(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

GENERAL INFORMATION DOCUMENT

VARTHANA FINANCE PRIVATE LIMITED

A private limited company incorporated under the Companies Act, 1956 (1 of 1956)
Date of Incorporation – 12/06/1984 (consequently updated upon the name change of the Issuer pursuant to the certificate issued by the Ministry of Corporate Affairs dated 23/07/2020)
Registered Office - Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Telephone No. 080-68455777
Website: www.varthana.com

General Information Document for issue of non-convertible debt securities including Debentures on a private placement basis.
Dated: September 13, 2024

Issue of rated, listed, secured / unsecured, redeemable, principal protected or not, market linked or not, non-convertible debentures (including in the form of zero coupon bonds, subordinated non-convertible debentures, perpetual debt instruments or any other debt instruments permissible under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with the circulars issued thereunder), at par or premium or discount, in multiple series/tranche(s), from time to time, on a private placement basis for face value as set out in the relevant key information document to be issued as per the terms of each Issue with the aggregate issue size for each offer / Issue of debentures to be set out in the relevant Key Information Document issued / to be issued by the Company for each Issue from time to time.

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

S.no	Particulars	Relevant Disclosure
1.	**Corporate Identity Number of the Issuer**:	U65923KA1984PTC096528
2.	**Permanent Account Number of the Issuer**:	AAACT8933E
3.	**Date and place of Incorporation of the Issuer**:	Date: 12/06/1984 (consequently updated upon the name change of the Issuer pursuant to the certificate issued by the Ministry of Corporate Affairs dated 23/07/2020) Place: Bangalore, India
4.	**Latest registration / identification number issued by any regulatory**	B-02.00279

	authority which regulates the Issuer (in this case Reserve Bank of India):	
5.	**Registered Office address of the Issuer**:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
6.	**Corporate Office address of the Issuer**:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
7.	**Telephone No of the Issuer**:	080-68455777
8.	**Details of Compliance Officer of the Issuer**:	Name: Vidya Sridharan Telephone Number: 9590848264 Email address: vidya.sridharan@varthana.com
9.	**Details of Company Secretary of the Issuer**:	Name: Vidya Sridharan Telephone Number: 9590848264 Email address: vidya.sridharan@varthana.com
10.	**Details of Chief Financial Officer of the Issuer**:	Name: Talib Akther Husain Lokhandwala Telephone Number: 9820401797 Email address: talib.lokhandwala@varthana.com
11.	**Details of Promoters of the Issuer (if any):**	Name: Steven Edwin Hardgrave Telephone Number: 9886024510 Email address: steve@varthana.com NAME: BRAJESH KUMAR MISHRA TELEPHONE NUMBER: 9902335544 EMAIL ADDRESS: brajesh@varthana.com
12.	**Website address of the Issuer**:	www.varthana.com
13.	**Email address of the Issuer**:	STEVE@VARTHANA.COM

14.	**Details of debenture trustee for the Issue:**	The details of the debenture trustee for each Issue shall be specified in the relevant Key Information Document issued / to be issued for each such Issue by the Company.
15.	**Details of credit rating agency for the Issue:**	The details of the credit rating agency for each Issue shall be specified in the relevant Key Information Document issued / to be issued for each such Issue by the Company.
16.	**Details of statutory auditors**	Name: N. A. Shah Associates LLP Logo: N.A.SHAH ASSOCIATES LLP Chartered Accountants Address: B 21-25, Paragon Centre, Pandurang Budhkar Marg,Worli,Mumbai-400013 Website: https://www.nashah.com Email: info@nashah.com Telephone Number: 9892100512 Contact Person: PRASHANT DAFTARY
17.	**A disclosure that a copy of the issue document has been delivered for filing to the Registrar of Companies as required under sub-section (4) of Section 26 of Companies Act, 2013 (18 of 2013).**	Not applicable as this General Information Document is in relation to the private placement of non-convertible debt securities including Debentures.
18.	**Date of issue document / General Information Document**	Date of General Information Document: SEPTEMBER 13, 2024
19.	**Type of issue document / General Information Document**	This General Information Document is being issued as a Disclosure Document in accordance with the SEBI Debt Listing Regulations in relation to the issuance of non-convertible debt securities including Debentures, on a private placement basis. The Company shall issue a Key Information Document for each Issue of the non-convertible debt securities including Debentures, undertaken / to be undertaken by the Company on a private placement basis, on or prior to the date falling on the expiry of 1 (One) year from

		the date of first offer / first Issue made under the terms of this General Information Document.
20.	**The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable**	The nature, number, price and amount of securities offered and issue size of each issuance shall be specified in the relevant Key Information Document issued / to be issued by the Company.
21.	**Details of Registrar to the Issue:**	The details of the Registrar for each Issue shall be specified in the relevant Key Information Document issued / to be issued for each such Issue by the Company.
22.	**Issue Schedule**	Date of opening of the Issue: The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company. Date of closing of the Issue: The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company. Date of earliest closing of the Issue (if any): The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
23.	**Credit Rating of the of the security / Issue (cross reference of press release to be provided) along with all the ratings obtained by the Issuer for that security / Issue.**	The non-convertible debt securities including Debentures proposed to be issued by the Issuer for each Issue shall be rated by rating agency(ies) ("**Rating Agency**") and shall be more particularly set out in the relevant Key Information Document issued for each series or tranches of non-convertible debt securities including Debentures. The rating issued by the Rating Agency has in respect of each series or tranches of non-convertible debt securities including Debentures shall be identified in the relevant Key Information Document for each Issue. Please refer to relevant Key Information Document issued / to be issued by the Company for each Issue for the rating letter and rating rationale from the Rating Agency and the press release by the Rating Agency assigning the credit rating for such Issue. The rating issued by the Rating Agency in relation to each Issue of non-convertible debt securities including Debentures shall be valid as on the date of issuance and listing of each such Issue.
24.	**The name(s) of the stock exchanges where the securities are proposed to be listed**	The non-convertible debt securities including Debentures are proposed to be listed on the wholesale debt market of the BSE Limited / Bombay Stock Exchange ("**BSE**") or the National Stock Exchange of India Limited / National Stock Exchange ("**NSE**").
25.	**The details about eligible investors;**	1. **In respect of Debentures:** the following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of the non-convertible debt securities including Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

		a) Qualified Institutional Buyers ("**QIBs**") means the following entities: (i) A mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI; (ii) Foreign portfolio investor other than individuals, corporate bodies and family offices; (iii) a Public Financial Institution; (iv) a Scheduled Commercial Bank; (v) a multilateral and bi-lateral development financial institution; (vi) a State Industrial Development Corporation; (vii) An insurance company registered with Insurance Regulatory and Development Authority of India; (viii) A Provident Fund with minimum corpus of Rs.25 Crores (ix) A Pension Fund with minimum corpus of Rs.25 Crores (x) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) An insurance fund set up and managed by Army, Navy / Air force of the Union of India; (xii) Insurance funds set up and managed by the Department of Posts, India; and (xiii) non- banking financial companies. b) Any non-QIB including *inter-alia* resident individual investors, Hindu Undivided Families (excluding minors and NRIs), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Laws in India, companies, bodies corporate etc., who/ which has been authorized by the Issuer, to participate in a particular issue on the EBP platform. c) The advisor(s)/ arranger(s)/ placement agent(s), broker(s) associated with the Issue and/or their affiliates/ subsidiaries/ associates/ group companies and/or their promoters/ directors/ key managerial personnel/ officers/ employees may subscribe to the Issue as the applicable laws including but not limited to (i) SEBI (Merchant Bankers) Regulations, 1992 and Code of Conduct specified therein; (ii) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and Code of Conduct specified therein, as applicable, do not restrict them from subscribing to the Issue.

		2. **<u>In respect of perpetual debt instruments</u>**: the QIB's as mentioned hereinabove under 25(1)(a), when specifically approached and have been identified upfront, are eligible to apply for this private placement of the perpetual debt instruments subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form. The potential investors mentioned hereinabove under para (1) and para (2) shall hereinafter collectively be referred as the "**Eligible Investor(s)**" Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them. In case there are any additions / modifications to the list of eligible investors in respect of an issuance of the non-convertible debt securities including Debentures, as set out in this General Information Document, the same shall also be set out in the relevant Key Information Document to be issued by the Company for each Issue.
26.	**Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee**	The details of the Coupon Rate, the Coupon Payment Frequency, the Redemption Date and Redemption Amount in respect of each Issue shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company. The details of Debenture Trustee are provided under S. No. 14 above.
27.	**Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:**	Not applicable.
28.	**Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the General Information Document on the Electronic Book**	The applicability and details specific to the electronic book mechanism shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company. If the Issue, offer and subscription to the Debentures is made by the Eligible Investors through the electronic book mechanism, it should be made as per rules and regulations prescribed by SEBI and BSE/NSE under the EBP Guidelines (as defined below) by placing bids on the EBP Platform during the period of the Issue. The Eligible Investors should also refer to the operational guidelines of the EBP in this

<table>
<tr>
<td></td>
<td>Provider Platform, if applicable.</td>
<td>respect. The disclosures required pursuant to the EBP Guidelines (as defined below) are set out hereinbelow:
<table>
<tr><td>Details of size of the Issue including green shoe option, if any</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Interest rate parameter</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Bid opening and closing date</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Minimum Bid lot</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Manner of bidding in the Issue</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Manner of allotment in the Issue</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Manner of settlement in the Issue</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
<tr><td>Settlement cycle</td><td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td></tr>
</table>
Please also refer to the relevant Key Information Document for the detailed process in respect of the subscription of an Issue.</td>
</tr>
<tr>
<td>29.</td>
<td>Face Value of the Debentures</td>
<td>The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.</td>
</tr>
</table>

Background
This General Information Document is issued in relation to the issuance of non-convertible debt securities including Debentures to be issued under each Issue by Varthana Finance Private Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of each relevant Issue. The issue of the non-convertible debt securities including Debentures comprised in the Issue and described under the Disclosure Document(s) has been / shall be authorised by the Issuer through resolutions passed by the shareholders of the Issuer and the Board of Directors of the Issuer and the Memorandum and Articles of Association of the Company. Pursuant to the resolutions passed by the Company's shareholders dated July 5, 2024 , and the resolutions passed by the Board of Directors of the Company dated May 15, 2024 in accordance with provisions of the Companies Act, 2013, the Company has

been authorised to raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs. 700 crores (Rupees Seven Hundred Crores only) .

Issuer's Absolute Responsibility
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Disclosure Document(s) contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Disclosure Document(s) is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.
Disclaimer
This General Information Document does not contain any unsubstantiated forward-looking statements. To the extent there are any unsubstantiated forward-looking statements under this General Information Document, such statements shall be considered to be null and void.

Issue Schedule	
Issue Opening Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Issue Closing Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Pay In Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Deemed Date of Allotment	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

Period of Validity of General Information Document: This General Information Document shall be valid for a period of one (1) year from the Issue Opening Date of the first offer of non-convertible debt securities including Debentures made by the Company under this General Information Document. In respect of the offer of non-convertible debt securities including Debentures during the period of validity of this General Information Document, the Company shall file with the relevant stock exchange, a Key Information Document with respect to each offer of the non-convertible debt securities including Debentures, containing *inter alia* details of the private placement and material changes, if any, in the information including the financial information provided in this General Information Document, or any material developments, as applicable.

Key Information Document: Eligible Investors to note that each Issue offered pursuant to this General Information Document shall be subject to the terms and conditions pertaining to the non-convertible debt securities including Debentures outlined hereunder as modified/ supplemented by the terms of the respective Key Information Documents filed with the relevant stock exchange in relation to such Issuer and other documents in relation to such issuance including the Private Placement Offer cum Application Letter(s), if applicable. The terms and conditions contained in this General Information Document shall be read in conjunction with the provisions (as may be mutually agreed between the Issuer and respective Debentures Holders from time to time) contained in the respective Key Information Documents, and in case of any repugnancy, inconsistency or where there is a conflict between the terms and conditions as are stipulated in the respective Key Information Documents on one hand, and the terms and conditions in the General Information Document on the other, the provisions contained in the Key Information Documents shall prevail over and override the provisions of this General Information Documents for all intents and purposes.

Disclaimer
It is hereby clarified that any provisions of this General Information Document (including any provision set out in Sections 2 to Section 11 including Annexures of this General Information Document) which are / may

be applicable to an issuance of the non-convertible debentures / series of non-convertible debentures issued on a private placement basis under Applicable Laws will not / shall not be construed to apply to an issuance of perpetual debt instruments / subordinated debt instruments or any other debt instrument which is issued by the Company as per the terms of the SEBI Debt Listing Regulations (other than non-convertible debentures issued on a private placement basis). The specific terms of perpetual debt instruments / subordinated debt instruments or any other debt instrument which is issued as per the terms of the SEBI Debt Listing Regulations (other than non-convertible debentures issued on a private placement basis) including any disclosures in this respect shall be more particularly provided in the relevant Key Information Document to be issued by the Company for each such Issue.

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this General Information Document.

Act/Companies Act	shall mean the Companies Act, 2013, and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time.
Allot/Allotment/Allotted	shall mean the allotment of the non-convertible debt securities including Debentures pursuant to each Issue
Applicable Law	shall mean all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Application Form	shall mean the form used by the recipient of the Disclosure Document(s), to apply for the subscription of the relevant securities issued by the Company under the relevant Issue, which shall be in the form annexed to the relevant Key Information Document. The form shall be provided to the recipient along with a private placement offer cum application letter and the relevant Key Information Document, at the time of each Issue.
Board / Board of Directors	shall mean the Board of Directors of the issuer
Business Day	shall have the meaning assigned to such term in the relevant Key Information Document issued / to be issued for each Issue by the Company.
CDSL	shall mean the Central Depository Services (India) Limited.
Company/Issuer	shall mean Varthana Finance Private Limited, a private limited company incorporated under the Companies Act, 1956 (1 of 2013) and having its registered office at Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043.
Crore	shall mean Ten Million
Debentures/NCDs	shall mean the Issue of rated, listed, secured / unsecured, redeemable, principal protected or not, market linked or not, non-convertible debentures (including in the form of zero coupon bonds, subordinated non-convertible debentures, perpetual debt instruments or any other debt instruments permissible under the SEBI Debt Listing Regulations), at par or premium or discount, in multiple series/tranche(s), from time to time, on a private placement basis each having a face value as set out in the relevant key information document to be issued as per the terms of each Issue with the aggregate issue size for each offer / Issue of Debentures to be set out in the relevant Key Information Document issued / to be issued by the Company for each Issue from time to time.
Debenture Holders / Investors	shall mean the holders of the Debentures issued pursuant to the relevant Issue, as more particularly set out in the relevant Key Information Document for each Issue.
Debenture Trustee	shall mean the debenture trustee specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

Demat	shall mean the dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	shall mean the Depositories Act, 1996, as amended from time to time
Depository	shall mean a Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time.
Depositories	shall mean the NSDL and the CDSL
Depository Participant / DP	shall mean a depository participant as defined under the Depositories Act
Director(s)	shall mean the Board of Director(s) of the Issuer.
Disclosure Document(s)	shall mean the General Information Document, the relevant Key Information Document issued by the Company for each Issue and/or the relevant Private Placement Offer cum Application Letter issued by the Company for each such Issue, as applicable.
DP ID	shall mean the Depository Participant Identification Number.
Electronic Book Provider / EBP	shall have the meaning assigned to such term under the EBP Guidelines.
EFT	shall mean the Electronic Fund Transfer
Eligible Investors	Shall have the meaning specified in S.no 25 of Part A (*Disclosures*) above.
Financial Year/ FY	shall mean Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
General Information Document / issue document	shall mean this general information document issued by the Company in accordance with the SEBI Debt Listing Regulations, *inter alia,* setting out the broad terms and conditions for the issuance of non-convertible debt securities including Debentures on a private placement basis and containing the regulatory disclosures in this respect.
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under Applicable Law thereon from time to time and applied on a consistent basis by the Company.
Issue	shall mean the relevant non-convertible debt securities including Debentures issued / to be issued on a private placement basis by the Issuer under the terms of the relevant Key Information Document issued / to be issued by the Company.
Key Information Document	shall mean the Key Information Document issued / to be issued by the Company for each Issue of the relevant non-convertible debt securities including Debentures by the Company.
LODR Regulations/SEBI LODR Regulations	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, modified, supplemented, or restated from time to time.
N.A.	Not Applicable
NBFC	Non-banking financial company
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
Private Placement Offer cum Application Letter	shall mean the private placement offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities)

	Rules, 2014 and as annexed in Section 10 of this General Information Document.
RBI	Reserve Bank of India.
R&T Agent	shall mean the Registrar and Transfer Agent to the Issue, in this case KFin Technologies Limited
Rs. / INR	Indian National Rupee.
RTGS	Real Time Gross Settlement.
SEBI	shall mean the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	shall mean the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI and amended vide the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023 read with the master circular for issue and listing of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021 issued by Securities and Exchange Board of India (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613), each as amended from time to time.
SEBI EBP Requirements / EBP Requirements / EBP Guidelines	shall mean the guidelines issued by SEBI with respect to electronic book mechanism including under the terms of the SEBI circular dated August 10, 2021 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613) as updated on April 13, 2022, SEBI circular dated October 10, 2022 (bearing reference number: SEBI/HO/DDHS/ DDHS_Div1/P/CIR/2022/00139) and November 30, 2022 (bearing reference number: SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167), each as may be further updated, amended, modified or replaced from time to time and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time.
WDM	Shall mean the wholesale debt market segment of the BSE/NSE.
Wilful Defaulter	shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(ss) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.

Capitalised terms (if any), not defined herein under this General Information Document shall have the same meaning as provided to the term under the relevant Key Information Document and if not thereunder provided then under the relevant Transaction Documents.

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

The Disclosure Document(s) are neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the non-convertible debt securities including Debentures to be listed on the WDM segment of the BSE/NSE for each Issue shall be made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. The Disclosure Document(s) does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the non-convertible debt securities including Debentures to the public in general.

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

Neither the Disclosure Document(s) nor any other information supplied / to be supplied in connection with an Issue of the non-convertible debt securities including Debentures is intended to provide the basis of any credit or other evaluation and any recipient of the Disclosure Document(s) should not consider such receipt as a recommendation to subscribe to any of the non-convertible debt securities including Debentures. Each potential Investor contemplating subscription to any of the non-convertible debt securities including Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the non-convertible debt securities including Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in the Disclosure Document(s) or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in the Disclosure Document(s) are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Disclosure Document(s) or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than the Disclosure Document(s) would be doing so at its own risk.

The Disclosure Document(s) and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been / shall be addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the non-convertible debt securities including Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of the Disclosure Document(s) are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with the Disclosure Document(s) have been sent, at the time of each Issue. Any application by a person to whom the Disclosure Document(s) has not been sent by the Issuer at the time of each Issue shall be rejected without assigning any reason.

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

The Issuer does not undertake to update the Disclosure Document(s) to reflect subsequent events after the date of such Disclosure Document(s) and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of the Disclosure Document(s) nor any sale of non-convertible debt securities including Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The Disclosure Document(s) does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the non-convertible debt securities including Debentures or the distribution of the Disclosure Document(s) in any jurisdiction where such action is required. Persons into whose possession the Disclosure Document(s) comes are required to inform themselves of, and to observe, any such restrictions. The Disclosure Document(s) are made available to potential Eligible Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of the relevant Disclosure Document(s) have been / shall be filed with the BSE or the NSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of the Disclosure Document(s) to the BSE or NSE should not in any way be deemed or construed to mean that the Disclosure Document(s) have been reviewed, cleared, or approved by the BSE or the NSE; nor does the BSE or the NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Disclosure Document(s), nor does the BSE or the NSE warrant that the Issuer's non-convertible debt securities including Debentures will be listed or will continue to be listed on the BSE or the NSE; nor does the BSE or the NSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The company is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any

responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the Company.

2.4 DISCLAIMER CLAUSE OF SEBI

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

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

The Issue is made / is to be made in India to investors as specified under the paragraph titled "Eligible Investors" of the Disclsoure Document(s), who shall be/have been identified upfront by the Issuer. The Disclosure Document(s) does not constitute an offer to sell or an invitation to subscribe to the non-convertible debt securities including the Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals as set out in the relevant Disclosure Document(s) and transaction documents executed in relation to such Issue. The Disclosure Document(s) does not / shall not constitute an offer to sell or an invitation to subscribe to the non-convertible debt securities including the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

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

2.7 ISSUE OF THE NON- CONVERTIBLE DEBT SECURITIES INCLUDING DEBENTURES IN DEMATERIALISED FORM

The non-convertible debt securities including Debentures will be issued in dematerialised form. The Issuer has made / shall make arrangements with the Depositories for the issue of the non-convertible debt securities including Debentures in dematerialised form. Investors will have to hold the non-convertible debt securities including Debentures in dematerialised form as per the provisions of Depositories Act (as applicable). The Issuer shall take necessary steps to credit the non-convertible debt securities including Debentures allotted to the beneficiary account maintained by the Investor with its depository participant.

2.8 DISCLAIMER OF DEBENTURE TRUSTEE

(a). The Debenture Trustee or its agents or advisers associated with the Issue do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements

contemplated by this General Information Document and do not have any responsibility to advise any Investor or prospective Investor in the Debentures of any information available with or subsequently coming to the attention of the Debenture Trustee, its agents or advisors except as specifically provided for in the relevant \Debenture Trust Deed executed / to be executed for each Issue by the Company.

(b). The Debenture Trustee does not guarantee the terms of payment regarding the issue as stated in this General Information Document and shall not be held liable for any default in the same.

(c). The Debenture Trustee or its agents or advisers associated with the Issue have not separately verified the information contained in this General Information Document. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by Debenture Trustee as to the accuracy or any other information provided by the Issuer. Accordingly, the Debenture Trustee associated with the issue shall have no liability in relation to the information contained in this General Information Document or any other information provided by the Issuer in connection with the issue.

(d). The Debenture Trustee is neither a principal debtor nor a guarantor of the Debentures.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 3: RISK FACTORS

The following are the risks relating to the Company, the non-convertible debt securities including Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in the Disclosure Document(s) for evaluating the Company and its business and the non-convertible debt securities including Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Disclosure Document(s) and reach their own views prior to making any investment decision.

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

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

(b) The secondary market for non-convertible securities may be illiquid, Limited or sporadic trading of non-convertible securities of the issuer on the stock exchanges.

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

(c) Credit Risk & Rating Downgrade Risk; Regulatory Capital Risk

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

(d) Changes in interest rates may affect the price of non-convertible debt securities including Debentures.

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

Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the non-convertible debt securities including Debentures.

(e) Tax Considerations and Legal Considerations:

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

(f) Accounting Considerations:

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

RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(g) Security wherever applicable may be insufficient to redeem the non-convertible debt securities including Debentures

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

(h) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

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

3.2 RISK FACTORS ON PERPETUAL DEBT INSTRUMENTS (PDIs)

(a) PDIs are Unsecured:

As the PDIs being issued by the Issuer are unsecured, in the event that the Issuer is unable to meet its payment and other obligations towards potential investors under the terms of the PDIs, the Debenture Trustee does not have any security which can be enforced to redeem the PDIs and the holders of the PDIs shall be treated as unsecured creditors of the Issuer.

(b) The PDIs are subordinated perpetual instruments and the Investors have no right to require redemption:

The PDls are perpetual in tenor and have no maturity date. The Company is under no obligation to redeem the PDls at any time and the PDls can only be disposed of by sale. Holders of the PDIs who wish to sell their PDIs may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the PDls.

(c) The PDIs may be redeemed only at the option of the issuer on the call option date (if any):

The terms and conditions provide that the PDls are redeemable at the Company's option only on the Call Option Date (if any) and on the occurrence of an Event of Default, subject to approval from the RBI. The date that the Company elects to redeem the PDls may not accord with the preference of individual holders, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the PDls. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the PDls.

(d) Non-Payment due to the Company's weak capital position:

Potential investors should be aware that in certain circumstances, the RBI shall be entitled to determine write down of the principal value of the PDIs, as per the terms set out by them, which actions could result in losses to the Potential Investors.

(e) Terms and conditions of PDIs:

The terms and conditions attached to the perpetual debt instruments may provide the Issuer with an option to call back the perpetual debt instrument after a period of 10 (ten) years and if this option is not exercised, the Issuer will not repay the principal component of the perpetual debt instrument. Therefore, the perpetual debt instrument provides the Issuer a discretion for "skipping/delaying the payment of interest/principal" as specified under the circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 issued by SEBI ("**SEBI Clarificatory Circular**"). The SEBI Clarificatory Circular also provides the Issuer / RBI for discretion in relation to such PDIs including but not restricted to all or any of the following events: (a) conversion into equity; (b) write off of interest / principal; (c) skipping / delaying payment of interest / principal; (d) making an early recall; and (e) changing any terms of issue of the instrument.

(f) Nature of PDls:

PDI as an instrument is in the nature of Unsecured Rated Listed Perpetual Debt Instruments in the nature of Non-Convertible PDls. Redemption of the PDIs will be subject to Master Direction – Reserve Bank of India (Non- Banking Financial Company- Scale Based Regulations) Directions, 2023 issued by RBI as amended from time to time ("**RBI Directions**").
As per the aforesaid RBl Directions:
1) the claims of the investors in PDIs shall be

a) Superior to the claims of investors in equity shares of the Company; and
b) Subordinated to the claims of all other creditors of the Company (but *pari-passu* inter se the holders of the PDIs).
2) the PDIs could be subject to a lock-in as under:
a) the PDIs shall be subjected to a lock-in clause in terms of which the Company may defer the payment of interest, if:
    • the Company's capital to risk assets ratio (CRAR) is below the minimum regulatory requirement prescribed by RBI; or
    • the impact of such payment results in the Company's CRAR falling below or remaining below the minimum regulatory requirement prescribed by the RBI;
b) However, the Company may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss, provided the CRAR remains above the regulatory norm.
c) The interest shall not be cumulative except in cases as in (a).

3.3 LEGALITY OF PURCHASE

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

3.4 POLITICAL AND ECONOMIC RISK IN INDIA

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

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

As of date, the Issuer has not been refused in listing of any security during the last 3 years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.6 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

3.7 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.8 POLITICAL AND ECONOMIC RISK IN INDIA

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

3.9 RISKS RELATED TO THE BUSINESS OF THE ISSUER

The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

3.10 ANY OTHER RISK FACTORS

The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer (along with auditors' report) for the financial years ended March 31, 2022, March 31, 2023, and March 31, 2024 are set out in **Annexure I** of this General Information Document.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 5: REGULATORY DISCLOSURES

The General Information Document is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this Section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the BSE/NSE:

(a) This General Information Document and the relevant Key Information Document issued for each Issue;
(b) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the non-convertible debt securities including Debentures;
(c) Copy of the necessary resolution(s) authorizing the borrowings, issuance of the non-convertible debt securities including Debentures and list of authorized signatories for the allotment of securities;
(d) Copy of last 3 (Three) years audited Annual Reports;
(e) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(f) Certified true copy of the resolution passed by the shareholders of the company at the Annual General Meeting held on July 5, 2024 authorizing the issue / offer of non-convertible debentures by the Company for an aggregate amount upto Rs 700 crore under section 42 of the Companies Act, 2013
(g) Certified true copy of the resolution passed by the board of directors of the company dated May 15, 2024 authorizing the issue/offer of non-convertible debentures for an aggregate amount upto Rs 700 (seven hundred crore)
(h) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the debenture trust deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE/NSE, where the debt securities have been listed;
(i) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favor of the trustees to the proposed issue has been obtained; and
(j) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

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

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

prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (Two) working days of their specific request.

5.3 Details of Promoters of the Issuer:

Promoter

Sl. No.	Details of Promoter Management	Promoter
1.	Name of promoter	MR.STEVEN EDWIN HARDGRAVE
2.	Date of Birth/Incorporation	10-11-1971
3.	Age	53
4.	Personal Addresses	Violeta 9-D, Regency La Majada, Hennur Bande, Bangalore 560043
5.	Education Qualifications	MBA
6.	Experience in the business or employment	20
7.	positions/posts held in the past by the promoter management	CEO
8.	directorships held by the promoter management	EXECUTIVE DIRECTOR
9.	Other ventures of the promoter management	Partner in Dragonfruit Education Services LLP
10.	Special achievements	Prior to launching VFPL, Steve was Senior Managing Director at Gray Ghost Ventures, which makes early stage investments in social purpose businesses, where he conceptualized and incubated the Indian School Finance Company. Steve started his career working with at-risk youth and marginalized communities in Los Angeles while at university, and went on to work with a community foundation in Mexico where he later launched his own successful microfinance institution. After seven years in Mexico, Steve decided to build on his entrepreneurial skills with investment expertise, undertaking an MBA at the regarded Haas Business School at the University of California, Berkeley. Steve then joined the nascent impact investment community as one of the first Investment Managers at Omidyar Network's "Financial Inclusion" initiative, before joining Gray Ghost Ventures. In 2012, Steve left Gray Ghost and moved from the US to India to set up VFPL.
11.	Business and financial activities of the promoter management	

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12.	Photograph	
13.	Permanent Accountant Number	AIOPH3203L
14.	Other Details	NIL

Sl. No.	Details of Promoter Management	Promoter
1.	Name of promoter	MR. BRAJESH KUMAR MISHRA
2.	Date of Birth/Incorporation	03-09-1969
3.	Age	55
4.	Personal Addresses	711 Duo Harmony Suranjan Das Road, New Thippasandra Bangalore North, Bengaluru 560075
5.	Education Qualifications	MBA
6.	Experience in the business or employment	22
7.	positions/posts held in the past by the promoter management	COO
8.	directorships held by the promoter management	Executive Director
9.	Other ventures of the promoter management	Partner in Dragonfruit Education Services LLP
10.	Special achievements	Brajesh has close to two decades of experience in financial services with one of the largest banks in India – ICICI Bank – in retail banking, automotive finance, rural and agri-lending. Brajesh left ICICI to join ISFC, India's only other specialist school finance company, where he held COO and CEO roles and was instrumental in implementing credit processes, product diversification, and fundraising.
11.	Business and financial activities of the promoter management	
12.	Photograph	

13.	Permanent Accountant Number	ABPPM6092A
14.	Other Details	NIL

Sl. No.	Details of Promoter Management	Promoter
1.	Name of promoter	Dragonfruit Education Services LLP
2.	~~Date of Birth~~/Incorporation	Mar 12, 2012
3.	Age	12 years
4.	Personal Addresses	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
5.	Education Qualifications	NA
6.	Experience in the business or employment	NA
7.	positions/posts held in the past by the promoter management	NA
8.	directorships held by the promoter management	NA
9.	Other ventures of the promoter management	NA
10.	Special achievements	**NA**
11.	Business and financial activities of the promoter management	NA
12.	Photograph	NA
13.	Permanent Accountant Number	AAIFD6299D
14.	Other Details	NA

5.4 Details of specific entities in relation to the Issue:

S.no	Particulars	Details
1.	Legal counsel (if any)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
2.	Merchant Banker and Co-managers to the issues, (Not applicable for private placement. However, if appointed, to be disclosed)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
3.	Guarantor (if any)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

4.	Arrangers, if any	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

5.5 About the Issuer: The following details pertaining to the issuer:

The description of the Company's principal business activities are as under:

Varthana Finance Private Limited (Formerly known as Thirumeni Finance Private Limited) is a non-banking finance company ("**NBFC**") registered with Reserve Bank of India ("**RBI**") that provides loans to educational institutions in India for school investment.

The Company's focus is on the low-cost school segment, also known as Affordable Private Schools. The objective of the company is to assist the affordable private schools through the facilitation of infrastructure and other investments, including new classrooms, desks and benches, facilities, washrooms, and teaching materials.

The project loans provided by Varthana support the recipient schools to grow their capacity and the quality of the education they provide to low- and middle-income students.

No shareholder has overall control of the Company. The Promoters and founders combined owned 9.38%[*] of the shareholding on March 31, 2024,with the remainder held by institutional and individual investors.

Details about the subsidiaries of the Company with the details of branches or units:

The Company does not have any subsidiaries as on the date of this PPOA.

As on the date of this PPOA, the Company has its Registered Office in Bangalore and have 43 branch offices (including the Registered Office) and 4 micro branches. The details of the branch offices of the Company are set out herein below:

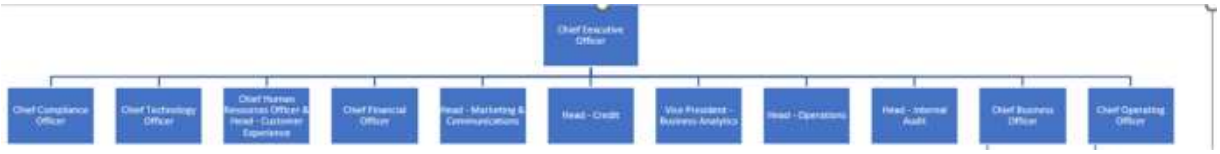
Sl. No.	Branch	Address
1	Agra	Office No 402, 4th floor ,Prateek Center,Near AU Small Bank, Sanjay Place , Agra 282002
2	Ahmedabad	G-202, Titanium City Centre, Next To Sachin Tower,Anand Nagar, Ahmedabad – 380015
3	Bangalore	Varasiddhi, 5BC-110, 3rd Floor, Service Road, 3rd Block, HRBR Layout, Bangalore- 560043
4	Bhopal	1st Floor, 51-A, Old Ashoka Garden, Near Prabhat Petrol Pump, Govindpura, Bhopal-462023
5	Bhubaneswar	Plot No :- N/6-173, IRC Village, Nayapalli, Near Rameswar Temple, Bhubaneswar,Odisha -751015
6	Bikaner	No. 14, 2nd Floor, Shadulganj, Panchavati Circle, Bikaner-334003
7	Chandigarh	Sushma Infinium, Unit no 5, 4th Floor Near Best price Chandigarh Ambala Highway, Zirakpur – 140603
8	Chennai	Door No.54,Padmavathy Apartment ,2nd Floor, Vellalar Street, Adambakkam, Chennai-600088
9	Coimbatore	No. 130, Second Floor, Shastri Road, Ram Nagar, Near HDFC Bank, Coimbatore - 641009
10	Dehradun	No.109,Ground Floor,Tagore Villa, Chakrata Road, Dehradun 248001

11	Gorakhpur	Mauja Daudpur, Shop No 9, D P Complex, 1st Floor, Gorakhpur-273001
12	Gurugram	1162 & 1163, Tower B-1, 11th Floor, Spaze I Tech Park, Sector 49, Sohna Road, Gurugram 122018
13	Hubli	Eureka Junction Building 4th Floor, Block No 35 & 36 T B Road, Opp. Revankar Comfort Hubli- 580029
14	Hyderabad	H no:1-8-303/40 2nd floor, Ravi Plaza PG road, Sindhi Colony Above Urban Kissan Secunderabad-500003
15	Indore	Office No. R. 804, 8th Floor, Metro Tower Scheme No.54, Vijay Nagar, Above Airtel office Indore- 452010
16	Jabalpur	C/o Mahesh Dimke, 2nd Floor, Plot No 26, Sant Santaji Colony, M R 4 Link Road, Ahinsa Square, Vijay Nagar, Jabalpur - 482002
17	Jaipur	Ajanta, Plot No. 14/73, 3rd Floor Shipra path mansarovar jaipur-302020
18	Jalandhar	Nirmal Complex No. 208, 2nd Floor, EH-198, Civil Lines, GT Road, Jalandhar- 144001
19	Jodhpur	1st floor, "Shri Vinayak", A 106, Akhaliya Vikas Yojana, Akhaliya Circle, Chopasni Road, Jodhpur-342003
20	Lucknow	No.206, 2nd Floor, Saran Chambers 2, 5 Park Road, Lucknow- 226001
21	Madurai	No. H5, 4th Floor, Sarva Center 37, Palanganatham Main Road, Madurai-625003
22	Meerut	Parashar Trade Tower, F-8, 1st Floor, Plot no BC-2 and BC-3 Shatabdi Nagar, Meerut – 250103
23	Mysore	# 3973 Hampi Circle Main Road, Vijayanagar 2nd Stage, Mysore-570017
24	Nagpur	Jichkar House' Plot No. 130, Abhyankar road, Opposite Advocate Manohar House, Near Dhantoli Park, Dhantoli, Nagpur, Maharashtra-440012
25	Nashik	Office no - 1 , Krishna Kunj Plaza, 2nd floor, Opposite Mahamarg bus stand , Above Idea showroom, Mumbai Naka, Nashik - 422001
26	Nellore	No. 26/16/334, Kay Kay Square,Main Mini Bypass Road, Magunta layout, Nellore- 524003
27	New Delhi	Unit no. 3, Ground Floor, Pearls Omaxe Tower,Plot B 1, Netaji Subhash Place, Pitampura, Delhi – 110034
28	Pune	Building No.13, Shan Hira Heights, MG Road, Pune- 411001
29	Raipur	Park Plaza, Office No 213, Near Airtel Office, Ring road No 1,Telibandha, Raipur- 492001
30	Surat	4th Floor, Shree Kuberji Complex, Athugar Street, Nr. Post Office Char rasta Nanpura Surat - 395001
31	Thane	1st Floor, ,Jain Building, Aai Apartment ,Behind RBL Bank, Ram Ganesh Gadkari Path, Lane no.1, Near Ghantali Mandir, Thane (west)-400602
32	Udaipur	S-15, Second Floor, Manglam Fun Square, Durga Nursery Road, Udaipur - 313001
33	Vijayawada	Dr.Rajesh Complex, D NO – 73-7-12,Besides Vijaya Hospital, Donka Road.Patamata,Venkateswara Puram, Vijayawada -Krishna Dist – 520010
34	Visakhapatnam	D no:50-87-10 ,1st Floor, Venkata Ratnam Nilayam, Madura Nagar,Seethammapeta JN, Visakhapatnam-530016.
35	Bhadrak	2nd floor, R.C. Behera Mansion, Saland By-pass, Bhadrak-756100
36	Guna	1st floor, Maya complex, Punjabi mohalla, Guna,M.P..473001
37	Hisar	No 31, Sentro Enclave, Near Sheesh Mahal, Hisar- 125001
38	Kalaburagi	No- 1-891/77/24 , Sai Complex, Near Sarvajna College, Sai Nagar High Court Ring Road, Kalburgi - 585102

39	Kurnool	No 40/439-2-F-20-21,1st Floor, T J Shopping Mall, railway station road, Kurnool – 518004
40	Pen(raigad)	Flat No.003, Ground Floor, Nisarga Housing Society, Combadpada, Shankarnagar, Chawadi Naka, Opp. Ambedkar School, Pen , Dist Raidgad- 402107
41	Salem	F-77 ,1st Floor , Brindavan Road, Fairlands HDFC Bank, Fairlands, Salem – 636016
42	Tirupati	D. No. 14-2166A, T.P Area, Tirupati- 517501
43	Gorakhpur	Mauja Daudpur, Shop No 9, D P Complex, 1st Floor, Gorakhpur-273001

(a) **Structure of the group:**

The graphic description/organogram of the corporate structure of the Issuer is as follows:



(b) **Brief Profile of the Board of Directors:**

Name, Designation and Occupation	DOB	Address	Date of Appointment	Details of other directorships	Whether wilful defaulter or not? (Y/N)
Steven Edwin Hardgrave CEO Service	10/11/1971	Violeta 9d Regency La Majada, Hennur Bande Bangalore North, Bangalore – 560043	18/07/2012	NIL	N
Brajesh Mishra COO Service	03/09/1969	#711 Duo Harmony, Suranjan Das Road New Thippasandra, Bangalore North Bengaluru 560075	22/05/2012	NIL	N

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Name, Designation and Occupation	DOB	Address	Date of Appointment	Details of other directorships	Whether wilful defaulter or not? (Y/N)
Anand Sudarshan Independent Director Consulting Service	19/04/1960	G-15, Epsilon Yemlur Main Road, Marathalli, Bangalore 560037	20/08/2015	NIIT Limited, Palgenie Technologies Pvt Ltd, Lodestar Education Services Pvt Ltd, Sylvant Advisors Pvt Ltd, NIIT Institute of Finance Banking and Insurance Training Ltd, Genlabs Healthcare Pvt Ltd, Magic Wand Empowerment Pvt Ltd, RPS Consulting Private Limited	N
Brahmanand Hegde Independent Director Financial Services	12/04/1959	#42, RR Layout, Arakere Nayannappanahalli Gramatani, Bengaluru-560076	12/09/2023	NIL	N

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Name, Designation and Occupation	DOB	Address	Date of Appointment	Details of other directorships	Whether wilful defaulter or not? (Y/N)
Ramanathan Kumar Independent Director Service	18/10/1961	802, Tower 3, One 74 Ceebros Satyadev Avenue, Mrc Nagar, Raja Annamal Ai Puram Chennai 600028	08/05/2018	TATA Teleservices (Maharashtra) Limited, TATA Communications Payment Solutions Limited, Positive Integeres Private Limited, Cartology Pvt Limited, TATA Communications Transformation Services Limited, TATA Teleservices Limited	N
Nandita Ganapathy Investor Director Service	28/05/1979	B 308, Splendor Complex Co-op Hsg Society Jogeshwari Vikhroli Link Road, Opposite Majas Depot, Jogeshwari East, Mumbai 400060 Maharashtra	15-05-2024	NIL	N
Ankit Singhal Investor Director Service	01/01/1985	B-1302, Meera CHS, Off Link Road, Near Oshiwara Police Station, Jogeshwari West, Mumbai, Maharashtra-400120	09/11/2022	Bandhan Amc Limited	N
Divya Venkatavaraghavan Investor Director Service	22/02/1984	No-8, First Floor, Pasumarthy Street, Near Fatima Convent School, Kodambakkam, Chennai- 600024	09/11/2022	Proficiency Learning Solutions Private Limited Cue Learn Private Limited	N

Name, Designation and Occupation	DOB	Address	Date of Appointment	Details of other directorships	Whether wilful defaulter or not? (Y/N)
Treasa Mathew Investor Director Professional	28/06/1979	T 802, Godrej Trees, Pirojshanagar, Vikhroli East, Mumbai, Maharashtra-400079	09/11/2022	Kaleidofin Private Limited, Bizcon Fintech Labs Private Limited , Umbo Idtech Private Limited, Digivriddhi Technologies Private Limited, Gokiwi Tech Private Limited, Kaleidofin Capital Private Limited	N

(c) **Brief Profile of the Senior Management**

Name	Designation	Experience
TALIB LOKHANDWALA	CFO	Talib has more than two decades of experience in financial services sector. Prior to joining Varthana he held the position of CFO at CASHe. During his career he has been associated with large banks namely SBM (India), Standard Chartered Bank and Bank of America. He has also served as Director and CFO at Daiwa Securities Capital Markets. He is a qualified Chartered Accountant (ICAI) and Certified Public Accountant, USA. He also holds a Bachelor of Commerce degree from University of Mumbai.
VIDYA SRIDHARAN	COMPANY SECRETARY	She has an overall experience of 13 years having expertise in Corporate laws, mergers and acquisitions, RBI regulations. She has worked with wide range of industries such as NBFCs, real estate, Infrastructure company, Technology. He holds a Bachelor of Commerce degree from Bangalore University, LLB from Karnataka State Law University. She is a member of the Institute of Company Secretaries of India.
Sivaram Pandarinatha Raja	CCO	Started his career in Banking in 1984. He is a M.com, CAIIB MBA (Banking & Finance) -Qualified the on-line Proficiency Self -Assessment Test for Independent Director's Data Bank on 10.01.2023 of IICA (Indian

		Institute of Corporate Affairs-under the aegis of Ministry of Corporoate Affairs, Gov.of India). • 2013 to 2015 - Deputy Zonal Head at Ahmedabad at Scale V – & Principal Nodal Officer (PNO) under the Banking Ombudsman Scheme for erstwhile Corporation Bank in Gujarath for two years • 2015-2017 - Deputy Circle Head at Ahmedabad Scale V • 2017-2018 - Branch Head at Mumbai-Ghatkopar • 2018-2020 - Recovery Division at Mangalore, HO Corporation Bank, Deputy General Manager, Scale – VI • 2020-2022 - Management Information System at UBI, Mumbai, General Manager, Scale VII.

