

SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS

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Independent Auditor's Review Report on quarterly and year-to-date Financial Results of the Company Pursuant to the Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

**Review Report To
The Board of Directors
Veritas Finance Private Limited**

We have reviewed the accompanying Statement of unaudited financial results of Veritas Finance Private Limited (the 'Company') for the quarter ended 31 December 2021 and year-to-date results for the period from 1 April 2021 to 31 December 2021 (the 'Statement').

This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'). Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements ('SRE') 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India ('ICAI'). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.



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Emphasis of Matter

As described in Note 12 to the Statement, the extent to which the COVID-19 pandemic will impact the Company's financial performance including the company's estimates of impairment of loans are dependent on future developments, which cannot be predicted with any degree of certainty. Our conclusion is not modified in respect of this matter.

Other Matter

As described in Note 16, the figures for the third quarter in each of the financial years are the balancing figures between year-to-date figures in respect of the nine-months ended and the year-to-date figures upto the end of the half year of the respective financial years. The figures pertaining to the quarter ended December 2020 and nine-months ended December 2020 were certified by the management. The financial results of the company the year-to-date results for the period April 1, 2020, to March 31, 2021, were audited by another firm of chartered accountants who issued their unmodified conclusion April 22, 2021, respectively.

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn. No. 0042075



S. Usha
Partner

Membership Number: 211785
UDIN: 22211785AAETWG2333

Place: Chennai

Date: 3rd February 2022



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 quarter and nine months ended 31 December 2021

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

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2021	30 September 2021	31 December 2020	31 December 2021	31 December 2020	31 March 2021
	Unaudited (Note 16)	Unaudited	Unaudited (Note 16)	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	11,117.52	9,734.75	8,736.87	30,375.54	25,733.43	34,902.17
Fee income	274.61	238.08	162.05	616.27	300.12	492.54
Net gain on fair value changes	151.43	220.54	226.11	564.84	521.20	615.07
Total revenue from operations	11,543.56	10,193.37	9,125.03	31,556.65	26,554.75	36,009.78
Other income	27.24	54.86	43.65	98.44	84.08	157.51
Total income	11,570.80	10,248.23	9,168.68	31,655.09	26,638.83	36,167.29
Expenses						
Finance costs	3,270.66	3,300.67	3,178.09	9,907.99	9,104.89	12,164.59
Impairment on financial instruments	1,668.60	1,353.65	2,078.91	6,036.37	4,516.65	4,044.59
Employee benefits expenses	2,993.75	2,663.08	1,985.06	8,038.60	5,597.15	8,421.28
Depreciation and amortization	364.72	366.90	329.43	1,084.03	998.01	1,332.59
Other expenses	820.56	670.37	562.50	2,011.63	1,294.28	2,000.10
Total expenses	9,118.29	8,354.67	8,133.99	27,078.62	21,510.98	27,963.15
Profit before Tax, Exceptional and Extraordinary items	2,452.51	1,893.56	1,034.69	4,576.47	5,127.85	8,204.14
Exceptional and Extraordinary items	-	-	-	-	-	-
Profit before Tax	2,452.51	1,893.56	1,034.69	4,576.47	5,127.85	8,204.14
Tax expense						
Current tax	857.00	761.00	430.00	2,290.00	2,081.00	2,553.00
Deferred tax	(206.66)	(203.15)	(183.44)	(1,028.67)	(788.13)	(550.88)
	650.34	557.85	246.56	1,261.33	1,292.87	2,002.12
Profit after tax for the period / year	1,802.17	1,335.71	788.13	3,315.14	3,834.98	6,202.02
Other comprehensive income						
a) Items that will not be reclassified to profit or loss						
Re-measurement of the defined benefit obligation	75.59	16.19	(97.45)	23.93	(274.00)	(119.72)
Income tax relating to items that will not be reclassified to profit or loss	(19.03)	(4.08)	24.54	(6.02)	68.98	30.13
Other comprehensive income for the period / year	56.56	12.11	(72.91)	17.90	(205.02)	(89.59)
b) Items that will be reclassified to profit or loss						
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
Other comprehensive income(after tax) for the period / year (a+b)	56.56	12.11	(72.91)	17.90	(205.02)	(89.59)
Total comprehensive income for the period / year, net of income tax	1,858.73	1,347.82	715.22	3,333.04	3,629.96	6,112.43
Paid up Equity Share Capital (Face Value Rs.10)	4,855.29	3,521.19	3,501.89	4,855.29	3,501.89	3,515.89
Paid up Convertible Preference Share capital	6,501.91	6,501.91	6,501.91	6,501.91	6,501.91	6,501.91
Reserves excluding Revaluation reserves as at	125,093.38	80,481.77	76,167.57	125,093.38	76,167.57	78,784.00
Net worth (equity and preference share capital + reserve and surplus excluding revaluation reserve)	136,450.58	90,504.87	86,171.37	136,450.58	86,171.37	88,801.80
Earnings per equity share of Rs. 10 each						
- Basic	3.78	3.80	2.25	8.42	10.95	17.69
- Diluted	1.66	1.39	0.82	3.31	4.01	6.50
	Not annualised	Not annualised	Not annualised	Not annualised	Not annualised	Annualised

