B S R & Co. LLP
Chartered Accountants

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Audit report on annual financial results under Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Listing Regulations, 2015 for the year ended 31 March 2021

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF VERITAS FINANCE PRIVATE LIMITED

Report on the audit of the Annual Financial Results

Opinion

We have audited the accompanying annual financial results of Veritas Finance Private Limited (hereinafter referred to as the "Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

a. are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and

b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

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Emphasis of Matter

As more fully described in Note 6 to the financial results, the extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determine the expected credit losses on loans. The impact assessment of COVID-19 is a continuing process. The Company will continue to monitor any material changes to the future economic conditions.

Our opinion is not modified in respect of this matter.

Management's and Board of Directors' Responsibilities for the Annual Financial Results

These annual financial results have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Audit report on annual financial results under Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Listing Regulations, 2015 for the year ended 31 March 2021

Auditor's Responsibilities for the Audit of the Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the annual financial results 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 annual financial results.

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

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

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 annual financial results 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 annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Audit report on annual financial results under Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Listing Regulations, 2015 for the year ended 31 March 2021

Auditor's Responsibilities for the Audit of the Annual Financial Results (continued)

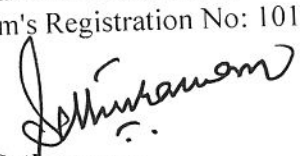
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Other Matters

The annual financial results include the results for the half year ended 31 March 2021 and the corresponding half year ended in the previous year being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures for the half year ended 30 September 2020 and half year ended 30 September 2019 respectively which were subjected to limited review by us.

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



S Sethuraman
Partner
Membership No: 203491
UDIN: 21203491AAAABX6473

Place : Chennai
Date : 22 April 2021

Veritas Finance Private Limited
CIN: U65923TN2015PTC100328
Regd. Office: SKCL Central Square 1, South Wing, 1st Floor, Unit C28-C35, CIPET Road,
Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600 032
Statement of financial results for the half year and year ended 31 March 2021

(All amounts are in INR in lakhs, except share data and stated otherwise)

Particulars	Half year ended		Year ended	Year ended
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Audited (Note 10)	Audited (Note 10)	Audited	Audited
Revenue from operations				
Interest income	17,905.61	14,804.92	34,902.17	25,952.87
Fee income	354.47	287.65	492.54	541.20
Net gain on fair value changes	319.98	416.14	615.07	1,064.03
Total revenue from operations	18,580.06	15,508.71	36,009.78	27,558.10
Other income	117.08	9.27	157.51	9.57
Total income	18,697.14	15,517.98	36,167.29	27,567.67
Expenses				
Finance costs	6,237.79	6,126.73	12,164.59	10,627.39
Impairment on financial instruments (refer note 6)	1,606.85	855.94	4,044.59	1,510.27
Employee benefits expenses	4,809.19	3,986.25	8,421.28	7,864.84
Depreciation and amortization	664.01	675.04	1,332.59	1,246.20
Other expenses	1,268.32	1,019.04	2,000.10	1,937.56
Total expenses	14,586.16	12,663.00	27,963.15	23,186.26
Profit before tax	4,110.98	2,854.98	8,204.14	4,381.41
Tax expense				
Current tax	902.00	901.42	2,553.00	1,544.42
Deferred tax	53.81	(292.14)	(550.88)	(497.25)
	955.81	609.28	2,002.12	1,047.17
Profit after tax for the period / year	3,155.17	2,245.70	6,202.02	3,334.24
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement of the defined benefit obligation	56.82	(23.20)	(119.73)	(41.61)
Income tax relating to items that will not be reclassified to profit or loss	(14.30)	5.84	30.14	10.47
Other comprehensive income for the period / year	42.52	(17.36)	(89.59)	(31.14)
Total comprehensive income for the period / year, net of income tax	3,197.69	2,228.34	6,112.43	3,303.10
Earnings per equity share of Rs. 10 each				
- Basic	8.99	7.07	17.69	10.58
- Diluted	3.30	2.43	6.50	3.63
	Not annualised	Not annualised	Annualised	Annualised

See accompanying notes to the financial results

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VERITAS FINANCE PVT. LTD. ★ CHENNAI -32 ★

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Statement of assets and liabilities as at 31 March 2021

(All amounts are in INR in lakhs, except share data and stated otherwise)

Particulars	As at 31 March 2021 (Audited)	As at 31 March 2020 (Audited)
ASSETS		
Financial assets		
Cash and cash equivalents	14,810.97	42,244.86
Bank balances other than cash and cash equivalents	27,614.27	4,697.98
Loans	152,423.49	127,932.22
Investments	17,500.74	6,318.13
Other financial assets	440.91	402.65
	212,790.38	**181,595.84**
Non-financial assets		
Current tax assets (net)	338.79	121.59
Deferred tax assets (net)	1,684.71	1,103.70
Property, plant and equipment	656.66	910.35
Right of use assets	1,270.28	1,291.21
Intangibles assets	425.62	614.02
Intangibles assets under development	43.56	34.43
Other non-financial assets	276.17	186.60
	4,695.79	**4,261.90**
Total Assets	**217,486.17**	**185,857.74**
LIABILITIES AND EQUITY		
Financial liabilities		
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises	291.61	204.21
Debt securities	53,074.52	38,704.88
Borrowings (other than debt securities)	72,340.01	62,277.22
Other financial liabilities	1,486.47	1,405.39
	127,192.61	**102,591.70**
Non-financial liabilities		
Provisions	390.12	167.91
Other non-financial liabilities	1,101.64	919.27
	1,491.76	**1,087.18**
Equity		
Equity share capital	10,017.80	10,003.80
Other equity	78,784.00	72,175.06
	88,801.80	**82,178.86**
Total Liabilities and Equity	**217,486.17**	**185,857.74**

See accompanying notes to the financial results

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Notes:

1 Veritas Finance Private Limited ("the Company") is a Non-Deposit taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI), registered with the Reserve Bank of India ("the RBI").