(d) **A brief summary of the business activities of the subsidiaries of the Issuer:**

Nil. The company does not have subsidiary

(e) **Details of branches or units where the Issuer carries on its business activities, if any:**

Please refer to Section 5.5 (Branch Details) of this General Information Document.

(f) **Project cost and means of financing, in case of funding of new projects**

NA

5.6 Expenses of the Issue: Expenses of the Issue along with a break-up for each item of expense, including details of the fees payable to separately as under (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size), as applicable

S. No.	Particulars	Details of fees	Percentage (%) of total issue expenses	Percentage (%) of total issue size
1.	**Lead manager(s) fees**	Each of the expenses set out in S. no 1 to S. no 9 shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.		
2.	**Underwriting commission**			
3.	**Brokerage, selling commission and upload fees**			
4.	**Fees payable to the registrars to the issue**			
5.	**Fees payable to the legal advisors**			
6.	**Advertising and marketing expenses**			
7.	**Fees payable to the regulators including stock exchanges**			

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8.	**Expenses incurred on printing and distribution of issue stationary**	
9.	**Any other fees, commission or payments under whatever nomenclature**	

5.7 Key Operational and Financial Parameters on a consolidated basis and a standalone basis:

Standalone basis:

(Rs. In Lakhs)

Particulars	**FY 2023-24**	**FY 2022-23**	**FY 2021-22**	**FY 2020-21**
	Audited	**Audited**	**Audited**	**Audited**
Balance Sheet				
Assets				
Property, Plant and Equipment	505	433	225	249
Financial Assets	1,60,058	1,07,866	1,00,654	1,13,044
Non-financial Assets excluding property, plant and equipment	3,720	4,713	3,985	3,145
Total assets	1,64,283	1,13,012	1,04,865	1,16,437
Liabilities				
Financial Liabilities				
- Derivative financial instruments	477	0	152	998
- Trade Payables	654	279	35	512
- Debt Securities	22,859	15,280	11,109	18,484
- Borrowings (other than Debt Securities)	83,712	45,027	42,896	56,775
- Subordinated liabilities	-	-	-	-
- Other financial liabilities	1,375	10,913	10,949	436
Non-Financial Liabilities				
- Current tax liabilities (net)	90	0	38	-
- Provisions	531	456	408	330
- Deferred tax liabilities (net)	-	-	-	-
- Other non-financial liabilities	835	796	236	235
Equity (Equity Share Capital and Other Equity)	53,750	40,261	39,042	38,667
Total equity and liabilities	1,64,283	1,13,012	1,04,865	1,16,437

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Particulars	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
	Audited	Audited	Audited	Audited
PROFIT AND LOSS				
Revenue From operations	27,790	18,345	19,011	21,113
Other income	637	361	62	47
Total Income	28,427	18,706	19,073	21,160
Total Expenses	24,237	17,976	18,731	22,078
Profit after tax for the year	3,093	544	252	(768)
Other Comprehensive income	(170)	304	124	(863)
Total comprehensive income	2,922	848	376	(1,631)
Earnings per equity share:				
(a) basic; and	1,110	220	102	(311)
(b) diluted,	1,110	220	102	(311)
CASH FLOW				
Net cash generated from / used in (-) operating activities	(32,214)	(1,679)	21,268	4,518
Net cash from / used in (-) investing activities	115	(585)	56	279
Net cash from / used in (-) financing activities	46,653	5,792	(22,017)	(3,149)
Net increase / decrease (-) in cash and cash equivalents	14,554	3,529	(693)	1,647
Cash and cash equivalents as per Cash Flow Statement as at the end of Half Year	27,273	12,718	9,189	9,883
ADDITIONAL INFORMATION				
Net worth	46,990	45,087	44,513	35,850
Cash and Cash Equivalents	29,818	14,892	11,800	11,242
Loans	1,22,143	89,863	85,823	98,001
Loans (Principal Amount)	1,25,667	92,331	95,305	1,03,826
Total Debts to Total assets	64.65%	53.09%	51.37%	64.49%
Interest Income	18,672	15,928	18,319	19,939
Interest Expense	9,576	6,383	7,963	10,356
Impairment on Financial Instruments	5,248	3,228	4,107	6,225
Bad debts to Loans	2,074	10,455	537	2,898

Particulars	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
	Audited	Audited	Audited	Audited
% Stage 3 Loans on Loans (Principal Amount)	2.84%	8.35%	12.07%	3.02%
% Net Stage 3 Loans on Loans (Principal Amount)	0.86%	5.97%	6.28%	0.82%
Tier I Capital Adequacy Ratio (%)	41.06%	57.06%	54.52%	34.67%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.92%	1.16%

Consolidated basis: NIL

5.8 The amount of corporate guarantee or letter of comfort issued by the issuer along with details of the counterparty (viz. name and nature of the counterparty, whether a subsidiary, joint venture entity, group company etc.) on behalf of whom it has been issued:

The Company has not issued any Corporate Guarantee

5.9 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

The dues outstanding with respect to, income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
NIL	NIL	NIL	NIL	NIL

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

(a) **Details of Share Capital as on last quarter end, i.e., March 31, 2024:**

Share Capital	Amount (INR)
Authorised Share Capital	
3,00,000 Equity Shares of Rs. 100 each	30,000,000
Preference Share Capital	575,756,000
TOTAL	**60,57,56,000**
Issued, Subscribed and Paid- up Share Capital	
46,741 Equity shares of INR 100/-each	4,674,100
Preference Share Capital	5,00,866,692
TOTAL	**505,540,792**

(b) **Changes in its capital structure as on last quarter end i.e. March 31, 2024 for the last three financial years and current financial year:**

Date of Change (AGM/EGM)	Authorised Capital (INR)	Particulars
25-05-2021	6,05,756,000	Alteration of share capital
NIL	NIL	NIL
NIL	NIL	NIL

(c) **Details of the equity share capital as at last quarter end i.e. March 31, 2024, for the preceding three financial years and current financial year:**

S. No.	Date of Allotment	Number of Equity Shares Allotted	Face Value of Shares	Price of allotment (including premium)	Form of consideration	Cumulative Capital
N.A.						

Notes, if any: N.A.

5.11 Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year:

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

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

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

5.13 Details of the shareholding of the Company as on the latest quarter end, i.e., March 31, 2024

(a) **Shareholding pattern of the Company as on last quarter end, i.e. March 31, 2024, as per the format specified under the listing regulations:**

Sl. No.	Name of Equity Shareholder	Total No of Equity Shares	No. of shares in demat form	Total Shareholding as a % of total no of equity shares
1	Dragonfruit Education Services LLP	30130	21,980	64.462
2	Brajesh Mishra	100	-	0.214
3	Steven Hardgrave	100	-	0.214
4	LGT Capital Invest Mauritius PCC with Cell E/VP	2	-	0.004
5	LGT Venture Philanthropy Foundation	11	-	0.0235
5	Elevar Equity Management Ltd	3571	-	7.640
6	ON Mauritius	13	-	0.028
7	Varthana Employees Welfare Trust	9871	-	21.119
8	Kaizen Private Equity	12	10	0.026
9	Zephyr Peacock India Fund III	2	-	0.004

10	Elevar M III	12	12	0.0257
11	Narayan Ramachandran	13	-	0.0278
12	Turquoise Investments Limited	1862	1862	3.984
13	Link Investment Trust	1032	1032	2.208
14	Kaizen Private Equity II Pte. Ltd.	10	10	0.021
	Total	**46741**	**-**	**100**

Notes: Details of shares pledged or encumbered by the promoters (if any): N.A.

Name of the Investor	Fully Diluted # of shares (Considering Series C1 Conversion at 1:1 - Minimum)	Fully Diluted % holding (Considering Series C1 Conversion at 1:1 - Minimum)	Fully Diluted # of shares (Considering Series C1 Conversion at 1:2.14 - Maximum)	Fully Diluted % holding (Considering Series C1 Conversion at 1:2.14 - Maximum)
Promoters	**30,330**	**10.56%**	**30,330**	**9.38%**
Elevar Equity Management Ltd	3,571	1.24%	3,571	1.10%
Elevar M III	29,763	10.36%	29,763	9.21%
LGT Capital Invest Mauritius PCC with Cell E/VP	47,499	16.53%	54,701	16.92%
ON Mauritius	33,368	11.61%	33,368	10.32%
Kaizen Private Equity	13,854	4.82%	13,854	4.28%
Zephyr Peacock India Fund III	2	0.00%	2	0.00%
Turquoise Investments Limited	79,344	27.62%	92,520	28.61%
Link Investment Trust	1,208	0.42%	1,408	0.44%
Kaizen Private Equity II Pte. Ltd.	22,563	7.85%	27,707	8.57%
Graffiti Investments	4,513	1.57%	9,657	2.99%
Blue Haven Global Ltd	4,513	1.57%	9,657	2.99%
Institutional Investors	**2,40,198**	**83.60%**	**2,76,208**	**85.43%**
Individual Investors Domestic	**3,259**	**1.13%**	**3,259**	**1.01%**
New Individual Investors Domestic	**3,664**	**1.28%**	**3,664**	**1.13%**
Varthana Employees Welfare Trust	**9,871**	**3.44%**	**9,871**	**3.05%**
TOTAL	**2,87,322**	**100.00%**	**3,23,332**	**100.00%**

Note: Series C1 issue of INR105 Crs closed on July 1, 2021. Series C1 securities (CCPS & CCDs) have conversion ratio of minimum of 1:1 and maximum 1:2.14, subject to terms of issue.

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(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. March 31, 2024:**

Sr No	Name of Equity Shareholder	Total No of Equity Shares	No. of shares in demat form	Total Shareholding as a % of total no of equity shares
1.	Dragonfruit Education Services LLP	30130	21,980	64.462
2.	Varthana Employees Welfare Trust	9871	-	21.119
3.	Elevar Equity Management Ltd	3571	-	7.640
4.	Turquoise Investments Limited	1862	1862	3.984
5.	Link Investment Trust	1032	1032	2.208
6.	Brajesh Mishra	100	-	0.214
7.	Steven Hardgrave	100	-	0.214
8.	ON Mauritius	13	-	0.028
9.	Narayan Ramachandran	13	-	0.0278
10	Kaizen Private Equity	12	10	0.026

5.14 Following details regarding the directors of the Company*:

(a) **Details of the current directors of the Company:**

The details are set out in 5.5(b) of General Information Document.

(b) **Details of change in directors in the preceding three financial years and current financial year:**

Sl. No.	Name	Designation	DIN	Date of Appointment/ Resignation	Director of the Company since (in case of resignation	Remarks
1	Brahmanand Hedge	Director (Independent)	02984527	12/09/2023 Appointment	-	
2	Treasa Mathew	Nominee Director	02069587	09/11/2022 Appointment	-	-
3	Divya Venkatavaraghavan	Nominee Director	08997335	09/11/2022 Appointment	-	-
4	Ankit Singhal	Nominee Director	09776472	09/11/2022 Appointment	-	-
5	Ashish Agarwal	Nominee Director	08016128	09/11/2022 Resignation	08/05/2018	-
6	Anuradha Ramchandran	Nominee Director	01983108	04/11/2022 Resignation	10/08/2017	-
7	Ashish Garg	Nominee Director	08270332	18/10/2022 Resignation	14/08/2019	-

Sl. No.	Name	Designation	DIN	Date of Appointment/ Resignation	Director of the Company since (in case of resignation	Remarks
8	Nirav Khambhati	Nominee Director	05100337	01/04/2024 Resignation	10/11/2021	-
9	Raj Shastri	Nominee Director	02675761	31/08/2021 Resignation	11/05/2016	-
10	Jyotsna Krishnan	Nominee Director	06572288	10/11/2021 Resignation	11/08/2014	-
11	Sunil Satyapal Gulati	Independent Director	00016990	01/09/2023 Resignation	11/05/2016	
12	Abraham Chacko	Independent Director	06676990	18/08/2020 Resignation	16/03/2016	-

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

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

Remuneration payable or paid to a director by the issuer, its subsidiary or associate company:

Name	FY 24-25 (Current Year) (in lakhs)	FY 23-24 (in lakhs)	FY 22-23 (in lakhs)	FY 21-22 (in lakhs)
Brajesh Mishra	66.49	89.96	91.00	105.00
Steven Hardgrave	67.73	85.86	86.97	101.00

Shareholding of the director in the company, its subsidiaries and associate companies on a fully diluted basis – as on March 31, 2024

Name of the Directors	No. of shares held	% of total shareholding
STEVEN HARDGRAVE	100	0.03
BRAJESH MISHRA	100	0.03

(ii) **Appointment of any relatives to an office or place of profit of the Issuer, its subsidiary or associate company;**

NIL

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

A. **in the promotion of the Issuer company; or**

NIL

B. **in any immoveable property acquired by the Issuer in the two years preceding the date of the issue document / this General Information Document or any immoveable property proposed to be acquired by it; or**

NIL

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

NIL

(d) **Contribution being made by the directors as part of the offer or separately in furtherance of such objects.**

NIL

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

NIL

5.16 Following details regarding the auditors of the Company:

(a) **Details of the auditor of the Company:**

Name of the Auditor	Address	Date of appointment
N. A. Shah Associates LLP	B 21-25, Paragon Centre, Pandurang Budhkar Marg,Worli,Mumbai-400013	July 5, 2024

(b) **Details of change in auditors for the preceding three financial years and current financial year:**

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable
N. A. Shah Associates LLP	B 21-25, Paragon Centre, Pandurang Budhkar Marg,Worli,Mumbai-400013	05/07/2024		
PKF Sridhar & Santhanam LLP	T8 & T9, Gem Plaza, 3rd Floor,66 Infantry Road, Bangalore-560001	06/07/2022	FY 2023-2024	NA
PKF Sridhar & Santhanam LLP	T8 & T9, Gem Plaza, 3rd Floor,66 Infantry Road, Bangalore-560001	08/12/2021	FY 2021-22	NA
Walker Chandiok & Co. LLP FY	7th Floor, Block-III, White House, Kundan Bagh, Begumpet,Hyderabad -500016	08/07/2019	15/11/2021	15/11/2021

5.17 Details of the following liabilities of the Company, as at the latest quarter end i.e. March 31, 2024:

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

(Rs in Crore)

Sl. No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	Credit Rating, if applicable
1.	Jana Small Finance Bank	Term Loan	10.0	1.53	monthly	110.00%	NA
2.	Nabkisan Finance Ltd	Term Loan	8.8	0.50	Quarterly	110.00%	NA
3.	MAS Financial Services Ltd	Term Loan	10.0	1.25	*Monthly*	110.00%	NA
4	Vivriti Capital Pvt Ltd	Term Loan	15.0	2.18	monthly	110.00%	NA
5	Caspian Impact Investments	Term Loan	10.0	2.14	monthly	110.00%	NA
6	MAS Financial Services Ltd	Term Loan	5.0	1.35	*Monthly*	110.00%	NA
7	Vivriti Capital Pvt Ltd	Term Loan	15.0	5.71	monthly	110.00%	NA

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Sl. No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	Credit Rating, if applicable
8	MAS Financial Services Ltd	Term Loan	5.0	1.87	*Monthly*	110.00%	NA
9	Northern Arc Capital	Term Loan	20.0	6.04	monthly	110.00%	NA
10	Vivriti Capital Pvt Ltd	Term Loan	10.00	6.39	monthly	110.00%	NA
11	Vivriti Capital Pvt Ltd	Term Loan	5.00	3.33	monthly	110.00%	NA
12	Caspian Impact Investments	Term Loan	11.0	8.04	monthly	110.00%	NA
13	Incred Financial Pvt Ltd	Term Loan	15.00	6.73	monthly	120.00%	NA
14	Maanveeya Holdings and Investments Pvt Ltd	Term Loan	20.00	12.73	monthly	110.00%	NA
15	Nabsamruddhi Finance Ltd	Term Loan	10.00	8.65	monthly	110.00%	NA
16	Oxyzo Finance	Term Loan	17.50	11.67	monthly	110.00%	NA
17	Northern Arc capital	Term Loan	30.00	21.35	monthly	110.00%	NA
18	Vivriti Capital Pvt Ltd	Term Loan	8.00	5.90	monthly	110.00%	NA
19	Ambit Finvest	Term Loan	10.00	6.72	monthly	110.00%	NA
20	IKF Finance	Term Loan	10.00	7.48	monthly	110.00%	NA
21	Shriram Finance	Term Loan	25.00	19.65	monthly	100.00%	NA
22	IDFC First Bank	Term Loan	25.00	18.75	monthly	110.00%	NA
23	STCI Finance	Term Loan	25.00	18.75	monthly	110.00%	NA
24	Oxyzo Finance	Term Loan	13.50	10.50	monthly	110.00%	NA

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Sl. No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	Credit Rating, if applicable
25	MAS Financial Services Ltd	Term Loan	5.00	4.06	*Monthly*	110.00%	NA
26	Northern Arc Capital	Term Loan	30.00	25.13	monthly	110.00%	NA
27	ESAF Small Finance Bank	Term Loan	10.00	9.00	monthly	110.00%	NA
28	Incred Financial Pvt Ltd	Term Loan	5.00	2.71	monthly	120.00%	NA
29	ICICI Bank	Term Loan	10.00	7.08	monthly	125.00%	NA
30	Vivriti Capital Pvt Ltd	Term Loan	10.00	8.81	monthly	110.00%	NA
31	Profectus capital	Term Loan	10.00	8.13	monthly	110.00%	NA
32	Northern Arc Capital	Term Loan	30.00	29.21	monthly	110.00%	NA
33	Poonawalla Fincorp Ltd	Term Loan	25.00	22.63	monthly	110.00%	NA
34	TATA Capital Financial Services Limited	Term Loan	5.00	4.17	monthly	110.00%	NA
35	AK Capital Finance	Term Loan	25.00	21.67	monthly	110.00%	NA
36	CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED	Term Loan	5.00	4.44	monthly	110.00%	NA
37	Suryoday Small Finance Bank	Term Loan	10.00	8.89	monthly	110.00%	NA
38	AU Small Finance Bank	Term Loan	20.00	17.99	monthly	110.00%	NA
39	Oxyzo Finance	Term Loan	15.00	15.00	monthly	110.00%	NA

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Sl. No	Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	Credit Rating, if applicable
40	MAS Financial Services Ltd	Term Loan	15.00	15.00	Monthly	110.00%	NA
41	Vivriti Capital Pvt Ltd	Term Loan	17.50	17.51	monthly	110.00%	NA
42	Ambit Finvest	Term Loan	7.75	7.75	monthly	110.00%	NA
43	Nabkisan Finance Ltd	Term Loan	15.0	15.00	Quarterly	110.00%	NA
44	Capsave	Term Loan	10.0	10.00	bullet payment and monthly int payout	110.00%	NA
45	Maanveeya Holdings and Investments Pvt Ltd	Term Loan	30.00	30.00	monthly	110.00%	NA
	Total-TL		**724**	**473.41**			

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

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule	Repayment Terms	Security, if Applicable	Credit Rating, if applicable	Asset Classification
CASPIAN IMPACT INVESTMENTS	TERM LOAN	5.0	1.07	31-12-2024	MONTHLY	NA	NA	NA

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(c) **Details of Outstanding Non-Convertible Securities in the following format**:

Series of Non-Convertible Securities	ISIN	Tenor/Period of maturity (in months)	Coupon	Amount (In Crores)	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
1	INE125T07154	36	12.00%	27.0	23-12-2021	Dec-24	BBB	Secured	100.00%
2	INE125T07170	36	12.90%	57.50	20-12-2022	Dec-25	BBB	Secured	100.00%
3	INE125T07196, INE12T07188,INE125T07204	36	12.60%	40.00	16-05-2023	May-26	BBB-	Secured	100.00%
4	INE125T07212	60	13.17%	20.71	03-Aug-2023	Aug-28	BBB-	Secured	100.00%
5	INE125T07220	36	13.50%	25.00	29-Sep-2023	Sep-26	BBB-	Secured	100.00%
6	INE125T07238	45	13.65%	17.00	11-Dec-2023	Sep-27	BBB	Secured	110.00%
7	INE125T07246	24	12.75%	15.00	14-Dec-2023	Dec-25	BBB	Secured	110.00%
8	INE125T07253	24	12.25%	30.00	27-Dec-2023	Dec-25	BBB	Secured	110.00%
9	INE125T07261	36	12.30%	25.00	27-Feb-2024	Feb-27	BBB	Secured	110.00%

(d) **Details of commercial paper issuances as at the end of last quarter in the following format: -**

Series of NCS	ISIN	Tenor / Period of Maturity	Coupon	Amount outstanding (INR Crore)	Date of allotment	Redemption date / schedule	Credit rating	Secured / Unsecured	Security	Other Details viz. Details of IPA, Details of CRA
NIL										

5.18 List of top 10 holders of non-convertible securities in terms of value (in cumulative basis)

Sr. No.	Name of holders of non-convertible securities	Category of Holder	Face Value of Holding	Amount (Rs in Crore)	Holding as a percentage (%) of total outstanding non-convertible securities of the Issuer
1	Magallanes and Northern Arc Capital (PBI)	*FPI*	27.0	9.00	4%
2	Microvest	*FPI*	57.50	57.50	25%
3	Vivriti Asset Management	AIF	40.00	30.00	13%

Sr. No.	Name of holders of non-convertible securities	Category of Holder	Face Value of Holding	Amount (Rs in Crore)	Holding as a percentage (%) of total outstanding non-convertible securities of the Issuer
4	Symbiotics	FPI	20.71	20.70	9%
5	Vivriti Asset Management	AIF	25.00	25.00	11%
6	AK Capital AIF	AIF	17.00	17.00	7%
7	Texterity Private Limited-Jiraff-NCD	NBFCs	15.00	15.00	7%
8	Neo Asset Management	NBFCs	30.00	30.00	13%
9	AK Capital-NCD	NBFCs	25.00	24.31	11%

5.19 List of top 10 holders of Commercial Paper in terms of value (on cumulative basis):

Sr. No.	Name of holders	Category of Holder	Face Value of Holding	Amount	Holding as a percentage (%) of total commercial paper outstanding of the Issuer
NIL					

Details of the bank fund based facilities / rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) from financial institutions or financial creditors:

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
PG Impact	ECB	56.6	-	Quarterly	NA	Secured	100.00%
DCB Bank	PTC	38.8	-	monthly	AA	Secured	Nil
DFC (formerly known as OPIC)	ECB	114.5	74.86	Quarterly	NA	Secured	100.00%
Vivriti Capital Pvt Ltd	PTC	10.0	1.18	monthly	A-	Secured	Nil
Clix capital	PTC	38.1	4.05	monthly	A-	Secured	Nil

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Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
Ambit Finvest	PTC	25.00	5.67	monthly	A-	Secured	Nil
NSDC	LOC	9.90	9.90	monthly	NA	Secured	110.00%
Ambit Finvest	DA	12.1	6.32	monthly	NA	Secured	Nil
Vivriti Capital Pvt Ltd	PTC	12.89	2.93	monthly	A-	Secured	Nil
Profectus capital	PTC	29.74	4.08	monthly	A-	Secured	Nil
Arka fincap	PTC	12.79	2.09	monthly	A-	Secured	Nil
Hinduja Leyland Finance	PTC	15.00	3.66	monthly	BBB+	Secured	Nil
Clix capital	PTC	40.60	17.97	monthly	A-	Secured	Nil
MAS Financial Services Ltd	PTC	11.41	5.31	monthly	BBB+	Secured	Nil
IDFC First Bank	CC limit	1.00	-		NA	Secured	
Clix capital	PTC	27.04	14.56	monthly	A-	Secured	Nil
MAS Financial Services Ltd	PTC	8.14	5.89	monthly	BBB+	Secured	Nil
Blue Earth	ECB	116.44	58.22	Quarterly	NA	Secured	100.00%

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
MAS Financial Services Ltd	PTC	8.10	7.01	monthly	BBB+ (SO)	Secured	100.00%
Hinduja Leyland Finance	PTC	21.26	18.85	monthly	A- (SO)	Secured	100.00%
Ambit Finvest	PTC	14.90	13.68	monthly	A- (SO)	Secured	100.00%
Blue Orchard	ECB	83.40	83.40	Half yearly interest payout and principal bullet payout	NA	Secured	110.00%
Hinduja Leyland Finance	PTC	12.21	10.58	monthly	A- (SO)	Secured	100.00%
MAS Financial Services Ltd	PTC	15.16	15.17	monthly	BBB+ (SO)	Secured	100.00%

5.20 The amount of corporate guarantee or letter of comfort issued by the Issuer along with the name of the counterparty (like name of the subsidiary, joint venture entity, group company, etc.) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc. (Details of any outstanding borrowing taken / debt securities issued for consideration other than cash). This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not -

NIL

5.21 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:

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

(a) **Lending Policy: Overview of origination, risk management, monitoring and collections, etc:**

Loan Origination

Loans are originated by a team of Relationship Managers by cold calling or references. The Relationship Manager explains the features of the loan product to the school owner and engages in a dialogue to see how VFPL's portfolio of products may benefit the client. Once the client is ready, the Relationship Manager assists the client with the documentation and the proposal is logged in by a member of the back-office team.

Credit Assessment

The credit assessment process begins as soon as the loan proposal is logged in. It consists of the following elements:

- CIBIL check of the applicant and co-applicant.
- Cash flow analysis of the school based on information provided by the school owner
- Analysis of the bank statement.
- Visit to the school to verify the details submitted as well as to carry out a subjective assessment of the school,
- Visit to the project site and discussion about the benefits that the project will accrue to the school.
- Legal and technical search of the property being offered as security to ascertain ownership and value of the property. Before any property is accepted as security, is checked for the title, the manner in which the title was transferred to the owner, encumbrances, if any and the value of the property. The value of the property is an important consideration in the credit assessment process which determines the loan amount that can be given to the applicant.

The company is using CIBIL reports to do a check of the track record of the society. Credit assessment is done at two levels – to ensure that the school's cash flows are sufficient to meet the payment of the EMI.

To ascertain eligibility– only the existing cash flows (as against projected cash flows) – are taken into consideration. A financial picture of a school can be obtained by examining the fees charged per student, the number of students in a classroom, and the average teacher salary. Although every school is unique in its details and nuance, the underlying economics are consistent.

Loans are approved based on specific project proposals which describe in detail the intended use of funds. The proposed project and amount requested both need to make sense within the context of the school. VFPL has an advantage in that it lends only to schools. VFPL typically sees the same type of projects (building construction, computer labs, smart classrooms, benches, school busses, etc.) repeatedly, and is experienced at costing the projects.

Loan Approval

The loan proposal along with the credit assessment summary is submitted to the approving authority. Once the loan is approved, a sanction letter is issued to the client. An acknowledgement is taken from the client on a copy of the sanction letter as a token of acceptance of the loan terms and conditions.

Disbursement

Once the security creation exercise has completed, the loan agreement is executed, and the loan is disbursed. The loan is disbursed either in tranches or in full – depending on the project – and is disbursed in the name of either the applicant/co-applicant or in the name of the vendor/solution

provider. Construction related projects are disbursed in tranches based on the construction milestones agreed upon. The client is required to submit the Electronic Clearing System (ECS) mandate.

Collection and recovery

On the recovery process, please find below the process followed by us.

- Awareness calling for the customer to maintain sufficient balance in the account before the EMI presentation.
- Customer's falling under 0-30 days past due - tele calling, foot on street follow-up and soft reminder letter/soft dunning letter.
- Customer falling under 30-60 days past due - tele calling, foot on street follow-up, dunning letter 2 (bit more than soft dunning letter).
- Customer falling under 60+ days past due - tele calling, foot on street follow-up, sec 138 (CHQ bounce case), loan recall notice, demand notice, arbitration.

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

NIL

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

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

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

(Rs in Lakhs)

Sr. No.	Name of the Borrower	PAN (if applicable, otherwise NA)	Type of Borrower	Total Sanctioned Loan Amount	Disbursed Loan Amount	Un-disbursed Loan Amount	Total Principal Outstanding Amount	Total Accrued Interest Amount	Status of Account	Amount Outstanding
1	DELHI PUBLIC SCHOOL	NA	School Loan-Secured	1004.6	1004.6	NIL	997.6	7.5	ACTIVE	997.6
2	DR. RAJESH RAMDASJI KAMBE DENTAL COLLEGE AND	NA	School Loan-Secured	1014.1	1014.1	NIL	985.9	9.8	ACTIVE	985.9

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Sr. No.	Name of the Borrower	PAN (if applicable, otherwise NA)	Type of Borrower	Total Sanctioned Loan Amount	Disbursed Loan Amount	Un-disbursed Loan Amount	Total Principal Outstanding Amount	Total Accrued Interest Amount	Status of Account	Amount Outstanding
	HOSPITAL AKOLA									
3	ST ANDREWS CONVENT SCHOOL	NA	School Loan-Secured	450.0	450.0	NIL	961.7	3.8	ACTIVE	961.7
4	SHRI KRISHNA SR SEC SCHOOL	NA	School Loan-Secured	1008.1	1008.1	NIL	931.5	6.2	ACTIVE	931.5
5	KING OF KINGS SCHOOL CBSE	NA	School Loan-Secured	920.6	920.6	NIL	920.6	1.2	ACTIVE	920.6
6	GUJARAT PUBLIC SCHOOL GBSE	NA	School Loan-Secured	504.8	504.8	NIL	913.3	3.0	ACTIVE	913.3
7	SONALI PUBLIC H S SCHOOL	NA	School Loan-Secured	876.1	876.1	NIL	866.5	8.1	ACTIVE	866.5
8	SANTOSH GROUP OF INSTITUTIONS	NA	School Loan-Secured	816.3	816.3	NIL	816.3	4.0	ACTIVE	816.3
9	ICON INTERNATIONAL SCHOOL	NA	School Loan-Secured	811.1	811.1	NIL	799.7	7.3	ACTIVE	799.7
10	SURAJ SADAN VIDHYAASH RAM SIKSHAN SANSTHAN	NA	School Loan-Secured	801.4	801.4	NIL	795.9	7.3	ACTIVE	795.9
11	RASHTRIYA SR SEC SCHOOL	NA	School Loan-Secured	560.7	560.7	NIL	790.2	5.1	ACTIVE	790.2
12	JEEVAN JYOTHI HIGH SCHOOL VIJAYANAGARAM STREET PRODDATUR	NA	School Loan-Secured	510.8	510.8	NIL	712.7	4.6	ACTIVE	712.7

Sr. No.	Name of the Borrower	PAN (if applicable, otherwise NA)	Type of Borrower	Total Sanctioned Loan Amount	Disbursed Loan Amount	Un-disbursed Loan Amount	Total Principal Outstanding Amount	Total Accrued Interest Amount	Status of Account	Amount Outstanding
13	HERITAGE ACADEMY	NA	School Loan-Secured	74.5	74.5	NIL	698.8	3.0	ACTIVE	698.8
14	AGARWAL GIRLS COLLEGE	NA	School Loan-Secured	705.8	705.8	NIL	679.1	6.3	ACTIVE	679.1
15	SHREE SATHYAM COLLEGE OF ENGINEERING AND TECHNOLOGY	NA	School Loan-Secured	659.1	659.1	NIL	656.7	5.0	ACTIVE	656.7
16	KEONJHAR HIGHER SECONDARY SCHOOL	NA	School Loan-Secured	619.2	619.2	NIL	619.2	5.8	ACTIVE	619.2
17	SRI SATHYA SAI VIDYA VIHAR	NA	School Loan-Secured	634.7	634.7	NIL	605.9	5.7	ACTIVE	605.9
18	GAJRAJ SINGH MEMORIAL DEGREE COLLEGE	NA	School Loan-Secured	123.2	123.2	NIL	605.2	0.5	ACTIVE	605.2
19	MARKANDEYA PUBLIC SCHOOL	NA	School Loan-Secured	619.7	619.7	NIL	581.3	4.4	ACTIVE	581.3
20	VIJAYA SHREE EDUCATIONAL INSTITUTE	NA	School Loan-Secured	592.5	592.5	NIL	570.8	5.2	ACTIVE	570.8

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

Please refer to paragraph (K) of this table below

B. Details of borrowings made by NBFC

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

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

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

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

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

As on March 2024 and June 2024, 99.90% are secured borrowings and 0.10% are unsecured.

C. **Details of change in shareholding**

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

No change in the shareholding pattern since last financial year

D. Disclosure of Assets Under Management

(a) Segment wise breakup:

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

(b) Type of Loans

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

E. Details of borrowers

(a) Geographical location wise

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

F. Details of Gross NPA

(a) Segment wise:

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

G. Details of Assets and Liabilities

(a) Residual maturity profile wise into several bucket:

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

H. Additional details of loans made by housing finance company

Given that the Issuer is not a housing finance company, this is not applicable.

