
	<p><b>Cash and bank balances</b> 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.</p>			
	<p><b>Other financial assets</b> 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.</p>			
<b>(iii)</b>	<p><b>Liquidity risk</b> 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 :</p>			
	<b>Particulars</b>		<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Cash credit facilities		9,850.19	7,200.00
	Working capital demand loans		1,000.00	-
	Total		<b>10,850.19</b>	<b>7,200.00</b>
	<p>The Cash credit facilities may be overdrawn anytime and may be terminated any time without notice.</p>			

## Notes to the financial statements for the year ended 31 March 2024

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

<b>Exposure to liquidity risk</b>						
The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2024:						
	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>	
<b>Financial liabilities</b>						
Trade payables	879.88	879.88	-	-	-	-
Debt securities	30,945.49	7,226.63	28,303.02	7,132.18	-	-
Borrowings (other than debt securities)	3,68,204.79	1,57,913.02	2,15,564.71	54,719.12	-	1,066.16
Other financial liabilities	3,388.81	3,388.81	-	-	-	-
Lease liabilities	3,040.30	1,521.40	1,708.55	210.65	-	24.40
<b>Total financial liabilities</b>	<b>4,06,459.27</b>	<b>1,70,929.74</b>	<b>2,45,576.28</b>	<b>62,061.95</b>		<b>1,090.56</b>
<b>Financial assets</b>						
Cash and cash equivalents	47,744.92	47,744.92	-	-	-	-
Bank balances other than cash and cash equivalents	18,197.03	16,069.05	1,730.76	-	-	397.22
Receivables	538.40	538.40	-	-	-	-
Loans	5,80,738.90	2,38,734.14	3,39,629.26	2,01,475.19	-	1,35,689.31
Investments	-	-	-	-	-	-
Other financial assets	2,375.03	135.28	1,571.50	737.64	-	31.48
<b>Total financial assets</b>	<b>6,49,594.29</b>	<b>3,03,221.79</b>	<b>3,42,931.52</b>	<b>2,02,212.83</b>		<b>1,36,118.01</b>
The table below provides details regarding the contractual maturities of financial liabilities and financial assets including interest as at 31 March 2023:						
<b>Financial liabilities</b>						
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)	2,25,449.76	93,947.13	1,26,911.13	44,444.37	-	-
Other financial liabilities	562.75	562.75	-	-	-	-
Lease liabilities	2,951.53	1,341.41	1,728.20	309.64	-	64.71
<b>Total financial liabilities</b>	<b>2,47,443.90</b>	<b>1,00,812.20</b>	<b>1,32,055.91</b>	<b>60,572.84</b>		<b>64.71</b>
<b>Financial assets</b>						
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	-	-
Receivables	16.53	16.53	-	-	-	-
Loans	3,58,447.84	1,58,171.20	2,25,942.81	1,22,856.74	-	41,693.54
Investments	-	-	-	-	-	-
Other financial assets	830.16	156.28	717.47	39.89	-	27.75
<b>Total financial assets</b>	<b>4,11,703.30</b>	<b>2,10,471.87</b>	<b>2,26,660.28</b>	<b>1,23,177.53</b>		<b>41,721.28</b>
The amounts disclosed in the table above are estimated expected undiscounted cash flows. Balances due within a year equals their carrying amounts as the impact of discounting is not significant.						

## Notes to the financial statements for the year ended 31 March 2024

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

<b>44</b>	<b>Financial instrument- Transferred financial assets that are not derecognised in their entirety</b>		
	<p>By entering into securitisation arrangement, the Company has not transferred substantially all risks and rewards, hence this does not meet the derecognition criteria as set out in Ind AS 109. As a originator and servicer of the securitised loan receivable accouts, the Company continues to be responsible for collection of receivables from its borrowers and depositing the same in collection and payout account for making scheduled payouts to the investors.</p> <p>The details of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:</p>		
	<b>Paritculars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Carrying amount of transferred assets measured at amortised cost	57,358.38	4,350.67
	Carrying amount of associated liabilities (debt securities - measured at amortised cost)	48,252.86	3,739.45
	Fair value of assets	62,922.67	4,726.90
	Fair value of associated liabilities	48,694.90	3,757.30
	Net position at fair value	14,227.77	969.60
<b>45</b>	<b>Gold loan portfolio</b>		
	The Company has not provided loan against gold during the year ended 31 March 2024 and year ended 31 March 2023.		
<b>46</b>	<b>Movement of Non-Performing Assets (NPAs) (Stage 3 assets) (Credit impaired loans)</b>		
	<b>Paritculars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>(a)</b>	<b>Net impairment loss allowance to net loans (%)</b>		
	(Net of provision for credit impaired loans excluding assets written off)	0.85%	1.26%
<b>(b)</b>	<b>Movement of credit impaired loans under Ind AS (Gross)</b>		
	Opening balance	7,729.23	8,614.19
	Additions during the year	10,873.12	8,823.11
	Reductions during the year	(8,342.57)	(9,708.07)
	<b>Closing balance</b>	<b>10,259.78</b>	<b>7,729.23</b>
<b>(c)</b>	<b>Movement in net credit impaired loans (Net of provision for credit impaired loans)</b>		
	Opening balance	4,419.59	5,041.99
	Additions during the year	6,474.86	7,008.24
	Reductions during the year	(6,086.31)	(7,630.64)
	<b>Closing balance</b>	<b>4,808.14</b>	<b>4,419.59</b>
<b>(d)</b>	<b>Movement of impairment loss allowance for credit impaired loans</b>		
	Opening balance	3,309.64	3,572.20
	Additions during the year	4,398.26	1,814.87
	Reductions during the year	(89.93)	(534.95)
	Utilised /write off during the year	(2,166.33)	(1,542.49)
	<b>Closing balance</b>	<b>5,451.64</b>	<b>3,309.64</b>
<b>47</b>	<b>Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans</b>		
	Opening balance	2,501.85	1,954.00
	Add : Charge for the year	1,901.42	1,255.75
	Less : Utilised during the year	(931.15)	(707.90)
	<b>Closing balance</b>	<b>3,472.12</b>	<b>2,501.85</b>



