

Date: <DD-MM-YYYY>

To:

<Name and address of Independent Director>

Dear <Name of Independent Director>,

Sub: Appointment as Independent Director of the Company

We are pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee in their meeting held on _____, the Board of Directors ('the **Board**') of Veritas Finance Private Limited ('the **Company**') in their meeting held on _____, have approved your appointment as an additional and independent director of the Company ('**Independent Director**') effective _____.

This letter sets out the terms of your appointment. This letter is being issued to comply with the requirements of Schedule IV to the Companies Act, 2013, pertaining to the Code of Independent Directors and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR, 2015"), the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI Master Directions 2023"), and other applicable laws.

1. Appointment

In accordance with the provisions of the Companies Act, 2013, the SEBI LODR, 2015, the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, and other applicable laws (hereinafter referred to as "Relevant Laws"), your appointment as an Independent Director of the Board would be for a period of five years with effect from _____. Your appointment is subject to the approval of shareholders as per the provisions of the Companies Act, 2013.

As an Independent Director you will not be liable to retire by rotation.

Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. Your reappointment would be considered based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

2. Board committees

- 2.1. As advised by the Board, during the tenure of office, you may be requested to serve on one or more of the committees of the Board as a member/Chairman, which are constituted/may be constituted from time to time. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter which sets out the functions of that Committee.
- 2.2. Currently, the Board has the following committees: Audit Committee, Nomination and Remuneration Committee (NRC), Stakeholders Relationship Committee (SRC), Risk Management Committee (RMC), Corporate Social Responsibility (CSR) Committee, Resources and Business (RBC) Committee, IT Strategy Committee and Business Impact

Committee.

- 2.3. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The Board determines the frequency and duration of the committee meetings. Normally, the committees meet four times a year. Recommendations of the committees are submitted to the Board for approval. The quorum for meetings is either two members of the committee or one-third of the members of the committee, whichever is higher.

3. Status of Appointment

You will not be an employee of the Company and this letter shall not constitute a contract of employment.

4. Role, duties, and responsibilities

As a member of the Board, you along with the other Directors of the Board would collectively be responsible for meeting the objectives of the Board which include:

- Requirements under the Companies Act, 2013
- Responsibilities of the Board of directors as outlined in the SEBI LODR, 2015, and RBI Master Directions issued from time to time.
- Accountability under the Director's Responsibility Statement, and
- Adherence to the Company's policies and procedures

During the appointment, you shall abide by the 'Code for Independent Directors' as outlined in Schedule IV of the Companies Act, 2013, the duties of directors as provided in the Companies Act, 2013, (including Section 166), the applicable RBI Master Directions and notifications issued from time to time, and in SEBI LODR, 2015, as amended from time to time. For your ready reference, the relevant provisions have been extracted and attached to this letter as **Annexure A**.

5. Code of Conduct and policies

As an Independent Director of the Company, you agree to comply with the Code of Conduct for the Members of the Board and Senior Management Personnel, Code of conduct for fair disclosure of UPSI and Code of Conduct to regulate, monitor and report trading by insiders, ("Veritas Code of Conduct") as adopted by the Board. For your reference, the Codes of Conduct and the policies as adopted by the Board is provided in **Annexure B**.

Unless specifically authorized by the Board, you shall not disclose information regarding company and its business to constituencies including the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors, and importers.

All Non-Executive/Independent Directors are required to sign a confirmation of acceptance of the Veritas Code of Conduct as adopted by the Board on an annual basis.

6. Disclosures, other directorships, and business interests

During the term of your office, you agree to promptly notify the Company of any change in your directorship and provide such other disclosures and information as may be required

under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and the Company Secretary.

You also agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013, and SEBI LODR, 2015, confirming that you meet the criteria of independence as provided in Section 149(6) of the 2013 Act and SEBI LODR and that you are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact your ability to discharge your duties with an objective independent judgment and without any external influence. This declaration shall be submitted at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an Independent Director.

Further, the Company Secretary shall also request other declarations and documents, as required under the Relevant Laws, at the start of every financial year which shall duly be submitted as applicable. The same shall also be placed at the first meeting of the Board in every financial year.

7. Changes in personal details

During the term of your office, you shall promptly intimate the Company Secretary, of any change in address or other contact and personal details provided to the Company. The same shall be intimated by the Company, wherever necessary, to the regulators as required under the extant regulations.