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I. Disclosure of latest ALM statements to stock exchange

(In Rs Crores)

Particulars	a. 1-7 Days	b. 7-14 Day	c. 15-30 Da	d. over 1 m	e. over 2 m	f. 3-6 mont	g. 6-9 mont	h. 9-12 mo	i. 1-2 yrs	j. 2-3 yrs	k. 3-5 yrs	l. 5-7 Yrs	m. 7-10 yrs	n. 10+ yrs	Grand T
Liabilities															
Bank	0.6	0.7	1.3	2.6	2.6	7.9	7.6	7.4	26.0	6.1	0.0	0.0	0.0	0.0	62.9
NBFC	5.7	1.2	6.5	13.4	13.9	44.6	44.0	39.8	158.6	70.7	9.9	0.0	0.0	0.0	408.3
NCD	0.0	0.0	0.7	0.7	8.4	5.3	12.5	8.1	133.5	43.7	12.6	0.0	0.0	0.0	225.5
ECB	0.0	0.0	6.2	0.0	0.0	6.2	6.2	6.2	32.2	137.3	21.8	0.0	0.0	0.0	216.3
Securitisation	0.3	0.0	11.2	8.0	7.9	19.9	13.4	13.1	39.7	14.0	4.2	0.0	0.0	0.0	131.6
Public financial insti	0.0	0.0	4.9	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.9
Other Liabilties	3.4	0.6	27.6	1.8	2.5	5.9	3.0	3.0	7.1	8.9	7.5	4.2	2.4	0.0	77.8
Equity														537.5	537.5
Total	9.9	2.5	58.5	26.5	35.4	90.0	91.7	77.6	397.1	280.7	55.9	4.2	2.4	537.5	1669.8
Assets															
Loan Assets	0.0	16.1	4.1	21.1	20.8	62.3	58.4	60.9	197.7	163.5	271.4	234.9	120.1	0.1	1231.3
Fixed Assets														8.3	8.3
Investments	0.0	0.0							2.6		1.7	74.5			78.7
Other Assets	0.6	0.0	15.5	0.4	0.4	2.0	0.9	3.7	6.2	6.5	15.4	6.0	0.0	21.6	79.3
Cash and Bank Balar	272.1														272.1
Total	272.8	16.1	19.7	21.5	21.2	64.2	59.3	64.6	206.5	169.9	288.5	315.4	120.1	30.0	1669.8
Mismatch	262.9	13.6	-38.8	-5.0	-14.2	-25.7	-32.4	-13.0	-190.6	-110.8	232.5	311.2	117.7	-507.5	0.0
Cumulative Mismatc	262.9	276.5	237.7	232.8	218.6	192.8	160.4	147.4	-43.2	-154.0	78.5	389.8	507.5	0.0	0.0

(a) Type of Loans:

Details of types of loans

Sl. No.	Types of loans	Rs. crore
1	Secured	1028.4
2	Unsecured	252.7
	Total assets under management (AUM)^^	1281.1

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

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

Details of LTV

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Less than 25%	21%
2	25%-50%	18%
3	50%-60%	9%
4	61%-70%	10%

5	71%-80%	9%
6	81%-90%	3%
7	above 90%	10%
8	Unsecured	20%
	Total	**100.00%**

The Issuer hereby declares that this disclosure is not applicable to the Issuer as loan to value is determined in cases where an NBFC provides a secured loan and the Issuer only provides unsecured loans.

(c) Sector Exposure

Details of sectoral exposure

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

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

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

Details of outstanding loans category wise

Sl. No.	Ticket size (at the time of origination)	Percentage of AUM
1	a) Below 5 Lakh	14%
2	b) 5.00 -10.00	4%
3	c) 10.00 -15.00	4%
4	d) 15.00 - 20.00	2%
5	e) 20.00 - 25.00	3%
6	f) 25.00 - 30.00	3%
7	g) 30.00 - 40.00	3%
8	h) 40.00 - 50.00	4%
9	i) 50.00 - 100.00	13%
10	j) 100.00 - 150.00	7%
11	> 150 lakhs	43%
	Total	**100.00%**

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

(e) Geographical classification of borrowers:

Top 5 states borrower wise

Sl. No.	Top 5 states	Percentage of AUM
1	Andhra Pradesh	4%
2	Chattisgarh	1%
3	Chandigarh	2%
4	Delhi/NCR	4%
5	Gujarat	2%
6	Haryana	7%
7	Karnataka	16%
8	Madhya Pradesh	6%
9	Maharashtra	11%
10	Odisha	7%

Sl. No.	Top 5 states	Percentage of AUM
11	Punjab	2%
12	Rajasthan	7%
13	Tamil Nadu	8%
14	Telengana	5%
15	Uttar Pradesh	14%
16	Uttarakhand	3%
	Total	100%

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

(a) Movement of Gross NPA

Movement of gross NPA*	Rs. crore
Opening gross NPA	76.8
- Additions during the year	8.9
- Reductions during the year	50.0
Closing balance of gross NPA	35.7

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

(b) Movement of provisions for NPA

Movement of provisions for NPA	Rs. crore
Opening balance	41.03
- Provisions made during the year	8.20
- Write-off/ write-back of excess provisions	-1.52
Closing balance	47.71

(c) Segment wise gross NPA

Sl. No.	Segment-wise gross NPA	Gross NPA (%)
1	**Retail**	
A	Mortgages (home loans and loans against property)	-
B	Gold loans	-
C	Vehicle finance	-

D	MFI	-
E	MSME	-
F	Capital market funding (loans against shares, margin funding)	-
G	Others(School and student loans)	2.84%
2	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	-

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

Residual maturity profile of assets and liabilities

(Rs in Crore)

Category	**Up to 30 / 31 days**	**>1 months – 2 months**	**>2 months – 3 months**	**>3 months – 6 months**	**>6 months – 1 year**	**>1 years – 3 years**	**>3 years – 5 years**	**> 5 years**	**Total**
Deposit	NA	NA	NA	NA	NA	NA	NA	NA	NA
Advances	20.2	21.1	20.8	62.3	119.3	361.2	271.4	355.1	1231.3
Investments						2.6	1.7	74.5	78.7
Borrowings	39.3	24.7	32.9	84.1	163.4	390.0	320.2	0.0	1054.5
FCA*	NA	NA	NA	NA	NA	NA	NA	NA	NA
FCL*	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

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

NIL

5.23 The audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft

offer document or offer document or issue opening date, as applicable. Such financial statements shall be audited and certified by the statutory auditor(s) who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India ("ICAI").

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

Please refer to **Annexure I** of this General Information Document. for the audited financial statements of the Company as on March 31, 2024, March 31, 2023, March 31, 2022 along with the auditor's report along with the requisite schedules, footnotes, summary etc.

It shall be noted that the audited financial statements have been certified by the statutory auditor who holds a valid certificate 014539 issued by the peer review board of the Institute of Chartered Accountants of India on August 26, 2022 annexed hereto under **Annexure III** of this General Information Document.

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

As on date, there is no material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the non-convertible debt securities / commercial paper. At the time of Issue of any non-convertible debt securities / Debentures, in the event there is any such event, the same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

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

None

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

None

5.27 Details of pending litigation involving the issuer, promoter, director, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the financial position of the Issuer, which may affect the Issue or the investor's decision to invest / continue to invest in the non-convertible debt securities including Debentures.

NIL

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

Fraud Reported Rs. 107.62 Lakhs** (five case only)
1. The Company has recovered the amount of Rs. 38 lakhs towards complete settlement and has written off Rs. 5.88 lakhs which is basically penal charges, additional interest, etc. The customer has made a complete payment, Hence, the FIR registered has been closed and police investigation has been completed post recovery. The fraud case has been disposed of which was pending with the police and fraud closure request has been filled by the Company to RBI which is under process.

2. Fake education loans were provided by employees in collusion with training institutes. An FIR has been filed against the employees for a loss of Rs. 7.71 lakhs. an investigation is underway.

3. Without the awareness of students, the owner of the Institute took out loans and used the money for his own needs. Police complaint has been filed and police has launched an inquiry based on the complaint and have begun gathering statements from all the parties. The Company has recovered Rs. 4.05 lacs out of total exposure of Rs. 6.67 lacs.

4. In December 2023, a customer named "SKM Vidyanikethan" approached us regarding an unsecured loan of Rs. 10 lacs. The Varthana Mysore Branch logged the case. Mrs. Kamal M. and Mr. Manjunath KV presented a co-app for the loan. We discovered that the bank statement provided in connection with society & co-app is fake during standard RCU sampling work. Current status - Rs. 50,000 recovered and police complaint filing in process.
5. Encryptic security Private Limited empanelled with Varthana as an institute partner in October 2023, and thirty students have benefited from loans from the company so far and 27 out of the 30 loans have been applied using fake bank statements. We also discovered that some employees of the institute had submitted loan applications using fake information and in few cases institute staff provided their mobile numbers in other cases. Police complaint filed on 16th Feb 2024 and recovery of loan is in process.

5.29 Details of pending proceedings initiated against the Issuer for economic offences, if any.

NIL

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

Kindly refer to **Annexure II** (*Related Party Transactions*) of this General Information Document.

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

The Issuer hereby confirms that this General Information Document does not include a statement purporting to be made by an expert, which does not fulfil the conditions set out above.

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

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

Given that the object of the Issue does not / would not entail granting / providing loan to any entity which is a group company, the aforesaid is not applicable.

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

(a) **A portfolio summary with regards to industries/ sectors to which borrowings have been granted by NBFCs:**

Sl. No.	NBFC	Sanctioned	Balance
1.	Northern Arc capital	110.0	81.7
2.	MAS Financial Services Ltd	82.8	56.9
3.	Vivriti Capital Pvt Ltd	103.4	54.0
4.	Maanveeya Holdings and Investments	50.0	42.7
5.	Ambit Finvest	69.8	40.1
6.	Oxyzo Finance	46.0	37.2
7.	Clix capital	105.7	36.6
8.	Hinduja Leyland Finance	48.5	33.1
9.	Neo Asset Management	30.0	30.0
10.	AK Capital-NCD	25.0	24.3
11.	Poonawalla Fincorp Ltd	25.0	22.6
12.	AK Capital Finance	25.0	21.7
13.	Shriram Finance	25.0	19.7
14.	STCI Finance	25.0	18.7
15.	Nabkisan Finance Ltd	23.8	15.5
16.	Texterity Private Limited-Jiraff-NCD	15.0	15.0
17.	Profectus capital	39.7	12.2
18.	Caspian Impact Investments	26.0	11.3
19.	Capsave	10.0	10.0

20.	Incred Financial Pvt Ltd	20.0	9.4
21.	Nabsamruddhi Finance Ltd	10.0	8.7
22.	IKF Finance	10.0	7.5
23.	CHOLAMANDALAM	5.0	4.4
24.	Arka fincap	12.8	2.1
	Total	**948.4**	**619.6**

(b) **Quantum and percentage of secured vis-à-vis unsecured borrowings granted by NBFCs:**

Kindly refer to paragraph (B), sub- para (c) of the table set out in Section 5. 21 of this General Information Document.

(c) **Any change in promoters' holdings in NBFCs during the preceding financial year beyond the threshold specified by the Reserve Bank of India from time to time.**

Kindly refer to paragraph (C) of the table set out in Section 5. 21 of this General Information Document.

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

The relevant consents have been procured to the extent applicable and is referred to in the relevant Key Information Document issued / to be issued by the Company for each Issue of non-convertible debt securities including Debentures.

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

The Debenture Trustee for each Issue of Debentures shall be specified in the relevant Key Information Document issued to be issued for each Issue by the Company. The consent letter from Debenture Trustee is provided in the relevant Key Information Document issued / to be issued by the Company for each Issue.

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

The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue of non-convertible debt securities including Debentures.

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

receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue of non-convertible debt securities including Debentures.

5.38 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

i. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

ii. Procedure and time schedule for allotment and issue of securities: The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

iii. Cash flows emanating from the non-convertible securities shall be mentioned in the Disclosure Document(s), by way of an illustration: The same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

5.39 Name(s) of the stock exchange(s) where the non-convertible securities including Debentures are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s). The issuer shall specify the stock exchange where the recovery expense fund is being or has been created, as specified by the Board:

The non-convertible securities including Debentures are proposed to be listed on the WDM segment of the BSE/NSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has applied / shall apply for the in-principle approval for the listing of the non-convertible securities including Debentures from BSE/NSE and the details of the same will be provided in the relevant Key Information Document issued / to be issued by the Company for each Issue. The Issuer shall create the recovery expense fund as per the applicable SEBI regulations with BSE/NSE.

5.40 If non-convertible securities including Debentures are proposed to be listed on more than one stock exchange(s) then the issuer shall specify the designated stock exchange for the issue.

Not applicable as the non-convertible securities are being listed only on one or two stock exchange more specifically mentioned in the Key Information Document and shall apply for the necessary approval from BSE/NSE as per the applicable SEBI regulations.

5.41 Other details:

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

As per Section 71 of the Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the

redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures, unless required by any amendments in the Applicable Laws. In case of such an event, the Company shall do all such acts and deeds as may be required to in respect of creation of DRR. In addition to the above, to the extent required by Applicable Law, the Company shall, in any Financial Year, in respect of any amounts of the non-convertible securities maturing in such Financial Year, invest or deposit amounts up to such thresholds as may be prescribed by Applicable Law and in such form and manner as prescribed therein and within the time periods prescribed therein.

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

Each Issue of non-convertible debt securities including Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the applicable RBI guidelines.

(c) **Default in payment**: The consequences in relation to the same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

(d) **Delay in listing**: Please refer to the column on "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" under Clause 5.47 (*Issue Details*) of this General Information Document and the relevant Key Information Document, setting out the consequences pursuant to any delay in listing of Debentures.

(e) **Delay in allotment of securities**: The consequences in relation to the same shall be specified in the relevant Key Information Document issued / to be issued by the Company for each Issue.

(f) **Issue details**: Please refer to Clause 5.47 (*Issue Details*) of this General Information Document.

(g) **Application process:**

The application process for the Issue is as provided in the relevant Key Information Document issued / to be issued for each Issue by the Company.

(h) **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any**:

The disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in Section 10 of this General Information Document.

(i) **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project**:

Not applicable

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

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

The material contracts and agreements will be available for inspection at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

5.43 Details of Debt Securities Sought to be Issued

(a) **Issue of rated, listed, secured / unsecured, redeemable, principal protected or not, market linked or not, non-convertible debentures (including in the form of zero coupon bonds, subordinated non-convertible debentures, perpetual debt instruments or any other debt instruments permissible under the SEBI Debt Listing Regulations), at par or premium or discount, in multiple series/tranche(s), from time to time, on a private placement basis each having a face value as set out in the relevant key information document to be issued as per the terms of each Issue with the aggregate issue size for each offer / Issue of debentures to be set out in the relevant Key Information Document issued / to be issued by the Company for each Issue from time to time.**

The details of each Issue shall be more particularly set out in the relevant Key Information Document issued / to be issued by the Company for each Issue from time to time;

5.44 Issue Size

The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

5.45 Utilization of the Issue Proceeds

The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

5.46 The issue document shall include the following other matters and reports, namely:

(a) **If the proceeds, or any part of the proceeds, of the issue of the debt securities/non-convertible redeemable preference shares are or is to be applied directly or indirectly (i) in the purchase of any business; or (ii) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith, the company shall become entitled to an interest in either the capital or profits and losses or both, in such business exceeding fifty per cent. thereof, a report made by a chartered accountant (who shall be named in the issue document) upon: (A) the profits or losses of the business for each of the three financial years immediately preceding the date of the issue of the issue document; and (B) the assets and liabilities of the business as on the latest date to which the accounts of the business were made up, being a date not more than one hundred and twenty days before the date of the issue of the issue document:**

NOT APPLICABLE

(b) **In purchase or acquisition of any immoveable property including indirect acquisition of immoveable property for which advances have been paid to third parties, disclosures regarding: (i) the names, addresses, descriptions and occupations of the vendors; (ii) the amount paid or payable in cash, to the vendor and where there is more than one vendor, or the company is a sub-purchaser, the amount so paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill; (iii) the**

nature of the title or interest in such property proposed to be acquired by the company; and (iv) the particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the company, had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction. Provided that if the number of vendors is more than five, then the disclosures as required above shall be on an aggregated basis, specifying the immoveable property being acquired on a contiguous basis with mention of the location/total area and the number of vendors from whom it is being acquired and the aggregate value being paid. Details of minimum amount, the maximum amount and the average amount paid/ payable should also be disclosed for each immovable property:

NOT APPLICABLE

(c) **If: (i) the proceeds, or any part of the proceeds, of the issue of the debt securities/non-convertible redeemable preference shares are or are to be applied directly or indirectly and in any manner resulting in the acquisition by the company of shares in any other body corporate; and (ii) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate shall become a subsidiary of the company, a report shall be made by a Chartered Accountant (who shall be named in the issue document) upon – (A). the profits or losses of the other body corporate for each of the three financial years immediately preceding the issue of the issue document; and (B). the assets and liabilities of the other body corporate as on the latest date to which its accounts were made up. The said report shall: (i) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the issuer company and what allowance would have been required to be made, in relation to assets and liabilities so dealt with for the holders of the balance shares, if the issuer company had at all material times held the shares proposed to be acquired; and (ii) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner as provided in paragraph (c) (ii) above.**

NOT APPLICABLE

(d) **The broad lending and borrowing policy including summary of the key terms and conditions of the term loans such as re-scheduling, prepayment, penalty, default; and where such lending or borrowing is between the issuer and its subsidiaries or associates, matters relating to terms and conditions of the term loans including re-scheduling, prepayment, penalty, default shall be disclosed.**

There are no subsidiaries or associates. Hence, the same is not applicable.

(e) **The aggregate number of securities of the issuer company and its subsidiary companies purchased or sold by the promoter group, and by the directors of the company which is a promoter of the issuer company, and by the directors of the issuer company and their relatives, within six months immediately preceding the date of filing the issue document with the Registrar of Companies, shall be disclosed.**

NIL

(f) **Reference to the relevant page number of the audit report which sets out the details of the related party transactions entered during the three financial years immediately preceding the issue of issue document.**

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

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

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

(h) **The details of the following items in the three years immediately preceding the year of issue of issue document / General Information Document, in the case of the issuer being a company and all of its subsidiaries: (i) any inquiry, inspections or investigations initiated or conducted under the securities laws or Companies Act, 2013 (18 of 2013) or any previous companies law; (ii) prosecutions filed, if any (whether pending or not); (iii) fines imposed or offences compounded:**

NIL

5.47 Issue Details

Security Name (*Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year*)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Series, if any	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Issuer	Varthana Finance Private Limited ("VFPL")
Type of Instrument	Non-convertible debt securities including Non-Convertible Debentures as more particularly set out in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Nature of Instrument (Secured or Unsecured)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Seniority (Senior or subordinated)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Mode of Issue	Private placement
Eligible Investors	As provided in Sl.no 25 of Part A (*Disclosures*) above.
Details of Anchor Investor	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Listing (name of stock Exchange(s) where it will be listed	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

and timeline for listing)	
Rating of the Instrument	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Issue Size	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Minimum subscription	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Option to retain oversubscription (Amount)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Objects of the Issue / Purpose for which there is requirement of funds	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
In case the issuer is an NBFC and the objects of the issue entail loan to any entity who is a 'group company', then the requisite disclosures shall be provided in Section 5.32 of this General Information Document:	Not Applicable
Details of the utilization of the Proceeds	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Coupon Rate	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Step Up/ Step Down Coupon Rate	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Coupon Payment Frequency	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Coupon Payment Dates (cumulative / non-cumulative, in case of dividend)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Coupon Type (Fixed, floating or other structure)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Exercise Date/Coupon Reset Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Day Count Basis (Actual / Actual)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Interest on Application Money	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Default Interest Rate	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Prepayment Penalty	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Delay Penalty	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Tenor	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Principal Payment Date(s)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Redemption Date / Maturity Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Redemption Amount	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Redemption Premium/ Discount	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Issue Price	The Issue Price for the non-convertible debt securities including Debentures shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Discount at which security is issued and the effective yield as a result of such discount	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount.	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Put Option Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Put Option Price	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Call Option Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Call Option Price	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Face Value	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Minimum Application and in multiples of thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issue Schedule / Issue Timing	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Settlement mode of the Instrument	RTGS
Depositories	NSDL and CDSL
Business Day Convention	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Disclosure of Interest / Dividend / Redemption Dates	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Record Date	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
All covenants of the issue (including side letters, accelerated payment covenants / clause, etc.)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Description regarding Security (where applicable) including type of security (movable / immovable / tangible etc.), type of charge (pledge / hypothecation / mortgage etc.), date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document / Information Memorandum.	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the issue document.	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Due diligence certificate issued by the Debenture Trustee	The due diligence certificate issued by the Debenture Trustee to BSE/NSE in accordance with the Chapter II of SEBI Master Circular dated May 16, 2024 (bearing reference no SEBI/HO/DDHS-PoD3/P/CIR/2024/46) will be annexed in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee.	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Transaction Documents	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Conditions Precedent to Disbursement	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Conditions Subsequent to Disbursement	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

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Events of Default (including manner of voting / conditions of joining Inter Creditor Agreement)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Creation of recovery expense fund	The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI Master Circular dated May 16, 2024 (bearing reference number: SEBI/HO/DDHS-PoD3/P/CIR/2024/46). The details in relation to the same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Provisions related to Cross Default Clause	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Role and Responsibilities of Debenture Trustee	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Risk factors pertaining to the issue	As mentioned in SECTION 3 of this General Information Document.
Covenants	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Representation and warranties	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Illustration of Bond Cash-flows	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Governing Law and Jurisdiction	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

Note:

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

2. The penal interest rates mentioned above as payable by the Issuer are independent of each other.

3. The Issuer shall provide granular disclosures in the relevant Key Information Document issued / to be issued for each Issue by the Company, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

4. While the debt securities are proposed to be secured / will be secured, to the tune of atleast 100% (Hundred Percent) of the principal amount and the accrued coupon or as per the terms of offer document/ Disclosure Document(s) issued / to be issued for each Issue by the Company, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained.

5. The specific terms of each offer of perpetual debt instruments and subordinated debt instruments, if any, to be issued by the Company under the General Information Document

shall be specified in the relevant Key Information Document issued / to be issued in respect of each Issue.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide SEBI Debt Listing Regulations:

(a) **Name of the bank declaring the entity as a Wilful Defaulter**: NIL

(b) **The year in which the entity is declared as a Wilful Defaulter**: NIL

(c) **Outstanding amount when the entity is declared as a Wilful Defaulter**: NIL

(d) **Name of the entity declared as a Wilful Defaulter**: NIL

(e) **Steps taken, if any, for the removal from the list of wilful defaulters**: NIL

(f) **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions**: NIL

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 TRANSACTION DOCUMENTS

The list of transaction documents to be be executed in relation to each Issue shall be set out in the relevant Key Information Document issued / to be issued for each Issue by the Company.

7.2 REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Please refer to the relevant Key Information Document issued / to be issued for each Issue by the Company.

7.3 COVENANTS OF THE ISSUER

Please refer to the relevant Key Information Document issued / to be issued for each Issue by the Company.

7.4 EVENTS OF DEFAULT

Please refer to the relevant Key Information Document issued / to be issued for each Issue by the Company.

7.5 CONSEQUENCES OF EVENTS OF DEFAULT

Please refer to the relevant Key Information Document issued / to be issued for each Issue by the Company.

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SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of the Disclosure Document(s), Application Form and other terms and conditions as may be incorporated in the Transaction Documents. The information and application process in relation to each Issue of Debentures shall be set out in detail under the relevant Key Information Document issued / to be issued by the Company for each Issue.

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SECTION 9: UNDERTAKING

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

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

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

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 14 under Section 3 'General Risks'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Disclosure Document(s). Any covenants later added shall be disclosed on the relevant stock exchange's website where the non-convertible debt securities including Debentures are listed.

For **Varthana Finance Private Limited**

BRAJESHKUMAR SIRISHKUMAR MISHRA

Digitally signed by BRAJESHKUMAR SIRISHKUMAR MISHRA
Date: 2024.09.18 13:33:30 +05'30'

Authorised Signatory

Name: Brajesh Mishra
Title: Director and COO
Date: September 18, 2024

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 10: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

PART – A

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

10.1 General Information:

(a) **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Varthana Finance Private Limited
Registered Office:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Corporate Office:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Telephone No.:	080-68455777
Website:	www.varthana.com
Fax:	N.A.
Contact Person:	Mr. Brajesh Mishra, COO & Director
Email:	brajesh@varthana.com
Phone:	080-68455777

(b) **Date of Incorporation of the Company:**

12/06/1984 (consequently updated upon the name change of the Issuer pursuant to the certificate issued by the Ministry of Corporate Affairs dated 23/07/2020)

(c) **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

Varthana Finance Private Limited (Formerly known as Thirumeni Finance Private Limited) is a non-banking finance company ("**NBFC**") registered with Reserve Bank of India ("**RBI**") that provides loans to educational institutions in India for school investment.

The Company's focus is on the low-cost school segment, also known as Affordable Private Schools. The objective of the company is to assist the affordable private schools through the facilitation of infrastructure and other investments, including new classrooms, desks and benches, facilities, washrooms, and teaching materials.

The project loans provided by Varthana support the recipient schools to grow their capacity and the quality of the education they provide to low- and middle-income students.

No shareholder has overall control of the Company. The Promoters and founders combined owned 9.38%* of the shareholding on March 31, 2023, with the remainder held by institutional and individual investors.

Details about the subsidiaries of the Company with the details of branches or units:

The Company does not have any subsidiaries as on the date of this PPOA.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Details of branches with address is as follows:

The Company has its registered office in Bangalore and has 43 branch offices (including the registered office). The details of the branch offices of the Company are set out herein below:

Sl. No.	Branch	Address
1	Agra	Office No 402, 4th floor ,Prateek Center,Near AU Small Bank, Sanjay Place , Agra 282002
2	Ahmedabad	G-202, Titanium City Centre, Next To Sachin Tower,Anand Nagar, Ahmedabad – 380015
3	Bangalore	Varasiddhi, 5BC-110, 3rd Floor, Service Road, 3rd Block, HRBR Layout, Bangalore- 560043
4	Bhopal	1st Floor, 51-A, Old Ashoka Garden, Near Prabhat Petrol Pump, Govindpura, Bhopal-462023
5	Bhubaneswar	Plot No :- N/6-173, IRC Village, Nayapalli, Near Rameswar Temple, Bhubaneswar,Odisha -751015
6	Bikaner	No. 14, 2nd Floor, Shadulganj, Panchavati Circle, Bikaner-334003
7	Chandigarh	Sushma Infinium, Unit no 5, 4th Floor Near Best price Chandigarh Ambala Highway, Zirakpur – 140603
8	Chennai	Door No.54,Padmavathy Apartment ,2nd Floor, Vellalar Street, Adambakkam, Chennai-600088
9	Coimbatore	No. 130, Second Floor, Shastri Road, Ram Nagar, Near HDFC Bank, Coimbatore - 641009
10	Dehradun	No.109,Ground Floor,Tagore Villa, Chakrata Road, Dehradun 248001
11	Gorakhpur	Mauja Daudpur, Shop No 9, D P Complex, 1st Floor, Gorakhpur-273001
12	Gurugram	1162 & 1163, Tower B-1, 11th Floor, Spaze I Tech Park, Sector 49, Sohna Road, Gurugram 122018
13	Hubli	Eureka Junction Building 4th Floor, Block No 35 & 36 T B Road, Opp. Revankar Comfort Hubli- 580029
14	Hyderabad	H no:1-8-303/40 2nd floor, Ravi Plaza PG road, Sindhi Colony Above Urban Kissan Secunderabad-500003
15	Indore	Office No. R. 804, 8th Floor, Metro Tower Scheme No.54, Vijay Nagar, Above Airtel office Indore- 452010
16	Jabalpur	C/o Mahesh Dimke, 2nd Floor, Plot No 26, Sant Santaji Colony, M R 4 Link Road, Ahinsa Square, Vijay Nagar, Jabalpur - 482002
17	Jaipur	Ajanta, Plot No. 14/73, 3rd Floor Shipra path mansarovar jaipur-302020
18	Jalandhar	Nirmal Complex No. 208, 2nd Floor, EH-198, Civil Lines, GT Road, Jalandhar- 144001
19	Jodhpur	1st floor, "Shri Vinayak", A 106, Akhaliya Vikas Yojana, Akhaliya Circle, Chopasni Road, Jodhpur-342003
20	Lucknow	No.206, 2nd Floor, Saran Chambers 2, 5 Park Road, Lucknow- 226001
21	Madurai	No. H5, 4th Floor, Sarva Center 37, Palanganatham Main Road, Madurai-625003
22	Meerut	Parashar Trade Tower, F-8, 1st Floor, Plot no BC-2 and BC-3 Shatabdi Nagar, Meerut – 250103
23	Mysore	# 3973 Hampi Circle Main Road, Vijayanagar 2nd Stage, Mysore-570017
24	Nagpur	Jichkar House' Plot No. 130, Abhyankar road, Opposite Advocate Manohar House, Near Dhantoli Park, Dhantoli, Nagpur, Maharashtra-440012

Sl. No.	Branch	Address
25	Nashik	Office no - 1 , Krishna Kunj Plaza, 2nd floor, Opposite Mahamarg bus stand , Above Idea showroom, Mumbai Naka, Nashik - 422001
26	Nellore	No. 26/16/334, Kay Kay Square,Main Mini Bypass Road, Magunta layout, Nellore- 524003
27	New Delhi	Unit no. 3, Ground Floor, Pearls Omaxe Tower,Plot B 1, Netaji Subhash Place, Pitampura, Delhi – 110034
28	Pune	Building No.13, Shan Hira Heights, MG Road, Pune- 411001
29	Raipur	Park Plaza, Office No 213, Near Airtel Office, Ring road No 1,Telibandha, Raipur- 492001
30	Surat	4th Floor, Shree Kuberji Complex, Athugar Street, Nr. Post Office Char rasta Nanpura Surat - 395001
31	Thane	1st Floor, ,Jain Building, Aai Apartment ,Behind RBL Bank, Ram Ganesh Gadkari Path, Lane no.1, Near Ghantali Mandir, Thane (west)-400602
32	Udaipur	S-15, Second Floor, Manglam Fun Square, Durga Nursery Road, Udaipur - 313001
33	Vijayawada	Dr.Rajesh Complex, D NO – 73-7-12,Besides Vijaya Hospital, Donka Road.Patamata,Venkateswara Puram, Vijayawada -Krishna Dist – 520010
34	Visakhapatnam	D no:50-87-10 ,1st Floor, Venkata Ratnam Nilayam, Madura Nagar,Seethammapeta JN, Visakhapatnam-530016.
35	Bhadrak	2nd floor, R.C. Behera Mansion, Saland By-pass, Bhadrak-756100
36	Guna	1st floor, Maya complex, Punjabi mohalla, Guna,M.P..473001
37	Hisar	No 31, Sentro Enclave, Near Sheesh Mahal, Hisar- 125001
38	Kalaburagi	No- 1-891/77/24 , Sai Complex, Near Sarvajna College, Sai Nagar High Court Ring Road, Kalburgi - 585102
39	Kurnool	No 40/439-2-F-20-21,1st Floor, T J Shopping Mall, railway station road, Kurnool – 518004
40	Pen(raigad)	Flat No.003, Ground Floor, Nisarga Housing Society, Combadpada, Shankarnagar, Chawadi Naka, Opp. Ambedkar School, Pen , Dist Raidgad- 402107
41	Salem	F-77 ,1st Floor , Brindavan Road, Fairlands HDFC Bank, Fairlands, Salem – 636016
42	Tirupati	D. No. 14-2166A, T.P Area, Tirupati- 517501
43	Gorakhpur	Mauja Daudpur, Shop No 9, D P Complex, 1st Floor, Gorakhpur-273001

(d) **Brief particulars of the management of the Company:**

Name	Designation	Experience
Steven Edwin Hardgrave	CEO & Director	Prior to launching Varthana, Steve was Senior Managing Director at Gray Ghost Ventures, which makes early-stage investments in social purpose businesses, where he conceptualized and incubated the Indian School Finance Company. Steve started his career working with at-risk youth and marginalized communities in Los Angeles while at university and went on to work

Name	Designation	Experience
		with a community foundation in Mexico where he later launched his own successful microfinance institution. After seven years in Mexico, Steve decided to build on his entrepreneurial skills with investment expertise, undertaking an MBA at the regarded Haas Business School at the University of California, Berkeley. Steve then joined the nascent impact investment community as one of the first Investment Managers at Omidyar Network's "Financial Inclusion" initiative, before joining Gray Ghost Ventures. In 2011, Steve left Gray Ghost and in 2012 moved from the US to India to set up Varthana. Steve has also been involved as an organizer, advisor and judge to the Global Social Venture Competition.
Brajesh Mishra	COO & Director	Brajesh has close to two decades of experience in financial services with one of the largest banks in India – ICICI Bank – in retail banking, automotive finance, rural and agri-lending. Brajesh left ICICI to join ISFC, India's only other specialist school finance company, where he held COO and CEO roles and was instrumental in implementing credit processes, product diversification, and fundraising.
Talib Lokhandwala	CFO	Talib has more than two decades of experience in financial services sector. Prior to joining Varthana he held the position of CFO at CASHe. During his career he has been associated with large banks namely SBM (India), Standard Chartered Bank and Bank of America. He has also served as Director and CFO at Daiwa Securities Capital Markets. He is a qualified Chartered Accountant (ICAI) and Certified Public Accountant, USA. He also holds a Bachelor of Commerce degree from University of Mumbai.
Yogesh Gaat	Chief Business Officer	Yogesh Gaat has joined as the Chief Business Officer. Prior to his joining Varthana, he was the CEO and Managing Director at Karvy Financial Services Ltd. He has 25 years of work experience and has served in ICICI Bank, HDFC Bank, Reliance Commercial Finance, STCI Finance, Tata Motors & Alfa Laval in past. In his over 20 years of working in Banks and NBFC he has extensive exposure to the secured and unsecured

Name	Designation	Experience
		lending business and has held several leadership roles. He has successfully contributed in setting up and scaling up the size of operations in his previous organisations and has championed several initiatives. He has demonstrated exceptional leadership qualities and has led large teams for successful delivery. Yogesh has done his Mechanical Engineering from Pune and Diploma in Business Management from Mumbai.
Chandra Kumar CS	CPO and Head-Customer Experience	Chandra Kumar comes with 15 years of experience in Human Resource profession with a blend of generalist and specialist roles ranging from workforce planning, talent acquisition, change management, organization development, HR analytics, HR operations and employee engagement in domestic and global roles. After completing his graduation in Psychology, he has done his post-graduation in Social Work specializing in Personnel Management and Industrial Relations from Loyola College of Social Sciences. His experience spans across different industries including manufacturing, information technology, food processing and telecom in retail and enterprise business domains. He worked with Hindustan Latex, Amalgam Food and Suntec Business Solutions in the early days of his career as HR Generalist. He managed Business HR for TATA Communications for their flag ship Global Enterprise Solutions business. His immediate previous assignment was with Mahindra Comviva (Tech-M subsidiary) as Head of Business HR.
Yogesh Mashalkar	Chief Technology Officer	Yogesh comes with 12 years of experience specializing in the areas of operations, business analysis, product design and development, enterprise architecture and solutions and end to end project delivery with reputed organisations. Prior to joining Varthana, he worked as the Head of Operations and Product Development for Mobile eCommerce at Shoptimize India Pvt Ltd, Pune. Earlier to this, he had worked with HCL Technologies Ltd and IBM India Pvt Ltd. He comes with an expertise in architecting and developing complex business and non-functional requirements into software solution platforms

Name	Designation	Experience
		aimed at achieving smooth execution of large-scale, high performance, eCommerce mobile and web-based applications. Yogesh comes with a PGDST (Software Technology) from NCST Juhu, Mumbai and degree in Electronics from Mumbai University.
Vinayagam P	Head of Operations	Vinayagam comes with more than 17 years of experience in the field of operations management across sectors such as financial services and manufacturing. Prior to joining Varthana he was with Equitas Microfinance and Sundaram Clayton. Vinayagam holds BS in engineering from BITS, Pilani.
Rabin Stephen	Head of Credit	Rabin comes with 23 years of experience in commercial banking across MSME, SME and mid-sized corporate segments that includes 16 years of leadership experience. He joins us from Jana Small Finance Bank Ltd, where, as the Head-Micro and Small Enterprises, he was a member of the Manco that was instrumental in the turnaround of the bank. In the past he has worked with banks like RBL Bank, ING Vysya Bank, ABN Amro and Citibank.
Sushree Panda	Head - Marketing & Communications	Prior to Varthana, she was heading Marketing & Admissions for Great Lakes Institute of Management. Sushree comes with 11 years of experience across Branding, Digital Marketing, PR, Internal & external Communications, Employee engagement, events and CSR and has also worked with Mahindra & Mahindra Auto Sector in the past. She is passionate about making education accessible and that synergy in vision is what drew her to Varthana. She has successfully set up and scaled communications and marketing verticals in the past and has won several awards for her work. Sushree has done her Mechanical Engineering from ITER, Bhubaneshwar and MBA in Marketing & Strategy from Great Lakes, Chennai.
Chandrahas Kuckian	Head Internal Audit	Chandrahas Kuckian is a qualified Chartered Accountant with over 25 years of experience in the BFSI sector and Big 4 audit firms. He has worked across verticals such as Internal Audit, Finance and Compliance with major banks and financial institutions in India and the Middle East. He has had a long stint in the Middle East

Name	Designation	Experience
		where we worked for organisations like KMPG, Commercial Bank of Oman and Bank Muscat. In India he worked for Kotak Mahindra Bank as Senior Vice President - Internal Audit. His last assignment prior to joining Varthana was with Kotak Mahindra Investments Ltd. as Chief Financial Officer. He also holds a Bachelor of Law (Gen) degree from Mumbai University.
Satmeet Singh Narray	Head – Student Loans	Satmeet has 15 years of experience with a proven track record of delivering top line growth, strategic planning, driving large B2C sales teams, large telesales setup, partner management and key account management. Prior to working with Varthana, Satmeet worked with BOB financial Solutions Ltd and had started consumer lending business from scratch. He has worked for about 8 years in American Express India across various roles primarily into consumer cards acquisition, pioneered strategic tie-ups for the home loans business at Bankbazaar.com (digital lending). He was also responsible for starting and exponentially scaling the cards and loans business (tele & F2F) for Rainbow consulting Services JSC. He has a degree from Delhi University and then completed PGDBM (Marketing and Finance) from NIILM - Center for Management Studies New Delhi.
Sachin Navale	Head- Products	He is with Varthana since last 7 years. Once of the early entrant with experience in Portfolio Management, Business Relationship Management, Banking, Sales, and Business Development. He holds an MBA in Finance from Kuvempu University. Prior to Varthana Sachin worked with Fincare Small finance Bank, Future financial and Citi Financial.
Sumit Kumar Gawshinde,	Head Collections	Banking professional with over 18 years (total) of rich experience in handling complete product life cycle (from sourcing till recovery) of Retail Asset Mortgages (Home Loans, Affordable Home Loans, Rural Housing Loans and LAP). Worked with reputed private sector banks in various frontline and leadership roles across zones. Handling Collection, Recovery, Litigation, Fraud Detection and Management since more than 12 years. Prior to joining Varthana, Sumit was with Kotak Mahindra Bank for 15 years as VP & Zonal head handing south

Name	Designation	Experience
		and East zones. He also worked with ICICI Bank previously.