## Notes to the financial statements for the year ended 31 March 2024

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

<b>48</b>	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.		
<b>48.1</b>	<b>Capital adequacy ratio</b>		
	<b>The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:</b>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	Tier I Capital	2,18,688.52	1,55,185.07
	Tier II Capital	-	1,164.91
	<b>Total Capital</b>	<b>2,18,688.52</b>	<b>1,56,349.98</b>
	<b>Total Risk Assets</b>	5,27,060.02	3,47,406.38
	Capital Ratios		
	Tier I Capital as a percentage of Total Risk Assets (%)	41.49%	44.67%
	Tier II Capital as a percentage of Total Risk Assets (%)	-	0.33%
	<b>Total Capital (%)**</b>	<b>41.49%</b>	<b>45.00%</b>
	** 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		
<b>48.2</b>	<b>Exposure to real estate sector</b>		
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	The Company does not have any direct or indirect exposure to the real estate sector other than properties mortgaged as collateral by its customers		
	<b>Direct Exposure</b>		
	<b>i) Residential Mortgages</b>		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based limits	4,91,845.16	3,01,728.42
	<b>ii) Commercial Real Estate</b>		
	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 would also include non-fund based limits	19,521.44	17,300.33
	<b>iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures</b>		
	a) Residential	-	-
	b) Commercial Real Estate	-	-
	<b>Indirect Exposure</b>		
	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
	<b>Total exposure to real estate sector</b>	<b>5,11,366.60</b>	<b>3,19,028.75</b>

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.

## Notes to the financial statements for the year ended 31 March 2024

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

<b>48.3 Exposure to capital market</b>			
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	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 shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
	x) Financing to stockbrokers for margin trading	-	-
	xi) All exposures to Alternative Investment Funds (AIF)-in categories I, II and III	-	-
	<b>Total exposure to capital market</b>	-	-
<b>48.4 Sectoral exposure</b>			
	1. Agriculture and Allied Activities	84,770.83	53,861.76
	2. Industry (2.1 to 2.4)		
	2.1 Micro and Small	25,817.96	12,410.26
	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	801.89	334.49
	3.2 Computer Software	-	-
	3.3 Tourism, Hotel and Restaurants	7,636.01	3,445.78
	3.4 Shipping	-	-
	3.5 Professional Services	7,631.79	4,617.06
	3.6 Trade		
	3.6.1 Wholesale Trade (other than Food Procurement)	4,529.05	3,481.24
	3.6.2 Retail Trade	66,975.40	35,391.75
	3.7 Commercial Real Estate	100.60	111.47
	3.8 NBFCs	-	-
	3.9 Aviation	-	-
	3.10 Other Services	2,066.53	736.60
	Total 3.a to 3.d	-	-
	3.a Micro and Small	89,741.27	48,118.39
	3.b Medium	-	-
	3.c Large	-	-
	3.d Others, if any, Please specify	-	-
	4. Personal loans	-	-
	5. Retail loans (including home & Vehicle loans)	3,72,048.70	2,38,982.72

## Notes to the financial statements for the year ended 31 March 2024

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

<b>48.5</b>	<b>Intra-group exposures</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	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.	-	-
<b>48.6</b>	<b>Unhedged foreign currency exposure</b>		
	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 2024 and 31 March 2023.		
<b>48.7</b>	<b>Related party disclosures</b>		
	The related party disclosures pursuant to scale based regulations disclosure guidelines issued by RBI has been disclosed in note 38.		
<b>48.8</b>	<b>Disclosure of customer complaints</b>		
	Refer note 48.31		
<b>48.9</b>	<b>Corporate governance</b>		
	This disclosure is not applicable, as the Company is a debt listed Company.		
<b>48.10</b>	<b>Breach of a covenant</b>		
	None.		
<b>48.11</b>	<b>Divergence in asset classification</b>		
	This disclosure is not applicable to the Company since the RBI has not identified any divergence in gross NPA reported by the Company.		
<b>48.12</b>	<b>Exposure to Perpetual Debt Instruments (PDI)</b>		
	The Company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended 31 March 2024 and previous year ended 31 March 2023.		
<b>48.13</b>	<b>Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)</b>		
		<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
	Impairment allowance for credit impaired loans	2,142.00	(262.56)
	Impairment allowance for low credit risk loans and significant increase in credit risk loans	970.27	547.85
	Provision made towards current income taxes:		
	- in respect of current year	8,834.00	6,537.00
	- in respect of prior years	-	(63.42)
		<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>48.14</b>	<b>Concentration of advances</b>		
	Total advances to twenty largest borrowers	637.31	597.77
	Percentage of advances to twenty largest borrowers to total advances	0.11%	0.17%
<b>48.15</b>	<b>Concentration of exposures</b>		
	Total exposures to twenty largest borrowers	637.31	597.77
	Percentage of exposures to twenty largest borrowers to total exposures	0.11%	0.17%
<b>48.16</b>	<b>Concentration of NPAs (Stage 3 assets)</b>		
	Total exposure to top four NPA accounts	69.86	83.88

## Notes to the financial statements for the year ended 31 March 2024

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

<b>48.17 Sector-wise NPAs (Stage 3 assets) (Percentage of NPAs to total advances in that sector)</b>				
		<b>As at 31 March 2024</b>		<b>As at 31 March 2023</b>
Agriculture & allied activities			1.29%	1.26%
MSME - industries			0.85%	0.51%
Corporate borrowers			-	-
MSME - services			1.44%	0.55%
Unsecured personal loans				
Auto loans			-	-
Other loans (retail)				
- Secured			1.99%	2.99%
- Unsecured			3.07%	0.77%
The above sector-wise NPA and advances is based on the data available with the Company which has been relied upon by the auditors.				