See accompanying notes to the financial results



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**

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 unaudited financial results for the quarter and nine months ended 31 December 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 3 February 2022. The above results have been subjected to limited review by the statutory auditors of the Company. The statutory auditors have issued an unmodified review report.
- 3 These unaudited financial results have been prepared in accordance with recognition and measurement principles laid down in accordance with the Indian Accounting Standard ('Ind AS') 34 - "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 ('The Act'), and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015. 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 Pursuant to RBI circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances — Clarifications, the Company has revised its process of NPA classification. Had the Company followed the earlier method, the profit before tax for the quarter and nine months ended 31 December 2021 would have been higher by Rs. 7.65 crores.
- 7 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 December 2021 and accordingly, no amount is required to be transferred to impairment reserve.
- 8 The Company, during the nine months ended 31 December 2021, had granted 2,35,000 Employees Stock Options of face value of Rs.10 each at an exercise price of Rs.225 per option out of Employee Stock Options Scheme 2021, on its own shares to specified employees of the Company on 5 August 2021.
- 9 The Company had raised Rs.440.04 Crores by issuing 13,334,467 equity shares at a price of Rs.330.00 per share (including face value of Rs.10 per share), amounting to Rs. 13.34 Crores and securities premium of Rs.320 per share amounting to Rs.426.70 Crores on 7 October 2021.
- 10 The company has sought for consent/waiver in the respect of breaches in the financial covenant related to the ratio of credit impaired loans to total loans as at 31 December 2021, with respect to certain borrowings including debt securities. These lenders and investors in debt securities have not demanded the repayment of amount outstanding as at 31 December 2021 till the date of approval of financial statements by the Board of Directors of the Company.
- 11 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached in Annexure 1.



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Notes:

- 12 The impact of new wave of COVID on the economy continues to be evolving and would be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID pandemic will further impact the company's business, cash flows and financial results, is dependent on such future developments, which cannot be predicted with any degree of certainty.
In accordance with the guidelines on one time restructuring issued by the RBI Circular dated, 5 May 2021 vide Circular No. RBI/2021-22/31, DOR.STR.REC.11/21.04.048/21-22, "Resolution Framework 2.0: Resolution of Covid related stress of Individuals and Small businesses" dated 5 May 2021 and pursuant to the Board approved policy in this regard, the Company has invoked resolution plans for eligible borrowers. This is supplementary to the restructuring plans implemented for the customers as per the RBI circular no.RBI/2020-21/16DOR.No.BP.BC/3/21.04.048/2020-21 on Resolution Framework for Covid related stress dated 6 August 2020. The disclosure required under said circular is attached in Annexure 2.
- 13 Information as required by Reserve Bank of India vide Circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 on Resolution Framework - 2.0: Resolution of COVID related stress of individuals and small businesses is attached in Annexure 3
- 14 The Secured Non-Convertible Debentures (NCDs) issued by the company are secured by exclusive charge on specific receivables of the company by way of hypothecation to the extent of 1.09 times of the amount outstanding.
- 15 Details of loans transferred / acquired during the quarter ended 31 December 2021 under the RBI Master Direction on Transfer of Loan Exposures dated 24 September 2021 are given below:
(i) The Company has not transferred any non-performing assets (NPAs).
(ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.
(iii) The Company has not acquired any loans not in default through assignment.
(iv) The Company has not acquired any stressed loan.
- 16 The figures for the quarter ended 31 December 2020, and 31 December 2021 are the balancing figure for the period ended 31 December 2020 and 31 December 2021. The figures pertaining to the quarter ended 31 December 2020, were not subjected to limited review.
- 17 The Indian Parliament has approved the Code on Social Security, 2020 which may impact the employee benefit expenses of the Company. The effective data from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be determined. The Company will give appropriate impact in the financial results once the code becomes effective and related rules to determine the financial impact are notified.
- 18 Previous period's/year's figures have been regrouped/reclassified wherever necessary, to confirm with the current period presentation.