8. Time Commitment

By accepting this appointment, you confirm that you agree to devote sufficient time as is prudent and necessary for the proper performance of your role, duties, and responsibilities as an Independent Director.

9. Remuneration

As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

In addition to the sitting fees, profit-related commission as determined by the Board may also be payable to you. In determining the amount of this commission, the Board supported by the Nomination and Remuneration Committee may consider the performance of the Company and your performance as evaluated by the Board.

The sitting fees presently paid to the Independent Directors, is as follows –

- a. for every meeting of the Board of Directors attended – Rs. ____/-, and
- b. for every meeting of the Committee attended – Rs. ____/-

The Company will also reimburse you for all reasonable expenses incurred by you in connection with your participation in the Board and Board Committee meetings.

Independent Directors are not entitled to stock options of the Company as per the Companies Act, 2013.

10. Insurance

The Company maintains a Directors' and Officers' insurance policy (D & O policy) and pays the premiums for the same. It is intended to maintain such insurance cover for the Term of your appointment, subject to the terms of such policy in force from time to time. A copy of the policy document is attached as **Annexure C**.

11. Memberships of other boards

You shall comply with the provision regarding maximum number of Directorship as contained in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

You shall also comply with the RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, and shall not be on the Board of more than three Middle Layer Non-Banking Financial Company or Upper Layer Non-Banking Financial Company at the same time during your tenure.

12. Training and Development

The Company may, if required, conduct training programs, from time to time, as deemed fit for its Independent Directors, which may include any or all of the following:

- Board roles and responsibilities,
- Company's vision, strategic direction, core values, ethics, and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations, and meetings with senior and middle management.

13. Performance Appraisal / Evaluation Process

As a member of the Board, your performance as well as the performance of the entire Board and its Committees will be evaluated annually. The evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

14. Separate meeting of the Independent Directors

As required under Relevant Laws, a separate meeting of the independent directors of the Company without the presence of the other directors or the senior management of the Company is conducted on an annual basis to facilitate the independent directors to have a full and frank discussion on the performance of the Company, risks faced by the Company, the performance of other members of the Board including the chairperson, and the senior management of the Company.

If required, the Independent Directors may invite the chairman, any other director and/or any senior management personnel to make presentations on relevant issues.

15. Corporate calendar

Dates for the Board meeting and the Committee meetings of the Board for the ensuing year are decided in advance on the basis of the mutual availability of the Board members and intimated to the Board by the Company Secretary.

16. Disengagement

You may resign from the directorship of the Company at any time by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later. Your directorship on the Board of the Company shall cease in accordance with prevailing law.

If at any stage during the term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Companies Act, 2013, read with the rules framed thereunder, the RBI Master Directions, or SEBI LODR, 2015, you agree to promptly submit your resignation to the Company with effect from the date of such change.

17. Website disclosure

In line with the provisions of Schedule IV of the Companies Act, 2013, the Company may make public a generic disclosure of this letter on the website of the Company and the same shall be open for inspection at the registered office of the Company by any member during normal business hours.

18. Acceptance of Appointment

Please confirm your acceptance of the above terms by signing and returning the enclosed duplicate copy of this letter.

We thank you for your continued support and commitment to the Company.

Yours Sincerely,

For Veritas Finance Private Limited,

Name:

Designation:

DIN:

Encl: as above

AGREE AND ACCEPT

I have read and understood the terms of my appointment as an Independent Director of the Company, and I hereby affirm my acceptance to the same.

Name:

DIN:

Designation:

Place:

Date:

Relevant extracts of the provisions under the Companies Act, 2013

Section 166 - Duties of directors

- 1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- 2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- 3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- 4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- 5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- 6) A director of a company shall not assign his office and any assignment so made shall be void.
- 7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Section 134. Financial statement, Board's report, etc

Directors' Responsibility Statement:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be

followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation.—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company 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;

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SCHEDULE IV
[Section 149(8)]
CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
 - a) the term of appointment;
 - b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d) provision for Directors and Officers (D and O) insurance, if any;
 - e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - f) the list of actions that a director should not do while functioning as such in the company; and
 - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - a) review the performance of non-independent directors and the Board as a whole;
 - b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

**Rule (5) of the Companies (Appointment and Qualification of Directors) Rules, 2014 -
Qualifications of Independent Director**

- (1) An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
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Relevant extracts of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Regulation 4(2)(f): Responsibilities of the board of directors

The board of directors of the listed entity shall have the following responsibilities:

(i) Disclosure of information:

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors-

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and investments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

(iii) Other responsibilities:

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the listed entity to excessive risk.
- (10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- (11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.