(e) **Name, addresses, DIN and occupations of the directors**:

S. No	Name of the Directors	Occupation	Designation	Date of Birth	Address	DIN	PAN	Director of the company since
1	Steven Edwin Hardgrave	Service	CEO	10/11/1971	Violeta 9d Regency La Majada, Hennur Bande Bangalore North, Bangalore – 560043	02189073	AIOPH3203L	18/07/2012
2	Brajesh Mishra	Service	COO	03/09/1969	#711 Duo Harmony, Suranjan Das Road New Thippasandra, Bangalore North Bengaluru 560075	02292429	ABPPM6092A	22/05/2012
3	Anand Sudarshan	Consulting Service	Independent Director	19/04/1960	G-15, Epsilon Yemlur Main Road, Marathalli, Bangalore 560037	00827862	ABWPS3515K	20/08/2015
4	Brahmanand Hegde	Financial Services	Additional Director (Independent)	12/04/1959	#42,RR Layout, Arakere Nayannappanahalli Gramatani, Bengaluru-560076	02984527	AAAPH3895E	12/09/2023
5	Ramanathan Kumar	Service	Independent Director	18/10/1961	802, Tower 3, One 74 Ceebros Satyadev Avenue, Mrc Nagar, Raja Annamal Ai Puram Chennai 600028	06364297	AAYPK8486E	08/05/2018
6	Ankit Singhal	Service	Investor Director	01/01/1985	B-1302, Meera CHS, Off Link Road, Near Oshiwara Police Station, Jogeshwari West, Mumbai, Maharashtra- 400120	09776472	BLPPS8458D	09/11/2022
7	Divya Venkatavaraghavan	Service	Investor Director	22/02/1984	No-8, First Floor, Pasumarthy Street, Near Fatima Convent School, Kodambakkam, Chennai- 600024	08997335	AHYPV6760F	09/11/2022
8	Treasa Mathew	Professional	Investor Director	28/06/1979	T 802, Godrej Trees, Pirojshanagar, Vikhroli	02069587	AKAPM924F	09/11/2022

					East, Mumbai, Maharashtra- 400079			
9	Nandita Ganapathy	Professional	Investor Director	28/05/1979	B 308, Splendor Complex Co-op Hsg Society Jogeshwari Vikhroli Link Road, Opposite Majas Depot, Jogeshwari East, Mumbai 400060 Maharashtra	08452949	AEXPG3876P	15-05-2024

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to Section 3 of this General Information Document.

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to Section 3 of this General Information Document.

10.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: NIL
(ii) Debentures and interest thereon: NIL
(iii) Deposits and interest thereon: NIL
(iv) Loan from any bank or financial institution and interest thereon: NIL

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the private placement offer process:

(i) Name: Mrs. Vidya Sridharan
(ii) Designation: Company Secretary
(iii) Address: Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Bangalore, Karnataka, India, 560043
(iv) Phone No.: 044-46150029
(v) Email: vidya.sridharan@varthana.com

10.6 Registrar of the Issue: KFin Technologies Limited

10.7 Valuation Agency: Not Applicable

10.8 Auditors: N. A. Shah Associates LLP, Chartered Accountant

10.9 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

NIL

10.10 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **Annxure I** below.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Date of passing of Board Resolution	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Date of passing of resolution in [annual / extra-ordinary general meeting], authorizing the offer of securities	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Price at which the security is being offered, including premium if any, along with justification of the price	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not applicable
Relevant date with reference to which the price has been arrived at **[Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]**	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
The class or classes of persons to whom the allotment is proposed to be made	Please refer to the list of Eligible Investors as specified in this General Information Document.
Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]	Not applicable.
The proposed time within which the allotment shall be completed	The proposed time within which the allotment shall be completed shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

The names of the proposed allottees and the percentage of post private placement capital that may be held by them	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
The change in control, if any, in the company that would occur consequent to the private placement	No change in control would occur consequent to this private placement.
The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
Amount, which the Company intends to raise by way of proposed offer of securities	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Terms of raising of securities:	

Duration, if applicable:	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Rate of Interest or Coupon:	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Mode of Payment	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Mode of Repayment	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

Proposed time schedule for which the Issue/Offer Letter is valid	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Purpose and objects of the Issue/Offer	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.

Principal terms of assets charged as security, if applicable	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	NIL

The pre-issue and post-issue shareholding pattern of the Company in the following format:

Sl. No.	Category	Pre-issue		Post Issue	
		No. of shares held	% of Shareholding (Refer Note below)	No. of shares held	% of Shareholding (Refer Note below)
A	Promoter's Holding				
1	Indian				
	Individual	200.00	0.03%	200.00	0.03%
	Bodies Corporate	30,130.00	9.32%	30,130.00	9.32%
	Sub-Total	**30,330.00**	**9.38%**	**30,330.00**	**9.38%**
2	Foreign Promoters	-	0	-	0
	Sub-Total (A)	**30,330.00**	**9.38%**	**30,330.00**	**9.38%**
B	Non-Promoters Holding				
1	Institutional Investors	2,76,208.00	85.43%	2,76,208.00	85.43%
2	Non-Institutional Investors				
	Private Corporate Bodies	-	0	-	0
	Directors and Relatives	-	0	-	0
	Indian Public	-	0	-	0

	Other [Including Non-Resident Indians (NRI's)]	16,794.00	5.19%	16,794.00	5.19%
	Sub-Total (B)	**2,93,002.00**	**90.62%**	**2,93,002.00**	**90.62%**
	GRAND TOTAL (A + B)	**3,23,332.00**	**100.00%**	**3,23,332.00**	**100.00%**

The Issuer is having a valid certificate of registration dated October 28, 2020 issued by the RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Issuer or the correctness of any of the statements or representations made or opinion expressed by the Issuer and for repayment of deposits/discharge of liabilities by the Issuer.

10.11 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels):
Other banking channels – RTGS/NEFT.

10.12 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	None of the Directors or the Key Managerial Personnel of the Company or their relatives thereof is directly or indirectly concerned or materially interested in this Issue.
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	There is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against promoter of the Company during the last 3 (Three) years immediately preceding the year of issue of this Placement Memorandum and Private Placement Offer cum Application Letter

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

<table>
<tr><td>Remuneration of directors (during the current year and last 3 (three) financial years)</td><td>
<table>
<tr><th rowspan="2">Particulars</th><th>FY 2024-25 (As on Date)</th><th>FY 2023-24</th><th>FY 2022-23</th><th>FY 2021-22</th></tr>
<tr><th>(In INR) (in lacs)</th><th>(in INR) (in lacs)</th><th>(in INR) (in lacs)</th><th>(in INR) (in lacs)</th></tr>
<tr><td>Brajesh Mishra</td><td>66.49</td><td>89.96</td><td>91.00</td><td>105.00</td></tr>
<tr><td>Steven Edwin Hardgrave</td><td>67.73</td><td>85.86</td><td>86.97</td><td>101.00</td></tr>
</table>
</td></tr>
<tr><td>Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided</td><td>Please refer to Annexure II of this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark</td><td>Nil</td></tr>
<tr><td>Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding</td><td>Nil</td></tr>
</table>

the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries	
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	Fraud Reported Rs. 107.62 Lakhs** (five cases only) 1. The Company has recovered an amount Rs. 38 lakhs towards complete settlement and has written off Rs. 5.88 lakhs which is basically penal charges, additional interest, etc. The customer has made a complete payment, Hence, the FIR registered has been closed and police investigation has been completed post recovery. The fraud case has been disposed of which was pending with the police and a fraud closure request has been filled by the Company to RBI which is under process. 2. Fake education loans were provided by employees in collusion with training institutes. An FIR has been filed against the employees for a loss of Rs. 7.71 lakhs and charge sheet has been filed in court against culprits next hearing date 16th Aug 2024. Rs. 2.45 lacs recovered from one of the accused Mr. Anil Kumar. 3. Without the awareness of students, the owner of the Institute took out loans and used the money for his own needs. The Company has recovered Rs. 4.78 lacs out of total exposure of Rs. 6.67 lacs. Police have registered an FIR against the culprits and investigation is underway. 4. In December 2023, a customer named "SKM Vidyanikethan" approached us regarding an unsecured loan of Rs. 10 lacs. The Varthana Mysore Branch logged the case. Mrs. Kamal M. and Mr. Manjunath KV presented a co-app for the loan. We discovered that the bank statement provided in connection with society & co-app is fake during standard RCU sampling work. Current status - Rs. 150,000 recovered and section 138 (Chq Bounce) has been filed against the customer on 15th Apr 2024 for failing to close the loan as per mutual agreement. Documents submitted in court for filing of a Criminal case against the customer and employees and case no will be received on 22 Jul 2024. Encrypticsecurity Private Limited Empaneled with Varthana as an Institute Partner in October 2023 and thirty students have benefited from loans from the Company so far and 27 out of the 30 loans have been applied using fake bank

	statements. We also discovered that some employees of the Institute had submitted loan applications using fake information and in a few cases institute staff provided their mobile numbers. Police Complaint Filed On 16th February 2024 and recovery of loan is in process. A total of Rs. 35.41 lacs recovered out of total exposure of Rs. 52.8 lacs.

10.13 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Size of the Present Offer	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Paid-up Capital: **a. After the offer:** **b. After the conversion of Convertible Instruments (if applicable)**	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Share Premium Account: **a. Before the offer:** **b. After the offer:**	The same shall be specified in the relevant Key Information Document issued / to be issued for each Issue by the Company.
Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case: NIL	
Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.	Please refer to sub-section above (*Details of the existing share capital of the Issuer in tabular form indicating therein with regard to each allotment, the date of the allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration*) and sub-section (*The number of persons to whom allotment on preferential basis/private placement / rights issue has already been made during the year (Financial year), in terms of number of securities as well as price*) for details of the allotments were made in the last one year preceding the date of this private placement offer cum application letter. No allotments were made by the Issuer in the last one year prior to the date of this PPOA for consideration other than cash and details of the consideration in each case.
Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter	

FY	PBT (in Rs. Lakhs)	PAT (in Rs. Lakhs)
FY 2023-24	4190	3093
FY 2022-23	730	544
FY 2021-22	342	252

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

<table>
<tr><td>Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)</td><td>
<table>
<tr><th></th><th>2021-22</th><th>2022-23</th><th>2023-24</th></tr>
<tr><td>Dividends Declared</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Interest Coverage ratio</td><td>1.07</td><td>1.15</td><td>1.49</td></tr>
</table>
</td></tr>
<tr><td>A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter</td><td>Please refer to Annexure I of this General Information Document.</td></tr>
<tr><td>Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter</td><td>Please refer to Annexure I of this General Information Document.</td></tr>
<tr><td>Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company</td><td>The Company has adopted new accounting framework IND AS from the current accounting year with the effective date of transition being April 1, 2018 and the profits and reserves would have to be calculated/determined accordingly. The financial statements include all the relevant disclosures and reconciliation to explain the movement from the IGAAP to IND AS.</td></tr>
</table>

10.14 PART B (To be filed by the Applicant)

(i) Name: _____

(ii) Father's name: _____

(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: _____

(iv) Phone number; if any: _____

(v) Email ID, if any: _____

(vi) PAN Number: _____ ;and

(vii) Bank Account details: _____

(viii) Tick whichever is applicable:- _____

(a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares.- Yes

(b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained and is enclosed herewith.- Not required

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

_____
Signature

_____
Initial of the Officer of the Company designated to keep the record

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 11:DECLARATION BY THE DIRECTORS

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

A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;

B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;

C. the monies received under the Issue shall be used only for the purposes and objects indicated in the relevant Disclosure Document(s); and

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

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 3 of this General Information Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company vide resolution no. 13 dated May 15, 2024, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of the Disclosure Document(s) has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

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

For **Varthana Finance Private Limited**,

BRAJESHKUMAR SIRISHKUMAR MISHRA

Digitally signed by BRAJESHKUMAR SIRISHKUMAR MISHRA
Date: 2024.09.18 13:34:19 +05'30'

Name: Brajesh Mishra
Title: Chief Operating Officer & Director
Date: September 18, 2024

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE I: AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE PRECEDING THREE FINANCIAL YEARS AS ON MARCH 31, 2024, MARCH 31, 2023, AND MARCH 31, 2022 ALONG WITH AUDITOR'S REPORT

Balance Sheet for the last 3 years

Varthana Finance Private Limited
Balance Sheet as at 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	27,272	12,718
Bank balances other than cash and cash equivalents	5	2,564	2,291
Derivative financial instruments	6	-	394
Loans	7	1,22,143	89,863
Investments	8	7,875	2,505
Other financial assets	9	104	94
		1,60,058	1,07,865
Non-financial assets			
Current tax assets (net)	10	164	738
Deferred tax assets (net)	11	2,164	2,974
Property, plant and equipment	12	505	433
Other intangible assets	13	411	420
Intangible assets under development	13	264	-
Other non-financial assets	14	717	583
		4,225	5,146
Total assets		1,64,283	1,13,012
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	477	-
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		101	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		553	279
Debt securities	16	22,859	15,280
Borrowings (other than debt securities)	17	63,712	45,027
Other financial liabilities	19	1,375	10,913
		1,05,077	71,499
Non-financial liabilities			
Current tax liabilities (net)	20	90	-
Provisions	21	531	456
Other non financial liabilities	22	835	796
		1,456	1,252
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,696	5,606
Other equity	25	48,016	34,617
		53,750	40,261
Total liabilities and equity		1,64,283	1,13,012

Summary of material accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place:Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Balance Sheet as at 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	12,718	9,188
Bank balances other than cash and cash equivalents	5	2,291	2,723
Derivative financial instruments	6	394	-
Loans	7	89,863	85,823
Investments	8	2,505	2,607
Other financial assets	9	94	313
		1,07,866	1,00,654
Non-financial assets			
Current tax assets (net)	10	736	386
Deferred tax assets (net)	11	2,974	3,260
Property, plant and equipment	12	433	225
Other intangible assets	13	420	78
Other non-financial assets	14	583	261
		5,146	4,210
Total assets		1,13,012	1,04,865
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	-	152
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		279	35
Debt securities	16	15,280	11,109
Borrowings (other than debt securities)	17	45,027	42,896
Other financial liabilities	19	10,913	10,949
		71,499	65,141
Non-financial liabilities			
Current tax liabilities (net)	20	-	38
Provisions	21	456	408
Other non financial liabilities	22	796	236
		1,252	682
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,606	5,606
Other equity	25	34,617	33,398
		40,261	39,042
Total liabilities and equity		1,13,012	1,04,865

Summary of significant accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 17 May 2023

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Balance Sheet as at 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

ASSETS	Notes	As at 31 March 2022	As at 31 March 2021
Financial assets			
Cash and cash equivalents	4	9,188	9,883
Bank balances other than cash and cash equivalents	5	2,723	1,962
Derivative financial instruments	6		
Loans	7	85,823	98,001
Investments	8	2,507	3,116
Other financial assets	9	313	82
		1,00,554	1,13,044
Non-financial assets			
Current tax assets (net)	10	386	170
Deferred tax assets (net)	11	3,260	2,524
Property, plant and equipment	12	225	249
Other intangible assets	13	79	107
Other non-financial assets	14	261	343
		4,211	3,393
Total assets		1,04,865	1,16,437
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	152	998
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises		35	512
Debt securities	16	11,109	18,484
Borrowings (other than debt securities)	17	42,896	56,775
Other financial liabilities	19	10,949	436
		65,141	77,205
Non-financial liabilities			
Current tax liabilities (net)	20	38	
Provisions	21	406	330
Other non financial liabilities	22	236	235
		682	565
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,606	5,606
Other equity	25	33,398	33,023
		39,042	38,667
Total liabilities and equity		1,04,865	1,16,437

Summary of significant accounting policies
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No

Seethalakshmi M
Partner
Membership No: 208

Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Director
DIN: 02189973
Steven Edwin Hardorave
Place: Bengaluru
Date: 18 May 2022

Director
Brajesh Kumar Mishra
292429
Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 18 May 2022

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Income Statements for the last 3 years

Varthana Finance Private Limited
Statement of Profit and Loss for the year ended 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
Income			
Revenue from Operations			
Interest income	26	18,672	15,926
Fees and commission income	26	945	596
Loans	27	708	225
Net gain on derecognition of financial instruments under amortised cost category	26	4,659	-
Bad debt recoveries	26	2,806	1,596
Total revenue from operations		**27,790**	**18,345**
Other income	28	637	361
Total income		**28,427**	**18,706**
Expenses			
Finance costs	29	9,576	6,383
Impairment on financial instruments	30	5,248	3,228
Employee benefit expenses	31	6,392	5,931
Depreciation, amortization and impairment	32	470	259
Other expenses	33	2,551	2,175
Total expenses		**24,237**	**17,976**
Profit before tax		**4,190**	**730**
Tax expense			
Current tax	34	230	2
Deferred tax	34	867	184
Profit for the year		**3,093**	**544**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		(12)	9
Income tax relating to the above item		3	(2)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivative financial instruments		(216)	397
Income tax relating to the above item		54	(100)
Other comprehensive income for the year, net of tax		**(170)**	**304**
Total comprehensive income for the year		**2,922**	**848**
Earnings per equity share			
Basic and Diluted (₹)	35	1,110	220
Diluted (₹)	35	1,110	220

Summary of material accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02188073

Place:Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer

Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of Profit and Loss for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Revenue from operations			
Interest income	26	15,928	18,319
Fees and commission income	26	596	317
Net gain on fair value changes	27	225	198
Other operating income	26	1,596	177
Total revenue from operations		18,345	19,011
Other income	28	361	62
Total income		18,706	19,073
Expenses			
Finance costs	29	6,383	7,963
Impairment on financial instruments	30	3,228	4,107
Employee benefit expenses	31	5,831	5,053
Depreciation, amortization and impairment	32	259	195
Other expenses	33	2,175	1,414
Total expenses		17,976	18,731
Profit before tax		730	342
			8,499
Tax expense			
Current tax	34	2	868
Deferred tax	34	184	(778)
Profit for the year		544	252
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		9	17
Income tax relating to the above item		(2)	(4)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivate financial instruments		397	148
Income tax relating to the above item		(100)	(37)
Other comprehensive income for the year, net of tax		304	124
Total comprehensive income for the year		848	376
Earnings per equity share			
Basic and Diluted	35	220	102
Diluted	35	220	102

Summary of significant accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

Seethalakshmi M
Partner
Membership No. 208549

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations			
Interest income	26	18,319	19,939
Fees and commission income	26	317	204
Net gain on fair value changes	27	198	316
Other operating income	26	177	654
Total revenue from operations		19,011	21,113
Other income	28	62	47
Total income		19,073	21,160
		18,813	20,797
Expenses			
Finance costs	29	7,963	10,356
Impairment on financial instruments	30	4,107	6,225
Employee benefits expenses	31	5,053	4,042
Depreciation, amortization and impairment	32	195	220
Other expenses	33	1,414	1,234
Total expenses		18,731	22,077
Profit/ (loss) before tax		342	(917)
Tax expense			
Current tax	34	868	702
Deferred tax	34	(778)	(850)
Profit/ (loss) for the year		252	(769)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		17	21
Income tax relating to the above item		(4)	(5)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivate financial instruments		148	(1,174)
Income tax relating to the above item		(37)	295
Other comprehensive income/ (loss) for the year, net of tax		124	(863)
Total comprehensive income/ (loss) for the year		376	(1,632)
Earnings per equity share			
Basic and Diluted	35	102	(311)
Diluted	35	102	(311)

Summary of significant accounting policies
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No : 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Cash flow statements for the last 3 years

Varthana Finance Private Limited
Cash Flow Statement for the year ended 31 March 2024
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2024	Year ended 31 March 2023
Cash flow from operating activities		
Profit before tax	4,190	730
Adjustment for:		
Depreciation and amortisation expenses	470	259
Employee stock option plan expense	87	372
Impairment on financial instruments	5,248	3,228
Profit on sale of investments in mutual funds	(708)	(225)
Net gain on derecognition of financial instruments under amortised cost category	561	-
Provision for employee benefits	142	131
Net gain on amortisation of processing fees and financial assets	1,432	583
Interest accrued on non-performing assets	157	15
Operating profit before working capital changes	**11,579**	**5,093**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	942	(36)
Increase/(decrease) in other non financial liabilities	(40)	486
Increase/ (decrease) in other payables	375	244
(Increase)/ decrease in loans and advances	(38,911)	(7,506)
(Increase)/ decrease in investment in security receipts	(6,073)	102
(Increase)/ decrease in other financial assets	(10)	219
(Increase)/ decrease in other non financial assets	(134)	(322)
(Increase)/ decrease in margin money deposit (net)	(374)	432
Cash Used from operations	**(32,646)**	**(1,289)**
Income taxes paid (net of refunds)	432	(389)
Net cash flow used from operating activities (A)	**(32,214)**	**(1,679)**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(797)	(810)
Purchase of investment	(1,05,790)	(68,857)
Proceeds from sale of investments in mutual funds	1,06,702	69,082
Net cash flow generated from investing activities (B)	**115**	**(585)**
Cash flows from financing activities		
Lease payments	(215)	(183)
Long-term borrowings (net)	39,289	1,805
Proceeds from issuance of Non Convertible Debentures ('NCDs)	17,345	5,790
Repayment of Non Convertible Debentures ('NCDs')	(9,766)	(1,619)
Net cash flow generated from/ (used in) financing activities (C)	**46,653**	**5,792**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**14,554**	**3,529**
Cash and cash equivalents at the beginning of the year	12,718	9,188
Cash and cash equivalents at the end of the year	**27,272**	**12,718**
Components of cash and cash equivalents		
Cash in hand ₹ 17,138 (2023: ₹ 12,382)	0	0
Balances with banks in current and deposit accounts	27,272	12,718
Total cash and cash equivalents	**27,272**	**12,718**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 206545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	730	342
Adjustment for:		
Depreciation and amortisation expenses	259	195
Employee stock option plan expense	372	1
Impairment on financial instruments	3,228	4,107
Profit on sale of investments in mutual funds	(225)	(198)
Provision for employee benefits	131	137
Net gain on amortisation of processing fees and financial assets	583	(111)
Interest accrued on non-performing assets	15	(385)
Operating profit before working capital changes	**5,093**	**4,088**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	(36)	10,512
Increase/(decrease) in other non financial liabilities	486	(40)
Increase/ (decrease) in other payables	244	(477)
(Increase)/ decrease in loans and advances	(7,506)	8,632
(Increase)/ decrease in investment in security receipts	102	509
(Increase)/ decrease in other financial assets	219	(232)
(Increase)/ decrease in other non financial assets	(322)	83
(Increase)/ decrease in margin money deposit (net)	432	(761)
Cash generated from operations	**(1,289)**	**22,314**
Income taxes paid (net of refunds)	(389)	(1,046)
Net cash flow generated from operating activities (A)	**(1,679)**	**21,268**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(810)	(142)
Purchase of investment in mutual funds	(68,857)	(48,852)
Proceeds from sale of investments in mutual funds	69,082	49,050
Net cash flow generated from investing activities (B)	**(585)**	**56**
Cash flows from financing activities		
Lease payments	(183)	(104)
Long-term borrowings (net)	1,805	(14,538)
Proceeds from issuance of Non Convertible Debentures ('NCDs')	5,790	2,700
Repayment of Non Convertible Debentures ('NCDs')	(1,619)	(10,075)
Net cash flow generated from/ (used in) financing activities (C)	**5,792**	**(22,017)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**3,529**	**(693)**
Cash and cash equivalents at the beginning of the year	9,188	9,883
Cash and cash equivalents at the end of the year	**12,718**	**9,189**
Components of cash and cash equivalents		
Cash in hand ₹ 12,382 (2022: ₹ 13,271)	0	0
Balances with banks in current and deposit accounts	12,718	9,188
Total cash and cash equivalents	**12,718**	**9,188**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Maur
Company Secretary

Place: Bengaluru
Date: 17 May 2023

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2022
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit / (loss) before tax	342	(917)
Adjustment for:		
Depreciation and amortisation expenses	195	220
Employee stock option plan expense	1	(13)
Impairment on financial instruments	4,107	6,225
Profit on sale of investments in mutual funds	(198)	(316)
Provision for employee benefits	137	119
Net gain on amortisation of processing fees and financial assets	(111)	(180)
Interest accrued on non-performing assets	(385)	227
Operating profit before working capital changes	**4,088**	**5,365**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	10,512	224
Increase/(decrease) in other non financial liabilities	(40)	(169)
Increase/ (decrease) in other payables	(477)	281
(Increase)/ decrease in loans and advances	8,632	2,682
(Increase)/ decrease in investment in security receipts	509	(3,116)
(Increase)/ decrease in other financial assets	(232)	(13)
(Increase)/ decrease in other non financial assets	83	(103)
(Increase)/ decrease in margin money deposit (net)	(761)	(592)
Cash generated from operations	**22,314**	**4,559**
Income taxes paid (net of refunds)	(1,046)	(405)
Net cash flow generated from operating activities (A)	**21,268**	**4,154**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(142)	(217)
Purchase of investment in mutual funds	(48,852)	(47,095)
Proceeds from sale of investments in mutual funds	49,050	47,412
Net cash flow generated from investing activities (B)	**56**	**100**
Cash flows from financing activities		
Lease payments	(104)	-
Long-term borrowings (net)	(14,536)	(2,589)
Proceeds from issuance of Non Convertible Debentures ('NCDs and ECB')	2,700	14,597
Repayment of Non Convertible Debentures ('NCDs')	(10,075)	(16,857)
Net cash flow generated from/ (used in) financing activities (C)	**(22,017)**	**(4,949)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**(693)**	**(695)**
Cash and cash equivalents at the beginning of the year	9,883	10,578
Cash and cash equivalents at the end of the year	**9,189**	**9,883**
Components of cash and cash equivalents		
Cash in hand [₹ 13,271 (2021: ₹ 18,802)]	0	0
Balances with banks in current and deposit accounts	9,188	9,883
Total cash and cash equivalents	**9,188**	**9,883**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02186073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE II: RELATED PARTY TRANSACTIONS ENTERED DURING THE PRECEDING THREE FINANCIAL YEARS AND CURRENT FINANCIAL YEAR

For FY 2023-24



For FY 2022-23

44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director
Mr.Anand Sudarshan	Independent Director
Mr.Sunil Satyapal Gulati	Independent Director
Mr.Ramanathan Kumar	Independent Director
Mr.Niraj Kamdhati	Non Executive Director
Mr.Ashish Garg (resigned w.e.f.18 October 2022)	Non-Executive Nominee Director
Mr.Ashish Agarwal (resigned w.e.f.9 November 2022)	Non- Executive Nominee Director
Ms.Anuradha Ramachandran (resigned w.e.f.4 November 2022)	Non Executive Director
Mr.Amit Singhal (w.e.f. 9 November 2022)	Non- Executive Nominee Director
Ms.Divya Venkataraghavan (w.e.f. 9 November 2022)	Non- Executive Nominee Director
Ms.Treasa Mathew (w.e.f. 9 November 2022)	Non- Executive Nominee Director
Mr. Yogheh Rathnakar Udhoji (resigned w.e.f 31 March 23)	Chief Financial Officer
Mr. Yogesh Ghai	Chief Business Officer
Ms. Pragathi Mour	Company Secretary

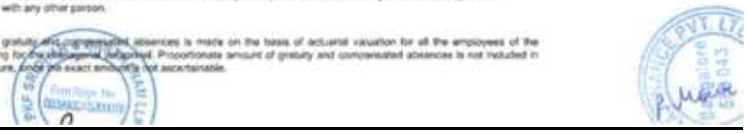
ii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel	
	31 March 2023	31 March 2022
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	87	101
Mr. Brajesh Kumar Mishra	91	105
Mr. Yogheh Rathnakar Udhoji	75	-
Mr. Yogesh Ghai	160	160
Reimbursement of expense		
Mr. Brajesh Kumar Mishra	1	1

iii) Balance receivable / (payable) with related parties as at the year end are as follows
There were no balance receivable/(payable) with related parties as at the 31 March 2023 and 31 March 2022.

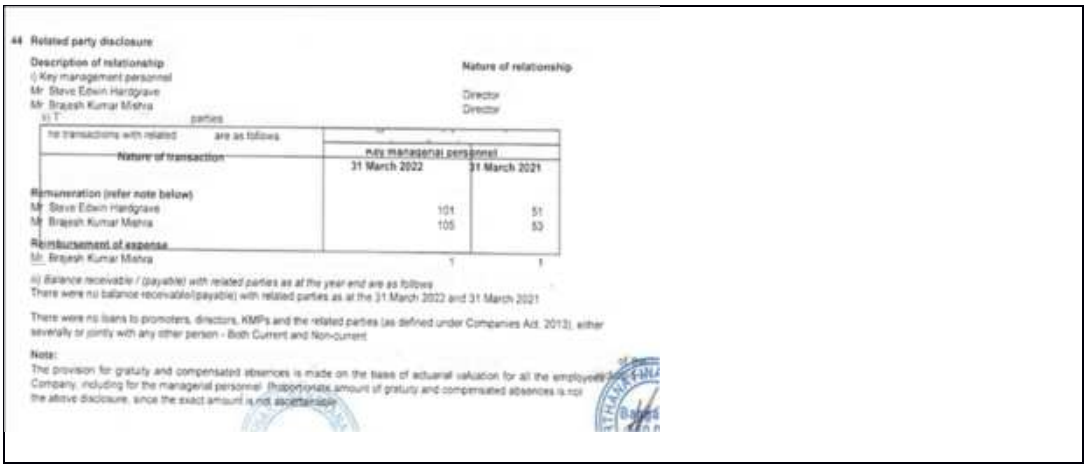
There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Note:
The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, including for the management personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.



For FY 2021-22

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)



44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director

ii) T parties

he transactions with related are as follows

Nature of transaction	Key managerial personnel	
	31 March 2022	31 March 2021
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	101	51
Mr. Brajesh Kumar Mishra	105	53
Reimbursement of expense		
Mr. Brajesh Kumar Mishra	1	1

iii) Balance receivable / (payable) with related parties as at the year end are as follows

There were no balance receivable/(payable) with related parties as at the 31 March 2022 and 31 March 2021

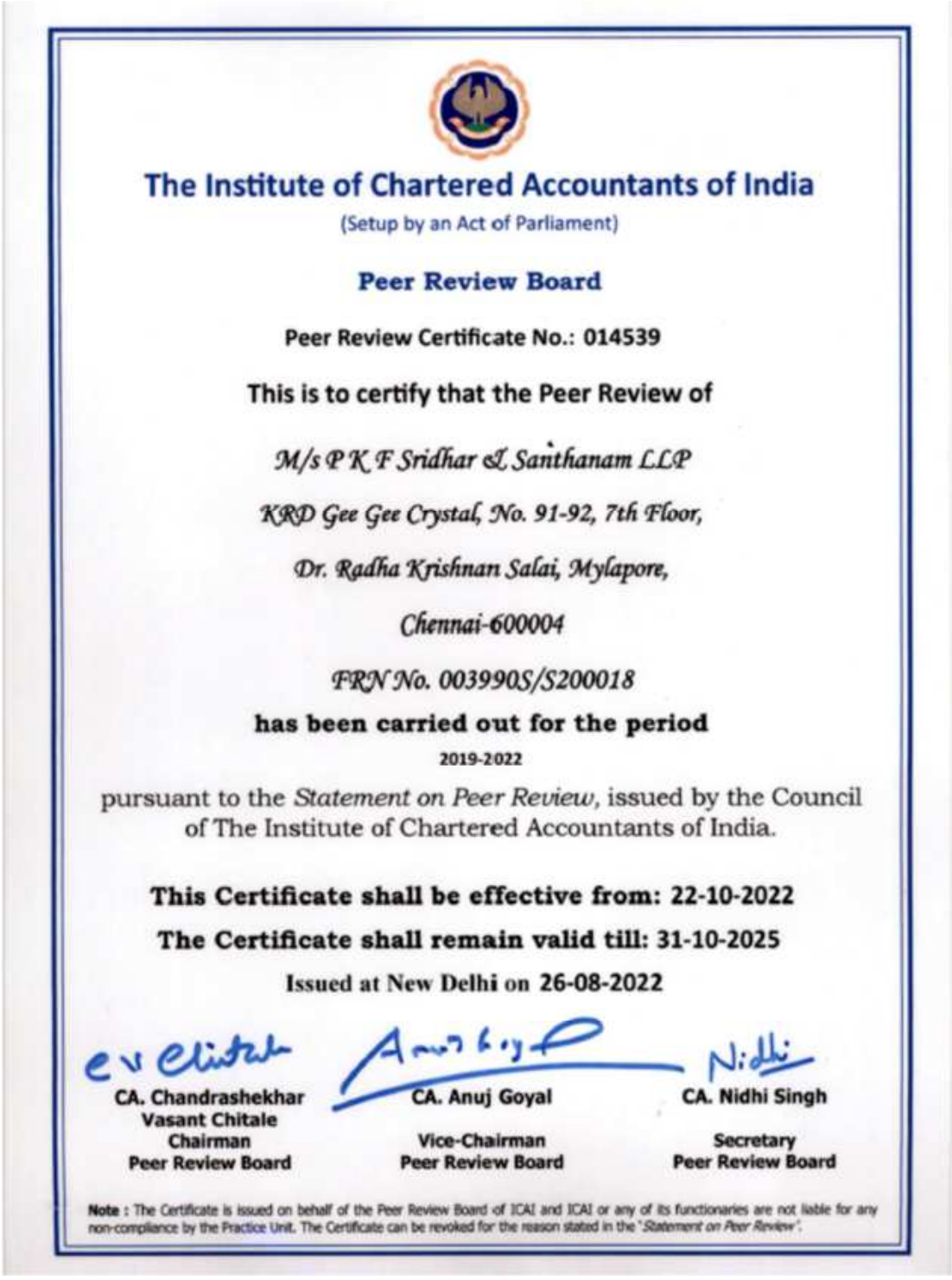
There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person - Both Current and Non-current

Note:

The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not the above disclosure, since the exact amount is not ascertainable

(This General Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE III: PEER REVIEW CERTIFICATE OF AUDITORS



The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)

Peer Review Board

Peer Review Certificate No.: 014539

This is to certify that the Peer Review of

M/s P K F Sridhar & Santhanam LLP

KRD Gee Gee Crystal, No. 91-92, 7th Floor,

Dr. Radha Krishnan Salai, Mylapore,

Chennai-600004

FRN No. 003990S/S200018

has been carried out for the period

2019-2022

pursuant to the *Statement on Peer Review*, issued by the Council of The Institute of Chartered Accountants of India.

This Certificate shall be effective from: 22-10-2022

The Certificate shall remain valid till: 31-10-2025

Issued at New Delhi on 26-08-2022

CA. Chandrashekhar Vasant Chitale	CA. Anuj Goyal	CA. Nidhi Singh
Chairman	Vice-Chairman	Secretary
Peer Review Board	Peer Review Board	Peer Review Board

Note : The Certificate is issued on behalf of the Peer Review Board of ICAI and ICAI or any of its functionaries are not liable for any non-compliance by the Practice Unit. The Certificate can be revoked for the reason stated in the '*Statement on Peer Review*'.

VARTHANA FINANCE PRIVATE LIMITED

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF VARTHANA FINANCE PRIVATE LIMITED ("COMPANY") AT THEIR MEETING HELD ON WEDNESDAY ON 15th DAY OF MAY 2024, AT VARASIDDHI, 3RD FLOOR, NO. 5BC-110, SERVICE ROAD, 3RD BLOCK, HRBR LAYOUT, BANGALORE – 560043, KARNATAKA, INDIA AND THROUGH VIDEO CONFERENCE AT 10.00 A.M.

To recommend the NCDs/Bonds borrowing limits for FY 2024-2025 for approval of shareholders

The Chairman informed the Board that, the Company has Non-Convertible Debentures (NCDs) borrowing limits of Rs. 400 Crores which were approved by the shareholders of the Company in their meeting held on July 05, 2023. The Chairman then stated that, considering the existing limits and based on future funding requirements and based on proposals in pipelines for the NCDs/bonds, it was proposed to revise the NCDs/bonds borrowing limits from Rs. 400 Crores to Rs. 700 Crores subject to approval of the shareholders.

The Board discussed the matter in detail and following resolutions were passed :

''RESOLVED THAT subject to the approval of the shareholders at the ensuing Annual General Meeting and subject to the provisions of Sec. 42 & Sec. 71 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and amendments thereunder, the consent of the members, be and is hereby, accorded to the Board of Directors of the Company to raise funds for its general corporate purposes by way of issuance of Non-convertible debentures (NCDs)/bonds, in one or more series/tranches on such terms and conditions as may be determined by the Board of Directors provided that the aggregate amount of Non-convertible debentures/bonds offered/proposed to be offered shall not exceed Rs. 700 Crores (Rupees Seven Hundred Crores only) for the period of one year from the date of this resolution.''

''RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised either severally or jointly to do such acts, deeds, things and execute all such documents, undertakings as may be necessary for giving effect to the above resolution."

CERTIFIED TRUE COPY

FOR VARTHANA FINANCE PRIVATE LIMITED

BRAJESHKUMAR SIRISHKUMAR MISHRA

Digitally signed by BRAJESHKUMAR SIRISHKUMAR MISHRA
Date: 2024.09.13 14:09:23 +05'30'

Brajesh Mishra

COO & Director (DIN: 02292429)

VARTHANA FINANCE PRIVATE LIMITED

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE SHAREHOLDERS OF VARTHANA FINANCE PRIVATE LIMITED ("COMPANY") AT ANNUAL GENERAL MEETING HELD ON FRIDAY ON 5th DAY OF JULY 2024, AT VARASIDDHI, 3RD FLOOR, NO. 5BC-110, SERVICE ROAD, 3RD BLOCK, HRBR LAYOUT, BANGALORE – 560043, KARNATAKA, INDIA AT 11.00 A.M.

SPECIAL BUSINESS:

To approve issuance of Non-Convertible Debentures/Bonds

The following resolution was passed unanimously:

"RESOLVED THAT pursuant to the provisions of Section 42 and 71 and other applicable provisions, if any, of the Companies Act, 2013 (the "Companies Act"), read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 including any modification, amendment, substitution or re-enactment thereof, for the time being in force and the provisions of the memorandum of association and the articles of association of the Company, the approval and consent of the members of the Company, be and is hereby accorded to the board of directors of the Company (the "Board") to raise funds for the general corporate purposes of the Company and to issue, and to make offer(s) and/or invitation(s) to eligible persons to subscribe to, non-convertible debentures/bonds (a) listed or unlisted, (b) senior secured, (c) senior unsecured (d) subordinated, (e) any others (as may be determined)) (including market linked debentures) ("NCDs"/ "Bonds'') on a private placement basis, in one or more tranches, for a period of one year from the date of passing of this resolution, provided that the outstanding amounts of all such NCDs/Bonds at any time during the period shall not exceed INR 700,00,00,000/- (Indian Rupees Seven Hundred Crore)."

''RESOLVED FURTHER THAT for the purpose of giving effect to this special resolution, the Board, be and is hereby, authorised either severally or jointly to determine the terms of issue including the class of investors to whom the NCDs/Bonds are to be issued, time, security to be offered, the number of NCDs/Bonds, tranches, issue price, tenor, interest rate, premium/discount, listing and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/documents/ undertakings/ agreements/ papers/ writings, as may be required in this regard."

"RESOLVED FURTHER THAT the copies of the foregoing resolutions certified to be true copies by any Director or the Company Secretary of the Company be furnished to such persons as may be deemed necessary."