Place : Chennai

Date : 3 February 2022



D. Arulmany

Managing Director and Chief Executive Officer



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Annexure 1
Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Particulars	As at 31 December 2021
(a) Omitted *	-
(b) Omitted *	-
(c) Debt equity ratio Debt equity ratio is (Debt securities + Borrowings) / Net worth	0.85 times
(d) Omitted *	-
(e) Omitted *	-
(f) Debt service coverage ratio	Not Applicable Debt service coverage ratio is not applicable for Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India and accordingly no disclosure has been made.
(g) Interest service coverage ratio	Not Applicable Interest service coverage ratio is not applicable for NBFCs registered with Reserve Bank of India and accordingly no disclosure has been made.
(h) Outstanding redeemable preference shares (quantity & value)	NIL. The Company does not have any redeemable preference shares as at 31 December 2021 and hence this clause is Nil
(i) Capital Redemption Reserve / Debenture redemption reserve	Not Applicable Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
(j) Net worth (Net worth is equal to share capital plus reserves & surplus less deferred revenue expenditure)	Rs. 136,450.58 Lakhs
(k) Net profit after tax -For the period ended 31 December 2021 (Total comprehensive income)	Rs. 3,333.04 Lakhs
(l) Earnings per share - For the period ended 31 December 2021	Basic - Rs. 8.42 not annualised Diluted - Rs. 3.31 not annualised
(m) Current Ratio	1.29 times
(n) Long term debt to Working Capital	NA Since the company doesn't have any short term working capital loans outstanding
(o) Bad debts to Account Receivable Ratio (Bad debts / Accounts Receivables)	6.88%
(p) Current Liability Ratio	32.75%
(q) Total Debts to Total Assets Ratio (Debt Securities+ Borrowings (other than debt securities)+ Subordinated Debts) / Total Assets	45.34%
(r) Debtors Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed
(s) Inventory Turnover Ratio	Not Applicable / not relevant to the Company and hence not disclosed
(t) Operating Margin (%) Operating Margin / Total Income	45.76%
(u) Net Profit Margin(%) Profit after tax / Total Income	10.53%
(v) Sector Specific Equivalent Ratio	
i) GNPA % (Gross Stage 3)	i) 6.88%
ii) NNPA %	ii) 4.25%
iii) Provision Coverage Ratio ("PCR") (%) Impairment loss allowance for Stage III / Gross Stage III Loans	iii) 39.91%
iv) Asset Cover Ratio	iv) 1.09 times
v) Liquidity Coverage Ratio	v) 2134%
vi) Capital Adequacy Ratio	vi) 68.23%

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

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Annexure 2

Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020

Format - B : For the nine months ended 31 December 2021 - Rs. In lakhs

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous nine months (A)	Of (A) Aggregated debt that slipped into NPA during the period	Of (A) Amount written off during the period	Of (A) Amount paid by the borrowers during the Period	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this period
Personal Loans	-	-	-	-	-
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	315.46	155.78	-	50.42	159.67
Total	315.46	155.78	-	50.42	159.67

Note :

The Company did not resolve any new stress accounts during the quarter ended 31 December 2021

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Annexure 3

Information as required by Reserve Bank of India Circular on Resolution Framework - 2.0: Resolution of COVID-19 related stress of individuals and small businesses dated 5 May 2021

Format - X : For the quarter ended 31 December 2021

Sl. No.	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process	-	-	-
(B)	Number of accounts where resolution plan has been implemented under this window	-	-	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan (Rupees in lakhs)	-	-	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation (Rupees in lakhs)	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan (Rupees in lakhs)*	-	-	-

Note :

The Company did not resolve any new stress accounts during the quarter ended 31 December 2021

Format - X : For the nine months ended 31 December 2021

Sl. No.	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process	109	3,040	-
(B)	Number of accounts where resolution plan has been implemented under this window	109	3,040	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan (Rupees in lakhs)	720.41	8,546.71	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation (Rupees in lakhs)	-	7.40	-
(F)	Increase in provisions on account of the implementation of the resolution plan (Rupees in lakhs)*	134.01	1,296.07	-

Note : * The amount indicates the provision as on 31 December 2021.