<b>48.18 Ratings assigned by credit rating agencies :</b>				
The credit rating details of the Company as at 31 March 2024 are as follows:				
<b>Rating Agency</b>	<b>Term</b>	<b>Type</b>	<b>Rating</b>	<b>Amount (in INR Lakhs)</b>
CRISIL Ratings Limited	Long term	Securitisation- (senior tranche A1 (a))	CRISIL AAA (SO)	3,015.00
CRISIL Ratings Limited	Long term	Securitisation- (senior tranche A1 (b))	CRISIL AA (SO)	500.00
ICRA Limited	Long term	Securitisation- (Series A1)	ICRA AA+(SO)	10,000.00
ICRA Limited	Long term	Securitisation- (Series A1)	ICRA AAA(SO)	4,000.00
CRISIL Ratings Limited	Long term	Securitisation- (Series A1)	CRISIL AAA(SO)	10,783.00
CRISIL Ratings Limited	Long term	Securitisation- (Series A2)	CRISIL AA(SO)	5,170.00
ICRA Limited	Long term	Securitisation- (Series A1)	ICRA AAA(SO)	7,400.00
ICRA Limited	Long term	Securitisation- (Series A2)	ICRA AA(SO)	2,900.00
ICRA Limited	Long term	Securitisation- (Series A1)	ICRA AA+(SO)	5,000.00
ICRA Limited	Long term	Securitisation- (Series A1)	ICRA AAA(SO)	10,000.00
CARE Ratings Limited	Long term	Bank loans	CARE A+; (Stable)	3,47,000.00
CARE Ratings Limited	Short term	Bank loans	CARE A1+	3,500.00
CARE Ratings Limited	Long term	Non-convertible debentures	CARE A+; (Stable)	62,000.00
CARE Ratings Limited	Short term	Commercial Paper	CARE A1+	20,000.00
The credit rating details of the Company as at 31 March 2023 are as follows:				
<b>Rating Agency</b>	<b>Term</b>	<b>Type</b>	<b>Rating</b>	<b>Amount (in INR Lakhs)</b>
CRISIL Ratings Limited.	Long term	Securitisation- (senior tranche A1 (a))	CRISIL AAA (SO)	4,780.00
CRISIL Ratings Limited.	Long term	Securitisation- (senior tranche A1 (b))	CRISIL AA (SO)	500.00
CARE Ratings Limited.	Long term	Bank loans	CARE A; (Stable)	2,22,000.00
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 Company during the year had raised INR 5,000 lakhs by way of issue of commercial paper with CARE A1+ assigned by CARE Ratings Limited. The dues towards the commercial paper was settled before 31 March 2023 and hence there is no amount outstanding towards commercial paper as on 31 March 2023.				

## Notes to the financial statements for the year ended 31 March 2024

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

<b>48.19</b>	<b>Instances of fraud for the year ended 31 March 2024</b>			
	<b>Nature of fraud</b>	<b>No of cases</b>	<b>Amount of fraud</b>	<b>Amount written off</b>
	Cash misappropriation by employee	-	-	-
	Fraudulent misrepresentation by employee	-	-	-
	Fraudulent representation by customers	-	-	-
	The above summary with respect to fraud is based on the information available with the Company which has been relied upon by the auditors.			
	<b>Instances of fraud for the year ended 31 March 2023</b>			
	<b>Nature of fraud</b>	<b>No of cases</b>	<b>Amount of fraud</b>	<b>Amount written off</b>
	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.			
<b>48.20</b>	<b>Registration / license / authorization obtained from financial sector regulators</b>			
	<b>Registration / license</b>	<b>Authority issuing the registration / license</b>	<b>Registration / License reference</b>	
	Certificate of Registration	Reserve Bank of India	N-07.00810 dated 15 October 2015	
<b>48.21</b>	<b>Investments</b>			
	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	
	<b>Value of investments</b>			
	(i) Gross value of investments			
	(a) In India	-		-
	(b) Outside India	-		-
	(ii) Provision for Depreciation			
	(a) In India	-		-
	(b) Outside India	-		-
	(iii) Net value of investments			
	(a) In India	-		-
	(b) Outside India	-		-
	<b>Movement of provisions held towards depreciation on investments</b>			
	(i) Opening balance	-		-
	(ii) Add: Provisions made during the year	-		-
	(iii) Less: Write-off/write-back of excess provisions during the year	-		-
	(iv) Closing balance	-		-
<b>48.22</b>	<b>Derivatives</b>			
	The Company has not entered into any derivative contracts during the year.			
<b>48.23</b>	<b>Details of non- performing financial assets purchases and sold</b>			
	The Company has neither purchased nor sold any non-performing financial assets during the year ended 31 March 2024 and 31 March 2023.			
<b>48.24</b>	<b>Details of financing of Parent Company products</b>			
	The Company does not have a parent Company and so the details required under this note is not applicable.			
<b>48.25</b>	<b>Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded</b>			
	The Company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended 31 March 2024 and 31 March 2023.			
<b>48.26</b>	<b>Advances against intangible securities</b>			
	The Company has not given any loans against intangible securities			