CERTIFIED TRUE COPY

FOR VARTHANA FINANCE PRIVATE LIMITED

BRAJESHKUMAR SIRISHKUMAR MISHRA

Digitally signed by BRAJESHKUMAR SIRISHKUMAR MISHRA
DN: c=IN, o=Personal, postalCode=560075, l=Bangalore, st=Karnataka, street=711 DUO HARMONY SURANJAN DAS ROAD NEW THIPPASANDRA BANGALORE NORTH BENGALURU NEW THIPPASANDRA KARNATTAKA 560075, 2.5.4.20=30308786 5b675752524411846f976630090 1a81cca3c91defe5e32009d2a9e4e, serialNumber=539d179518 8c3ed9a6cdbc8be0f3b12fb2c6fdd7c99beb5d3befbdccaf6b92d3, email=brajesh@varthana.com, cn=BRAJESHKUMAR SIRISHKUMAR MISHRA
Date: 2024.09.10 18:54:55 +05'30'

Brajesh Mishra

COO & Director (DIN: 02292429)

DIRECTORS' REPORT

To the Shareholders,

The Directors take pleasure in presenting the Annual Report of Varthana Finance private Limited (Formerly Thirumeni Finance Private Limited) (the Company) together with the Audited Statement of Accounts for the year ended 31st March 2022 and the Auditors' Report thereon.

1. Highlight or summary of the Financial Statement:

(Amount in Rs. lakh)

Particulars	FY 2021-2022	FY 2020-2021
Gross income	19,073	21,160
Net Profit / (Loss) for the year before Interest, Depreciation and Taxes (EBIDTA)	8,499	9,659
Less: Financial charges	7,963	10,356
Profit/(Loss) before Depreciation and Tax	537	(697)
Less: Depreciation	195	220
Profit/(Loss) before Tax	342	(917)
Less: Taxes	90	(148)
Net profit carried to balance sheet	**252**	**(769)**

2. State of the Company's Affairs:

Performance Highlights:

For the year ending March 31st, 2022, total revenue from operation of the Company was Rs. 19,011 lakhs, lower by 0.96% as compared to the previous year. The Company has closed its accounts with a positive net profit of Rs. 2,52 lakhs as compared to a net loss of 769 lakhs in last fiscal. In view of the extended impact of the pandemic, the company took the prudential measure of having higher provisions. Provisions and write-offs amounted to Rs. 4,107 lakhs for the year ended March 31, 2022, a decrease of 34 % over the previous year.

Operations:

In view of the extended impact of the pandemic, the year under review has been challenging - both for your Company and its customers, the schools. The second COVID-19 pandemic outbreak which began in March 2020 continued to impact the economy in the financial year 2021-2022. The school sector continued to be even more impacted as most state governments kept schools closed even as the rest of the economy opened up.

The pandemic coupled with the lockdown had a significant bearing on the performance of the Company. The impact of the above on the performance of the Company and the measures adopted by the Company to steer through the pandemic have been discussed in detail in Management Discussion and Analysis. The Management Discussion and Analysis Report as required under the RBI NBFC - Corporate Governance Direction is annexed to the report as **Annexure B** and forms part of this Report.

3. **Dividend:**

The Company continues to pursue a high growth strategy, which requires all additional reserves to be reinvested in the ongoing growth; hence your directors do not recommend any dividend for the financial year 2021-2022.

4. **RBI Guidelines & Capital Adequacy:**

As a Systemically Important Non-Deposit taking Non-Banking Finance Company, your Company always aims to operate in compliance with applicable Reserve Bank of India ("RBI") guidelines and regulations and employs its best efforts towards achieving the same. The Company has complied with all the applicable regulations of RBI as on March 31, 2022.

The Company's capital adequacy ratio was 55.43% as on March 31, 2022, which is above the threshold limit of 15% as prescribed by the RBI.

5. **Credit Rating:**

During the year under review, the credit rating of the Company was revised to *"[ICRA]BBB with Negative Outlook"* by ICRA Limited (ICRA), for bank loans and Non-Convertible Debentures.

6. **Share Capital:**

The paid-up equity share capital and preference share capital as on 31st March 2022 was Rs. 46,74,100/- and Rs. 50,55,40,792/- respectively.

The Company during the period has not issued and/or allotted any shares with differential voting rights as per Section 43 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014.

During the year under review, the Company has allotted 31,415 Series C1 Compulsory Convertible Preference Shares ("Series C1 CCPS") & 176 Series C1 Compulsory Convertible Debentures ("Series C1 CCDs") to below mentioned allotees, as detailed below:

Sl. No	Name of the Allotees	No of Series C1 CCPS allotted	No of Series C1 CCDs allotted	Date of allotment
1	Turquoise Investment Limited	11558	NIL	28/06/2021
2	Link Investment Trust	NIL	176	28/06/2021
3	Kaizen Private Equity II Pte. Ltd.	4513	NIL	28/06/2021
4	Graffiti Investments	4,313	NIL	28/06/2021
5	Blue Haven Global Ltd	4,313	NIL	30/06/2021
6	LGT Capital Invest Mauritius PCC with Cell E/VP	6,313	NIL	01/07/2021

Disclosure under Section 62 of the Companies Act, 2013, Rule 12 of Companies (share capital and debentures) rules, 2014

(a) options granted; 5,495

(b) options vested; 2,292

(c) options exercised; Nil

(d) the total number of shares arising as a result of exercise of option; Nil

(e) options lapsed; 635

(f) the exercise price; 33,238

(g) variation of terms of options; Vesting schedule was accelerated by one year

(h) money realized by exercise of options; Nil

(i) total number of options in force; 7,420

(j) employee-wise details of options granted to;

(i) key managerial personnel; NA

(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. 2,000 (Yogesh Gaat – CEO)

(iii) identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Same as above (Yogesh Gaat)

7. **Names of Companies which have become or ceased to be its subsidiary(ies), Joint Ventures or Associate Companies during the year:**

The Company does not have subsidiary or subsidiaries, associate company or companies and joint venture or ventures.

8. **Material changes and commitments, if any, affecting the financial position of the Company which has occurred since 31st March 2022 till the date of report:**

There are no material changes and commitments affecting the financial position of the company which has occurred since 31st March, 2022till the date of this report.

9. **Change in the nature of business, if any:**

There was no change in the nature of the business during the year under review.

10. **Transfer to Reserves:**

The Company has transferred Rs. 50.36 Lakh to Statutory Reserve during the year.

11. **Deposits:**

The Company has not accepted any public deposits during the financial year nor has any outstanding unclaimed or unpaid public deposits as on 31st March 2021.

12. **Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year:**

Board of Directors:

The following were the changes in the Board composition of the Company during the period under review:

- Mr. Raj Shastri, resigned as a Nominee Director with effect from August 31, 2021.
- Ms. Jyotsna Krishnan, resigned as a Nominee Director with effect from November 10, 2021.
- Mr. Nirav Avinashbhai Khambhati, appointed as a Nominee Director with effect from November 10, 2021.

Key Managerial Personnel as per Companies Act 2013:

The following was the change in the Key Managerial Personnel of the Company (as defined under Companies Act, 2013) during the period under review:

- Mr. Pratap R, resigned as Chief Financial Officer (CFO) with effect from December 31, 2021.

13. **Statutory Auditor & Audit Report:**

M/s. Walker Chandiok & Co. LLP (Firm Registration No. 001076N/N500013), Chartered Accountants resigned from the office of the Statutory Auditors of the Company vide their letter dated November 15,2021, owning to an ineligibility to conduct the Statutory Audit of the Company as per the guidelines issued by the Reserve Bank of Indian vide guideline reference no. Ref. No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated April 27,2021, regarding the Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), where in any Statutory Auditors who is/are associated with a NBFC for a period of 3 years must vacate his/ their office and would be ineligible from conducting the Statutory Audit of the Company.

The Company in adherence to the RBI Guidelines appointed M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, (FRN.: 003990S/S200018), Bangalore, as the Statutory Auditors for the FY 2021-2022 to fill the casual vacancy caused by resignation due to ineligibility of M/s. Walker Chandiok & Co LLP, Chartered Accountants (FRN.: 001076N/N500013).

Auditors Qualification in the Audit Report:

The Auditors' Report does not contain any qualification. The notes to Accounts and Auditors report are self-explanatory and do not call for any further comments.

14. **Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed Mr. Pramod S, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the financial year

2021-2022. The Secretarial Audit Report for financial year 2021-2022 is annexed to this Report as **ANNEXURE A**. The attached Secretarial Audit Report is an unqualified report.

15. **Cost Audit:**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

16. **Declaration by Independent Directors:**

The independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

17. **Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178:**

The Company has constituted Nomination and Remuneration Committee of the Board of Directors that reviews / meets for appointment of Directors and Senior Management. The Committee also reviews the remuneration of Senior management and the performance appraisal process of the company. The Company is under process of finalizing a well-defined Board Evaluation methodology/policy for evaluating the performance of the Board members of the Company.

18. **Particulars of loans, guarantees or investments under Section 186 of the Companies Act 2013:**

During the year under review, the Company has not advanced any loans or given guarantees to or made investments in the companies covered under Section 186 of the Companies Act, 2013.

19. **Particulars of contracts or arrangements with related parties:**

All transactions entered by the Company with Related parties were in the Ordinary course of business and at Arm's Length pricing basis. There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Promoters, Directors, Management, or their relatives during the financial year 2021-2022 that could have had a potential conflict with the interest of the Company. Suitable disclosures as required under IND AS 24 have been made in Note 44 of the Notes to the financial statements. Details of the transactions are provided in Form AOC-2, as required under Section 134 (3)(h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, which is annexed to this report **Annexure C.**

20. **Number of Board Meetings held during the financial year ended March 31, 2022:**

6 (Six) Board Meetings were held during the financial year on:

19th May 2021, 11th August 2021, 10th November 2021, 30th November 2021, 10th February 2022, and 16th February 2022. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Attendance details of the directors:

Name	Board Meeting	
	No. of meetings entitled to attend	No. of meetings attended
Mr. Anand Sudarshan	6	5
Mr. Steven Hardgrave	6	6
Mr. Brajesh Mishra	6	6
Ms. Jyotsna Krishnan*	3	2
Mr. Nirav Avinashbhai Khambhati*	4	3
Mr. Sunil Satyapal Gulati	6	6
Mr. Raj Shastri*	2	2
Ms. Anuradha Ramachandran	6	5
Mr. Ashish Agrawal	6	6
Mr. Kumar Ramanathan	6	3
Mr. Ashish Garg	6	5

* Mr. Raj Shastri resigned w.e.f. August 31, 2021

* Mrs. Jyotsna Krishnan resigned w.e.f. November 10, 2021

* Mr. Nirav Avinashbhai Khambhati appointed as a Nominee Director w.e.f. November 10, 2021

21. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The provisions of Section 134(3) (m) of the Companies Act, 2013, and the rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing company. Although the operations of the company are not energy intensive, the management is highly conscious of the certainty of the conservation of energy at all operational levels. Your Company has been increasingly using information technology in its operations and promotes conservation of resources.

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy

(i)	the steps taken or impact on conservation of energy	Since the Company is not engaged in any manufacturing activity,
(ii)	the steps taken by the company for utilizing alternate sources of energy	

(iii)	the capital investment on energy conservation equipment's	the particulars are not applicable.

(b) Technology absorption

(i)	the efforts made towards technology absorption	Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	

(c) Foreign Exchange Earnings and Outgo

Particulars	Amount in Rs. Lakhs
Foreign Exchange Earnings	Nil
Foreign Exchange Expenditure	104.18

22. **Net Worth of the Company:**

Particulars	Standalone (Amount in Rs. Lakhs)	
	As on 31.03.2022	As on 31.03.2021
Net-worth of the company	39,042	38,653

23. **A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which is in the opinion of the Board may threaten the existence of the company:**

The Company has constituted the Risk Management Committee, Asset Liability Management Committee and has a well-defined Risk Management Policy to review and monitor risks at periodic intervals along with developing and implementing Risk Management procedures to combat/mitigate the risk. As on the date of this report

the Board does not perceive any risk which may threaten the existence of the Company.

24. **The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year:**

The Company as per the requirement of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendment thereof has constituted the Corporate Social Responsibility Committee ("CSR Committee") of the Company and the approved CSR policy of the Company is attached as **Annexure D** to this report.

Based on the recommendations of Corporate Social Responsibility (CSR) Committee vide their meeting dated March 31, 2022, the Board vide its meeting dated May 18, 2022, had approved spending of CSR funds for the FY 2021-2022 and the amounting to Rs. 44.87 Lakhs towards following avenues as recommended by the CSR Committee:

a) Rs. 10 Lakhs towards Varthana School Unlock Program via implementing agencies.

b) Rs. 28 Lakhs towards Varthana School Unlock Program via direct spending.

c) Rs. 6.87 lakhs towards early childhood education materials purchased by Varthana from Hippocampus and distributed to beneficiary schools.

The Company has spent the required amount of CSR expenditure as on March 31, 2022.

25. **The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

26. **The details in respect of adequacy of internal financial controls with reference to the Financial Statements:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguard 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 disclosures. The Board certifies that the internal financial controls are adequate and are operating effectively.

27. **Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at

workplace. The Company has received 1 (One) complaint on sexual harassment during the financial year 2021-2022 and it has been closed.

28. Annual Return:

In pursuance to the provisions of Section 92(3) of the Companies Act, 2013 read with Rules made thereunder and amended time to time, a copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/ MCA, is hosted on the Company's website.

29. Directors' Responsibility Statement:

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.

(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, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(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.

Acknowledgment

Your directors wish to place on record their sincere thanks and appreciation to its Investors, shareholders, suppliers, customers, employees, bankers and the Central and State governments for their continued co-operation and support.

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly Thirumeni Finance Private Limited)

Steven Hardgrave
Director
(02189073)

Brajesh Mishra
Director
(02292429)

Date: 18/05/2022
Place: Bangalore

Annexure - B

Management Discussion and Analysis Report

Varthana Finance Private Limited (Formerly Thirumeni Finance Private Limited) (the Company), is a Non-Banking Financial Company ("NBFC") incorporated on June 12, 1984 under the provisions of the Companies Act, 1956. During the year under review, Company changed its name from Thirumeni Finance Private Limited to Varthana Finance Private Limited to align its name with its brand name and trademark "Varthana". The Company is registered as a non-deposit accepting Non Banking Financial Company with the Reserve Bank of India ("RBI") and based in Bangalore, India. The Company provides secured and unsecured loans to affordable private schools and provides unsecured student loans in India. The Company is guided by its Vision & Mission Statements with the foundation of sound Principles and Values.

Global Outlook, Indian Economy, Industry structure, developments & outlook:

Globally, the markets are expected to reflect the difficult economic environment. The world's largest economy, the US will be witnessing an elongated period of inflation and economic slowdown as the regulators scramble to tighten the flow of money. The impact will be felt globally, including in India. In other parts of the world, the ongoing war-like situation will put pressure on fuel prices which is one of the biggest factors influencing inflation. Closer home, the impact of inflation management is already being felt in terms of tightening of liquidity and gradual increasing of interest rates. Additionally, the pandemic has had an adverse effect on the demographic dividend narrative. While the higher income schools continued to provide online learning, the average child in affordable schools is at least two years behind. Given that a third of India's young study in such affordable schools, the magnitude of the problem is unfathomable. The immediate impact will be felt over the next few years as these children graduate and join the workforce with a very weak educational foundation. We expect that the country as a whole will have to spend a very large amount of money on bridge courses and retraining so that our youth become job ready.

The story with the younger cohorts will be different. Being witness to the unfolding of the current crisis, parents of younger children will proactively bring back their children from government schools to private schools, thereby increasing the demand for more seats and hence more classrooms and more school buildings. Parents will also be more demanding on modern tools being used for imparting education, compelling the schools in smaller towns to invest in online education, ed-tech and the likes. The demand for education in private schools, informal education like coaching and tutorials, test-prep for competitive exams and up-skilling courses is expected to rise sharply over the coming years, making it very attractive for finance companies in the school and student finance space. It is expected that more players will enter this segment and the space will see heightened competition in the coming years. Varthana is poised very well to make significant gains from this opportunity. The company has launched several initiatives on the sales and marketing front, on digitization of processes and launching products for new segments. Varthana has also been selected as one of the official finance partners for NSDC which will give a unique opportunity to Varthana to grow its business in the segments that need the most financial support.

Discussion on financial performance with respect to operational performance, segment-wise or product-wise performance:

As on March 31, 2022, the Company was present across 14 states covering 36 Hub and 184 spoke locations. The total gross loan portfolio as on March 31, 2022, was Rs. 953 Crores and the disbursements for the year were at Rs. 123 Crores.

Total revenue from operations for the year was Rs. 19,011 lakhs, a decrease of 9.96% over the last year. In view of the extended impact of the pandemic, the company took the prudential measure of having higher provisions. Provisions and write-offs amounted to Rs. 4,107 lakhs for the year ended March 31, 2022, a decrease of 34% over the previous year. The Company reported a net profit of Rs. 2.52 Crore.

	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY 21-22
Total No. of Loans Disbursed	**1,604**	**1,958**	**2,389**	**2,069**	**2,785**	**2474**
No. of Secured Loans	*875*	*1,296*	*1,231*	*840*	*1270*	*287*
No. of Unsecured Loans	*729*	*662*	*737*	*817*	*1025*	*249*
No. of ECLGS Loans	-	-	-	-	*136*	*567*
No. of Student Loans	-	-	*421*	*412*	*354*	*1371*
No. of Active School Loans	2,805	3,743	4,069	4,267	5,924	6247
No. of Active Student Loans	-	-	400	575	571	1661
Total Disbursements (₹ Crore)	**286**	**533**	**534**	**351**	**96**	**123**
Secured Disbursements (₹ Crore)	*259*	*504*	*497*	*317*	*67*	*59*
Unsecured Disbursements (₹ Crore)	*26*	*29*	*36*	*30*	*9*	*8*
ECLGS (₹ Crore)	-	-	-	-	*17*	*43*
Student Loan Disbursements (₹ Crore)	-	-	*2*	*4*	*3*	*13*
Total Outstanding Loan Portfolio (₹ Crore)	**402**	**781**	**1,099**	**1,104**	**1,045**	**946**
% Secured	*88%*	*94%*	*95%*	*95%*	*95%*	*97%*
% Unsecured	*12%*	*6%*	*5%*	*5%*	*5%*	*3%*
Total Headcount	**256**	**407**	**535**	**706**	**627**	**722**
Relationship Managers	116	173	200	227	173	185
Branches	22	26	30	36	36	36
States	11	13	14	14	14	14

	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY 21-22
PAR 1-30 DPD	1.17%	0.77%	0.85%	2.76%	2.76%	5.10%	4.68%	5.66%
PAR 31-90 DPD	2.40%	2.49%	3.63%	4.00%	7.44%	9.00%	6.37%	16.04%
PAR 90 + DPD	1.12%	1.09%	1.30%	1.07%	1.46%	6.40%	2.44%	11.17%
GNPA %	0.42%	0.69%	1.51%	1.17%	1.90%	7.17%	2.91%	12.07%
NNPA %	0.04%	0.24%	0.47%	0.30%	0.59%	4.29%	1.41%	5.92%
GNPA (₹ Lakhs)	23	120	569	896	1,999	7,854	3,043	11509
NNPA (₹ Lakhs)	2	42	177	227	615	4,550	1,449	5271
Gross Loan Portfolio (₹ Lakhs)	5443	17,300	37,677	76,823	1,05,442	1,09,484	1,03,826	95315
Net Loan Portfolio (₹ Lakhs)	5,422	17,222	37,285	76,154	1,04,058	1,05,049	96,065	83985

Opportunities & Threats:

Opportunities

i. One of the very few dedicated lenders to affordable private schools in India
ii. Understanding of niche segment helps in offering product relevant to the customer segment with simplified and prompt loan appraisal and disbursements
iii. Unique approach to support schools in their academic activities and teacher training and support activities
iv. Opportunities available in terms of student loans for the students graduating from the target customer base

Threats

i. Disruption caused by the Covid-19 pandemic across various sectors and particularly for the affordable private schools
ii. Increased competition from larger NBFCs with a higher credit rating and lower cost of capital.
iii. Ensuring sufficient liquidity to tide over the uncertain times and cost attached with the additional liquidity buffer
iv. Maintaining portfolio quality
v. Balancing Asset –liability mismatch for the Company

Risks – concerns and management:

The impacts of the COVID-19 pandemic continued into FY22, contributing to ongoing volatility in global and Indian financial markets. Lock downs at the start of the year caused many economic activities to stall, having an impact on income levels of people across various segments. Even when there are no formal lockdowns, economic activities remain restricted causing loss of livelihood for many. Educational institutes continue to be one of the most impacted due to lengthy government-imposed lockdowns. Although online academic activities gained importance, students in the affordable segment had limited

capability to avail this opportunity. These factors have had an impact on the repayment capacity, growth plans and the nature and demand for credit for schools in this segment, although the schools are expected to resume normal operations from June 2022 onwards.

Risk Management:

The Company has constituted the Risk Management Committee, Asset Liability Management Committee and has a well-defined Risk Management Policy to review and monitor risks at periodic intervals along with developing and implementing Risk Management procedures to combat/mitigate the risks. The Company continues to strengthen its risk management framework with the appointment of Chief Risk Officer and Head of Fraud Risk Control last year along with implementation various tools, software's and well defined standard operating processes to mitigate risk.

The Company has established detailed procedures and policies for underwriting across various product categories and they remain under continues evaluation and are updated from time to time as may be required. The Company underwrites loans on the basis of assessed cash flows of customers, or other such credit evaluation tools as it deems necessary, including inputs from credit bureau information reports as required. The Company also considers factors such as the underlying collateral and the LTV ratios approved for the customer. These policies are regularly monitored against desired outcomes for the organisation and revised as necessary.

Internal control systems and their adequacy:

The Company has internal control systems that are adequate and commensurate with the size and nature of its operations. These systems ensure effectiveness and efficiency of operations, reliability of financial controls and compliance with applicable laws and regulations.

The Company has an Internal Audit Department, which reports to the Audit Committee of the Board of Directors. The internal audits cover Branches, various Departments & Processes at Branch offices and Head Office at regular intervals. The Annual Audit Plan is drawn up based on the Risk assessment of the auditable units and the audit frequency is decided based on the risk profile of branches. The scope of various audits is reviewed and continuously modified to keep pace with a dynamic business environment.

The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Human Resources:

The Company recognises that people play a critical role in achieving its goals. We therefore understand that it is imperative that we have employees who are highly capable, are engaged and have the motivation to convert vision into a reality.

"The Company has been recognized and certified as a *"Great Place to Work"* as assessed by the Great Place to Work® Institute, for the fourth consecutive year with a higher score compared to last year. Varthana was recognised as among the "Top 100 India's Best Companies to Work for 2021", as well as among "India's top 30 Workplaces in BFSI 2021"

A total of 652 employees were on rolls of the Company as on March 31, 2022.

At Varthana, we are successfully owing to the culture of trust, transparency, empowerment, innovation, and a non-hierarchical organizational structure. By cultivating

a culture of continuous learning, we ensure that our people grow and have opportunities to succeed. We strive to make sure that they have a good work-life balance. We continue to emphasise rigour in our performance management, rewards, and recognition practices, which has resulted in excellent results and increased employee motivation.

Cautionary Statement: Certain statements in the Management Discussion and Analysis could be forward looking statements within the meaning of applicable law. Actual results may vary significantly from the forward-looking statements due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political risks within and outside India, volatility in interest rates, change in Government or regulatory policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Annexure C

FORM AOC-2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

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

Sl. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts/arrangements/transaction	-
c)	Duration of the contracts/arrangements /transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

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

Sl.No.	Particulars	Details	Details
a)	Name (s) of the related party & nature of relationship	Name: Nature of Relationships:	Name: Nature of Relationships:
b)	Nature of contracts/arrangements/transaction	-	-
c)	Duration of the contracts/arrangements /transaction	-	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-	-
e)	Date of approval by the Board	-	-
f)	Amount paid as advances, if any	-	-

ANNEXURE –D

1. **Brief outline on CSR Policy of the Company:**

Philosophy:

Varthana Finance Private Limited (Formerly Thirumeni Finance Private Limited) ("Varthana", "the Company") recognizes that business enterprises are economic organs of the society and draw on the societal resources; it is this belief that a Company's performance must be measured by its contribution to build economic, social and environmental capital towards enhancing societal sustainability.

In line with this belief, the Company continues to and shall further endeavour to undertake Corporate Social Responsibility ("CSR") programs which shall be replicable, scalable and sustainable.

CSR Vision and Guiding Principles

i. Our CSR vision is to work for the welfare and sustainable development of the community in and around our areas of operation, besides need based response to the requirements in other parts of the country with major focus on the education sector in line with the vision of the Company.

ii. The Company will observe in letter and spirit the cardinal principles and underlying objectives of the Government in prescribing CSR and for this purpose always strive to design CSR programs within the broad scope of the activities listed under Schedule-VII to the Companies Act, 2013 as amended from time to time.

iii. The Company shall endeavour to adopt best practices and integrate them into its CSR activities.

2. **Composition of CSR Committee:**

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Anand Sudarshan	Independent Director	1	1

2.	Mrs. Anuradha Ramachandran	Nominee Director	1	0
3.	Mr. Steven Hardgrave	Executive Director & CEO	1	1
4.	Mr. Brajesh Mishra	Executive Director & COO	1	1

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

   The composition of CSR committee, CSR Policy and CSR programmes approved by the Board can be accessed on the website of the Company at www.vardhana.com

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
NOT APPLICABLE			

6. **Average net profit of the company as per section 135(5);** Rs. 22,42,63,510/

7. **(a) Two percent of average net profit of the company as per section 135(5):** Rs. 44,85,270/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: N.A.

   (c) Amount required to be set off for the financial year, if any: N.A.

   (d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 44,85,270/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
For the FY 2021-2022: Rs. 44,88,639/-	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
	Not Applicable		Not Applicable		

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project Duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1	Varthana School Unlock Program	(ii) Promoting Education	No - Nation Wide Approach	Nation Wide Approach		2 years Approx	741,663	10,00,000	Not Applicable	No	Bangalore Ladies Circle Charitable Trust (Round Table)	CSR0001 5454
2	Varthana School Unlock Program	(ii) Promoting Education	No - Nation Wide Approach	Nation Wide Approach		2 years Approx	28,01,639	28,01,639	Not Applicable	Yes	NA	NA
3.	Early Childhood Development Materials	(ii) Promoting Education	No - Nation Wide Approach	Nation Wide Approach		2 years Approx	6,87,000	6,87,000	Not Applicable	Yes	NA	NA
	TOTAL						**42,30,302**	**44,88,639**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
NIL									

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 44,88,639/-

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135 (5)	**Rs.44,85,270**
(ii)	Total amount spent for the Financial Year	**Rs. 44,88,639**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**NIL**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	**NIL**
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**NA**

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of Transfer	
1	FY 2019-2020	NA	Rs. 24,48,224	NA	NA	NA	Rs. 35,69,043
2	FY 2020-2021	NA	Rs. 1,26,41,052	NA	NA	NA	NIL
3	FY 2021-2022	NA	Rs. 44,88,639	NA	NA	NA	NIL

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project Duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
NOT APPLICABLE								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(Asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).: N.A

(b) Amount of CSR spent for creation or acquisition of capital asset: N.A

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: N.A.

(d) Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset): N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).: N.A.

For and behalf of Varthana Finance Private Limited
(Formerly Thirumeni Finance Private Limited)

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

Steven Hardgrave
Chairman of CSR Committee
CEO & Director
(02189073)

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

Brajesh Mishra
COO & Director
(02292429)

INDEPENDENT AUDITORS' REPORT

To the Members of Varthana Finance Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Varthana Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No 48 to the financial statements which describes the impact of the COVID-19 pandemic on the operations and financial position of the company, including the Company's estimate of impairment losses and the continuing uncertainties which may require changes in such estimates in the future.

Our conclusion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report and business responsibility report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Management and Those Charged with Governance for Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

i. The Company does not have any pending litigations as at 31 March 2022 which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified

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BANGALORE

in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in notes to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The Company has not declared any dividend during the current year, and hence the compliance with Section 123 of the Companies Act, 2013 while paying dividend is not applicable to the Company

3. With respect to the matter to be included in the Auditors' Report under section 197(16):

Requirements of section 197 read with Schedule V to the Act do not apply to the Company

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No 003990S/S200018

Seethalakshmi
Partner
Membership No. 208545
UDIN: 22208545AJEZZR2995

Place of Signature: Bangalore
Date: 18th May 2022

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Varthana Finance Private Limited ("the Company") on the financial statements as of and for the year ended 31 March 2022.

(i) (a)

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property. In respect of immovable properties of land and building that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company being an NBFC, reporting under clause 3(iii)(a) to (e) are not applicable and also The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

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(vi) The maintenance of cost records has not been specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

(vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix)

(a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared wilful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x)

(a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

PKF SRIDHAR & SANTHANAM LLP
Firm Regn.No: 003990S/S200018
BANGALORE

(xi)

(a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the company during the year and shared with us for reporting under this clause.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).

(xiv)

(a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable to the Company.

(xvi)

(a) Based on our audit procedures and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934) and such registration has been obtained by the company.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

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(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx)

(a) Based on our audit procedures and according to the information and explanations given to us, in respect of other than ongoing projects, the Company having spent the required amount, there is no amount pending to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to transfer unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135. Accordingly, paragraph 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn.No: 003990S/S200018

Seethalakshmi
Partner
Membership No. 208545
UDIN. 22208545AJEZZR2995

Place of Signature: Bangalore
Date: 18th May 2022

Annexure B

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Vartha Finance Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

We have audited the internal financial controls with reference to financial statements of Varthana Finance Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No 003990S/S200018

Seetnalakshmi
Partner
Membership No. 208545
UDIN 22208545AJEZZR2995

Place of Signature: Bangalore
Date: 18th May 2022

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Balance Sheet as at 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

ASSETS	Notes	As at 31 March 2022	As at 31 March 2021
Financial assets			
Cash and cash equivalents	4	9,188	9,883
Bank balances other than cash and cash equivalents	5	2,723	1,962
Derivative financial instruments	6	-	-
Loans	7	85,823	98,031
Investments	8	2,807	3,116
Other financial assets	9	313	92
		1,00,854	1,13,044
Non-financial assets			
Current tax assets (net)	10	386	170
Deferred tax assets (net)	11	3,260	2,524
Property, plant and equipment	12	225	249
Other intangible assets	13	79	107
Other non-financial assets	14	261	343
		4,211	3,393
Total assets		1,04,865	1,16,437
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	152	998
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		35	512
Debt securities	16	11,109	18,484
Borrowings (other than debt securities)	17	42,896	56,775
Other financial liabilities	19	10,949	436
		65,141	77,205
Non-financial liabilities			
Current tax liabilities (net)	20	38	-
Provisions	21	408	330
Other non financial liabilities	22	236	235
		682	565
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,606	5,606
Other equity	25	33,398	33,023
		39,042	38,667
Total liabilities and equity		1,04,865	1,16,437

Summary of significant accounting policies
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bangalore
Date: 18 May 2022

PKF SRIDHAR & SANTHANAM LLP
Firm Regn.No: 003990S/S200018
BANGALORE

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

VARTHANA FINANCE PVT. LTD.
Bangalore
560 043

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 18 May 2022

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations			
Interest income	26	18,319	19,939
Fees and commission income	26	317	204
Net gain on fair value changes	27	198	316
Other operating income	26	177	654
Total revenue from operations		19,011	21,113
Other income	28	62	47
Total income		19,073	21,160
Expenses			
Finance costs	29	7,963	10,356
Impairment on financial instruments	30	4,107	6,225
Employee benefits expenses	31	5,063	4,042
Depreciation, amortization and impairment	32	195	220
Other expenses	33	1,414	1,234
Total expenses		18,731	22,077
Profit/ (loss) before tax		342	(917)
Tax expense			
Current tax	34	868	702
Deferred tax	34	(778)	(850)
Profit/ (loss) for the year		252	(769)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		17	21
Income tax relating to the above item		(4)	(5)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivate financial instruments		148	(1,174)
Income tax relating to the above item		(37)	295
Other comprehensive income/ (loss) for the year, net of tax		124	(863)
Total comprehensive income/ (loss) for the year		376	(1,632)
Earnings per equity share			
Basic and Diluted	35	102	(311)
Diluted	35	102	(311)

Summary of significant accounting policies
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208548

Place: Bangalore
Date: 18 May 2022

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn.No: 003990S/S200018

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2022
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit / (loss) before tax	342	(917)
Adjustment for:		
Depreciation and amortisation expenses	195	220
Employee stock option plan expense	1	(13)
Impairment on financial instruments	4,107	6,225
Profit on sale of investments in mutual funds	(198)	(316)
Provision for employee benefits	137	119
Net gain on amortisation of processing fees and financial assets	(111)	(180)
Interest accrued on non-performing assets	(365)	227
Operating profit before working capital changes	**4,088**	**5,365**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	10,512	224
Increase/(decrease) in other non financial liabilities	(40)	(169)
Increase/ (decrease) in other payables	(477)	281
(Increase)/ decrease in loans and advances	8,632	2,682
(Increase)/ decrease in investment in security receipts	509	(3,116)
(Increase)/ decrease in other financial assets	(232)	(13)
(Increase)/ decrease in other non financial assets	83	(103)
(Increase)/ decrease in margin money deposit (net)	(761)	(592)
Cash generated from operations	**22,314**	**4,659**
Income taxes paid (net of refunds)	(1,046)	(405)
Net cash flow generated from operating activities (A)	**21,268**	**4,154**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(142)	(217)
Purchase of investment in mutual funds	(48,852)	(47,095)
Proceeds from sale of investments in mutual funds	49,050	47,412
Net cash flow generated from investing activities (B)	**56**	**100**
Cash flows from financing activities		
Lease payments	(104)	-
Long term borrowings (net)	(14,538)	(2,689)
Proceeds from issuance of Non Convertible Debentures ('NCDs and ECB')	2,700	14,597
Repayment of Non Convertible Debentures ('NCDs')	(10,075)	(16,857)
Net cash flow generated from/ (used in) financing activities (C)	**(22,017)**	**(4,949)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**(693)**	**(695)**
Cash and cash equivalents at the beginning of the year	9,883	10,578
Cash and cash equivalents at the end of the year	**9,189**	**9,883**
Components of cash and cash equivalents		
Cash in hand (₹ 13,271 (2021: ₹ 16,802))	0	0
Balances with banks in current and deposit accounts	9,188	9,883
Total cash and cash equivalents	**9,188**	**9,883**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

Varthana Finance Private Limited
(Formerly known as Thirumani Finance Private Limited)
Statement of changes in equity as at 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

A **Equity share capital**

Particulars	Equity share capital
Balance as at 1 April 2020	38
Issued during the year	-
Balance as at 31 March 2021	38
Issued during the year	-
Balance as at 31 March 2022	38

B **Instruments entirely equity in nature**

(a) **Compulsorily Convertible Preference Shares (CCPS)**

Particulars	"Series A" CCPS	"Series One" CCPS	"Series B" CCPS	"Series C" CCPS	Total
Balance as at 1 April 2020	56	1	4,860	60	4,977
Issued during the year	-	-	-	-	-
Balance as at 31 March 2021	56	1	4,860	60	4,977
Issued during the year	-	-	-	-	-
Balance as at 31 March 2022	56	1	4,860	60	4,977

(b) **Compulsorily Convertible Debentures (CCDs)**

Particulars	"Class A" CCDs	"Class B" CCDs	Total
Balance as at 1 April 2020	127	502	629
Issued during the year	-	-	-
Balance as at 31 March 2021	127	502	629
Issued during the year	-	-	-
Balance as at 31 March 2022	127	502	629

C **Other equity**

	Reserves and Surplus				Other comprehensive income		
Particulars	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Remeasurement of post employment benefit obligations	Cash flow hedge reserve	Total
Balance as at 1 April 2020	1,579	27,535	36	5,293	(26)	251	34,668
Transfer to statutory reserve	-	-	-	-	-	-	-
Employee stock option expenses	-	-	(13)	-		-	(13)
Loss for the year	-	-		(769)	-	-	(769)
Other comprehensive income		-	-	-	15	(878)	(863)
Balance as at 31 March 2021	1,579	27,535	23	4,524	(11)	(627)	33,023
Transfer to statutory reserve	50	-	-	(50)		-	-
Employee stock option expenses		-	1	-	-	-	1
Profit for the year	-		-	252	-	-	252
Other comprehensive income	-	-	-	-	13	111	124
Balance as at 31 March 2022	1,629	27,535	24	4,725	2	(516)	33,398

Summary of significant accounting policies (note 1-3)

The accompanying notes form an integral part of the financial statements
This is the Statement of Changes in Equity referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545
Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumani Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073
Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02282429
Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 18 May 2022

Varthana Finance Private Limited

(Formerly known as Utkarsh Finance Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs unless otherwise stated)

1 Background

Varthana Finance Private Limited ('the Company') is a Non-Banking Financial Company (NBFC) incorporated on 12 June 1984 under the provisions of the erstwhile Companies Act, 1956. The registered office is located in Bengaluru, Karnataka, India. The Company is registered as a systemically important non-deposit accepting Non-Banking Financial Company (NBFC-ND-SI) with the Reserve Bank of India (RBI) under Section 45-IA of the Reserve Bank of India Act, 1934. The Company provides secured and unsecured loans to educational institutions / trusts and unsecured educational loans to students. Further, in the financial year 2017-18, the Company has renewed registration having license no. CA0521 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 11 October 2020 to 10 October 2023 for procuring or soliciting insurance business for life, general and health insurers.

2 Basis of preparation

a) Statement of compliance

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act, other applicable guidelines issued by the Reserve Bank of India (RBI). The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors on 18 May 2022.

b) Historical cost convention

These financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as 'Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, share based payments which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting policies.

3 Summary of significant accounting policies

a) Basis of measurement

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies have been applied consistently for all the periods presented in the financial statements.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of property, plant and equipment, deferred tax, accrual for employee benefits and impairment of loans under the expected credit loss model. Differences between the actual results and estimates are recognised in the period in which the results are known/materialized. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss to estimate ECL:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default).

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn.No: 003990S/S200018

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

3 Significant accounting policies (continued)

b) Use of estimates (continued)

Significant management judgements(continued)

Provisions and other Contingent liabilities – At each balance sheet date based on management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

c) Income recognition

Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. Additional interest/overdue interest/penal charges, if any, are recognised only when it is reasonably certain that the ultimate collection will be made.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

In accordance with Ind AS 109, in case of securitization transactions, if the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateral borrowing for loan amounts transferred and remaining unamortised.

Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when Company's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for in the year in which it is received by the Company.

d) Borrowing costs

All ancillary borrowing cost are charged to the Statement of Profit and Loss on accrual basis as per the effective interest rate method.

e) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

f) Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company. Management estimates useful life of Computer software to be 5 years.





3 Significant accounting policies (continued)

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised on a written down value basis over the expected useful life from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Intangible assets under development
Expenditure incurred which are eligible for capitalisation under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

g) Property, plant and equipment (PPE)

Recognition and initial measurement

PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value and impairment)
Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down value method over the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

Asset Category	Estimated useful life as per management
Computer equipment	3
Furniture and fixtures	10
Office equipment	5
Software	6

Leasehold improvements are depreciated over the lease term.
Depreciation on assets purchased during the year up to ₹ 5,000 is provided @ 100% p.a.
The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De recognition

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term in exchange for consideration. The Company assesses whether a contract is, or contains a lease on inception.

Where the Company is lessee
The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of Profit and Loss.