- (13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14) The board of directors and senior management shall facilitate the independent directorsto perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.
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Relevant extracts of the provisions of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023

45.8 Responsibility of Board of Directors

45.8.1 The Board of Directors of NBFCs shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of the lending institution’s functionaries are heard and disposed of at least at the next higher level.

45.8.2 The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

**CODE OF CONDUCT FOR FAIR DISCLOSURE OF UPSI
AND CODE OF CONDUCT TO REGULATE, MONITOR
AND REPORT TRADING BY INSIDERS**

REVISION HISTORY

S. No.	Date	Revision details
1.	September 19, 2022	The Board of Directors of the Company has formulated this Code and approved the same at its meeting held on September 19, 2022.

**CODE OF CONDUCT FOR FAIR DISCLOSURE OF UPSI AND CODE OF CONDUCT TO REGULATE,
MONITOR AND REPORT TRADING BY INSIDERS****Background and Scope:**

- This Code of Conduct for fair disclosure of UPSI and Code of Conduct to regulate, monitor and report trading by Insiders (“Code”), in terms of Regulation 8 and Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Regulations”), stipulates, inter alia, the practices and procedures for:
 - a) fair disclosure of Unpublished Price Sensitive Information (UPSI) and
 - b) monitoring, regulating and reporting trading in listed Securities (defined below) by Designated Persons (defined below) and their Immediate Relatives (defined below).
- The Board of Directors of the Company has formulated this Code and approved the same at its meeting held on September 19, 2022.
- This Code is being framed in furtherance of the aforesaid and with an aim 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 immediate and regular basis.

Definitions:

- (a) “Board” means the Board of directors of the Company.
- (b) “Act” means the Securities and Exchange Board of India Act, 1992.
- (c) “Code” means this code titled ‘Code of Conduct for fair disclosure of UPSI and to regulate, monitor and report trading by Insiders’.
- (d) “Company” means Veritas Finance Private Limited.
- (e) “Compliance Officer” means the Company Secretary and in his/her absence, any other senior officer of the Company appointed by the Board of Directors from time to time.
- (f) “Designated Persons” means:
 - i. All persons in the Promoter and Promoter Group
 - ii. All Directors (executive, non-executive and independent)
 - iii. The Managing Director & Chief Executive Officer (MD & CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Chief People Officer (CPO), the Company Secretary and/or Compliance Officer, and all employees directly working in their respective offices
 - iv. All Functional / Departmental Heads by whatever name called
 - v. All employees of the Company in the grade of Assistant Vice President and above
 - vi. All employees in Finance, Legal, Treasury, Business Analytics and MIS, and Secretarial Department
 - vii. Any other persons, including members of the support staff of the company (such as, Information Technology department, Corporate Communications Department) as may be decided by the MD & CEO of the Company in consultation with the Compliance Officer, from time to time
 - viii. All Connected Persons as defined under Insider Trading Regulations

ix. Immediate relatives of the abovementioned person(s)

(g) “Immediate Relative” means a spouse of a person, and includes parent, sibling and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

Words and expressions used but not defined in this Code shall have the same meaning assigned to them in the SEBI (Prohibition of Insider Trading) Regulations, 2015 or the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be or in any amendment thereto.

Unpublished Price Sensitive Information

- (i) The Company shall promptly disclose unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- (ii) The UPSI shall be uniform and universally disseminated and due care will be taken to avoid selective disclosure.
- (iii) In case if the UPSI that gets disclosed selectively, inadvertently, or otherwise, prompt steps shall be taken to make such information generally available.