## Notes to the financial statements for the year ended 31 March 2024

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

<b>48.27</b>	<b>Penalties imposed by RBI and other regulators</b>		
	The following are the list of penalties imposed by RBI and other regulators for the year ended 31 March 2024:		
	<b>Regulator name</b>	<b>Amount in INR lakhs</b>	
	Employees' Provident Fund Organisation, India**	0.00	
	**Represents penalty amount to the extent of INR 136 charged by Employees Provident Fund Organisation.		
	The following are the list of penalties imposed by RBI and other regulators for the year ended 31 March 2023:		
	<b>Regulator name</b>	<b>Amount in INR lakhs</b>	
	Employees' Provident Fund Organisation, India	0.01	
	Assessment Unit, Income Tax Department (refer note 36.1)	10.61	
	BSE Limited	0.10	
<b>48.28</b>	<b>Draw down from reserves</b>		
	The Company has made no drawdown from existing reserves.		
<b>48.29</b>	<b>Overseas assets (for those with joint ventures and subsidiaries abroad)</b>		
	There are no overseas assets owned by the Company.		
<b>48.30</b>	<b>Off-balance sheet SPVs sponsored</b>		
	There are no SPVs which are required to be consolidated as per accounting norms.		
<b>48.31</b>	<b>Customer complaints</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
	<b>Complaints received by the NBFC from its customers (refer note below)</b>		
(1)	Number of complaints pending at the beginning of the year	-	1
(2)	Number of complaints received during the year	16	7
(3)	Number of complaints disposed during the year	16	8
(3.1)	Of which, number of complaints rejected by the NBFC	-	-
(4)	Number of complaints pending at the end of the year	-	-
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman (refer note below)</b>		
(5)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	28	20
(5.1)	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	28	20
(5.2)	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	28	-
(5.3)	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
(6)	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-
	Note: The above details are based on the information available with the Company regarding the complaints received from the customers both directly and indirectly including through RBI portal, which has been relied upon by the auditors.		

## Notes to the financial statements for the year ended 31 March 2024

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

<b>48.32 Top five grounds of complaints received by the NBFCs from customers for the FY 23-24</b>						
Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days	
1	2	3	4	5	6	
Non-Observance of Fair Practices Code	-	16	Same level of previous year	-	-	
Mis-Selling	-	7	57% increase	-	-	
Others	-	5	Newly Added ground	-	-	
Recovery/Direct Sale Agents	-	13	Newly Added ground	-	-	
Loans and Advances	-	2	85% decrease	-	-	
Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	1	Newly Added ground	-	-	
<b>Top five grounds of complaints received by the NBFCs from customers for the FY 22-23</b>						
Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days	
1	2	3	4	5	6	
Non-Observance of Fair Practices Code	1	16	66% increase	-	-	
Loans and Advances	-	5	Newly Added ground	-	-	
Mis-Selling	-	4	Newly Added ground	-	-	
Others	-	2	Newly Added ground	-	-	

### 48.33 Asset Liability Management

(a) Maturity pattern of certain items of Assets and Liabilities as at 31 March 2024:

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	13,705.73	2,611.82	3,061.47	12,187.26	11,566.24	35,651.70	63,868.31	1,95,406.97	1,44,925.55	97,753.84	5,80,738.90
Investments	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits with Banks	-	-	1,050.76	10,055.62	13,527.10	-	-	1,730.76	-	397.22	26,761.46
Borrowings (other than debt securities)	1,443.48	632.10	9,878.46	10,023.31	9,143.23	32,087.45	64,833.35	1,87,878.95	51,284.58	999.90	3,68,204.80
Debt securities	-	-	8.23	-	437.26	2,500.00	1,375.00	22,750.00	3,875.00	-	30,945.49

## Notes to the financial statements for the year ended 31 March 2024

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

(b) 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	-	-	-	-	-	-	-	-	-	-	-
Fixed Deposits with Banks	-	2,536.95	10,136.48	14,114.07	4,516.69	-	-	-	280.90	-	31,585.09
Borrowings (other than debt securities)	2,280.93	379.55	5,683.31	5,106.86	8,442.56	20,054.27	33,751.71	1,08,251.02	41,499.54	-	2,25,449.75
Debt securities	-	-	-	-	2,926.89	-	-	-	15,000.00	-	17,926.89

Notes:

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 (refer note 56.1).
3. The above table represents Maturity pattern of certain items of Assets and Liabilities. Please refer note 55 for the Maturity pattern of all assets and liabilities.

<b>49 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:</b>					
Particulars	As at 31 March 2024		As at 31 March 2023		
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue	
<b>1 Liabilities side:</b>					
<b>Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>					
(a) Debentures					
- Secured	30,812.15	-	17,926.89	-	
- Unsecured	-	-	-	-	
(other than falling within the meaning of public deposits)					
(b) Deferred credits	-	-	-	-	
(c) Term loans	3,16,799.39	-	2,19,659.91	-	
(d) Inter-corporate loans and borrowings	-	-	-	-	
(e) Commercial Paper	-	-	-	-	
(f) Public Deposits	-	-	-	-	
(g) Borrowings under securitisation	48,252.86	-	3,739.45	-	
(g) Other Loans *	1,249.81	-	989.46	-	
*Represents Cash Credit from banks					
<b>2 Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)</b>					
(a) In the form of Unsecured debentures	-	-	-	-	
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-	
(c) Other public deposits	-	-	-	-	



## Notes to the financial statements for the year ended 31 March 2024

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

	Particulars	As at 31 March 2024	As at 31 March 2023
	<b>Assets side:</b>		
<b>3</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
	(a) Secured (refer note 7)	5,11,388.36	3,19,028.75
	(b) Unsecured (refer note 7)	60,990.39	34,344.38
<b>4</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>		
	(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	-	-
<b>5</b>	<b>Break-up of Investments:</b>		
	<b>Current Investments:</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	<b>I. Quoted:</b>		
	i. Shares		
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
	<b>II. Unquoted:</b>		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
	<b>Long Term Investments:</b>		
	<b>I. Quoted:</b>		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Investment in equity tranche PTCs	6,520.85	337.92
	<b>II. Unquoted:</b>		
	i. Shares	-	-
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-