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3 Significant accounting policies (continued)

Short-term leases and leases of low-value assets

As permitted by IND AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

a) Amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Amortised cost

A financial asset is measured at amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit and loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity except for dividend income, which is recognized in profit or loss.

De-recognition of financial assets

De-recognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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3 Significant accounting policies (continued)

Classification and subsequent measurement of financial liabilities
Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

j) *Derivative financial instruments*
The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge Accounting
The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

k) Impairment of financial assets
Loan assets
The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:
i) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

ii) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment;

iii) Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

Exposure at Default (EAD) - EAD is based on the amounts the Company expects to be outstanding as at reporting date. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis. In addition to the ECL, management may carry a overlay provision based on its assessment. Management overlay is used where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances.

Other financial assets
In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

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3 Significant accounting policies (continued)

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

l) **Impairment of non-financial assets**

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

m) **Cash and cash equivalents**

Cash and cash equivalent comprises cash on hand, balances with banks and short-term deposits with an original maturity of three months or less, that are ready convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

n) **Taxation**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted, and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

o) **Employee benefits**

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Company has an obligation towards gratuity which is being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

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3 **Significant accounting policies (continued)**

Other long-term employee benefits:
Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to other comprehensive income in the period in which such gains or losses are determined.

p) **Share based payments - Employee Stock Option Scheme ('ESOP')**
The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

q) **Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for
- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

r) **Fair value measurement**

The Company measures financial instruments, such as, derivatives and investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value

s) **Segment reporting**
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is primarily engaged in the business of financing to educational institutions/ trusts and students. The Company's activity falls within a single primary business segment. The Company operates primarily in India and there is no other geographical segment.

t) **Foreign currency**
Functional and presentation currency
The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

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4 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand (*)	0	0
Balances with banks		
- in current accounts	3 736	3 884
- term deposits with original maturity of 3 months or less	5 452	5 998
	9,188	9,883

(*) Represents cash on hand amounting to ₹13,271 (31 March 2021: ₹18,802).

5 Bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Term deposits with maturity more than 3 months (*)	2,723	1,962
	2,723	1,962

Interest accrued on deposits **

(*) Represents margin money against the borrowings with banks and financial institutions amounting to ₹1971 lakhs (31 March 2021 ₹1292

6 Derivative financial instruments

Derivative designated as hedging instruments	As at 31 March 2022	As at 31 March 2021
Cross currency interest rate swaps (CCIRS)	-	-
	-	-

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7 Loans

(At amortised cost)	As at 31 March 2022	As at 31 March 2021
Term loans within India		
Loan assets		
Secured by tangible assets	78,675	93,565
Covered by bank/ government guarantee	-	-
Unsecured	16,690	10,261
Interest accrued and due on loans	986	251
Interest accrued but not due on loans	862	1,685
	97,153	1,05,762
Less: Allowance for impairment loss	(11,331)	(7,761)
	85,823	98,001

8 Investments

Investment in Security Receipts (measured at fair value through Profit and Loss)	As at 31 March 2022	As at 31 March 2021
Investment in security receipts of PhoenixTrust FY 21-3	2,607	3,116
	2,607	3,116

9 Other financial assets

(unsecured, considered good)	As at 31 March 2022	As at 31 March 2021
Security deposits	96	82
Other Advances	218	-
	313	82

10 Current tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Advance tax	387	170
	387	170

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11 Deferred tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets on -		
Impairment loss allowance	2,852	1,953
Provision on gratuity	58	48
Provision on compensated absences	44	35
Provision on expenses	-	76
Financial liabilities at amortised cost	-	-
Financial assets at amortised cost	120	164
Depreciation and amortisation	12	37
Fair valuation of derivative financial instruments through other comprehensive income	174	211
	3,260	**2,524**
Total deferred tax assets (net)	**3,260**	**2,524**

Movement in above mentioned deferred tax assets and (liabilities)

Particulars	As at 31 March 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2022
Tax effect of items constituting deferred tax assets and liabilities:							
Impairment loss allowance	1,125	828	-	1,953	899	-	2,852
Provision on gratuity	42	11	(5)	48	15	(4)	58
Provision on compensated absences	29	6	-	35	9	-	44
Provision on expenses	46	30	-	76	(76)	-	-
Financial liabilities at amortised cost	31	(31)	-	-	-	-	-
Financial assets at amortised cost	189	(25)	-	164	(44)		120
Depreciation and amortisation	6	31	-	37	(25)	-	12
Fair valuation of derivative financial instruments through other comprehensive	(84)	-	295	211	-	(37)	174
	-	-	-	-	-		-
	1,384	**850**	**290**	**2,524**	**778**	**(42)**	**3,260**





12 Property, plant and equipment

	Leasehold improvements	Office equipment	Furniture and fixtures	Computer equipments	Right-of-Use asset (Building)	Total
Gross block						
As at 1 April 2020	23	20	36	185	204	468
Additions	-	3	16	16	190	225
Disposals	-	9	-	20	-	29
As at 31 March 2021	23	14	52	181	394	664
Additions	1	6	12	46	-	65
Disposals	-	-	-	17	138	155
As at 31 March 2022	24	20	64	209	256	573
Accumulated depreciation						
Upto 1 April 2020	15	10	13	110	131	279
Charge for the year	7	1	12	47	88	155
Disposals	-	2	-	17	-	19
Upto 31 March 2021	22	9	25	140	219	415
Charge for the year	0	5	7	33	112	157
Disposals	-	-	-	17	207	224
Upto 31 March 2022	23	13	32	157	123	348
Net block						
As at 31 March 2021	1	5	27	41	175	249
As at 31 March 2022	1	7	32	53	132	225

13 Other intangible assets

	Software	Total
Gross block		
As at 1 April 2020	389	389
Additions	3	3
As at 31 March 2021	392	392
Additions	8	8
Disposals	-	-
As at 31 March 2022	400	400
Accumulated amortisation		
Upto 1 April 2020	220	220
Charge for the year	65	65
Disposals	-	-
Upto 31 March 2021	285	285
Charge for the year	37	37
Upto 31 March 2022	322	322
Net block		
As at 31 March 2021	107	107
As at 31 March 2022	79	79

14 Other non-financial assets

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	25	13
Other advances	236	330
	261	343

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15 Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	35	512
	35	512

Note:
Based on the information available with the Company, there are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended 31 March 2022, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

16 Debt securities
(At amortised cost)

	As at 31 March 2022	As at 31 March 2021
Non convertible debentures (NCDs) (In India) (^)		
Secured	10,726	17,937
Unsecured	-	-
Interest accrued but not due		
- Debt securities	383	547
	11,109	18,484
Debt securities in India	11,109	18,484

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

(^) Refer note 39(a) for terms and conditions attached to non convertible debentures (NCDs)

17 Borrowings (other than debt securities)
(At amortised cost)

	As at 31 March 2022	As at 31 March 2021
Secured (^)		
Term loans		
From banks	4,090	10,235
From others	13,654	20,629
External commercial borrowings	20,441	20,414
Securitization liabilities	2,765	3,121
Unsecured (^)		
Term loans		
From banks	-	-
From others	1,132	1,737
Interest accrued but not due		
Borrowings (other than debt securities)	443	468
Lease liability	132	171
	42,896	56,775
Borrowings in India	22,455	36,014
Borrowings outside India	20,441	20,761
	42,896	56,775

Note
Note: There is no borrowings measured at FVTPL or designated at FVTPL.

(^) Refer note 39(b) for terms and conditions attached to borrowings from banks and financial institutions

18 Derivative financial instruments

Derivative designated as hedging instruments	As at 31 March 2022	As at 31 March 2021
Cross currency interest rate swaps (CCIRS)	152	998
	152	998

The Company is exposed to foreign currency risk from various foreign currency borrowings denominated in USD. One of the borrowings is also exposed to interest rate risk where the interest rate is linked to LIBOR. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings. Accordingly, the Company enters into 'Cross Currency Interest Rate Swaps' to hedge its cash flows.

In connection with cash flow hedges, the gains/(losses) and the related tax effects recorded as a component of other comprehensive income, are summarised below:

	Before tax amount	After tax amount
As at 1 April 2021	(998)	(747)
Change in fair value of effective portion of outstanding derivative	846	633
As at 31 March 2022	(152)	(114)

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19 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Employee benefits payable	470	436
CCD Series C1	10,421	-
Series C1 CCD	58	-
	10,949	436

20 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for income tax	38	-
	38	-

21 Provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity	232	191
Compensated absences	176	139
	408	330

22 Other non financial liabilities

	As at 31 March 2022	As at 31 March 2021
Advance from customers	123	194
Statutory dues payable	113	41
	236	235

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23 **Equity share capital**

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 100 each	3,00,000	300	3,00,000	300
	3,00,000	**300**	**3,00,000**	**300**
Issued, subscribed and fully paid-up				
Equity shares of ₹ 100 each, fully paid up	46,741	47	46,741	47
Less: Amount recoverable from Varthana Employee Welfare Trust (face value of 8,598 shares allotted to the trust) - refer note (d) below	(8,598)	(9)	(8,598)	(9)
	38,143	**38**	**38,143**	**38**

a) **Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period**

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Balance at the beginning of the year	46,741	47	46,741	47
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**46,741**	**47**	**46,741**	**47**

b) **Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares with par value of ₹ 100 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to approval of shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) **Details of shareholders holding more than 5% of equity shares in the Company**

	As at 31 March 2022		As at 31 March 2021	
	Number	% of shareholding	Number	% of shareholding
Dragonfruit Education Services LLP	30,130	64.5%	30,130	64.5%
Clever Equity Management Limited	3,571	7.6%	3,571	7.6%
Varthana Employees Welfare Trust	9,871	21.1%	9,871	21.1%

d) The Company has given an interest and collateral free loan to an Varthana Employee Welfare Trust to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company has established the ESOP Trust to which the stock options issuable (8,598 equity shares) have been transferred. The amount recoverable from the ESOP Trust has been reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares).

e) During the financial year ended 31 March 2018 and 31 March 2016, the Company had allotted 4,512 and 4,975 fully paid bonus shares respectively having face value of ₹ 100 per equity share, by capitalization of securities premium. No further bonus shares were issued during five years immediately preceding 31 March 2022.

The Company has neither issued any shares without payment being received in cash nor has there been any buyback of shares during five years immediately preceeding 31 March 2022.

24 **Instruments entirely equity in nature**

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised share capital				
"Series A" Compulsorily Convertible Preference shares of ₹100 each ("Series A" CCPS)	1,98,500	199	1,98,500	199
"Series One" Compulsorily Convertible Preference shares of ₹100 each each ("Series One CCPS)	1,500	2	1,500	2
"Series B" Compulsorily Convertible Preference shares of ₹6.398 each ("Series B" CCPS)	80,000	5,110	80,000	5,110
"Series C" Compulsorily Convertible Preference shares of ₹100 each each ("Series C" CCPS)	4,47,160	447	4,47,160	447
Total	**7,27,160**	**5,758**	**7,27,160**	**5,758**

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Issued, subscribed and fully paid-up

Compulsorily Convertible Preference Shares (CCPS)				
'Series A' CCPS of ₹100 each	55,606	56	55,606	56
"Series One" CCPS ₹100 each	1,252	1	1,252	1
"Series B" CCPS ₹6,388 each	76,084	4,860	76,084	4,860
"Series C" CCPS ₹100 each	60,148	60	60,148	60
	1,93,090	**4,977**	**1,93,090**	**4,977**
Compulsorily Convertible Debentures (CCDs)				
"Class A" CCDs ₹100,000 each	127	127	127	127
'Class B' CCDs ₹10 each	50,19,878	502	50,19,878	502
	50,20,005	**629**	**50,20,005**	**629**
Total instruments entirely equity in nature	**52,13,095**	**5,606**	**52,13,095**	**5,606**

a) Reconciliation of the number of Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible debentures (CCDs) outstanding at the beginning and at the end of the reporting period

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
i) "Series A" CCPS				
Balance at the beginning of the year	55,606	56	55,606	56
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**55,606**	**56**	**55,606**	**56**
ii) "Series One" CCPS				
Balance at the beginning of the year	1,252	1	1,252	1
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**1,252**	**1**	**1,252**	**1**
iii) "Series B" CCPS				
Balance at the beginning of the year	76,084	4,860	76,084	4,860
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**76,084**	**4,860**	**76,084**	**4,860**
iv) "Series C" CCPS				
Balance at the beginning of the year	60,148	60	60,148	60
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**60,148**	**60**	**60,148**	**60**
v) "Class A" CCDs				
Balance at the beginning of the year	127	127	127	127
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**127**	**127**	**127**	**127**
vi) "Class B" CCDs				
Balance at the beginning of the year	50,19,878	502	50,19,878	502
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**50,19,878**	**502**	**50,19,878**	**502**

b) Rights, preferences and restrictions attached to CCPS and CCDs

i) "Series A" CCPS:

The Company has issued 55,606 "Series A", 0.0001% CCPS of ₹ 100 each on 11 August 2014 and 9 July 2015 and is convertible in whole or in part, into 55,606 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series A" CCPS shall have preference over the other shareholders of the Company, including promoters but will rank pari passu with the holders of "Series One" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of 'Series A" CCPS "Series One" CCPS, 'Series B" CCPS "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS "Series One" CCPS, "Series B" CCPS 'Series C' CCPS or the CCDs as the case may be, plus any declared and unpaid dividends (ii) its pro-rata entitlement on an as if converted basis.

"Series A" CCPS will rank pari passu with "Series One" CCPS "Series B" CCPS "Series C" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of 'Series A' CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

ii) "Series One" CCPS:

The Company has issued 1,252 "Series One", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, into 1,252 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series One" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of 'Series A" CCPS, "Series B" CCPS, 'Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, 'Series B' CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A' CCPS, 'Series One' CCPS, "Series B" CCPS, "Series C' CCPS or the CCDs as the case may be plus any declared and unpaid dividends (ii) its pro-rata entitlement on an as if converted basis.

"Series One" CCPS will rank pari passu with "Series A" CCPS, 'Series B' CCPS "Series C" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series One" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

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iii) **"Series B" CCPS:**

The Company has issued 76,084 "Series B" 0.0001% CCPS of ₹ 6,382 each and is convertible in whole or in part, into 75,084 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series B" CCPS shall have preference over the other shareholders of the Company, including promoters but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series B" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series B" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

iv) **"Series C" CCPS:**

The Company has issued 60,148 "Series C", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, into 60,148 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series C" CCPS shall have preference over the other shareholders of the Company, including promoters but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series C" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series C" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

v) **"Class A" CCDs:**

The Company has issued 127 "Class A", zero coupon compulsory convertible debentures ("CCDs") of ₹ 100,000 each and is convertible in whole or in part into 3,210 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.

In a liquidation event, the holder of the "Class A" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS and "Class A" CCDs and "Class B" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

vi) **"Class B" CCDs:**

The Company has issued 5,019,878 "Class B", zero coupon compulsory convertible debentures ("CCDs") of ₹ 10 each and is convertible in whole or in part, into 12,690 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.

In a liquidation event, the holder of the "Class B" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS and "Class A" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS as the case may be, plus any declared and unpaid dividends, (ii) its pro-rata entitlement on an as if converted basis.

c) **Details of holders holding more than 5% of CCPS and CCDs in the Company**

	As at 31 March 2022		As at 31 March 2021	
	Number	% of shareholding	Number	% of shareholding
"Series A" CCPS				
Elevar M-III	13,417	24.1%	13,417	24.1%
Oi Mauritius	18,377	33.0%	18,377	33.0%
LGT Capital Invest Mauritius PCC with Cell EAP	20,461	36.8%	20,461	36.8%
"Series One" CCPS				
LGT Capital Invest Mauritius PCC with Cell EAP	550	43.9%	550	43.9%
Ramachandran Narayan	520	41.5%	520	41.5%
Moner Alexander	130	10.4%	130	10.4%

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c) Details of holders holding more than 5% of CCPS and CCDs in the Company (contn.)

"Series B" CCPS				
Elevar M III	11,903	15.6%	11,903	15.6%
LGT Capital Invest Mauritius PCC with Cell E/VP	14,373	18.9%	14,373	18.9%
ON Mauritius	11,923	15.7%	11,923	15.7%
Kaizen Private Equity	13,842	18.2%	13,842	18.2%
Turquoise Investments Limited	8,830	11.6%	8,830	11.6%
Kaizen Private Equity II Pte. Ltd	15,213	20.0%	15,213	20.0%
"Series C" CCPS				
Turquoise Investments Limited	40,159	80.1%	40,159	80.1%
Elevar M III	3,055	6.1%	3,055	6.1%
LGT Capital Invest Mauritius PCC with Cell E/VP	3,054	6.1%	3,054	6.1%
ON Mauritius	3,055	6.1%	3,055	6.1%
Class A Compulsorily Convertible Debentures				
Turquoise Investments Limited	60	47.2%	60	47.2%
Rajesh Chandra Patnaik	25	19.7%	25	19.7%
Sunil Rohokale	25	19.7%	25	19.7%
Sreeharsha Mysore Lingashastry	12	9.4%	12	9.4%
Class B Compulsorily Convertible Debentures				
LGT Capital Invest Mauritius PCC with Cell E/VP	10,80,000	21.5%	10,80,000	21.5%
Elevar M III	5,45,200	10.9%	5,45,200	10.9%
Narayan Ramachandran	5,64,768	13.2%	6,64,768	13.2%
Turquoise Investments Limited	22,28,070	44.4%	22,28,070	44.4%

d) **Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:**

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
a. For compulsorily convertible preference shares: 193,090 equity shares of ₹ 100 each	1,93,090	193	1,93,090	193
b. For compulsorily convertible debentures: 15,900 equity shares of ₹ 100 each	15,900	16	15,900	16
c. Under Employee stock option scheme: 2,560 equity shares of ₹ 100 each, at an weighted average exercise price of ₹ 25,471 each	2,560	3	2,560	3
Balance at the end of the year	**2,11,550**	**212**	**2,11,550**	**212**

25 **Other equity**

	As at 31 March 2022	As at 31 March 2021
Statutory reserve u/s 45(IC) of the RBI Act, 1934	1,620	1,579
Securities premium	27,585	27,585
Share options outstanding account	24	23
Retained earnings	4,729	4,524
Other comprehensive income	(674)	(638)
	33,399	**33,023**

Nature and purpose of reserves:

i. **Statutory reserve u/s 45(IC) of the RBI Act, 1934**
Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Securities premium
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

ii. **Share options outstanding account**
This reserve is used to recognise grant date fair value of options issued to employees under employee stock option plans.

iv. **Retained earnings**
All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

v. **Effective portion of cash flow hedges**
The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the effective portion of cash flow hedges. Amounts recognised in the effective portion of cash-flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss.

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26 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income (on financial assets measured at amortised cost)	18,144	19,662
Interest income on fixed deposit with banks and Financial institutions	175	277
Fee and commission	317	204
Other operating income	177	654
	18,813	20,797

27 Net gain on fair value changes

	Year ended 31 March 2022	Year ended 31 March 2021
Net gain on financial instruments at FVTPL		
On mutual fund units	198	316
	198	316

28 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Income from professional services	8	13
Interest income on incometax refund	-	21
Others	53	13
	62	47

29 Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
On financial liabilities measured at amortised cost		
Interest expense on:		
- term loans	3,673	6,248
- debt securities	1,563	2,445
- external commercial borrowings	2,423	2,402
Other borrowing costs	284	261
	7,963	10,356

30 Impairment on financial instruments

(On financial assets measured at amortised cost)	Year ended 31 March 2022	Year ended 31 March 2021
Expected credit losses on loans (*)	3,570	3,327
Loan assets written off	537	2,898
	4,107	6,225

* Includes management overlay

31 Employee benefits expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	4,548	3,650
Contribution to provident and other funds	162	153
Gratuity	68	67
Compensated absences	69	52
Staff welfare expenses	107	120
	5,053	4,042

32 Depreciation, amortization and impairment

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of tangible assets	158	155
Amortisation of intangible assets	37	65
	195	220

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33 Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Rent (^)	70	77
Travelling and conveyance	266	154
Legal and professional fee	372	366
Audit remuneration (*)	27	21
Collection charges	0	0
Rates and taxes	15	12
Communication	79	64
Printing and stationery	26	14
Insurance	107	82
Commission	3	2
Repairs and maintenance	71	65
Training and recruitment	66	53
Information technology costs	205	135
Branding and marketing	39	29
CSR expense	45	126
Miscellaneous	25	15
	1,414	1,234

(^) Includes expense related to short term leases (leases with a lease term of upto 12 months) for which recognition exemption under Ind AS 116 has been applied.

(*) Auditors remuneration		
- Statutory audit	13	14
- Limited review	10	4
- Tax audit	1	1
	23	19

34 Tax expense

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax		
- In respect of current year	866	660
- In respect of prior year		52
Deferred tax	(776)	(860)
	90	(148)

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Profit/(Loss) before tax	342	917
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	86	(231)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax expense pertaining to prior years	-	52
Tax on expense not eligible for deduction	4	31
Impact of change in tax rates	-	-
Reported income tax expense	90	(148)

35 Earnings per equity share

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders	252	(769)
Weighted average number of shares outstanding during the period	38,143	38,143
Add: Effect of potential shares for conversion of ESOPs (nos)	86	86
Add: Effect of potential shares for conversion of CCPS (nos)	1,93,090	1,93,090
Add: Effect of potential shares for conversion of CCDs (nos)	15,900	15,900
Weighted average number of shares outstanding for computing basic and diluted EPS (nos)	**2,47,219**	**2,47,219**
Earnings per share:		
Basic and Diluted (₹)	102	(311)
Nominal value - per equity share (₹)	100	100

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36 Details of terms and conditions of Debt securities and borrowings

a) Debt securities

S No.	Non Convertible Debentures (NCD)	Amount issued	Redemption terms	Nature of security	Balance outstanding as at	
					31 March 2022	31 March 2021
1	3.07%, 280 Debentures of ₹500,000 each (*)	1,400	Redeemable in single instalment on 23 August 2021	100% book debts	-	1,399
2	11.60%, 620 Debentures of ₹500,000 each	3,100	Redeemable in single instalment on 23 August 2021	100% book debts	-	3,095
3	12.72%, 400 Debentures of ₹500,000 each	2,000	Redeemable in single instalment on 16 December 2021	100% book debts	-	2,000
4	12.30%, 400 Debentures of ₹1,000,000 each	4,000	Redeemable in three instalment on 17 February 2021, 30 April 2021 and 31 July 2021	100% book debts	-	2,989
5	11.86%, 25000 Debentures of ₹10,000 each	2,500	₹ 833 lakhs redeemable on 6 August 2020 and balance in four equated instalments payable on 5 February 2021, 5 August 2021, 5 February 2022 and 5 August 2022	100% book debts	832	1,244
6	12.75%, 400 Debentures of ₹1,000,000 each	4,000	Redeemable in single instalment on 27 April 2023	90% book debts	3,997	3,994
7	12.00%, 2700 Debentures of ₹1,00,000 each	2,700	₹ 450 lakhs redeemable on 30 January 2023 and balance in four equated instalments payable on 29 Jun 2023, 29 December 2023, 1 July 2024 and 29 December 2024	100% book debts	2,670	-
8	12.75%, 648 Debentures of ₹500,000 each	3,240	Redeemable in single instalment on 3 May 2023	100% book debts	3,228	3,216
					10,726	17,937

(*) The variable interest premium is in the range of 0.00% to 9.64% per annum which will be determined on the redemption date as per the terms and conditions agreed.

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36 Details of terms and conditions of Debt securities and borrowings (Continued)

b) Borrowings (other than debt securities)

Original maturity of loan	Interest rate (p.a)	Repayment terms	No's of installment	Amount per instalment		Nature of security		Balance outstanding as at	
				Maximum	Minimum	Book debts	Cash collateral	31 March 2022	31 March 2021
I. Secured term loans from banks									
36 months	8.85% - 12.75%	Monthly	23-36	167	60	110%-120%	0%-7%	725	3,089
42 months	10.90%	Monthly	40	75	75	110%	NA	-	899
48 months	9.64% - 13.00%	Monthly	48	52	27	100%-110%	0%-7%	2,769	5,372
60 months	13.25%	Monthly	20	17	14	110%	NA	596	776
60 months	13.50%	Quarterly	20	25	25	110%	NA	-	100
II. Secured loans from others (financial institutions)									
36 months	11.00% - 13.75%	Monthly	33-37	67	10	110%-115%	NA	2,096	1,191
48 months	11.00% - 15.60%	Monthly	14-60	250	3	100%-120%	0%-3%	9,619	14,420
60 months	11.00% - 12.25%	Monthly	59-60	64	22	110%	NA	1,411	3,498
36 months	12.75%	Quarterly	12	125	125	110%	NA	374	870
48 months	12.75%	Quarterly	8-16	75	75	100%-110%	NA	-	75
60 months	12.25%	Quarterly	20	44	44	110%	0%-3%	400	575
III. Securitization liabilities									
57 months	10.15%-13.16%	Monthly	57	80	27	113%	4.00%	493	961
56 months	10.65%-13.60%	Monthly	56	126	43	110%	4.00%	1,496	2,160
48 months	12.25%	Monthly	48	105	22	110%	4.00%	776	-
IV. Secured loans from others (external commercial borrowings)									
48 months	12.15%	Quarterly	8	708	708	100%	NA	5,559	5,852
36 months	11.47%	Bullet	1	3,553	3,553	100%	NA	3,721	3,632
81 months	10.24%	Quarterly	20	572	572	100%	NA	11,161	10,931
VI. Unsecured loans from financial institutions									
48 months	12.25%-13.75%	Monthly	42	46	4	NA	NA	1,132	1,737

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37 Employee benefits plans

A **Defined benefit plan**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

	31 March 2022	31 March 2021
(i) Amount recognised in the balance sheet is as under:		
Present value of the obligation as at the end of the	232	191

(ii) Amount recognised in the the Statement of Profit & Loss

	31 March 2022	31 March 2021
Current service cost	54	56
Interest cost (net)	13	11
	67	67

(iii) Actuarial (gain)/loss recognised in other comprehensive income:

	31 March 2022	31 March 2021
Actuarial (gain) / loss arising from		
Change in demographic assumption	(25)	-
Change in financial assumption	1	(4)
From experience adjustment	8	(17)
	(17)	(21)

(iv) Changes in the present value of defined benefit obligation

	31 March 2022	31 March 2021
Defined benefit obligation as at the beginning of the year	191	168
Interest cost	13	11
Current service cost	54	56
Benefits paid	(5)	(23)
Actuarial (gain)/ loss on obligation	(17)	(21)
Defined benefit obligation as at the end of the year	232	191
Unfunded net liability recognized in balance sheet	**232**	**191**

(v) Actuarial assumptions used for determination of the liability of the Company:

	31 March 2022	31 March 2021
Discount rate	6.97%	7.06%
Expected rate of return on assets	0.00%	0.00%
Salary escalation rates	10.00%	10.00%
Attrition rate	30.00%	20.00%
Retirement age (in years)	58	58
Expected average remaining working lives of employees (in years)	24	23.95

(vi) Sensitivity analysis

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus the Company is exposed to various risks in providing the above benefit which are as follows

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below.

Gratuity	31 March 2022		31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1.0%)	(14)	16	(16)	18
Salary growth rate (- / + 1.0%)	(11)	12	(14)	15
Attrition rate (- / + 1.0%)	(4)	4	(5)	6

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior year.

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37 **Employee benefits plans (Continued)**

A **Defined benefit plan**

(vii) **Maturity profile of defined benefit obligation**

	31 March 2022	31 March 2021
Within next 12 months	30	6
Between 1-5 years	64	31
Beyond 5 years	299	365

B **Defined contribution plan**

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 of ₹156 lakhs (31 March 2021: ₹146 lakhs) and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948 of ₹4 lakhs (31 March 2021 ₹7 lakhs) has been recognized in the Statement of profit and loss under the head " Employee benefits expense".

C **Compensated absences**

Assumptions used in accounting for vacation pay:	31 March 2022	31 March 2021
Discount rate	6.97%	7.06%
Salary escalation rates	10.00%	10.00%
Attrition rate	33.00%	20.00%
Retirement age (in years)	58	58

38 **Employee Stock Option Plan (ESOP)**

The 'Thirumeni Employee Stock Option Scheme' ('TESOS') (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 16 March 2015. The Company introduced the Plan for the benefit of the employees of the Company. The plan provides for the creation and issue of 9,871 options that would eventually convert into equity shares of ₹ 100 each in the hands of the employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse.

Pursuant to the Plan, the Company granted 4,850 options till 31 March 2022 (31 March 2021: 4,850). The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2021, the Company has recorded stock compensation expenses of ₹(11) lakhs (31 March 2021: ₹ 13 lakhs)

Option activity during the year is summarised below:

	No. of options 31 March 2022	Weighted average exercise price	No. of options 31 March 2021	Weighted average exercise price
Options outstanding at the beginning	2,560	25,471	4,850	26,072
Granted during the year	-	-	-	-
Lapsed/ forfeited during the year	-	-	(2,290)	26,743
Options outstanding at the end	2,560	25,471	2,560	25,471

The grant date fair value of each option award is estimated on the date of grant using Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Options grant period	Expected volatility	Dividend yield	Risk free interest rate	Weighted average exercise price (₹)	Fair value at grant date (₹)	Weighted average remaining contractual life (years)
Grant 1	35%	17%	6.90%	19,870	1,017	3
Grant 2	29%	17%	7.30%	22,227	1,377	3
Grant 3	16%	17%	7.30%	33,238	522	3





39 Financial instruments and fair value disclosures

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2022

Particulars	Fair value through Profit and Loss	Fair value through OCI	Amortized cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	9,188	9,188	9,188
Other bank balances	-	-	2,723	2,723	2,723
Loans	-	-	85,823	85,823	85,823
Investments	2,607	-	-	2,607	2,607
Other financial assets	-	-	313	313	313
Total financial assets	**2,607**	-	**98,047**	**1,00,654**	**1,00,654**
Financial liabilities					
Payables	-	-	35	35	35
Debt securities	-	-	11,109	11,109	11,109
Borrowings (other than debt securities)	-	-	42,896	42,896	42,896
Derivative financial instruments	-	152	-	152	152
Other financial liabilities	-	-	10,949	10,949	10,949
Total financial liabilities	-	152	**64,988**	**65,140**	**65,141**

As at 31 March 2021

Particulars	Fair value through Profit and Loss	Fair value through OCI	Amortized cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	9,883	9,883	9,883
Other bank balances	-	-	1,962	1,962	1,962
Loans	-	-	98,001	98,001	98,001
Investments	3,116			3,116	3,116
Other financial assets	-	-	82	82	82
Total financial assets	3,116	-	1,09,928	1,13,044	1,13,044
Financial liabilities					
Payables	-	-	512	512	512
Debt securities	-	-	18,484	18,484	18,484
Borrowings (other than debt securities)	-	-	56,775	56,775	56,775
Derivative financial instruments	-	998		998	998
Other financial liabilities	-	-	436	436	436
Total financial liabilities	-	998	**76,207**	**77,205**	**77,205**

Notes to financial instruments

The management assessed that the fair value of cash and bank balances, loans, other financial assets, payables, debt securities, borrowings and other financial liabilities approximate the carrying amount of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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38 Financial instruments and Fair value disclosures (cont'd)

B. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are Categorised into three levels within the fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

The following table shows the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis

As at 31 March 2022

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	-	-	2,607	2,607
Financial liabilities				
Derivative financial instruments	-	152	-	152

As at 31 March 2021

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Investments			3,116	3,116
Financial liabilities				
Derivative financial instruments	-	998	-	998

The following table presents the changes in level 3 items for the period ended 31 March 2022 and 31 March 2021:

	31 March 2022
As at 01 April 2021	3,116
Additions made during the year	-
Redemption/ Sale during the year	509
As at 31 March 2022	**2,607**

There are no financial liabilities measured at fair value on recurring basis. There were no transfers between the level 3 in the reporting periods.

C. Valuation process and technique used to determine fair value

(i) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs based on the report from the bank providing the swap and are classified as Level 2

(ii) The fair value of principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date based on the report from the bank providing the swap and are classified as Level 2.

(iii) Fair value of investment in Security Receipts is determined based on the NAV declared by the ARC/Trust.

D. Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans and other financial assets	Ageing analysis, stress testing, modelling of credit risk	Bank deposits, diversification of asset base and credit limits.
Liquidity risk	Financial liabilities	Rolling cash flow forecasts	Fund raise plan to source equity and debt, as required
Market risk – Interest rate	Borrowings at variable rates	Sensitivity analysis	Diversification of portfolio, with use of derivative financial instruments
Market risk - security price	Investments in securities	Sensitivity analysis	Diversification of portfolio with focus on strategic investments
Market risk – Foreign currency	Recognised financial liabilities not denominated in Indian Rupees (₹)	Sensitivity analysis	Diversification of portfolio with use of derivative financial instruments

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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39 Financial instruments and Fair value disclosures (cont'd)

E. 1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, loans, investments, derivative instruments and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.
(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, Investments	Life time expected credit loss or fully provided for. Excess of carrying value over fair value

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Financial assets that expose the entity to credit risk:

	31 March 2022	31 March 2021
Low credit risk on financial reporting date		
Cash and cash equivalents	9 189	9,883
Other bank balances	2 723	1,962
Loans and corresponding interest receivable *	60 682	84,720
Other financial assets	313	92
Moderate credit risk		
Loans *	24 964	18,015
High credit risk		
Loans *	11 509	3,027
Investments	2 607	3,116

* These represents gross carrying values of financial assets.

E. 2 Management of credit risk for financial assets other than loans
Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is considered to be very low as the Company only deals with high rated banks. The risk is also managed by diversifying bank deposits and accounts in different banks across the country.

Other financial assets measured at amortised cost
Other financial assets measured at amortised cost includes advances to employees and security deposits. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously.

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E.3 Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	9,189	0%	-	9,189
Bank balances other than cash and cash equivalents	2,723	0%	-	2,723
Other financial assets	313	0%	-	313

As at 31 March 2021	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	9,883	0%	-	9,883
Bank balances other than cash and cash equivalents	1,962	0%	-	1,962
Other financial assets	82	0%	-	82

39 **Financial instruments and Fair value disclosures (cont'd)**

E.4 **Management of credit risk for loans**

Credit risk on loans is the single largest risk of the Company's business and therefore the Company has developed several processes and controls to manage it. The Company is primarily engaged in providing secured and unsecured loans to educational institutions / trusts and unsecured educational loans to students. The Company operates in the majority of the states in India.

E.4.1 **Credit risk measurement - Expected credit loss measurement**

Ind AS 109 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".

ECL depends on the stage of financial instrument:

- Financial instruments in Stage 1 have their ECL measured at an amount equal to expected credit loss resulting from default events possible within the next 12 months.
- Instruments in Stage 2 or Stage 3 criteria have their ECL measured based on the default events possible in the entire lifetime.

E.4.2 **Criteria for significant increase in credit risk**

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met:

(i) Quantitative criteria

The remaining lifetime probability of default at the reporting date has increased compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognized. The Company considers loan assets as Stage 2 when the delay in repayment is within the range of 30 to 89 days.

(ii) Qualitative criteria

If other qualitative aspects indicate that there could be a delay/default in the repayment of the loans, the Company assumes that there is significant increase in risk and loan is moved to stage 2.

The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

E.4.3 **Criteria for default and credit-impaired assets**

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets the following criteria:

Quantitative criteria

The company considers loan assets as Stage 3 when the default in payment has moved beyond 90 days.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- Inability to continue with business on account of permanent incapacitation or material adverse effect.

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E.4.4 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is in Stage 1, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD rates are calculated by averaging of best case and worst case scenario. PD rates may also vary based on type of loan, tenure etc.

Loss given default (LGD) computation model

LGD is the credit loss that will be incurred if the borrower defaults. It is calculated as the difference between the present value (using the EIR of the loan) of the amount that the entity expects to receive after the default event occurs and the contractual amounts due. Accordingly, the type of loan facility (secured/unsecured, type of security etc.) are important considerations while grouping loan assets into categories while determining LGD rates. All the alternative recovery options, including monetizing the security, debt restructuring etc. are considered while determining the expected credit losses after default. External costs of monetizing the collateral are also considered (if applicable).

Forward looking information

The Company has calculated PD and LGD using historical data, and has also assessed forward looking estimates such as GDP growth rate and other economic factors affecting the regions in which the Company operates and considers that the provisions including management overlay if any,appropriately reflect future expected losses.

39 Financial instruments and Fair value disclosures (cont'd)

E.4.5 Expected credit losses for loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses and management overlay %	Expected credit losses and management overlay	Carrying amount net of impairment provision
Loans (at amortised cost)	97,153	11.66%	11,331	85,823

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses and management overlay %	Expected credit losses and management overlay	Carrying amount net of impairment provision
Loans (at amortised cost)	1 05,752	7.34%	7,751	98 001

E.5 Credit risk exposure

	As at 31 March 2022			
	ECL Staging			
Categories	Stage 1	Stage 2	Stage 3	Total
Loans (at amortised cost) (*)				
- Secured	46,196	23 011	9 417	78,624
- Unsecured	12,637	1 953	2 091	16,681
Gross carrying amount	**58,833**	**24,964**	**11,508**	**95,305**
Loss allowance (**)	2,226	2 867	6 238	11,331
Carrying amount	56,607	22,097	5,270	83,974

	As at 31 March 2021			
	ECL Staging			
Categories	Stage 1	Stage 2	Stage 3	Total
Loans (at amortised cost) (*)				
- Secured	73,358	17,444	2 763	93,565
- Unsecured	9,426	571	264	10,261
Gross carrying amount	**82,784**	**18,015**	**3,027**	**1,03,826**
Loss allowance (**)	3,804	2,383	1 594	7,781
Carrying amount	78,980	15,652	1,433	96,065

* The Gross carrying amount does not include interest accrued.

**) The overall increase in loss allowance on the portfolio was driven by movements between stages as a result of increase in credit risk in general, along with management's decision to increase the total overlay provision to ₹6 070 lakhs as at 31 March 2022.

i) Provision required under IRAC for investment in SRs of ARC (Note 8) is 2293 lakhs. Overlay provision indicated above is sufficient to cover this provision requirement and higher NPA risks.