Responsibilities and Duties of Compliance Officer

- (i) The Compliance Officer shall be responsible under the overall supervision of the board of directors of the company, for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of Trades, if and when applicable, as per the Code and implementation of the Code, maintaining records of the designated persons and their immediate relatives and any changes made in the list of designated persons and their immediate relatives and providing guidance and clarifications sought by designated persons regarding the Regulations and the Code.
- (ii) The Compliance Officer shall report to the Board of Directors and shall provide reports to the Chairperson of the Audit Committee on annual basis in respect of compliance of the provisions of the Insider regulations, Trading in the Securities of the Company by the designated persons and their immediate relatives, the trading plans and pre-clearance applications approved and rejected by the Compliance Officer, if and when applicable.
- (iii) The Compliance Officer shall discharge other functions and duties as prescribed in the Code and the Regulations.

General Restrictions

- (i) No designated person (including his/her immediate relatives) should trade in the Securities of the company at any time while in possession of, or having access to, any Unpublished Price Sensitive Information. (UPSI).
- (ii) Designated persons are obliged to treat UPSI with due care and they have a duty to safeguard UPSI irrespective of the source of receipt of UPSI. Designated persons shall use UPSI for the specified purpose(s) only and it must not be used for any personal gain. No designated person shall communicate, provide, or allow access, or procure or cause communication of any Unpublished Price Sensitive Information, relating to the company or its Securities, to any person, except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Designation and Role of Chief Investor Relations Officer

- (i) The Managing Director & Chief Executive Officer (MD & CEO) of the Company shall be the Chief Investor Relations Officer (“CIRO”) for the purpose of the Code. The CIRO shall be responsible for dissemination of information and disclosure of Unpublished Price Sensitive Information.
- (ii) In the temporary absence of the CIRO for any reason whatsoever, the CIRO and/or the Chief Financial Officer (CFO) shall nominate any other official of the Company to be responsible for dissemination of information and disclosure of UPSI.

Legitimate Purposes

The UPSI can be shared by an Insider for Legitimate purposes as per its "Policy for determination of Legitimate Purposes" (Annexure A), provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

General obligations for preservation and disclosure of UPSI

- (i) All UPSI should be maintained within the Chinese Walls at all times. In the event any person (who is not a designated person) is required to be wall-crossed, i.e., brought over the Chinese Wall in order to obtain access to the UPSI for a specific purpose, prior approval of the MD & CEO must be sought. The MD & CEO shall consider whether such person being wall-crossed, is being provided UPSI on a need-to-know basis. Further, information shared with such wall-crosser should be limited to the specific transaction or purpose for which their assistance is required.
- (ii) All persons who have wall-crossed should be notified that he would be considered to be a designated person under this Code and consequently, required to comply with all applicable provisions of the Code and Regulations, till such information remains UPSI.
- (iii) All UPSI shall be handled on a need to know basis and in accordance with the provisions of the Regulations and any other applicable codes, policies, and procedures of the Company.
- (iv) Files containing UPSI shall be kept secured with restricted access and computer files containing UPSI should be protected with the help of login, passwords, etc.

- (v) It is clarified that information to be termed UPSI should be specific and intended to be generally made available at a point of time to ensure it does not lead to creation of a false market in securities. For the purpose of disclosure, the CIRO may consult such officials within the Company to ensure the correctness and credibility of the UPSI.
- (vi) The CIRO shall authorise disclosure or dissemination of UPSI:
- by way of intimation to the stock exchanges, such that further disclosure can be made from the stock exchange websites by the Compliance Officer
 - on the official website of the Company to ensure official confirmation and documentation and
 - in any other manner as may be decided by the CIRO to facilitate uniform and universal dissemination of UPSI.
- (vii) All communications of UPSI with the stock exchange shall be approved by the CIRO and communicated through appropriate personnel under their direction.
- (viii) The CIRO shall also be responsible for overseeing the contents of UPSI to be posted on the website of the Company for the purposes of this Code and shall give appropriate directions for the publication of the same. No other person shall be authorised to post any UPSI in the absence of any directions from the CIRO.
- (ix) Information disclosure/ dissemination should normally be approved in advance by the CIRO. If the information is accidentally disclosed without prior approval, the person responsible must inform the CIRO immediately, even if the information is not considered price sensitive and if required, the CIRO shall take all reasonable steps to rectify the same.

Sharing of information with analysts and research personnel

- (i) The Company shall ensure that any information shared with analysts and research personnel is not UPSI and is generally available. Alternatively, the information shared as above shall simultaneously be made public.
- (ii) The CIRO shall also develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

Responding to Market Rumours

The Compliance Officer shall ensure that appropriate and fair responses are provided to queries on news reports and requests for verification of market rumours by Regulatory Authorities.