## Notes to the financial statements for the year ended 31 March 2024

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

<b>6 Borrower group-wise classification of assets financed as in (3) and (4) above:</b>					
6	Category	As at 31 March 2024 (Net of Provisions)		As at 31 March 2023 (Net of Provisions)	
		Secured	Unsecured	Secured	Unsecured
	<b>1. Related parties</b>				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	<b>2. Other than related parties</b>	5,03,694.67	59,760.31	3,13,570.84	33,990.80
	<b>Total</b>	<b>5,03,694.67</b>	<b>59,760.31</b>	<b>3,13,570.84</b>	<b>33,990.80</b>
<b>7 Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) :</b>					
7	Category	Market Value / Break up or fair value or Net Asset Value as on 31 March 2024	Book Value as on 31 March 2024 (Net of provisions)	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)
	<b>1. Related parties</b>				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	<b>2. Other than related parties</b>	-	-	-	-
		-	-	-	-
<b>8 Other Information</b>					
8	Particulars	As at 31 March 2024		As at 31 March 2023	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets (Stage 3 assets)	-	10,259.78	-	7,729.23
(ii)	Net Non-Performing Assets (Stage 3 assets)	-	4,808.14	-	4,419.60
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-
<b>50 Disclosure under clause 28 of the Listing Agreement for Debt Securities</b>					
Particulars		As at 31 March 2024		As at 31 March 2023	
	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		-		-
<b>51 Disclosure under clause 16 of the Listing Agreement for Debt Securities</b>					
The Debentures are secured by way of a first and pari passu hypothecation of receivables under financing activities.					
<b>52 Expenditure and earnings in foreign currency (on accrual basis)</b>					
Particulars		Year ended 31 March 2024		Year ended 31 March 2023	
	Expenditure in foreign currency		-		-

## Notes to the financial statements for the year ended 31 March 2024

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

53.1 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 2024						
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)
<b>Performing Assets</b>						
Standard	Stage 1	5,53,807.80	2,329.99	5,51,477.81	2,253.45	76.53
	Stage 2	8,311.19	1,142.14	7,169.05	172.67	969.48
<b>Subtotal for Standard</b>		<b>5,62,118.99</b>	<b>3,472.13</b>	<b>5,58,646.86</b>	<b>2,426.12</b>	<b>1,046.01</b>
<b>Non-performing assets (NPA)</b>						
Substandard	Stage 3	7,465.48	3,577.79	3,887.70	1,620.76	1,957.03
Doubtful						
• up to 1 year	Stage 3	2,794.28	1,873.85	920.43	1,105.66	768.19
• 1 to 3 years	Stage 3	-	-	-	-	-
• More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>		<b>2,794.28</b>	<b>1,873.85</b>	<b>920.43</b>	<b>1,105.66</b>	<b>768.19</b>
<b>Loss</b>	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>10,259.76</b>	<b>5,451.64</b>	<b>4,808.13</b>	<b>2,726.42</b>	<b>2,725.22</b>
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	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	<b>5,53,807.80</b>	<b>2,329.99</b>	<b>5,51,477.81</b>	<b>2,253.45</b>	<b>76.53</b>
	<b>Stage 2</b>	<b>8,311.19</b>	<b>1,142.14</b>	<b>7,169.05</b>	<b>172.67</b>	<b>969.48</b>
	<b>Stage 3</b>	<b>10,259.76</b>	<b>5,451.64</b>	<b>4,808.13</b>	<b>2,726.42</b>	<b>2,725.22</b>
		<b>5,72,378.75</b>	<b>8,923.77</b>	<b>5,63,454.98</b>	<b>5,152.54</b>	<b>3,771.23</b>

## Notes to the financial statements for the year ended 31 March 2024

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

### 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)
<b>Performing Assets</b>						
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
<b>Subtotal for Standard</b>		<b>3,45,643.90</b>	<b>2,501.85</b>	<b>3,43,142.04</b>	<b>1,755.04</b>	<b>746.81</b>
<b>Non-performing assets (NPA)</b>						
Substandard	Stage 3	3,828.89	1,605.03	2,223.86	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	-	-	-	-	-
<b>Subtotal for doubtful</b>		<b>3,900.34</b>	<b>1,704.61</b>	<b>2,195.73</b>	<b>1,545.63</b>	<b>158.98</b>
<b>Loss</b>	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>7,729.23</b>	<b>3,309.64</b>	<b>4,419.59</b>	<b>2,393.82</b>	<b>915.82</b>
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	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	<b>3,37,790.87</b>	<b>1,492.21</b>	<b>3,36,298.66</b>	<b>1,380.57</b>	<b>111.63</b>
	<b>Stage 2</b>	<b>7,853.03</b>	<b>1,009.64</b>	<b>6,843.38</b>	<b>374.47</b>	<b>635.17</b>
	<b>Stage 3</b>	<b>7,729.23</b>	<b>3,309.64</b>	<b>4,419.59</b>	<b>2,393.82</b>	<b>915.82</b>
		<b>3,53,373.13</b>	<b>5,811.49</b>	<b>3,47,561.64</b>	<b>4,148.86</b>	<b>1,662.63</b>

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 2024 and as at 31 March 2023 and accordingly, no amount is required to be transferred to impairment reserve.

### 53.2 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 2024	As at 31 March 2023
Respective amount in SMA/ overdue categories, where the moratorium/ deferment was extended	-	-
Respective amount where asset classification benefits is extended	-	-
General provision made	-	-
General provision adjusted during the year against the slippages and the residual provisions	-	-

## Notes to the financial statements for the year ended 31 March 2024

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

<b>54 Disclosures to be made in notes to accounts by originators pursuant to RBI Directions dated 24 September 2021</b>			
	The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.		
<b>S.No.</b>	<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures are reported here)	7	1
2	Total amount of securitised assets as per books of the SPEs	48,694.90	3,757.30
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	3,536.91	281.21
	• Others (Investment in equity tranche PTCs)	6,520.85	337.92
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others (Excess Interest Spread)	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	61,435.93	5,617.92
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	3,536.91	281.21
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	(a) Amount paid (initial cash collateral)	3,528.51	280.90
	(b) Repayment received (cash collateral reset)	-	-
	(c) Outstanding amount (outstanding cash collateral)	3,536.91	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.	0.14%	0.04%
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	-	-
	(b) Complaints outstanding	-	-