39 **Financial instruments and Fair value disclosures (cont'd)**

E.6 **Loss allowance**

The loss allowance recognized in the period is impacted by a variety of factors, as described below

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2021	**82,784**	**18,015**	**3,027**	**1,03,826**
New assets originated	9,364	492	262	10,118
Transfers from Stage 1	(18,561)	14,231	4,330	-
Transfers from Stage 2	1,916	(7,213)	5,297	-
Transfers from Stage 3	151	183	(334)	-
Assets derecognised or repaid	(16,801)	(743)	(1,094)	(18,638)
Balance as at 31 March 2022	**58,833**	**24,965**	**11,508**	**95,305**

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2020	92,158	9,472	7,854	1,09,484
New assets originated	8,897	1,469	47	10,433
Transfers from Stage 1	(11,832)	10,335	1,197	-
Transfers from Stage 2	2,518	(3,156)	638	-
Transfers from Stage 3	271	57	(328)	-
Assets derecognised or repaid	(9,228)	(482)	(6,381)	(16,092)
Balance as at 31 March 2021	**82,784**	**18,015**	**3,027**	**1,03,826**

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to those factors:

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2021	**3,804**	**2,363**	**1,594**	**7,760**
New assets originated	545	883	4,557	6,016
Transfers from Stage 1	(686)	577	219	-
Transfers from Stage 2	243	(973)	730	-
Transfers from Stage 3	103	50	(153)	-
Amount written off/ repaid	(1,573)	(134)	(739)	(2,446)
Balance as at 31 March 2022	**2,226**	**2,866**	**6,238**	**11,331**

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2020	**547**	**584**	**3,304**	**4,435**
New assets originated	3,253	1,936	17	5,176
Transfers from Stage 1	(91)	80	11	-
Transfers from Stage 2	133	(183)	50	-
Transfers from Stage 3	60	25	(83)	-
Amount written off/ repaid	(97)	(47)	(1,706)	(1,850)
Balance as at 31 March 2021	**3,804**	**2,363**	**1,594**	**7,761**

The overall increase in loss allowance on the portfolio was driven by movements between stages as a result of increase in credit risk in general, along with management's decision to increase the total overlay provision to ₹ 4,090 lakhs (31 March 2021: ₹ 645 lakhs) as at 31 March 2022. In addition, loss allowance includes 1,960 lakhs of management overlay not assigned to specific loans.

E.7 **Write off policy**

The Company writes off financial assets in whole or in part, when it has estimated there is no reasonable expectation of recovery.

The outstanding contractual amounts of such assets written off during the year ended 31 March 2022 was ₹ 537 lakhs (31 March 2021: ₹ 2695 lakhs). The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of recovery.

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39 Financial instruments and Fair value disclosures (cont'd)

F. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2022	Less than 1 year	1-5 year	More than 5 years	Total
Payables	35	-	-	35
Debt securities	2,108	9,001	-	11,109
Derivative financial instrument	-	152	-	152
Borrowings (Other than Debt Securities)	22,484	20,412	-	42,896
Other financial liabilities	470	10,476	-	10,945

31 March 2021	Less than 1 year	1-5 year	More than 5 years	Total
Payables	512	-	-	512
Debt securities	10,860	7,624	-	18,484
Derivative financial instrument	-	998	-	998
Borrowings (Other than Debt Securities)	20,972	33,513	2,290	56,775
Other financial liabilities	436	-	-	436

G.1 Market risk - Interest rate risk

G.1.1 Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2022	As at 31 March 2021
Debt securities		
Variable rate	-	-
Fixed rate	11,156	18,537
Borrowings (other than debt securities)		
Variable rate	13,624	15,722
Fixed rate	29,341	41,285

Sensitivity

The table below summarises the impact of increases/decreases in the interest rate on the Company's equity and profit for the period.

Impact on profit before tax	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest sensitivity(*)		
Interest rates – increase by 50 basis points (50 bps)	(72)	(87)
Interest rates – decrease by 50 basis points (50 bps)	72	87

(*) Holding all other variables constant

G.1.2 Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.





39 Financial instruments and Fair value disclosures (cont'd)

G.2 Market Risk - Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from External Commercial Borrowings (ECB). The Company follows a conservative policy of hedging its foreign currency exposure through Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT)

The Company's currency position is as under:

Particulars	31 March 2022	31 March 2021
Foreign Currency Assets	-	-
Foreign Currency Liabilities (*)	19,958	20,666

(*) It is fully hedged by CCIRS

Holding all other variables constant. The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap the sensitivity of profit and loss to changes in the exchange rates will be nil.

40 Capital Management

For the purpose of the Company's capital management capital includes issued equity capital, convertible preference shares, convertible debentures, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.
Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes have been made to the objectives, policies and processes from the previous years. The Company monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

	31 March 2022	31 March 2021
Debt securities	11,105	18,484
Borrowings other than debt securities	42,996	56,776
Less: cash and cash equivalents	(9,188)	(9,883)
Less: bank balances other than cash and cash equivalents	(2,723)	(1,962)
Net debt (i)	**42,094**	**63,415**
Total equity (ii)	39,042	38,667
Gearing ratio	1.08	1.64

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings.
No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

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41 **Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	9,188	-	9,188	9,883	-	9,883
Bank balances other than cash and cash	2,455	268	2,723	1,839	123	1,962
Derivative financial instruments	-	-	-	-	-	-
Loans	15,295	70,558	85,823	14,986	83,013	98,001
Investments	-	2,607	2,607	-	3,116	3,116
Other financial assets	277	36	313	54	28	82
	-	-				
Non-financial assets	-	-				
Current tax assets (net)	-	386	386	-	170	170
Deferred tax assets (net)	-	3,260	3,260	-	2,524	2,524
Property, plant and equipment	44	181	225	-	249	249
Other intangible assets	-	79	79	-	107	107
Other non-financial assets	261	-	261	343	-	343
Total assets	**27,490**	**77,375**	**1,04,865**	**27,107**	**89,330**	**1,16,437**
Liabilities						
Financial liabilities						
Derivative financial instruments	-	152	152	-	998.00	998
Trade payables						
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	35	-	35	512	-	512
Debt securities	2,108	9,001	11,109	10,860	7,624	18,484
Borrowings (other than debt securities)	22,484	20,412	42,896	20,972	35,803	56,775
Other financial liabilities	470	10,479	10,949	436	-	436
Non-financial liabilities						
Current tax liabilities (net)	-	38	38	-	-	-
Provisions	80	328	408	38	292	330
Other non financial liabilities	236	-	236	236	-	236
Total liabilities	**25,414**	**40,410**	**65,823**	**33,053**	**44,717**	**77,770**

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42 Transfer of financial assets

A Transferred financial assets that are not derecognised in their entirety

In the course of its finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitized its loan assets to unrelated and unconsolidated special purpose vehicles (SPVs). The Company does not hold any equity or other interest in the SPV and does not control these SPVs. As per the terms of the agreements, the Company is exposed to first loss default guarantee and cash collateral and therefore continues to be exposed to significant risk and rewards relating to the underlying loan assets. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

	As at 31 March 2022	As at 31 March 2021
Securitisations		
Carrying value and fair value of securitised assets	2,642	3,121
Carrying value and fair value of securitised liabilities	2,765	3,288

B Transferred financial assets that are derecognised in their entirety

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets expires, or transfers the contractual rights to receive the cash flows from the asset. The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets qualify for derecognition.

	Year ended 31 March 2022	Year ended 31 March 2021
No. of Accounts Sold	-	101
Aggregate value (net of provisions) of accounts sold	-	315
Aggregate consideration	-	3,917
Aggregate gain/loss over net book value	-	3,602

43 Contingent liabilities not provided for

	As at 31 March 2022	As at 31 March 2021
Credit enhancements provided by the Company towards securitisation transactions (including cash collaterals, principal subordination)	1,918	1,954
Pending litigations (refer note below)	-	-

Note:

The Company has certain litigations pending which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director

ii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel	
	31 March 2022	31 March 2021
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	101	51
Mr. Brajesh Kumar Mishra	105	53
Reimbursement of expense		
Mr. Brajesh Kumar Mishra	1	1

iii) Balance receivable / (payable) with related parties as at the year end are as follows

There were no balance receivable/(payable) with related parties as at the 31 March 2022 and 31 March 2021.

There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person - Both Current and Non-current

Note:

The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.

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45 Segment information

The Company is engaged in lending to educational institutions/ trusts and educational loan which is considered to be the only reportable business segment as per Ind AS 108 'Segment Reporting'. The Company operates primarily in India and there is no other geographical segment.

46 Events occuring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2022 and the date of authorization of these financial statements.

47 Corporate Social Responsibility (CSR)

As per Section 135 of the Act, a CSR committee has been formed and functional at the Company.

		Year ended 31 March 2022	Year ended 31 March 2021
a)	Gross amount required to be spent by the company during the year.	46	126
b)	Amount spent during the year on.		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	46	126

48 Impact on SARS-CoV-2 (Covid-19)

The SARS-CoV-2 virus responsible for COVID -19 continued to affect India and the rest of the world, causing ongoing volatility in global and Indian Financial Markets and inconsistent recovery of economic activities. The education sector, in particular, has been affected with most state governments mandating extended school closures to the spread of the Delta variant. To address the ongoing disruptions to economic activity, the RBI has extended several initatives to support the financial services sector and provided updates on asset classification. The Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRACP norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2022.

The pandemic has also resulted in a significant lower loan originations and put constraints on recovery of overdues from customers. The Company raised additional capital in FY22 providing adequate liquidity for the foreseeable future. Accordingly, the Company does not expect a stress in the liquidity situation in the immediate future.

The Company has recognized provisions as on 31 March 2022 towards its loan assets, based on the information available at this point of time including economic forecasts, in accordance with the Expected Credit Loss method and applied management overlays based on the policy approved by the board for the purpose of determination of the provision for impairment of financial assets. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statements.

With high levels of vaccination in India and throughout the world, the outlook is that the impact of COVID-19 on economic activity will diminish in the coming years. However, the extent to which the COVID-19 will impact the Company's operations and financial metrics will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic.

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49 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

	Particulars	As at 31 March 2022	
	Liabilities side:	Outstanding	Overdue
1	**Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid**		
	(a) Debentures		
	: Secured	11,109	-
	: Unsecured	629	-
	(other than falling within the meaning of Public deposits)		
	(b) Deferred credits	-	-
	(c) Term loans	42,764	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial paper	-	-
	(f) Public deposits	-	-
	(g) Other loans		
	Other unsecured loans against assets of the Company	-	-
	Secured loans against assets of the Company	-	-
	Overdraft facility	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

	Assets side :	As at 31 March 2022 Outstanding
3	**Break-up of Loans and advances including bills receivables (other than those included in (4) below) :**	
	(a) Secured	71,852
	(b) Unsecured	13,941
4	**Break-up of Leased Assets and stock on hire and other assets counting towards** AFC activities	
	(I) Lease assets including lease rentals under sundry debtors :	-
	(a) Financial lease	-
	(b) Operating lease	-
	(II) Stock on hire including hire charges under sundry debtors :	-
	(a) Assets on hire	-
	(b) Repossessed assets	-
	(III) Other loans counting towards AFC activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments :**	
	Current Investments :	
	1. Quoted :	
	(I) Shares :	-
	(a) Equity	-
	(b) Preference	-
	(II) Debentures and bonds	-
	(III) Units of mutual funds	-
	(IV) Government securities	-
	(V) Others (please specify)	-
	2. Unquoted :	
	(I) Shares :	-
	(a) Equity	-
	(b) Preference	-
	(II) Debentures and bonds	-
	(III) Units of mutual funds	-
	(IV) Government securities	-
	(V) Others :	-
	(a) Certificate of deposit	
	(b) Commercial paper	

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49 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

Assets side :	As at 31 March 2022 Outstanding
5 Break-up of Investments (cont'd):	
Long Term Investments :	
1. Quoted :	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2. Unquoted :	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (ir security receipts)	2,607
Total	2,607

6 Borrower group-wise classification of assets financed:

Category	31 March 2022		
	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries -	-	-	-
(b) Companies in the same group -	-	-	-
(c) Other related parties -	-	-	-
2. Other than related parties -	71,882	13,941	85,823
Total -	71,882	13,941	85,823

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at 31 March 2022	
	Book Value (Net of Provisions)	Market value/Breakup or fair value or NAV
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	2,607	2,607
Total	2,607	2,607

8 Other information

Category	As at 31 March 2022
(i) Gross Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	11,502
(ii) Net Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	5,270

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50 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

Disclosure on Restructured Accounts:

Sl. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01 April 2021	No. of borrowers	239	2	2	-	243
		Amount	11,847	29	79	-	11,945
		Provision thereon	1,652	8	19	-	1,689
2	Fresh restructuring during the year	No. of borrowers	81	-	-	-	81
		Amount	7,945	-	-	-	7,945
		Provision thereon	973	-	-	-	973
3	Upgradations to restructured standard	No. of borrowers	-	-	-	-	-
		Amount	-	-	4	-	4
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year ended 31 March 2022 and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	18	1	-	-	19
		Amount	723	2	-	-	725
		Provision thereon	100	1	-	-	101
7	Restructured Accounts as on 31 March 2022	No. of borrowers	182	1	2	-	185
		Amount	19,063	28	71	-	19,161
		Provision thereon	3,673	12	50	-	3,735

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51 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (as amended by time to time) issued by the RBI.

A. Capital to Risk Asset Ratio ('CRAR'):

	As at 31 March	As at 31 March 2021
CRAR (percent) (*)	55.43%	35.69%
CRAR – Tier I Capital (percent)	54.52%	34.75%
CRAR – Tier II Capital (percent)	0.92%	0.91%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-
Liquidity coverage ratio (**)	5.40	2.89

(* Increase in CRAR as at March 2022 is due to infusion of equity during 2022;
(** Increase in Liquidity coverage ratio as at March 2022 is due to lower short term borrowings obligations;

B. Investments

Particulars	31 March 2022	31 March 2021
Value of Investments		
(i) Gross value of investments		
(a) In India	2,607	3,116
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	2,607	3,116
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

C. Derivatives

a) Interest rate swaps:

Particulars	31 March 2022	31 March 2021
i The notional principal of swap agreements	19,959	20,667
ii Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii Collateral required by the applicable NBFC upon entering into swaps	4,530	4,530
iv Concentration of credit risk arising from the swaps (in USD lakhs)	270	280
v The fair value of the swap book (asset/(liability))	(152)	(998)

b) Exchange Traded interest rate (IR) derivatives : The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on risk exposure of derivatives

Qualitative disclosures:

The Company has a Board approved policy in dealing with derivative transactions. It consists of hedging of foreign currency transactions which includes interest rate and foreign exchange rate risks, including cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the the gain or loss in fair value is recognised in Other Comprehensive Income and the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Quantitative Disclosures

Particulars	31 March 2022		31 March 2021	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
i Derivatives (Notional principal amount) - for hedging		19959		20,667
ii Marked to market positions				
a) Assets (+)	-	-		(998)
b) Liability (-)		(152)	-	-
iii Credit exposure	-	-	-	-
iv Unhedged exposures	-	-	-	-

Note: The company has no unhedged foreign currency exposure on 31 March 2022 and 31 March 2021

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D. **Details of financial assets sold to securitisation/reconstruction companies for asset reconstruction**

Particulars	Year ended 31 March	Year ended 31 March 2021
No. of accounts sold	-	101
Aggregate value (net of provisions) of accounts sold	-	315
Aggregate consideration	-	3 917
Aggregate gain/ (loss) over net book value(*)	-	3 602

* It is in the form of reversal of provision.

E. **Disclosures relating to Securitisation:**

During the year the Company has not sold loans through securitisation. The information on securitisation activity of the Company as an originator is as shown below:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Total number of loans securitised (nos)	52.00	-
Total book value of loans securitised	1,003.24	-
Sale consideration received for loans securitised	902.32	-
Income recognised in the statement of profit and loss during the year	2.68	-

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
1 No. of SPVs sponsored by the applicable NBFC for securitisation transactions (nos)	3	2
2 Total amount of securitised assets as per books of the SPVs sponsored	4 088	5,311
3 Total amount of exposures retained by the NBFC to comply with Minimum retention requirement		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	1,318	1,934
Others	-	-
4 Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-

F. **Details of non-performing financial assets purchased or sold**

i) The Company has not purchased any non performing financial assets during the current and previous year

ii) The company has sold certain non-performing financial assets to an asset reconstruction company as disclosed in point D above.

G. **Related party transactions**

Refer to note no. 44 for related party transactions and related disclosures.





H. Asset liability management maturity pattern of certain items of assets and liabilities

Maturity pattern	As on 31 March 2022			As on 31 March 2021		
	Assets	Liabilities		Assets	Liabilities	
	Advances	Borrowings	Foreign currency liability	Advances	Borrowings	Foreign currency liability
1 day to 30/31 days (one month)	1,015	1,129	572	880	3,426	-
Over 1 month to 2 months	1,035	1,269	-	956	1,582	-
Over 2 months upto 3 months	1,043	1,193	708	982	2,511	-
Over 3 months to 6 months	3,359	3,802	1,280	3,196	12,479	-
Over 6 months to 1 year	7,401	7,502	6,113	7,028	10,180	708
Over 1 year to 3 years	29,209	17,885	6,704	29,579	22,650	13,088
Over 3 years to 5 years	23,745	254	4,580	28,859	1,084	4,008
Over 5 years	17,168	-	-	24,575	-	2,862
Total	83,975	32,737	19,957	96,065	53,862	20,666

Note
i) The Company does not have any foreign currency liability/Assets as at 31 March 2022 and 31 March 2021 other than disclosed above.
ii) The above borrowings exclude interest accrued but not due.
iii) The above borrowings is without considering the adjustment for the unamortized processing fee and foreign exchange rate impact (31 March 2022: ₹ -362 lakhs and 31 March 2021: ₹ 456 lakhs)
iv) The advances comprise of loan principal and does not include interest accrued.

I. Exposure to real estate sector
The Company has no exposure to the real estate sector as at 31 March 2022 and 31 March 2021.

J. Exposure to capital market
The Company does not have any capital market exposure as at 31 March 2022 and 31 March 2021.

K. Details of financing of parent company products
This disclosure is not applicable as the Company does not have any holding / parent company.

L. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded
The Company has not exceeded Single Borrower Limit (SGL) or Group Borrower Limit (GBL).

M. Unsecured advances
Refer note 7 for unsecured advances. The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc.

N. Registration obtained from other financial regulators
The Company has renewed registration having license no. CA0521 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 11 October 2020 to 10 October 2023 for procuring or soliciting insurance business for life, general and health insurers.

O. Disclosure of penalties imposed by RBI and other regulators
There were no penalties imposed on the Company by RBI and any other regulator during the current year and previous year.

P. Ratings assigned by credit rating agencies and migration of ratings during the year

Instrument	Name of the rating agency	Amount rated	Date of rating	Rating assigned	Valid upto
Non Convertible Debentures (NCDs)	ICRA Limited	12,380	28 May 2021	[ICRA]BBB Stable	27 May 2022
Term loans	ICRA Limited	33,580	28 May 2021	[ICRA]BBB Stable	27 May 2022

Q. Provisions and contingencies (shown under the head expenditure in statement of profit and loss)

Particulars	31 March 2022	31 March 2021
Provision made towards income tax	90	(148)
Provision towards NPA	4,544	(1,711)
Provision for standard assets	(1,074)	5,038
Provision for leave benefits	69	52
Provision for gratuity	50	47

Note : Provison for standard assets includes 1980 lakhs of management overlay not assigned to specific loans which is sufficient to take care of the provision towards covid and ARC sale transaction.





R. Draw down from reserves

There has been no draw down from the reserves and surplus during the year ended 31 March 2022 and 31 March 2021.

S. Concentration of deposits, advances, exposures and NPAs

Particulars	31 March 2022	31 March 2021
i. Concentration of advances		
Total advances to twenty largest borrowers	10,506	9,867
Percentage of advances to twenty largest borrowers to total advances of the NBFC	11.02%	9.50%
ii. Concentration of exposures		
Total exposures to twenty largest borrowers/customers	10,506	9,867
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on	11.02%	9.50%
iii. Concentration of exposures		
Total exposures to top four NPA accounts	1,405	600

iv. Sector-wise NPAs

Sector	Percentage of gross NPAs to total advances in that sector	
	31 March 2022	31 March 2021
Agriculture and allied activities	0.00%	0.00%
MSME (*)	12.22%	2.91%
Corporate borrowers	0.00%	0.00%
Services	0.00%	0.00%
Unsecured personal loans	0.00%	0.00%
Auto loans	0.00%	0.00%
Other personal loans	0.00%	0.00%
Others (**)	1.02%	3.29%

* *Represents NPA towards educational institution / trusts infrastructure loan*
** *Represents Education loans to the individuals*

v. Movement of NPAs

Particulars	31 March 2022	31 March 2021
A Net NPAs to Net Advances (%)	6.28%	1.49%
B Movement of NPAs (Gross)		
a) Opening balance	3,027	7,854
b) Additions during the year	9,969	1,882
c) Reductions during the year	(971)	(3,911)
d) Write-off during the year	(457)	(2,898)
e) Closing balance	11,568	3,027
C Movement of Net NPAs		
a) Opening balance	1,433	4,550
b) Additions during the year	4,373	466
c) Reductions during the year	(536)	(3,562)
d) Closing balance	5,270	1,433
D Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	1,594	3,304
b) Provisions made during the year	5,536	1,417
c) Write-off during the year	(457)	(2,898)
d) Write-back of excess provisions	(435)	(229)
e) Closing balance	6,238	1,594

vi. Overseas assets

The Company does not have any overseas assets as at 31 March 2022 and 31 March 2021.

T. Customer complaints

	31 March 2022	31 March 2021
i) No. of complaints pending at the beginning of the year	-	-
ii) No. of complaints received during the year	13	43
iii) No. of complaints redressed during the year	13	43
iv) No. of complaints pending at the end of the year	-	-

U. Information on instances of fraud

	31 March 2022	31 March 2021
i) No. of cases	-	-
ii) Amount of fraud	-	-
iii) Recovery	-	-
iv) Amount provision/ written-off	-	-





V There are no loans to promoters, directors KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person - Both Current and Non-current

W Shareholding patterns of the company:

Shares held by promoters at the end of the year				% Change during the year***
S. No	Promoter name	No. of Shares**	%of total shares	
1	Dragonfruit Education Services LLP	30,130	9.32%	NIL
2	Brajesh Kumar Mishra	100	0.03%	NIL
3	Steve Hardgrave	100	0.03%	NIL
Total		30,330	9.38%	

*Promoter here means promoter as defined in the Companies Act, 2013

** Details shall be given separately for each class of shares

*** percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue]

X **Trade Payables aging schedule**

				(Amount in Rs.)	
Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	21.56	13.51			35.07
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

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52 **Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated 13 March 2020: Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 as required by RBI.**

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	58,833	2,226	56,607	235	1,991
Standard	Stage 2	24,964	2,867	22,097	1,486	1,381
Subtotal for standard		**83,797**	**5,093**	**78,704**	**1,721**	**3,371**
Non-Performing Assets						
Substandard	Stage 3	9,708	4,430	5,278	971	3,460
Doubtful						
Up to 1 year	Stage 3	1,800	1,807	(7)	360	1,447
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**1,800**	**1,807**	(7)	**360**	**1,447**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**11,508**	**6,237**	**5,271**	**1,331**	**4,906**
Other items such as guarantees, loan commitments etc. which are in the scope of Ind AS but not covered under current Income Recognition, Asset Classification and Provising (IRACP norms)		-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	**58,833**	**2,226**	**56,607**	**235**	**1,991**
	Stage 2	**24,964**	**2,867**	**22,097**	**1,486**	**1,381**
	Stage 3	**11,508**	**8,237**	**5,271**	**1,331**	**4,906**
Total	Total	**95,305**	**11,331**	**83,974**	**3,052**	**6,278**

i) The overall increase in loss allowance on the portfolio was driven by movements between stages as a result of increase in credit risk in general, along with management's decision to increase the total overlay provision to ₹8,070 lakhs as at 31 March 2022.
ii) Provision required under IRAC for investment in SRs of ARC (Note 8) is 2293 lakhs. Overlay provision indicated above is sufficient to cover this provision requirement and higher NPA risks.

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53 During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on t parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with t guidelines issued by the RBI on 6 August 2020.

There were no accounts where resolution plan has been implemented as per notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020 21 for the year ended 31 March 2022
Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts to Micro, Small and Medium Enterprises (MSME) sector) - Restructuring of Advances having exposure less than or equal to Rs. 25 crores) for the year ended 31 March 2022

No. of accounts restructured	Amount
110	7,6

54

(i) No Benami Property are held by the Company and or there are no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

(iii) There is no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

(iv) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(v) Utilisation of Borrowed funds and share premium:

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall -

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

(vi) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets

56 Previous year figures have been regrouped/ rearranged wherever necessary to confirm to the current year figures.

58 On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On 15 February 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till 30 September 2022. Accordingly, the Company will implement the updated norms under IRACP w.e.f. 1 October 2022

As per our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545
Place: Bangalore
Date: 18 May 2022

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn.No: 003990S/S200018

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073
Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429
Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

DIRECTORS' REPORT

To the Shareholders,

The Directors take pleasure in presenting the Annual Report of Varthana Finance private Limited (Formerly Thirumeni Finance Private Limited) (the Company) together with the Audited Statement of Accounts for the year ended 31st March 2023 and the Auditors' Report thereon.

1. Highlight or summary of the Financial Statement:

(Amount in Rs. lakh)

Particulars	FY 2022-2023	FY 2021-2022
Gross income	18,706	19,073
Net Profit / (Loss) for the year before Interest, Depreciation and Taxes (EBIDTA)	7,372	8,499
Less: Financial charges	6,383	7,963
Profit/(Loss) before Depreciation and Tax	989	537
Less: Depreciation	259	195
Profit/(Loss) before Tax	730	342
Less: Taxes	186	90
Net profit carried to balance sheet	**544**	**252**

2. State of the Company's Affairs:

Performance Highlights:

For the year ending March 31, 2023, total revenue from operation of the Company was Rs. 18,345 lakhs, lower by 3.50% as compared to the previous year. The Company has closed its accounts with a positive net profit of Rs. 544 lakhs as compared to a net profit of 252 lakhs in the last fiscal. Provisions and write-offs amounted to Rs. 3,228 lakhs for the year ended March 31, 2023, a decrease of 21% over the previous year.

Operational Highlights:

The direct impact of the Covid pandemic ended this year with schools, Varthana's primary customer segment, being allowed to return to 100% in-person classes for the entire school cycle. It was impressive to see that most of Varthana's school clients were able to survive being shut down for the better part of two years and were able to once again re-start operations this year. Although operations resumed, most schools have not yet returned to pre-Covid enrolment levels.

With this return to stability, Varthana saw a dramatic increase in collection efficiency, as most customers are now paying their monthly instalment. However, schools that had missed several payments over the two-year period have taken time to pay all overdue payments, and so delinquency levels persisted throughout most of the year.

The lingering impacts of the pandemic continued to have a bearing on the performance of the Company. The impact of the above on the performance of the Company and the measures adopted by the Company have been discussed in detail in Management Discussion and Analysis. The Management Discussion and Analysis

Report as required under the RBI NBFC - Corporate Governance Direction is annexed to the report as **Annexure B** and forms part of this Report.

3. Dividend:

The Company continues to pursue a high growth strategy, which requires all additional reserves to be reinvested in the ongoing growth; hence your directors do not recommend any dividend for the financial year 2022-2023.

4. RBI Guidelines & Capital Adequacy:

As a Systemically Important Non-Deposit taking Non-Banking Finance Company, your Company always aims to operate in compliance with applicable Reserve Bank of India ('RBI') guidelines and regulations and employs its best efforts towards achieving the same. The Company has complied with all the applicable regulations of RBI as on March 31, 2023.

The Company's capital adequacy ratio was 57.06% as on March 31, 2023, which is above the threshold limit of 15% as prescribed by the RBI.

5. Credit Rating:

During the year under review, the credit rating of the Company was revised to *"[ICRA]BBB- with Stable Outlook"* by ICRA Limited (ICRA), for bank loans and Non-Convertible Debentures.

6. Share Capital:

The authorized share capital and paid up share capital as on 31st March 2023 was Rs. 60,57,56,000/- and Rs. 50,55,40,792/- respectively.

The Company during the period has not issued and/or allotted any shares with differential voting rights as per Section 43 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014.

Disclosure under Section 62 of the Companies Act, 2013, Rule 12 of Companies (share capital and debentures) rules, 2014

(a) options granted; 5,495

(b) options vested; 2,578

(c) options exercised; Nil

(d) the total number of shares arising as a result of exercise of option; Nil

(e) options lapsed; 1160

(f) the exercise price; 33,304

(g) variation of terms of options; Vesting schedule was accelerated by one year

(h) money realized by exercise of options; Nil

(i) total number of options in force; 6,895

(j) employee-wise details of options granted to;

(i) key managerial personnel; NA

(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. 2,000 (Yogesh Gaat – CBO)

(iii) identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Same as above (Yogesh Gaat)

7. Names of Companies which have become or ceased to be its subsidiary(ies), Joint Ventures or Associate Companies during the year:

The Company does not have subsidiary or subsidiaries, associate company or companies and joint venture or ventures.

8. Material changes and commitments, if any, affecting the financial position of the Company which has occurred since 31st March 2023 till the date of report:

There are no material changes and commitments affecting the financial position of the company which has occurred since 31st March 2023, till the date of this report.

9. Change in the nature of business, if any:

There was no change in the nature of the business during the year under review.

10. Transfer to Reserves:

The Company has transferred Rs. 109 Lakh to the Statutory Reserve during the year.

11. Deposits:

The Company has not accepted any public deposits during the financial year nor has any outstanding unclaimed or unpaid public deposits as on 31st March 2023.

12. Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year:

Board of Directors:

The following were the changes in the Board composition of the Company during the period under review:

- Mr. Ashish Garg, resigned as a Nominee Director with effect from October 18, 2022.

- Mr. Ashish Agrawal, resigned as a Nominee Director with effect from November 09, 2022.
- Ms. Anuradha Ramachandran, resigned as a Nominee Director with effect from November 04, 2022.
- Mr. Ankit Singhal, appointed as a Nominee Director with effect from November 09, 2022.
- Ms. Divya Venkatavaraghavan, appointed as a Nominee Director with effect from November 09, 2022.
- Ms. Treasa Mathew, appointed as a Nominee Director with effect from November 09, 2022.

Key Managerial Personnel as per Companies Act 2013:

The following was the change in the Key Managerial Personnel of the Company (as defined under Companies Act, 2013) during the period under review:

- Mr. Lakshmeenarayan Anant Nayak, resigned as Company Secretary (CS) with effect from May 05, 2022.
- Ms. Pragati Mour, appointed as Key Managerial Personnel – Company Secretary (CS) with effect from May 18, 2022.
- Mr. Yogesh Ratnakar Udhogi, appointed as Key Managerial Personnel – Chief Financial Officer (CFO) with effect from August 10, 2022, and resigned as Key Managerial Personnel – Chief Finance Officer (CFO) with effect from March 31, 2023.

13. Statutory Auditor & Audit Report:

The Company in adherence to the RBI Guidelines has appointed M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, (FRN.: 003990S/S200018), Bangalore, as the Statutory Auditors for FY 2022-2023 in the Annual General Meeting held on 6th July,2022.

Auditors Qualification in the Audit Report:

The Auditors' Report does not contain any qualification. The notes to the Accounts and Auditors report are self-explanatory and do not call for any further comments.

14. Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed Mr. Pramod S, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the financial year 2022-2023. The Secretarial Audit Report for the financial year 2022-2023 is annexed to this Report as **ANNEXURE A** and is self-explanatory in nature. Secretarial Auditors have issued their Audit Report containing one observation which is given below along with the Management Response.

Observation: Delay in submission of the notice of record date for the ISIN INE125T07147 to the Stock Exchange under Regulation 60(2) of the SEBI (LODR) Regulations, 2015 during FY 2021-22 and intimation from stock exchange was received by the company during FY 2022-23. The Company has incurred a fine of Rs.11,800 as imposed by the Stock Exchange.

Management Response: *The Company has never failed to pay its debenture holders within the prescribed due date, including for the payment associated with the notice mentioned in the observation. The delay in submission of the notice of the record date in FY 2021-2022 was due to a disruption in operations on account of the imposed lockdown pertaining to the second wave of COVID 19 in July 2021. There were neither any prior incidents, nor have any incurred since this instance, and the Company has improved redundancy in its systems to ensure that no such incident occurs in the future.*

15. Cost Audit:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

16. Declaration by Independent Directors:

The Independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

17. Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178:

The Company has constituted the Nomination and Remuneration Committee of the Board of Directors that reviews / meets for appointment of Directors and Senior Management. The Committee also reviews the remuneration of senior management and the performance appraisal process of the Company. The Company has devised an annual performance evaluation of the Board, its committees, and the Directors pursuant to the provisions of the Companies Act,2013.

18. Particulars of loans, guarantees or investments under Section 186 of the Companies Act 2013:

During the year under review, the Company has not advanced any loans or given guarantees to or made investments in the Companies covered under Section 186 of the Companies Act, 2013.

19. Particulars of contracts or arrangements with related parties:

There were no contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188. Hence the requirement to provide the details of such transactions as required under Section 134 (3)(h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is not applicable. Suitable disclosures as required under IND AS 24 have been made in Note 44 of the Notes to the financial statements.

20. Number of Board Meetings held during the financial year ended March 31, 2023:

6 (Six) Board Meetings were held during the financial year on:

13th April 2022,18th May 2022, 10th August 2022, 9th November 2022, 8th December 2022, and 14th February 2023. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Attendance details of the directors:

Name	Board Meeting	
	No. of meetings entitled to attend	No. of meetings attended
Mr. Anand Sudarshan	6	6
Mr. Steven Hardgrave	6	6
Mr. Brajesh Mishra	6	5
Ms. Anuradha Ramachandran*	3	3
Mr. Ashish Agrawal*	4	4
Mr. Sunil Satyapal Gulati	6	5
Mr. Ashish Garg*	3	3
Ms. Divya Venkatavaraghavan	2	1
Ms. Treasa Mathew	2	2
Mr. Ramanathan Kumar	6	6
Mr. Ankit Singhal	2	2

* Mr. Ashish Garg resigned w.e.f. October 18, 2022

* Mr. Ashish Agrawal resigned w.e.f. November 09, 2022

* Ms. Anuradha Ramachandran resigned w.e.f. November 04, 2022

* Mr. Ankit Singhal appointed as a Nominee Director w.e.f. November 09, 2022

* Ms. Divya Venkatavaraghavan appointed as a Nominee Director w.e.f. November 09, 2022

* Ms. Treasa Mathew appointed as a Nominee Director w.e.f. November 09, 2022

21. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The provisions of Section 134(3) (m) of the Companies Act, 2013, and the rules made there under relating to conservation of energy and technology absorption do not apply to your Company as it is not a manufacturing company. Although the operations of the company are not energy intensive, the management is highly conscious of the certainty of the conservation of energy at all operational levels. Your Company has been increasingly using information technology in its operations and promotes conservation of resources.

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy

(i)	the steps taken or impact on conservation of energy	Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.
(ii)	the steps taken by the company for utilizing alternate sources of energy	
(iii)	the capital investment on energy conservation equipment's	

(b) Technology absorption

(i)	the efforts made towards technology absorption	Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	

(c) Foreign Exchange Earnings and Outgo

Particulars	Amount in Rs. Lakhs
Foreign Exchange Earnings	24.64
Foreign Exchange Expenditure	888

22. Net Worth of the Company:

Particulars	Standalone (Amount in Rs. Lakhs)	
	As on 31.03.2023	As on 31.03.2022
Net-worth of the company	40,261	39,042

23. A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which is in the opinion of the Board may threaten the existence of the company:

The Company has constituted the Risk Management Committee, Asset Liability Management Committee and has a well-defined Risk Management Policy to review and monitor risks at periodic intervals along with developing and implementing Risk Management procedures to combat/mitigate the risk. As on the date of this report the Board does not perceive any risk which may threaten the existence of the Company.

24. The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year:

The Company as per the requirement of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendment thereof has constituted the Corporate Social Responsibility Committee ("CSR Committee") of the Company and the approved CSR policy of the Company is attached as **Annexure C** to this report.

Based on the recommendations of Corporate Social Responsibility (CSR) Committee vide their meeting dated March 31, 2023, the Board vide its meeting dated May 17, 2023, had approved spending of CSR funds for the FY 2022-2023 amounting to Rs. Rs. Rs.10,80,500/- towards following avenues as recommended by the CSR Committee:

a) Rs.10,50,000 towards "Dular Parenting Program" to Mobile Creches via implementing agencies.

b) Rs.30,500 towards School Reformation Project to Indian Roots foundation directly.

The Company has spent the required amount of CSR expenditure as on March 31, 2023.

25. **The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

26. **The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

27. **The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

28. **The details in respect of adequacy of internal financial controls with reference to the Financial Statements:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguard 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 disclosures. The Board certifies that the internal financial controls are adequate and are operating effectively.

29. **Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has not received any complaint on sexual harassment during the financial year 2022-2023.

30. **Annual Return:**

In pursuance to the provisions of Section 92(3) of the Companies Act, 2013 read with Rules made thereunder and amended time to time, a copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website.

Annexure - B

Management Discussion and Analysis Report

Varthana Finance Private Limited (Formerly Thirumeni Finance Private Limited) (the Company), is a Non-Banking Financial Company ("NBFC") incorporated on June 12, 1984, under the provisions of the Companies Act, 1956. During the year under review, Company changed its name from Thirumeni Finance Private Limited to Varthana Finance Private Limited to align its name with its brand name and trademark "Varthana". The Company is registered as a non-deposit accepting Non-Banking Financial Company with the Reserve Bank of India ("RBI") and based in Bangalore, India. The Company provides secured and unsecured loans to affordable private schools and provides unsecured student loans in India. The Company is guided by its Vision & Mission Statements with the foundation of sound Principles and Values.

Global Outlook, Indian Economy, Industry structure, developments & outlook

Globally, the markets are expected to reflect the difficult economic environment. The world's largest economy, the US will be witnessing an elongated period of inflation and economic slowdown as the regulators scramble to tighten the flow of money. The impact will be felt globally, including in India. In other parts of the world, the ongoing war-like situation will put pressure on fuel prices which is one of the biggest factors influencing inflation. Closer home, the impact of inflation management is already being felt in terms of tightening of liquidity and gradual increasing of interest rates. Additionally, the pandemic has had an adverse effect on the demographic dividend narrative. While the higher income schools continued to provide online learning, the average child in affordable schools is at least two years behind. Given that a third of India's young study in such affordable schools, the magnitude of the problem is unfathomable. The immediate impact will be felt over the next few years as these children graduate and join the workforce with a very weak educational foundation. We expect that the country as a whole will have to spend a very large amount of money on bridge courses and retraining so that our youth become job ready.

The story with the younger cohorts will be different. Being witness to the unfolding of the current crisis, parents of younger children will proactively bring back their children from government schools to private schools, thereby increasing the demand for more seats and hence more classrooms and more school buildings. Parents will also be more demanding on modern tools being used for imparting education, compelling the schools in smaller towns to invest in online education, ed-tech and the likes. The demand for education in private schools, informal education like coaching and tutorials, test-prep for competitive exams and up-skilling courses is expected to rise sharply over the coming years, making it very attractive for finance companies in the school and student finance space. It is expected that more players will enter this segment and the space will see heightened competition in the coming years. Varthana is poised very well to make significant gains from this opportunity. The company has launched several initiatives on the sales and marketing front, on digitization of processes and launching products for new segments. Varthana has also been selected as one of the official finance partners for NSDC which will give a unique opportunity to Varthana to grow its business in the segments that need the most financial support.

Discussion on financial performance with respect to operational performance, segment-wise or product-wise performance

As on March 31, 2023, the Company was present across 16 states and funded 8500 students with 2 Mn students. The total gross loan portfolio as on March 31, 2023, was Rs. 938 Crores and the disbursements for the year were at Rs. 370.7 Crores in addition to fund raising of Rs. 350 Cr.