Penalties/Punishments

- (i) Any designated person who trades in securities of the Company or communicates any UPSI in contravention of this Code will be penalised and appropriate action will be taken by the MD & CEO and/or the Compliance Officer in consultation with the Board, against such designated person by the Company after giving reasonable opportunity of being heard in the matter. Such designated

person shall also be subject to disciplinary action by the company including wage freeze, suspension, recovery, clawback, in-eligibility for future participation in ESOPs, etc.

- (ii) In case any violation of Regulations is observed, the Compliance Officer shall promptly inform the same to the stock exchange(s) where the concerned securities are traded.
- (iii) In addition to the aforesaid penalties/punishments, the persons violating the Regulations will also be subject to any other action by SEBI as per the SEBI Act.

Prevention of Misuse of UPSI

All designated persons and their immediate relatives shall be subject to trading restrictions as stated below:

a) Trading Window- The designated persons and their immediate relatives shall trade in the Securities of the company only when the Trading Window is open; provided that the Trading Window norms shall not be applicable for trades carried out in accordance with a trading plan approved.

b) Prohibition on Trading in Securities of the company- designated persons and their immediate relatives shall not Trade in the Securities of the company: (i) during the Prohibited Period (as defined below) or (ii) at any time (even when the Trading Window is open) if in possession of UPSI.

“Prohibited Period” means:

- (i) a period from the end of every financial year till 48 hours after declaration of unaudited/ audited annual financial results
 - (ii) a period from the end of every quarter till 48 hours after declaration of unaudited/ audited quarterly financial results
 - (iii) any period when the compliance officer otherwise has reasons to believe that designated persons can reasonably be expected to have possession of UPSI; Provided that where such UPSI is proposed to be considered at a meeting of the board of directors of the company, such period shall, as far as practicable, commence at least 7 days before such meeting of the board of directors. The compliance officer shall determine the timing for re-opening the Trading Window taking into account various factors including UPSI in question becoming Generally Available Information and being capable of assimilation by the market, which in any event shall not be earlier than 48 hours after the information becomes Generally Available Information.
- c)** The intimation about the Prohibited Period shall be given by the compliance officer, wherever required, through e-mail, circular and/ or posting on the website of the company, etc.

Disclosure and Reporting Requirements:

The disclosures required to be made by a person under this provision shall include details of Trades by such person’s immediate relatives, wherever applicable.

Further, the designated persons and their immediate relatives, wherever applicable, shall also make applicable disclosures as required under the Act and Insider Trading Regulations.

Whistle Blower Policy and Policy & Procedure for inquiry in case of leak of UPSI or suspected leak of UPSI

In case of receipt of complaint on leak of UPSI or suspected leak of UPSI, the matter shall be dealt with in accordance with Whistle Blower Policy of the Company (Copy is available on the web-site of the Company).

Further, an employee who files a Voluntary Information Disclosure Form to the SEBI, as prescribed under the PIT Regulations, shall be provided suitable protection against any victimization, as provided under the PIT Regulations, as amended from time to time.

Miscellaneous

- (i) The Board of directors of the Company shall have power to modify or replace this Code in part or full as may be thought fit from time to time in its absolute discretion. Any amendment to this Code shall be approved by the Board of directors of the Company.
- (ii) The decision of the Board of directors with regard to all matters relating to this Code will be final and binding on all concerned.
- (iii) In case any provisions of this Code are contrary to or inconsistent with the provisions under the Insider Regulations, the provisions of Insider Regulations shall prevail.
- (iv) **Dissemination:** This Code, including any amendments thereto, shall be posted on the website of the Company on approval of the Board of Directors.

Annexure A - Policy for Determination of Legitimate Purposes**Introduction**

This "Policy for Determination of Legitimate Purposes" hereinafter referred to as the "Policy" is prepared in accordance with Regulation 3(2A) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

Objective

The objective of this policy is to identify 'Legitimate Purposes' for performance of duties or discharge of legal obligations, which will be considered as exception for procuring UPSI relating to the Company. The assessment of whether sharing of UPSI for a particular instance would be tantamount to 'legitimate purpose' would depend on the specific facts and circumstances of each case.