## Notes to the financial statements for the year ended 31 March 2024

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

55	<b>Maturity analysis of assets and liabilities</b> The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.	31 March 2024			31 March 2023		
		Current	Non-current	Total	Current	Non-current	Total
	<b>Assets</b>						
	Cash and cash equivalents	47,744.92	-	47,744.92	23,825.39	-	23,825.39
	Bank balances other than cash and cash equivalents	16,069.05	2,127.98	18,197.02	28,302.48	280.90	28,583.38
	Receivables	538.40	-	538.40	16.53	-	16.53
	Loans	1,42,652.54	4,20,802.45	5,63,454.98	90,929.51	2,56,632.13	3,47,561.64
	Investments	-	-	-	-	-	-
	Other financial assets	135.28	2,222.39	2,357.66	156.27	665.05	821.32
	Current tax assets (Net)	158.82	-	158.82	52.17	-	52.17
	Deferred tax Assets (Net)	-	4,141.29	4,141.29	-	3,113.20	3,113.20
	Property, plant and equipment (including right of use asset)	-	4,622.67	4,622.67	-	4,146.52	4,146.52
	Intangibles assets	-	839.68	839.68	-	200.76	200.76
	Intangible assets under development	49.05	-	49.05	16.08	-	16.08
	Other non-financial assets	423.10	-	423.10	303.41	-	303.41
	<b>Total Assets</b>	<b>2,07,771.17</b>	<b>4,34,756.44</b>	<b>6,42,527.60</b>	<b>1,43,601.85</b>	<b>2,65,038.55</b>	<b>4,08,640.40</b>
	<b>Liabilities</b>						
	Trade Payables						
	i) total outstanding dues of micro enterprises and small enterprises	114.68	-	114.68	65.48	-	65.48
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	765.20	-	765.20	487.49	-	487.49
	Debt Securities	4,187.15	26,625.00	30,812.15	2,926.89	15,000.00	17,926.89
	Borrowings (other than debt securities)	1,26,138.63	2,40,163.42	3,66,302.06	74,638.26	1,49,750.56	2,24,388.82
	Other Financial liabilities	4,666.63	1,762.48	6,429.11	1,659.62	1,854.66	3,514.28
	Provisions	866.07	-	866.07	262.42	561.09	823.51
	Other non-financial liabilities	4,282.98	-	4,282.98	2,308.33	-	2,308.33
	<b>Total Liabilities</b>	<b>1,41,021.34</b>	<b>2,68,550.90</b>	<b>4,09,572.25</b>	<b>82,348.48</b>	<b>1,67,166.30</b>	<b>2,49,514.80</b>
	<b>Net</b>	<b>66,749.83</b>	<b>1,66,205.54</b>	<b>2,32,955.35</b>	<b>61,253.36</b>	<b>97,872.23</b>	<b>1,59,125.60</b>
	Other undrawn commitments (Cancellable at the instance of the Company)	22,891.84	-	22,891.84	4,251.65	-	4,251.65
	<b>Total commitments</b>	<b>22,891.84</b>	<b>-</b>	<b>22,891.84</b>	<b>4,251.65</b>	<b>-</b>	<b>4,251.65</b>

### 55A Changes in liability arising from financing activities

Particulars	01-April-23	Cash Flows	New leases	Others*	31-March-24
Debt Securities	17,926.89	16,000.00	-	(3,114.74)	30,812.15
Borrowings (other than debt securities)	2,24,388.82	1,42,253.04	-	(339.80)	3,66,302.06
Lease Liability	2,951.53	(1,517.88)	1,606.65	-	3,040.30
<b>Total</b>	<b>2,45,267.23</b>	<b>1,56,735.15</b>	<b>1,606.65</b>	<b>(3,454.54)</b>	<b>4,00,154.51</b>
Particulars	01-April-22	Cash Flows	New leases	Others*	31-March-23
Debt Securities	24,207.26	(5,760.00)	-	(520.37)	17,926.89
Borrowings (other than debt securities)	95,357.96	1,29,472.90	-	(442.04)	2,24,388.82
Lease Liability	1,734.19	(1,068.48)	2,285.82	-	2,951.53
<b>Total</b>	<b>1,21,299.41</b>	<b>1,22,644.42</b>	<b>2,285.82</b>	<b>(962.42)</b>	<b>2,45,267.23</b>

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

## Notes to the financial statements for the year ended 31 March 2024

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

56.1	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 2024												
	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, 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		
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-		
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-		
Upgradations to restructured standard category during the year	No. of borrowers	3	(1)	(2)	-	3	(1)	(2)	-	-			
	Amount Outstanding	13.32	(4.91)	(8.41)	-	13.32	(4.91)	(8.41)	-	-			
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	(7)	-	-	-	(7)	-	-	-	(7)			
	Amount Outstanding	(32.73)	-	-	-	(32.73)	(32.73)	-	-	(32.73)			
Downgradation of restructured accounts during the year	No. of borrowers	(124)	(12)	136	-	-	(124)	(12)	136	-			
	Amount Outstanding	(391.12)	(151.57)	542.69	-	-	(391.12)	(151.57)	542.69	-			
Recoveries during the year	Amount	(538.53)	37.08	79.10	-	(422.35)	(538.53)	37.08	79.10	-	(422.35)		
	No. of borrowers	623	94	240	-	957	623	94	240	-	957		
Closure/Write off restructured accounts during the year	Amount Outstanding	1,120.51	320.20	1,168.20	-	2,608.91	1,121	320.20	1,168	-	2,608.91		
	No. of borrowers	826	126	138	-	1,090	826	126	138	-	1,090		
Restructured accounts as on March 31, 2024	Amount Outstanding	1,441.14	435.53	629.12	-	2,505.79	1,441.14	435.53	629.12	-	2,505.79		
	Provision there on	171.78	201.22	439.06	-	812.06	171.78	201.22	439.06	-	812.06		