2 The financial results for the half year and year ended 31 March 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 22 April 2021. The above results have been subjected to audit by the statutory auditors of the Company. The auditors have issued an unmodified audit report.

3 The above financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

4 There is no separate reportable segment in accordance with Ind AS 108 on "Operating Segments" in respect of the Company.

5 Other equity includes statutory reserve as per section 45IC of the Reserve Bank of India Act, 1934, balance in securities premium, Employee Stock Option Plan reserve and retained earnings.

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

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

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

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

Notes:

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

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

10 The figures for the half year ended 31 March 2021 and corresponding half year ended in the previous year as reported in these Financial Results are the balancing figures between respective audited figures in respect of full financial year and published reviewed year to date figures for the half year ended 30 September 2020 and half year ended 30 September 2019 respectively. The figures for the half year ended 30 September 2020 and half year ended 30 September 2019 have not been subjected to audit.

11 Previous period's/ year's figures have been regrouped/ reclassified wherever necessary, to confirm with the current period presentation.

Place : Chennai
Date : 22 April 2021

D. Arulmany
Managing Director and Chief Executive Officer

VERITAS FINANCE PVT. LTD. CHENNAI -32

BSR & Co. LLP Chartered Accountants

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Annexure A

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations,

(a) Credit rating

Products	Rating
(a) Debentures	A- Stable (CARE)
(b) Bank loan facilities	A- Stable (CARE)

Note : During the year ended 31 March 2021, the credit rating of the Company were upgraded from BBB + (stable) to A - (stable).

(b) Assets cover available for non-convertible debt securities : Not applicable

(c) Debt equity ratio : 1.41 times
Debt equity ratio is (Debt securities + Borrowings) / Net worth)

(d) Previous due date for the payment of interest / dividend for non-convertible redeemable preference shares / repayment of principal of non-convertible preference shares / non-convertible debt securities and whether the same has been paid or not; (refer Annexure "A1"). The Company does not have any non-convertible redeemable preference shares as at 31 March 2021.

(e) Next due date for the payment of interest / dividend of non-convertible preference shares / principal along with the amount of interest / dividend of non-convertible preference shares payable and the redemption amount (refer Annexure "A1"). The Company does not have any non-convertible redeemable preference shares as at 31 March 2021.

(f) Debt service coverage ratio : 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 : Interest service coverage ratio is not applicable for NBFCs registered with Reserve Bank of India and accordingly no disclosure has been made.

(h) Outstanding redeemable preference shares (quantity & value) : The Company does not have any redeemable preference shares as at 31 March 2021 and hence this clause is not applicable.

(i) Debenture redemption reserve :
Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.

(j) Net worth : Rs. 88,149.78 lakhs (Net worth is equal to share capital plus reserves & surplus less deferred revenue expenditure) as on 31 March 2021.

(k) Net profit after tax : Rs. 6,112.43 lakhs for the year ended 31 March 2021.

(l) Earnings per share for the year ended 31 March 2021 : Basic - Rs. 17.69 annualised
Diluted - Rs. 6.50 annualised

(m) There was no deviation in the use of the proceeds of the issue of non-convertible debt securities.

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Annexure A1

Description	ISIN	Previous Due Date for Payment of Interest / Part Principal	Whether Previous Interest Paid or not	Next Due Date for Payment of Interest / Part Principal
Non-Convertible Debentures	INE448U07026	26-Mar-21	Principal & Interest Paid	-
Non-Convertible Debentures	INE448U07018	15-Mar-21	Principal & Interest Paid	-
Non-Convertible Debentures	INE448U07166	30-Mar-21	Interest Paid	29-Sep-21
Non-Convertible Debentures	INE448U07042	30-Mar-21	Principal & Interest Paid	-
Non-Convertible Debentures	INE448U07141	30-Mar-21	Interest Paid	28-Sep-21
Non-Convertible Debentures	INE448U07075	13-Jan-21	Interest Paid	13-Jul-21
Non-Convertible Debentures	INE448U07083	30-Jun-20	Interest Paid	20-Aug-21
Non-Convertible Debentures	INE448U07091	-	Not applicable	16-Jul-21
Non-Convertible Debentures	INE448U07109	-	Not applicable	05-Aug-21
Non-Convertible Debentures	INE448U07117	-	Not applicable	12-Aug-21
Non-Convertible Debentures	INE448U07125	-	Not applicable	03-Sep-21
Non-Convertible Debentures	INE448U07133	28-Mar-21	Interest Paid	28-Sep-21
Non-Convertible Debentures	INE448U07158	-	Not applicable	11-Nov-21
Non-Convertible Debentures	INE448U07174	-	Not applicable	27-Apr-21

Note:
The Secured listed Non-Convertible Debentures of the Company are secured by first and exclusive charge on receivables of the Company by way of hypothecation to the extent ranging from 1 to 1.25 times of the amount outstanding.