Accordingly, this Policy only sets out the principles that should be considered while assessing if the purpose for which UPSI is proposed to be shared is "legitimate".

Primarily, the following factors should be considered to determine the legitimate purpose:

- a) whether sharing of such information is in the ordinary course of business of the Company
- b) whether information is sought to be shared to evade or circumvent the prohibitions of the Insider Trading Regulations
- c) whether sharing the information is in the best interests of the Company or in furtherance of a genuine commercial purpose
- d) whether the information is required to be shared for enabling the Company to discharge its legal obligations
- e) whether the nature of information being shared is commensurate to the purpose for which access is sought to be provided to the recipient.

Any person who is in receipt of UPSI pursuant to a "legitimate purpose" shall be considered as an Insider for the purpose of these Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the Regulations.

It is clarified that in the event there exist multiple purposes for sharing UPSI, each purpose will be evaluated on its own merits, in line with the aforementioned principles.

Structured Digital Database

A structured digital database shall be maintained containing the names of such persons or entities as the case may be with whom information is shared along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

The structured digital database shall be preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

Restrictions on Communication and Trading by Insiders

The Company shall inform the recipient of UPSI, by way of written intimation and/or contractual agreement, such as confidentiality agreement, that:

- (i) the information being shared is UPSI and that the Company is the exclusive owner of such UPSI
- (ii) upon receipt of UPSI, the recipient would be deemed to be an Insider and subject to the provisions of the Insider Trading Regulations,
- (iii) the recipient must maintain confidentiality of the UPSI at all times,
- (iv) the recipient may use the UPSI only for the approved purposes for which it was disclosed
- (v) the recipient should provide a written undertaking that he/she/it shall not undertake trades in the securities of the Company while in possession of the UPSI and
- (vi) the recipient must extend all cooperation to the Company, as may be required in this regard.

Definitions:

- **"Legitimate Purposes"** means sharing of UPSI in the ordinary course of business by an Insider with the following, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations:
 - i. Company's Partners
 - ii. Auditors, Accountancy firms, Legal advisors, Merchant Bankers, Consultants
 - iii. Collaborators
 - iv. Lenders
 - v. Customers
 - vi. Suppliers
 - vii. Any other advisors/consultants/partners
 - viii. Any other person with whom UPSI is shared
- **"Insider"** means any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered as an "insider" for purpose of these regulations and due notice shall be given to such persons (Insiders) to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.

CODE OF CONDUCT

Introduction:

This Code of Conduct shall be called “The Code of Conduct for the Members of the Board and Senior Management Personnel” of Veritas Finance Private Limited.

This Code shall be applicable to all the Board Members and Senior Management of the Company.

The purpose of this code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence shown in the Management by the shareholders of the Company.

Since its founding, Veritas’s business practices have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws. The employees have upheld and lived this commitment in their every day responsibilities ever since, and Veritas’s reputation remains one of the Company’s most important assets today.

This Code of Business Conduct specifies and helps the continued implementation of the Corporate Business Principles by establishing certain nonnegotiable minimum standards of behavior in key areas. The Code is a dynamic document that reinforces the honorable behavior in business.

All Board Members and Senior Management Personnel of the Company shall affirm compliance with this Code on annual basis in such form as may be prescribed [\(Annexure I\)](#) and send it to the Compliance Officer by 30th April each year. The annual report of the Company shall contain a declaration to this effect.

The provisions of this Code can be amended and modified by the Board of directors of the Company from time to time and all such amendments and modifications shall take effect from the date stated therein. Pursuant to Clause 49 of the listing Agreement, this Code and any amendment thereto shall be posted on the website of the Company.

Section 1: Compliance with laws, rules and regulations

"We respect the law at all time"

Shall be bound by the law. Compliance with all applicable laws and regulations must never be compromised. Additionally internal rules and regulations must be adhered. Those internal rules are specific to the Company and may go beyond what is required by the law.

Section 2: Conflict of Interest

"We will always act in the best interests of Veritas"

Shall not participate in any decision making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised.

Section 3: Outside Activities

"We take pride in Veritas's reputation and consider Veritas's best interests also in our outside engagements and activities"

Outside of Veritas, no activities shall be pursued if such activities will interfere with the responsibilities for Veritas.