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

## Notes to the financial statements for the year ended 31 March 2024

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

56.2	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)		
	No.of borrowers	546	82	1	629	546	82	1	-	629		
Closure/Write off restructured accounts during the year	Amount Outstanding	1,131.56	253.11	5.06	1,389.73	1,132	253.11	5	-	1,389.73		
	No.of borrowers	1,577	233	244	2,054	1,577	233	244	-	2,054		
Restructured accounts as on March 31, 2023	Amount Outstanding	3,510.71	875.13	1,183.94	5,569.78	3,510.71	875.13	1,183.94	-	5,569.78		
	Provision there on	429.88	562.45	376.41	1,368.74	429.88	562.45	376.41	-	1,368.74		

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



## Notes to the financial statements for the year ended 31 March 2024

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

<b>57</b>	<b>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.</b>					
	<b>Format - B :</b>					
	<b>Type of borrower</b>	<b>Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31 March 2023 (A)</b>	<b>Of (A) Aggregated debt that slipped into NPA during the year</b>	<b>Of (A) Amount written off during the year</b>	<b>Of (A) Amount paid by the borrowers during the year</b>	<b>Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March 2024</b>
	<b>Personal Loans</b>	-	-	-	-	-
	<b>Corporate persons</b>	-	-	-	-	-
	<b>Of which, MSMEs</b>	-	-	-	-	-
	<b>Others</b>	3,510.70	391.12	474.14	1,204.30	1,441.14
	<b>Total</b>	<b>3,510.70</b>	<b>391.12</b>	<b>474.14</b>	<b>1,204.30</b>	<b>1,441.14</b>
<b>58.1</b>	<b>Public Disclosure on Liquidity Risk for the quarter ended 31st March 2024 as required under RBI Circular – RBI/2019-20/88, DOR.NBFC (PD) CC No. 102/03.10.001/2019-20 dated 04th November 2019</b>					
1	Funding concentration based on significant counterparty (both deposits and borrowings)					
<b>S. No</b>	<b>No. of Significant Counterparties</b>	<b>Amount (In INR Lakhs)</b>		<b>% of Total Deposits</b>	<b>% of Total Liabilities</b>	
1	17	3,34,906.73		Not Applicable	81.77%	
<b>2</b>	<b>Top 20 large deposits (amount in INR Lakhs and % of total deposits)-</b> Not Applicable. The Company, being a Systematically Important Non-Deposit taking Non-Banking Financial Company and registered with Reserve Bank of India, does not accept public deposits.					
<b>3</b>	<b>Top 10 borrowings (amount in INR Lakhs and % of total borrowings)</b>					
<b>S. No</b>	<b>Name of the Lender / Investor</b>	<b>Amount (In INR Lakhs)</b>			<b>% of Total Borrowings</b>	
1	State Bank of India	85,217.67			21.46%	
2	HDFC Bank Limited	46,796.32			11.78%	
3	IDFC First Bank Limited	33,600.71			8.46%	
4	HDFC Mutual Fund	22,679.35			5.71%	
5	IndusInd Bank Limited	17,180.01			4.33%	
6	BlueOrchard Microfinance Fund	15,424.28			3.88%	
7	Bandhan Bank Limited	14,565.47			3.67%	
8	Federal Bank Limited	13,807.70			3.48%	
9	Indian Bank	12,975.58			3.27%	
10	Nippon India Mutual Fund	11,454.00			2.88%	
<b>4</b>	<b>Funding concentration based on significant instrument / product</b>					
<b>S. No</b>	<b>Name of the instrument / product</b>	<b>Amount (In INR Lakhs)</b>			<b>%of Total Liabilities</b>	
1	Non-Convertible Debentures	30,812.15			7.52%	
2	Commercial Paper	-			-	
3	Term Loans	3,16,357.35			77.24%	
4	Securitisation (PTCs)	48,694.90			11.89%	
5	Working Capital Loans	1,249.81			0.31%	

## Notes to the financial statements for the year ended 31 March 2024

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

<b>5 Stock Ratios:</b>		
<b>S. No</b>	<b>Name of the instrument / product</b>	<b>%of Total Liabilities</b>
1	Commercial Paper as a % of Total Public Funds	N.A.
2	Commercial Paper as a % of Total Liabilities	N.A.
3	Commercial Paper as a % of Total Assets	N.A.
4	Non-convertible debentures (original maturity of less than one year) as a % of Total Public Funds	N.A.
5	Non-convertible debentures (original maturity of less than one year) as a % of Total Liabilities	N.A.
6	Non-convertible debentures (original maturity of less than one year) as a % of Total Assets	N.A.
7	Other short-term liabilities as a % of Total Public Funds	N.A.
8	Other short-term liabilities as a % of Total Liabilities	31.97%
9	Other short-term liabilities as a % of Total Assets	20.38%

<b>6</b>	<p><b>Institutional set-up for liquidity risk management:</b></p> <p>The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to while conducting its business. The Board approves the governance structure, policies, strategy, and the risk limits for the management of liquidity risk.</p> <p>The Board of Directors approved the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly intervals and more frequently as warranted from time to time. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite approved by the Board.</p> <p>The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity, and interest rate risk management and to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once a month. The minutes of ALCO meetings are placed before the RMC in its next meeting for its perusal/approval/ratification.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1) Significant counterparty is as defined in RBI circular RBI/2019-20/88,DOR.NBFC (PD) CC No.102/03.10.001/2019-20,Dated November 04, 2019.</li> <li>2) Amount represents IND-AS outstanding inclusive of interest accruals and fee amortisation.</li> <li>3) Total Liabilities exclude Networth of the company.</li> <li>4) Other short-term liabilities represent Borrowings maturing within one year.</li> </ol> <p>Refer Note No 43 (iii) for the summary of maturity profile of undiscounted cash flows of the Company's financial assets and financial liabilities as at reporting period</p>
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<b>58.2</b>	<p><b>Liquidity Coverage Ratio</b></p> <p>The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. The Reserve Bank of India introduced the liquidity coverage ratio (LCR) requirement for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of Rs. 5,000 crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.</p> <p>The Company has adopted the liquidity risk framework in the ALCO policy of the company as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors has delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee as per the ALCO policy of the Company. The company has maintained LCR well above the regulatory threshold of 85% throughout the financial year.</p>
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## Notes to the financial statements for the year ended 31 March 2024