Section 4: Optimum Utilization of Resources:

"We value Time and Resources"

Should strive for optimum utilization of available resources. Shall exercise care to ensure that costs are reasonable and there is no wastage.

Section 5: Professionalism & Independence

"We strive to live in Spirit and not just letter"

Shall act with personal and professional integrity, due care, skill, diligence, honesty, good faith as well as high moral and ethical standards. Shall be independent in their judgement and actions.

Section 6: Corporate Opportunities**"We are committed to advance Veritas's business"**

Shall not compete with the Company nor shall they take personal advantage of business opportunities that they discover during the course of their employment so will not result in direct or indirect competition with the Company's operations. Must first take great care to ensure that these action do not compromise your responsibilities to the company.

Section 7: Insider Trading**"We respect and follow the Insider Trading Rules"**

Shall not disclose any Price Sensitive Information/Unpublished Price Sensitive information that may affect performance of the Company. Non-compliance may not only entail disciplinary sanctions, but also result in criminal charges.

Section 8: Antitrust and fair dealing**"We believe in the importance of free competition"**

Shall compete in full compliance with all applicable antitrust, competition and fair dealing laws.

Section 9: Confidential information**"We value and protect our confidential information and we respect the confidential information of others"**

Confidential information consists of any information that is not or not yet public information. It includes trade secrets, business, marketing and service plans, consumer insights, designs, databases, records, salary information and any non-published financial or other data. Unless required by law shall not disclose confidential information or allow such disclosure. This obligation continues beyond the termination of employment.

Section 10: Fraud, Protection of company assets, Accounting**"We insist on honesty and we respect the Company's assets and property"**

Shall not engage in fraudulent or any other dishonest conduct involving the property or assets or the financial reporting and accounting. Shall safeguard and make only proper and efficient use of Veritas's property. Shall seek to protect Veritas's property from loss, damage, misuse, theft, fraud, embezzlement and destruction. These obligations cover both tangible and intangible assets, including trademarks, confidential or proprietary information and information systems.

Section 11: Bribery and corruption**"We condemn any form of bribery and corruption"**

Shall not directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. All must refrain from any activity or behavior that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

Section 12: Discrimination and harassment**"We embrace diversity and respect the personal dignity of our fellow employees"**

Shall respect the personal dignity, privacy and personal rights of every employee and be committed to maintaining a workplace free from discrimination and harassment. Shall not discriminate on the basis of origin, nationality, religion, race, gender, age or sexual orientation, or engage in any kind of verbal or physical harassment based on any of the above or any other reason.

Section 13: Related Party Transactions**"We value Shareholder's faith that is imposed on us"**

Shall not, in his official capacity, enter into business with (a) a relative or (b) a private limited company in which he or his relative is a member or a director (c) a public limited company in which he or his relative holds 2% or more paid up share capital and (d) with a firm in which the relative is a partner, except with the prior approval of the Managing Director of the Company unless otherwise permitted by law.

Section 14: Families and Relatives

"Our hiring and people development decisions will be fair and objective"

Immediate family members and partners of employees may be hired as employees or consultants only if the appointment is based on qualifications, performance, skills and experience and provided that there is no direct or indirect reporting relationship between the employee and his or her relative or partner.

Section 15: Failure to comply

"We will consult the Code, comply with its provisions and seek guidance where needed"

Shall ensure full compliance with all provisions of this Code, to do the right thing always and to ensure the highest standards of integrity.

Annexure I

To,
The Compliance Officer
Veritas Finance Private Limited
Chennai

Sub : Confirmation of Compliance of the Code of Conduct of Veritas Finance Private Limited.

I _____ (name), _____ (designation) of the
Company, do hereby confirm that I have fully complied with the provisions of the Code of
Conduct of the Veritas Finance Private Limited for the Accounting year ending on 31st March,
20__.

Signature _____

Name _____

Date _____

Place _____

Note: to be submitted by 30th April, each year.



Veritas Finance Private Limited –
Appointment, remuneration and
evaluation policy

Doc. No: Policy/001
First Issue Date: December 2019
Latest version: April 27, 2023
Page **1** of **13**

Veritas Finance Private Limited

Appointment, remuneration and evaluation policy

REVISION HISTORY

S. No.	Revision Details	Date
1	The existing policy includes the criteria for Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees and is now amended to include the provisions under the RBI' Scale Based regulations and Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs. Accordingly, the nomenclature of the policy is also changed from "Directors' Appointment, remuneration and evaluation policy" to "Appointment, remuneration and evaluation policy".	27.04.2023

Preamble:

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

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

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

Definitions:

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

The objectives of this policy:

- a) To evaluate the performance of the members of the Board.
- b) To develop and recommend to the Board a set of corporate governance principles, takes a leadership role in shaping the corporate governance of the company.
- c) To make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the independent directors, including Chairman, conduct annual review of the performance of the Managing Director and/or Chief Executive Officer and also oversee the Company’s Managing Director’s and/or Chief Executive Officer’s succession planning process.

- d) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- e) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

Nomination and Remuneration Committee (NRC):

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

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

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

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

2. Role of the Committee:

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

- a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- b) To screen and review the identified proposals for considering appointment as Board Members and make suitable recommendations to the Board for appointment of such individuals for Directorships.
- c) To assess the independence of Independent Directors;
- d) To review the results of the Board performance evaluation process that relate to the composition of the Board;
- e) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
- f) Annual appraisal of the performance of the Managing Director and fixing the terms of his remuneration.
- g) Annual appraisal of the performance of the Senior Management reporting to Managing Director i.e. CBO, COO, CFO and Head-Human Resources and fixing terms of their remuneration.
- h) Administration of ESOP Schemes of the Company as approved from time to time.

- i) The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

At present, the Committee comprises of following Members:

- i. Mr. Abhijit Sen (Independent Director - Chairman of the Committee)
ii. Mr. N. Mohanraj (Independent Director)
iii. Ms. Priyamvada Ramkumar (Nominee Director)
iv. Mr. Parin Mehta (Nominee Director)

3. Key Principles

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

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

- a) Remuneration for Senior Management is in compliance with the relevant provisions of the Companies Act, 2013.
- b) Remuneration for all employees are in compliance with the relevant provisions of Payment of Wages Act, Minimum Wages Act, and such other relevant Labour Laws of the country as may be applicable to the Company from time to time.

4. Compensation Governance:

- The Board of Directors must actively oversee the compensation system's design and operation,
- The Board of Directors must monitor and review the compensation system to ensure the system operates as intended,
Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in Veritas.

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

Appointment criteria and qualification:

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

The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

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

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

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

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

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

Removal:

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

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

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

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

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

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

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

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

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

The remuneration / compensation / commission, etc., as the case may be, to the Managing

Director and/or Chief Executive Officer, KMPs and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder.

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

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

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

The compensation structure shall broadly comprise the following components:

1. Fixed Pay
2. Variable Pay

Composition of Fixed Pay:

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

Composition of Variable Pay:

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

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

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

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

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

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

8. Compensation for Risk Control and Compliance Staff:

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

9. Malus and Clawback:

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

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

Malus & Clawback may be applied under the following circumstances:

- a. Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the Company;
- b. Willful misinterpretation / misreporting financial performance of the Company;
- c. Material failure in risk management controls or material losses due to negligence in risk-taking which are attributable to the employee, whether directly or indirectly;

- d. Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement, or an act of a felonious or criminal nature;
- e. Non-disclosure of material conflict of interest by the employee or any misuse of official powers;
- f. An act of willful, reckless, or grossly negligent conduct which is detrimental to the interest or reputation of the company monetarily or otherwise;
- g. Any breach of the Code of Conduct, Non-Disclosure Agreement, regulatory procedures, internal rules, and regulations, or any other such instance for which the NRC/MD, in their discretion, may deem it necessary to apply malus or / and clawback provisions;

Malus may be applied under the following additional circumstances:

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

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

No variable pay / New Grants:

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

10. Remuneration to Independent Director

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

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

The independent directors of the company shall hold at least one meeting in a year, without

the attendance of non-independent directors and members of management. a resolution will be passed in the Board for payment of sitting fees to the independent Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. Section 197 of Companies Act, 2013 also provides for the payment of Commission to Independent Directors up to a maximum of 1% of the net profit of the Company as determined by the Board from time to time.

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

11. Policy Review

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

Annexure A

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

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

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

MATRIX FOR EVALUATION OF INDEPENDENT DIRECTOR

S. No.	Criteria of Evaluation	Rating				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

S. 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