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

Amount in INR lakhs Weighted values

S. No	Particulars	Q4 FY 23-24	Q3 FY 23-24	Q2 FY 23-24	Q1 FY 23-24
	<b>High Quality Liquid Assets</b>				
1	<b>Total High Quality Liquid Assets (HQLA)</b>				
	- Cash	150.00	204.00	196.01	132.66
	- Bank Balance	39,030.00	29,186.00	41,535.33	13,699.98
	<b>Cash Outflows</b>				
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	-	-	-	-
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	52,870.00	18,166.00	16,149.84	13,680.93
7	Other contingent funding obligations	29.00	29.00	28.75	28.75
8	<b>TOTAL CASH OUTFLOWS</b>	<b>52,899.00</b>	<b>18,195.00</b>	<b>16,178.59</b>	<b>13,709.68</b>
	<b>Cash Inflows</b>				
9	Secured lending	8,138.00	10,680.00	8,025.00	10,650.00
10	Inflows from fully performing exposures	17,171.00	15,653.00	13,481.00	11,367.78
11	Other cash inflows	793.00	13,406.00	29,270.00	5,531.25
12	<b>TOTAL CASH INFLOWS</b>	<b>26,102.00</b>	<b>39,738.99</b>	<b>50,776.00</b>	<b>27,549.03</b>
13	<b>TOTAL HQLA</b>	<b>39,180.00</b>	<b>29,390.00</b>	<b>41,731.35</b>	<b>13,832.64</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>	<b>26,798.00</b>	<b>4,549.00</b>	<b>4,045.00</b>	<b>3,427.42</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>146.21%</b>	<b>646.12%</b>	<b>1031.77%</b>	<b>403.59%</b>

59	Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015		
	Particulars	As at 31 March 2024	As at 31 March 2023
a	Omitted *	-	-
b	Omitted *	-	-
c	Debt equity ratio Debt equity ratio is (Debt securities + Borrowings) / Net worth)	1.70 times	1.52 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 2024 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.	

## Notes to the financial statements for the year ended 31 March 2024

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

j	Net worth (Net worth is equal to share capital plus reserves & surplus less deferred revenue expenditure)	INR 2,32,955.35	INR 1,59,125.60
k	Net profit after tax -For the year ended 31 March 2024 (Total comprehensive income)	INR 24,548.98	INR 17,469.52
l	Earnings per equity share of Rs. 10 each		
	- Basic	23.98	36.15
	- Diluted	23.76	14.57
m	Current Ratio	1.24 times	1.69 times
n	Long term debt to Working Capital	316.74 times	33.75 times
o	Bad debts to Account Receivable Ratio (Bad debts / Accounts Receivables)	1.79%	2.19%
p	Current Liability Ratio	26.05%	20.88%
q	Total Debts to Total Assets Ratio (Debt Securities+ Borrowings (other than debt securities)+ Subordinated Debts) / Total Assets	61.81%	59.30%
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	56.82%	58.94%
u	Net Profit Margin(%) Profit after tax / Total Income	21.84%	25.61%
v	Sector Specific Equivalent Ratio		
	i) GNPA % ( Gross Stage 3)	1.79%	2.19%
	ii) NNPA %	0.85%	1.26%
	iii) Provision Coverage Ratio ("PCR") (%) Impairment loss allowance for Stage III / Gross Stage III Loans	53.14%	42.82%
	iv) Asset Cover Ratio	1.06 times	1.05 times
	v) Liquidity Coverage Ratio	146.21%	1277.48%
	vi)Capital Adequacy Ratio	41.49%	45.00%

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

<b>60</b>	<p>Details of loans transferred / acquired during the year ended 31 March 2024 under the RBI Master Direction on Transfer of Loan Exposures dated 24 September 2021 are given below:</p> <p>(i) The Company has not transferred any Non Performing Assets (NPAs).</p> <p>(ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.</p> <p>(iii) The Company has not acquired any loans not in default through assignment.</p> <p>(iv) The Company has not acquired any stressed loan.</p>
<b>61</b>	<p>Being a Middle layer NBFC (NBFC-ML), the company's Internal Capital Adequacy Assessment Process (ICAAP) takes a structured approach towards the identification, assessment, and management of all risks that may have a materially adverse impact on our business, financial position, and capital adequacy. The ICAAP framework is guided by the Company's Board approved ICAAP Policy, which is in line with regulatory expectations. Also, the company has enhanced its framework for Enterprise Risk Management (ERM) to a comprehensive and holistic approach to risk management. 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 2023 which include the Stress Test Scenario while assessing ICAAP.</p>

## Notes to the financial statements for the year ended 31 March 2024

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

<b>62</b>	With effect from 15 April 2023, the Company commenced its operations from the new head office necessary filings with the Ministry of Corporate Affairs is completed in this regard.
<b>63</b>	The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
<b>64</b>	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 : 25 April 2024

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

**M. Sivaraman**  
**Director and**  
**Chairman - Audit**  
**Committee**  
**DIN : 02045100**

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

**V. G. Suchindran**  
**Chief Financial**  
**Officer**

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

## GLOSSARY

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

### Terms

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

### Key Ratios

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

### Growth Ratios (in %)

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

### Branch Efficiency Ratio (Rs. In Crores)

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











## REGISTERED OFFICE

### **Veritas Finance Private Limited**

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

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### **CONTACT DETAILS**

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