Total revenue from operations for the year was Rs. 18,345 lakhs, a decrease of 3.50% over the last year. In view of the extended impact of the pandemic. Provisions and write-offs amounted to Rs. 3,228 lakhs for the year ended March 31, 2023, a decrease of 21% over the previous year. The Company reported a net profit of Rs. 5.44 Crore.

	FY17-18	FY18-19	FY19-20	FY20-21	FY 21-22	FY 22-23
Total No. of Loans Disbursed	**1,958**	**2,389**	**2,069**	**2,785**	**2474**	**6516**
No. of Secured Loans	*1,296*	*1,231*	*840*	*1270*	*287*	*633*
No. of Unsecured Loans	*662*	*737*	*817*	*1025*	*249*	*464*
No. of ECLGS Loans	-	-	-	*136*	*567*	*15*
No. of Student Loans	-	*421*	*412*	*354*	*1371*	*5404*
No. of Active School Loans	3,743	4,069	4,267	5,924	6247	4486
No. of Active Student Loans	-	400	575	571	1661	6113
Total Disbursements (₹ Crore)	**533**	**534**	**351**	**96**	**123**	**372.5**
Secured Disbursements (₹ Crore)	*504*	*497*	*317*	*67*	*59*	*286.3*
Unsecured Disbursements (₹ Crore)	*29*	*36*	*30*	*9*	*8*	*32.3*
ECLGS (₹ Crore)	-	-	-	*17*	*43*	*2.0*
Student Loan Disbursements (₹ Crore)	-	*2*	*4*	*3*	*13*	*51.8*
Total Outstanding Loan Portfolio (₹ Crore)	**781**	**1,099**	**1,104**	**1,045**	**946**	**938.43**
% Secured	*94%*	*95%*	*95%*	*95%*	*97%*	*91%*
% Unsecured	*6%*	*5%*	*5%*	*5%*	*3%*	*9%*
Total Headcount	**407**	**535**	**706**	**627**	**722**	**715**
Relationship Managers	173	200	227	173	185	178
Branches	26	30	36	36	36	39
States	13	14	14	14	14	16

	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-2223	FY22-
PAR 1-30 DPD	0.77%	0.85%	2.76%	2.76%	5.10%	4.68%	5.66%	7.68%
PAR 31-90 DPD	2.49%	3.63%	4.00%	7.44%	9.00%	6.37%	16.04%	7.61%
PAR 90+ DPD	1.09%	1.30%	1.07%	1.46%	6.40%	2.44%	11.17%	6.72%
GNPA %	0.69%	1.51%	1.17%	1.90%	7.17%	2.91%	12.07%	8.35%
NNPA %	0.24%	0.47%	0.30%	0.59%	4.29%	1.41%	5.92%	5.86%
GNPA (₹ Lakhs)	120	569	896	1,999	7,854	3,043	11,509	7,712
NNPA (₹ Lakhs)	42	177	227	615	4,550	1,449	5,271	5,271
Gross Loan Portfolio (₹ Lakhs)	17,300	37,677	76,823	1,05,442	1,09,484	1,03,826	95,315	92,331
Net Loan Portfolio (₹ Lakhs)	17,222	37,285	76,154	1,04,058	1,05,049	96,065	83,985	89,891

Opportunities & Threats

Opportunities

i. One of the very few dedicated lenders to affordable private schools in India
ii. Understanding of niche segment helps in offering product relevant to the customer segment with simplified and prompt loan appraisal and disbursements
iii. Unique approach to support schools in their academic activities and teacher training and support activities
iv. Opportunities available in terms of student loans for the students graduating from the target customer base

Threats

i. Disruption caused by the Covid-19 pandemic across various sectors and particularly for the affordable private schools
ii. Increased competition from larger NBFCs with a higher credit rating and lower cost of capital.
iii. Ensuring sufficient liquidity to tide over the uncertain times and cost attached with the additional liquidity buffer
iv. Maintaining portfolio quality
v. Balancing Asset –liability mismatch for the Company

Risks – concerns and management

The aftereffects of the COVID-19 pandemic continued into FY23, contributing to ongoing volatility in global and Indian financial markets. Educational institutes continue to recover from the lengthy government-imposed lockdowns. Although online academic activities gained importance, students in the affordable segment had limited capability to avail this opportunity. These factors have had an impact on the repayment capacity, growth plans

and the nature and demand for credit for schools in this segment, although the schools were able to resume normal operations from June 2022 onwards.

Risk Management:

The Company has constituted the Risk Management Committee, Asset Liability Management Committee and has a well-defined Risk Management Policy to review and monitor risks at periodic intervals along with developing and implementing Risk Management procedures to combat/mitigate the risks. The Company continues to strengthen its risk management framework with the appointment of Chief Risk Officer and Head of Fraud Risk Control last year along with implementation various tools, software's and well defined standard operating processes to mitigate risk.

The Company has established detailed procedures and policies for underwriting across various product categories and they remain under continues evaluation and are updated from time to time as may be required. The Company underwrites loans on the basis of assessed cash flows of customers, or other such credit evaluation tools as it deems necessary, including inputs from credit bureau information reports as required. The Company also considers factors such as the underlying collateral and the LTV ratios approved for the customer. These policies are regularly monitored against desired outcomes for the organisation and revised as necessary.

Internal control systems and their adequacy

The Company has internal control systems that are adequate and commensurate with the size and nature of its operations. These systems ensure effectiveness and efficiency of operations, reliability of financial controls and compliance with applicable laws and regulations.

The Company has an Internal Audit Department, which reports to the Audit Committee of the Board of Directors. The internal audits cover Branches, various Departments & Processes at Branch offices and Head Office at regular intervals. The Annual Audit Plan is drawn up based on the Risk assessment of the auditable units and the audit frequency is decided based on the risk profile of branches. The scope of various audits is reviewed and continuously modified to keep pace with a dynamic business environment.

The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Human Resources

The Company recognises that people play a critical role in achieving its goals. We therefore understand that it is imperative that we have employees who are highly capable, are engaged and have the motivation to convert vision into a reality.

"The Company has been recognized and certified as a "Great Place to Work" as assessed by the Great Place to Work® Institute, for the fifth consecutive year with a higher score compared to last year. Varthana was recognised as among the "India's top 25 Workplaces in BFSI 2023" and "Top 25 Mid-Size India's Best Workplaces Building a Culture of Innovation by All 2023"

A total of 730 employees were on rolls of the Company as on March 31, 2023.

At Varthana, we are successfully owing to the culture of trust, transparency, empowerment, innovation, and a non-hierarchical organizational structure. By cultivating a culture of

continuous learning, we ensure that our people grow and have opportunities to succeed. We strive to make sure that they have a good work-life balance. We continue to emphasise rigour in our performance management, rewards, and recognition practices, which has resulted in excellent results and increased employee motivation.

Cautionary Statement: Certain statements in the Management Discussion and Analysis could be forward looking statements within the meaning of applicable law. Actual results may vary significantly from the forward-looking statements due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political risks within and outside India, volatility in interest rates, change in Government or regulatory policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

31. Directors' Responsibility Statement:

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.

(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, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operates effectively.

(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.

Acknowledgment

Your directors wish to place on record their sincere thanks and appreciation to its Investors, shareholders, suppliers, customers, employees, bankers and the Central and State governments for their continued co-operation and support.

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly Thirumeni Finance Private Limited)

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

Steven Hardgrave
Director
(02189073)

Brajesh Mishra
Director
(02292429)

Date: 17/05/2023
Place: Bangalore

ANNEXURE –C

1. Brief outline on CSR Policy of the Company:

Philosophy:

Varthana Finance Private Limited (Formerly Thirumeni Finance Private Limited) ("Varthana", "the Company") recognizes that business enterprises are economic organs of the society and draw on the societal resources; it is this belief that a Company's performance must be measured by its contribution to build economic, social and environmental capital towards enhancing societal sustainability.

In line with this belief, the Company continues to and shall further endeavour to undertake Corporate Social Responsibility ("CSR") programs which shall be replicable, scalable and sustainable.

CSR Vision and Guiding Principles

i. Our CSR vision is to work for the welfare and sustainable development of the community in and around our areas of operation, besides need based response to the requirements in other parts of the country with major focus on the education sector in line with the vision of the Company.

ii. The Company will observe in letter and spirit the cardinal principles and underlying objectives of the Government in prescribing CSR and for this purpose always strive to design CSR programs within the broad scope of the activities listed under Schedule-VII to the Companies Act, 2013 as amended from time to time.

iii. The Company shall endeavour to adopt best practices and integrate them into its CSR activities.

2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Anand Sudarshan	Independent Director	2	1

2.	Mrs. Anuradha Ramachandran*	Nominee Director	2	1
3.	Mr. Steven Hardgrave	Executive Director & CEO	2	2
4.	Mr. Brajesh Mishra	Executive Director & COO	2	2
5.	Ms. Treasa Mathew*	Nominee Director	2	1

** Ms. Anuradha Ramachandran resigned w.e.f. November 04, 2022*

** Ms. Treasa Mathew appointed as a Nominee Director w.e.f. November 09, 2022*

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

   The composition of CSR committee, CSR Policy and CSR programmes approved by the Board can be accessed on the website of the Company at www.varthana.com

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
Not applicable			

6. **Average net profit of the company as per section 135(5); Rs. 5,39,96,142**

7. **(a) Two percent of average net profit of the company as per section 135(5): Rs. 10,79,923**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: **NIL**

(d) Total CSR obligation for the financial year (7a+7b-7c): **Rs. 10,79,923**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
For the FY 2022-2023: Rs.10,80,500	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
	Not applicable		Not applicable		

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project Duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1	Dular Parenting Programme	(ii) Promoting Education	No - Nationwide approach	Nationwide approach		9 months	10,50,000	10,50,000	Nil	No	Mobile Creche for working mother's children	CSR00002639
2	School Reformation Project	(ii) Promoting Education	Yes	Bengaluru/ Karnataka		One day	30,500	30,500	Nil	Yes	NA	NA
	TOTAL						**10,80,500**	**10,80,500**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
NIL									

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 10,80,500

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135 (5)	**Rs. 10,79,923**
(ii)	Total amount spent for the Financial Year	**Rs. 10,80,500**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**Rs. 577**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	**NIL**
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**NIL**

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of Transfer	
1	FY 2020-2021	NA	Rs. 1,26,41,052	NA	NA	NA	NIL
2	FY 2021-2022	NA	Rs. 44,88,639	NA	NA	NA	NIL
3	FY 2022-23	NA	Rs. 10,80,500	NA	NA	NA	NIL

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project Duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
Not applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(Asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).: N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset: N.A.

(c) Details of the entity or public authority or beneficiary under

whose name such capital asset is registered, their address etc.: N.A.

(d) Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset): N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : N.A.

For and behalf of Varthana Finance Private Limited
(Formerly Thirumeni Finance Private Limited)



Steven Hardgrave
Chairman of CSR Committee
CEO & Director
(02189073)



Brajesh Mishra
COO & Director
(02292429)

Independent Auditors' Report

To the Members of Varthana Finance Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Varthana Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2023, and the statement of Profit (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report and business responsibility report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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REGISTRATION NO. WITH ICAI - 003990S/S200018

Responsibilities of the Management and Board of Directors for Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

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in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
(c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
(e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
(f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations as at 31 March 2023 which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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Firm Regn. No: 003990S/S200018

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023; and

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The company has not paid/declared any dividend during the financial year. Accordingly, reporting on compliance with the provisions of Section 123 of the Act is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

Since the Company is a private limited company, the provisions of Section 197 of the Act are not applicable to it. Accordingly, reporting on the compliance with the provisions of Section 197 of the Act is not applicable.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018



Seethalakshmi
Partner
Membership No. 208545

Place of Signature: Bangalore
Date: May 17, 2023

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Varthana Finance Private Limited ("the Company") on the financial statements as of and for the year ended 31 March 2023.

(i) (a)

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company does not have any immovable properties. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

(a) The Company does not have any tangible inventory. Accordingly, the hence provisions of clause 3(ii) of the Order are not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the company.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has made investments in and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties as follows:

(a) The Company's principal business is to give loans, and hence reporting under clause 3(iii) (a) of the Order is not applicable.

(b) Based on our audit procedures and according to the information and explanation given to us, the investments made and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

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(c) Based on our audit procedures and according to the information and explanation given to us, in respect of loans or advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated. Note 3.k to the Financial Statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balances as of March 31, 2023, aggregating Rs. 7,712 lacs were categorised as credit impaired ("Stage 3) and Rs. 13,827 lacs were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2). Disclosures in respect of such loans have been provided in Note 39 E.5 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating Rs. 70,792 lacs, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1), Delay in the repayment of principal and interest in respect of loans aggregating to Rs. 25,193 lacs were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) Total amount overdue for more than ninety days as at the balance sheet date in respect of loans and advances given in the nature of loans amounts to Rs 1,210 lacs. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable regulations and loan agreements.

(e) The Company's principal business is to give loans, and hence reporting under clause 3(ii) (e) of the Order is not applicable.

(f) Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence the question of aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause 76 of section 2 of the Companies Act, 2013 does not arise. Accordingly, paragraph 3(iii) (f) of the Order is not applicable.

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues as applicable with the appropriate authorities except for slight delay in a few cases.

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According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of statutory dues were in arrears, as of 31 March 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix)

(a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted on repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x)

(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Act have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi)

(a) To the best of our knowledge and belief and according to the information and explanations given to us,

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we report that no material fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the company during the year and shared with us for reporting under this clause.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24)

(xiv)

(a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

(a) Based on our audit procedures and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are a Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

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(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx)

(a) Based on our audit procedures and according to the information and explanations given to us, in respect of other than ongoing projects, the Company having spent the required amount, there is no amount pending to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to transfer unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135. Accordingly, paragraph 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No:003990S/S200018



Signature
Seethalakshmi
Partner
Membership No. 208545

Place of Signature: Bangalore
Date: May 17, 2023

Annexure B

Referred to in paragraph 2(i) on 'Report on Other Legal and Regulatory Requirements' of our report of even date.

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Varthana Finance Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Managements and Board of Directors' Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with

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authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

Seethalakshmi
Partner
Membership No. 208545

Place of Signature: Bangalore
Date: May 17, 2023

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Balance Sheet as at 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

ASSETS	Notes	As at 31 March 2023	As at 31 March 2022
Financial assets			
Cash and cash equivalents	4	12,718	9,188
Bank balances other than cash and cash equivalents	5	2,291	2,723
Derivative financial instruments	6	394	-
Loans	7	89,863	85,823
Investments	8	2,505	2,507
Other financial assets	9	94	313
		1,07,866	**1,00,554**
Non-financial assets			
Current tax assets (net)	10	738	386
Deferred tax assets (net)	11	2,877	3,260
Property, plant and equipment	12	433	225
Other intangible assets	13	420	78
Other non-financial assets	14	583	261
		5,146	**4,210**
Total assets		**1,13,012**	**1,04,865**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	-	152
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		279	35
Debt securities	16	15,280	11,109
Borrowings (other than debt securities)	17	45,027	42,695
Other financial liabilities	19	10,913	10,949
		71,499	**65,141**
Non-financial liabilities			
Current tax liabilities (net)	20	-	38
Provisions	21	456	408
Other non financial liabilities	22	796	236
		1,252	**682**
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,606	5,606
Other equity	25	34,617	33,398
		40,261	**39,042**
Total liabilities and equity		**1,13,012**	**1,04,865**

Summary of significant accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 17 May 2023

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of Profit and Loss for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Revenue from operations			
Interest income	26	15,928	18,319
Fees and commission income	26	596	317
Net gain on fair value changes	27	225	198
Other operating income	26	1,596	177
Total revenue from operations		**18,345**	**19,011**
Other income	28	361	62
Total income		**18,706**	**19,073**
Expenses			
Finance costs	29	8,363	7,963
Impairment on financial instruments	30	3,228	4,107
Employee benefit expenses	31	5,831	5,053
Depreciation, amortization and impairment	32	259	195
Other expenses	33	2,175	1,414
Total expenses		17,976	18,731
Profit before tax		730	342
			8,499
Tax expense			
Current tax	34	2	868
Deferred tax	34	184	(778)
Profit for the year		544	252
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		9	17
Income tax relating to the above item		(2)	(4)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivate Financial instruments		397	148
Income tax relating to the above item		(100)	(37)
Other comprehensive income for the year, net of tax		304	124
Total comprehensive income for the year		848	376
Earnings per equity share			
Basic and Diluted	35	220	102
Diluted	35	220	102

Summary of significant accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02159073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	730	342
Adjustment for:		
Depreciation and amortisation expenses	239	195
Employee stock option plan expense	372	1
Impairment on financial instruments	3,209	4,107
Profit on sale of investments in mutual funds	(225)	(198)
Provision for employee benefits	134	137
Net gain on amortisation of processing fees and financial assets	583	(111)
Interest accrued on non-performing assets	15	(335)
Operating profit before working capital changes	**5,093**	**4,099**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	(36)	10,512
Increase/(decrease) in other non financial liabilities	486	(40)
Increase/ (decrease) in other payables	244	(477)
(Increase)/ decrease in loans and advances	(7,508)	8,632
(Increase)/ decrease in investment in security receipts	102	509
(Increase)/ decrease in other financial assets	219	(232)
(Increase)/ decrease in other non financial assets	(322)	83
(Increase)/ decrease in margin money deposit (net)	432	(761)
Cash generated from operations	**(1,289)**	**22,314**
Income taxes paid (net of refunds)	(389)	(1,046)
Net cash flow generated from operating activities (A)	**(1,679)**	**21,268**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(810)	(142)
Purchase of investment in mutual funds	(88,857)	(48,852)
Proceeds from sale of investments in mutual funds	89,082	49,050
Net cash flow generated from investing activities (B)	**(585)**	**56**
Cash flows from financing activities		
Lease payments	(183)	(104)
Long-term borrowings (net)	1,835	(14,538)
Proceeds from issuance of Non Convertible Debentures ('NCDs')	5,790	2,700
Repayment of Non Convertible Debentures ('NCDs')	(1,649)	(10,075)
Net cash flow generated from/ (used in) financing activities (C)	**5,792**	**(22,017)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**3,529**	**(693)**
Cash and cash equivalents at the beginning of the year	9,188	9,883
Cash and cash equivalents at the end of the year	**12,718**	**9,188**
Components of cash and cash equivalents		
Cash in hand ₹ 12,382 (2022: ₹ 13,271)	0	0
Balances with banks in current and deposit accounts	12,718	9,188
Total cash and cash equivalents	**12,718**	**9,188**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of changes in equity as at 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

A Equity share capital

Particulars	Equity share capital
Balance as at 1 April 2021	38
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	-
Issued during the previous year	-
Balance as at 31 March 2022	38
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	-
Issued during the year	-
Balance as at 31 March 2023	38

B Instruments entirely equity in nature

(a) Compulsorily Convertible Preference Shares (CCPS)

Particulars	"Series A" CCPS	"Series One" CCPS	"Series B" CCPS	"Series C" CCPS	Total
Balance as at 1 April 2021	56	1	4,860	60	4,977
Changes in equity share capital due to prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-
Issued during the year	-	-	-	-	-
Balance as at 31 March 2022	56	1	4,860	60	4,977
Changes in equity share capital due to prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-
Issued during the year	-	-	-	-	-
Balance as at 31 March 2023	56	1	4,860	60	4,977

(b) Compulsorily Convertible Debentures (CCDs)

Particulars	"Class A" CCDs	"Class B" CCDs	Total
Balance as at 1 April 2021	127	502	629
Changes in equity share capital due to prior period errors	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-
Issued during the year	-	-	-
Balance as at 31 March 2022	127	502	629
Changes in equity share capital due to prior period errors	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-
Issued during the year	-	-	-
Balance as at 31 March 2023	127	502	629

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Firm Regn No 003990S/S200018
BANGALORE

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Bangalore

C **Other equity**

Particulars	Reserves and Surplus				Other comprehensive income		
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Remeasurement of post employment benefit obligations	Cash flow hedge reserve	Total
Balance as at 1 April 2021	1,679	27,535	23	4,524	(11)	(627)	33,023
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Transfer to statutory reserve	50	-	-	(50)	-	-	-
Employee stock option expenses	-	-	1	-	-	-	1
Profit for the year	-	-	-	252	-	-	252
Other comprehensive income	-	-	-	-	13	111	124
Balance as at 31 March 2022	1,629	27,535	24	4,725	2	(516)	33,398
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Transfer to statutory reserve	109	-	-	(109)	-	-	-
Employee stock option expenses	-	-	372	-	-	-	372
Profit for the year	-	-	-	543	-	-	543
Other comprehensive income	-	-	-	-	7	297	304
Balance as at 31 March 2023	1,738	27,535	396	5,159	9	(219)	34,617

Summary of significant accounting policies (note 1 -3)

The accompanying notes form an integral part of the financial statements
This is the Statement of Changes in Equity referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No: 003990S/S200018

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn. No. 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumani Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02789079

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

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Varthana Finance Private Limited

(Formerly known as Thirumoni Finance Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs unless otherwise stated)

1 Background

Varthana Finance Private Limited (the Company) is a Non-Banking Financial Company (NBFC) incorporated on 12 June 1984 under the provisions of the erstwhile Companies Act, 1956. The registered office is located in Bengaluru, Karnataka, India. The Company is registered as a systematically important non-deposit accepting Non-Banking Financial Company (NBFC-ND-SI) with the Reserve Bank of India ("RBI") under Section 45-IA of the Reserve Bank of India Act, 1934. The Company provides secured and unsecured loans to educational institutions / trusts and unsecured educational loans to students. Further, in the financial year 2017-18, the Company has renewed registration having license no. CA0521 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 01 October 2020 to 10 October 2023 for procuring or soliciting insurance business for life, general and health insurers.

2 Basis of preparation

a) Statement of compliance

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs ("MCA") under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act, other applicable guidelines issued by the Reserve Bank of India ('RBI'). The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors on 17 May 2023

b) Historical cost convention

These financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, share based payments which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting policies.

3 Summary of significant accounting policies

a) Basis of measurement

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies have been applied consistently for all the periods presented in the financial statements.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of property, plant and equipment, deferred tax, accrual for employee benefits and impairment of loans under the expected credit loss model. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss to estimate ECL:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL, and
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

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3 Significant accounting policies (continued)

b) Use of estimates (continued)
Significant management judgements(continued)

Provisions and other Contingent liabilities – At each balance sheet date based on management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

c) Income recognition

Interest income
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. Additional interest/overdue interest/penal charges, if any, are recognised only when it is reasonably certain that the ultimate collection will be made.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

In accordance with Ind AS 109, in case of securitization transactions, if the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for loan amounts transferred and remaining unamortised

Dividend income
Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when Company's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting

Other services
Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for in the year in which it is received by the Company.

d) Borrowing costs
All ancillary borrowing cost are charged to the Statement of Profit and Loss on accrual basis as per the effective interest rate method

e) Earnings per share
Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

f) Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company. Management estimates useful life of Computer Software to be 6 years.

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3 Significant accounting policies (continued)

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised on a written down value basis over the expected useful life from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is on the basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Intangible assets under development
Expenditure incurred which are eligible for capitalisation under Intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

g) Property, plant and equipment (PPE)

Recognition and initial measurement

PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value and impairment)
Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down value method over the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

Asset Category	Estimated useful life as per management
Computer equipment	3
Furniture and fixtures	10
Office equipment	5
Software	6

Leasehold improvements are depreciated over the lease term.
Depreciation on assets purchased during the year up to ₹ 5,000 is provided @ 100% p.a.
The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception

Where the Company is lessee
The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of Profit and Loss.

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn. No. 003990S/S200018

VARTHANA FINANCE PRIVATE LIMITED Bangalore 560 043

3 Significant accounting policies (continued)

Short-term leases and leases of low-value assets

As permitted by IND AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets:

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:
a) Amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Amortised cost

A financial asset is measured at Amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit and loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss.

De-recognition of financial assets

De-recognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

PKF SRIDHAR & SANTHANAM LLP * Firm Regn. No. 003990S/S200018 * BANGALORE

VARTHANA FINANCE PVT. LTD. Bangalore

3 Significant accounting policies (continued)

Classification and subsequent measurement of financial liabilities
Financial liabilities are measured subsequently at amortized cost using the effective interest method except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

j) *Derivative financial instruments*
The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge Accounting
The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

k) Impairment of financial assets
Loan Assets
The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:
i) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
ii) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
iii) Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at Lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 month PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) - EAD is based on the amounts the Company expects to be outstanding as at reporting date. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis. In addition to the ECL, management may carry a overlay provision based on its assessment. Management overlay is used where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances.

Other financial assets
In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

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3 Significant accounting policies (continued)

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

l) Impairment of non-financial assets

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is assessed and the asset is reflected at the recoverable amount.

m) Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, balances with banks and short-term deposits with an original maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

n) Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss except when it relates to an item that is recognised in OCI or directly in equity in which case, tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

o) Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Company has an obligation towards gratuity which is being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

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3 **Significant accounting policies (continued)**

Other long-term employee benefits
Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to other comprehensive income in the period in which such gains or losses are determined.

p) **Share based payments - Employee Stock Option Scheme ('ESOP')**
The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium

q) **Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:
• Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
• Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

r) **Fair value measurement**

The Company measures financial instruments, such as, derivatives and investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a

s) **Segment reporting**
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is primarily engaged in the business of financing to educational institutions, trusts and students. The Company's activity falls within a single primary business segment. The Company operates primarily in India and there is no other geographical segment.

t) **Foreign currency**
Functional and presentation currency
The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

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4 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Cash on hand (*)	0	0
Balances with banks		
- in current accounts	1,186	3,736
- term deposits with original maturity of 3 months or less	8,532	5,452
	12,718	9,188

(*) Represents cash on hand amounting to ₹12,392 (31 March 2022: ₹13,271).

5 Bank balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Term deposits with maturity more than 3 months (*)	2,291	2,723
	2,291	2,723

Interest accrued on deposits *

(*) Represents margin money against the borrowings with banks and financial institutions amounting to ₹885 lakhs (31 March 2022: ₹1171 lakhs) and cash collaterals towards securitisation/assignment of loans amounting to ₹1168 lakhs (31 March 2022: ₹441 lakhs).

6 Derivative financial instruments

Derivative designated as hedging instruments	As at 31 March 2023	As at 31 March 2022
Cross currency interest rate swaps (CCIRS)	394	-
	394	-

The Company is exposed to foreign currency risk from various foreign currency borrowings denominated in USD. One of the borrowings is also exposed to interest rate risk where the interest rate is linked to LIBOR. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings. Accordingly, the Company enters into 'Cross Currency Interest Rate Swaps' to hedge its cash flows.

In connection with cash flow hedges, the gains/(losses) and the related tax effects recorded as a component of other comprehensive income, are summarised below:

	Before tax amount	After tax amount
As at 1 April 2022	(152)	(114)
Change in fair value of effective portion of outstanding derivatives	546	409
As at 31 March 2023	394	295

7 Loans

(At amortised cost)	As at 31 March 2023	As at 31 March 2022
Term loans within India (Others)		
Loan assets		
Secured by tangible assets*	74,457	78,315
Covered by bank/ government guarantee	-	-
Unsecured	17,874	16,590
Interest accrued and due on loans	880	986
Interest accrued but not due on loans	773	862
	93,987	97,153
Less: Allowance for impairment loss	(4,104)	(11,331)
	89,883	85,823

* Includes 10% MRR of the direct assignment pool of Rs.88 lakhs

8 Investments

Investment measured at fair value through Profit and Loss	As at 31 March 2023	As at 31 March 2022
Investment in security receipts	2,247	2,607
Investment in Equity Instrument	258	-
	2,505	2,607

9 Other financial assets

(unsecured, considered good)	As at 31 March 2023	As at 31 March 2022
Security deposits	94	96
Other Advances	-	218
	94	313

10 Current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Advance tax	736	387
	736	387

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11 **Deferred tax assets (net)**

	As at 31 March 2023	As at 31 March 2022
Deferred tax assets on -		
Impairment loss allowance	1,033	2,852
Provision on gratuity	69	58
Provision on compensated absences	46	44
Financial assets at amortised cost	176	120
Depreciation and amortisation	-	12
Fair valuation of derivative financial instruments through other comprehensive income	74	174
Unabsorbed tax losses	1,600	
	2,997	3,260
Deferred tax liabilities on -		
Depreciation and amortisation	4	-
Unearned income on assigned loss	19	-
	23	-
Total deferred tax assets (net)	2,974	3,260

Movement in above mentioned deferred tax assets and (liabilities)

Particulars	As at 31 March 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2022	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2023
Tax effect of items constituting deferred tax assets and liabilities:							
Impairment loss allowance	1,953	899	-	2,852	(1,819)	-	1,033
Provision on gratuity	46	15	(2)	58	13	(2)	69
Provision on compensated absences	35	9	-	44	1	-	46
Provision on expenses	70	(76)	-	-	-	-	-
Financial assets at amortised cost	164	(44)	-	120	56	-	176
Depreciation and amortisation	37	(25)	-	12	(16)	-	(4)
Unearned income on assigned loss	-	-	-	-	(19)	-	(19)
Unabsorbed tax losses	-	-	-	-	1,600		1,600
Fair valuation of derivative financial instruments through other comprehensive income	211	-	(37)	174	-	(100)	74
	2,524	778	(41)	3,260	(184)	(102)	2,974

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12 Property, plant and equipment

	Leasehold improvements	Office equipment	Furniture and fixtures	Computer equipments	Right-of-Use asset (Building)	Total
Gross block						
As at 1 April 2021	23	14	52	181	394	664
Additions	1	6	12	46	-	65
Disposals	-	-	-	17	139	156
As at 31 March 2022	24	20	64	209	256	573
Additions	-	8	8	80	409	506
Disposals	-	0	0	1	240	241
As at 31 March 2023	24	28	72	288	425	837
Accumulated depreciation						
Upto 1 April 2021	22	9	25	140	219	415
Charge for the year	0	5	7	33	112	157
Disposals	-	-	-	17	207	224
Upto 31 March 2022	23	13	32	157	123	348
Charge for the year	0	6	9	59	223	297
Disposals	-	0	0	1	339	340
Upto 31 March 2023	23	19	41	215	107	405
Net block						
As at 31 March 2022	1	6	32	52	132	225
As at 31 March 2023	0	9	31	74	318	433

13 Other intangible assets

	Software	Total
Gross block		
As at 1 April 2021	392	392
Additions	8	8
As at 31 March 2022	400	400
Additions	365	365
Disposals	-	-
As at 31 March 2023	765	765
Accumulated amortisation		
Upto 1 April 2021	285	285
Charge for the year	37	37
Disposals	-	-
Upto 31 March 2022	322	322
Charge for the year	23	23
Upto 31 March 2023	345	345
Net block		
As at 31 March 2022	78	78
As at 31 March 2023	420	420

14 Other non-financial assets

	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	220	25
Other advances	363	236
	583	261

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15 Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	279	35
	279	**35**

Note:
Based on the information available with the Company, there are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended 31 March 2023, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

16 Debt securities
(At amortised cost)

	As at 31 March 2023	As at 31 March 2022
Non convertible debentures (NCDs) (In India) (^)		
Secured	14,704	10,726
Unsecured	-	-
Interest accrued but not due		
- Debt securities	576	383
	15,280	**11,109**
Debt securities in India	15,280	11,109

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

(^) Refer note 36(a) for terms and conditions attached to non convertible debentures (NCDs)

17 Borrowings (other than debt securities)
(At amortised cost)

	As at 31 March 2023	As at 31 March 2022
Secured (^)		
Term loans		
From banks	913	4,090
From others	21,233	13,894
External commercial borrowings	12,302	20,441
Securitization liabilities	9,607	2,765
Unsecured (^)		
Term loans		
From banks	-	-
From others	335	1,132
Interest accrued but not due		
Borrowings (other than debt securities)	329	443
Lease liability	308	132
	45,027	**42,896**
Borrowings in India	32,725	22,455
Borrowings outside India	12,302	20,441
	45,027	**42,896**

Note
Note: There is no borrowings measured at FVTPL or designated at FVTPL.

(^) Refer note 36(b) for terms and conditions attached to borrowings from banks and financial institutions.

18 Derivative financial instruments

Derivative designated as hedging instruments	As at 31 March 2023	As at 31 March 2022
Cross currency interest rate swaps (CCIRS)	-	152
	-	**152**

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19 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Employee benefits payable	305	470
CCP Series C1 *	10,421	10,421
Series C1 CCD *	58	58
Other liabilities	129	
	10,913	**10,949**

* CCPS and CCD has option to covert in whole or part into Equity Shares at any time and from time to time before 19 years. Conversion into the number of equity shares are based on the conditions as per the contract in the range of 1:2.14 to 1:1

20 Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for income tax	-	38
	-	38

21 Provisions

	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
Gratuity	275	232
Compensated absences	181	176
	456	**408**

22 Other non financial liabilities

	As at 31 March 2023	As at 31 March 2022
Advance from customers	635	123
Statutory dues payable	161	113
	796	**236**

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23 Equity share capital

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 100 each	3,00,000	300	3,00,000	300
	3,00,000	300	3,00,000	300
Issued, subscribed and fully paid-up				
Equity shares of ₹ 100 each, fully paid up	46,741	47	46,741	47
Less: Amount recoverable from Varthana Employee Welfare Trust (face value of 8,598 shares allotted to the trust) - refer note (d) below	(8,598)	(9)	(8,598)	(9)
	38,143	38	38,143	38

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Balance at the beginning of the year*	46,741	47	46,741	47
Add: issued during the year	-	-	-	-
Balance at the end of the year	46,741	47	46,741	47

* Refer note no. d) below

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with par value of ₹ 100 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to approval of shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% of equity shares in the Company

	As at 31 March 2023		As at 31 March 2022	
	Number	% of shareholding	Number	% of shareholding
Dragonfruit Education Services LLP	30,130	64.5%	30,130	64.5%
Elevar Equity Mgt Limited	3,571	7.6%	3,571	7.6%
Varthana Employees Welfare Trust	9,871	21.1%	9,871	21.1%

d) The Company has given an interest and collateral free loan to an Varthana Employee Welfare Trust to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company has established the ESOP Trust to which the stock options issuable (8,598 equity shares) have been transferred. The amount recoverable from the ESOP Trust has been reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares).

e) During the financial year ended 31 March 2018 and 31 March 2016, the Company had allotted 4,512 and 4,975 fully paid bonus shares respectively having face value of ₹ 100 per equity share, by capitalization of securities premium. No further bonus shares were issued during five years immediately preceding 31 March 2023.

The Company has neither issued any shares without payment being received in cash nor has there been any buyback of shares during five years immediately preceeding 31 March 2023.

24 Instruments entirely equity in nature

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised share capital				
"Series A" Compulsorily Convertible Preference shares of ₹100 each ("Series A" CCPS)	1,98,500	199	1,98,500	199
"Series One" Compulsorily Convertible Preference shares of ₹100 each each ("Series One " CCPS)	1,500	2	1,500	2
"Series B" Compulsorily Convertible Preference shares of ₹6.388 each ("Series B " CCPS)	80,000	5,110	80,000	5,110
"Series C" Compulsorily Convertible Preference shares of ₹100 each each ("Series C " CCPS)	4,47,160	447	4,47,160	447
Total	7,27,160	5,758	7,27,160	5,758





Issued, subscribed and fully paid-up

Compulsorily Convertible Preference Shares (CCPS)				
"Series A" CCPS of ₹100 each	55,606	56	55,606	56
"Series One" CCPS ₹100 each	1,252	*	1,252	1
"Series B" CCPS ₹5,000 each	76,084	4,860	76,084	4,860
"Series C" CCPS ₹100 each	60,148	60	60,148	60
	1,93,090	**4,977**	**1,93,090**	**4,977**
Compulsorily Convertible Debentures (CCDs)				
"Class A" CCDs ₹100,000 each	127	127	127	127
"Class B" CCDs ₹10 each	50,19,878	502	50,19,878	502
	50,20,005	**629**	**50,20,005**	**629**
Total instruments entirely equity in nature	**52,13,095**	**5,606**	**52,13,095**	**5,606**

a) Reconciliation of the number of Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible debentures (CCDs) outstanding at the beginning and at the end of the reporting period

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
i) "Series A" CCPS				
Balance at the beginning of the year	55,606	56	55,606	56
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**55,606**	**56**	**55,606**	**56**
ii) "Series One" CCPS				
Balance at the beginning of the year	1,252	1	1,252	1
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**1,252**	**1**	**1,252**	**1**
iii) "Series B" CCPS				
Balance at the beginning of the year	76,084	4,860	76,084	4,860
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**76,084**	**4,860**	**76,084**	**4,860**
iv) "Series C" CCPS				
Balance at the beginning of the year	60,148	60	60,148	60
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**60,148**	**60**	**60,148**	**60**
v) "Class A" CCDs				
Balance at the beginning of the year	127	127	127	127
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**127**	**127**	**127**	**127**
vi) "Class B" CCDs				
Balance at the beginning of the year	50,19,878	502	50,19,878	502
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**50,19,878**	**502**	**50,19,878**	**502**

b) Rights, preferences and restrictions attached to CCPS and CCDs

i) "Series A" CCPS:

The Company has issued 55,606 "Series A", 0.0001% CCPS of ₹ 100 each on 11 August 2014 and 9 July 2015 and is convertible in whole or in part, into 55,606 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series A" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series One" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series A" CCPS will rank pari passu with "Series One" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series A" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

ii) "Series One" CCPS:

The Company has issued 1,252 "Series One", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, into 1,252 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series One" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series One" CCPS will rank pari passu with "Series A" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B"CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series One" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

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iii) "Series B" CCPS:

The Company has issued 76,084 "Series B" 0.0001% CCPS of ₹ 6,300 each and is convertible in whole or in part, into 76,084 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series B" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series B" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series B" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

iv) "Series C" CCPS:

The Company has issued 50,148 "Series C", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, into 50,148 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series C" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series C" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series C" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

v) "Class A" CCDs:

The Company has issued 127 "Class A", zero coupon compulsory convertible debentures ("CCDs") of ₹ 100,000 each and is convertible in whole or in part, into 3,210 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.

In a liquidation event, the holder of the "Class A" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS and "Class A" CCDs and "Class B" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

vi) "Class B" CCDs:

The Company has issued 5,019,978 "Class B", zero coupon compulsory convertible debentures ("CCDs") of ₹ 10 each and is convertible in whole or in part, into 12,690 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.

In a liquidation event, the holder of the "Class B" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS and "Class A" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

c) Details of holders holding more than 5% of CCPS and CCDs in the Company

	As at 31 March 2023		As at 31 March 2022	
	Number	% of shareholding	Number	% of shareholding
"Series A" CCPS				
Elevar M-II	13,417	24.1%	13,417	24.1%
On Mauritius	18,377	33.0%	18,377	33.0%
LGT Capital Invest Mauritius PCC with Cell EVP	20,461	36.8%	20,461	36.8%
"Series One" CCPS				
LGT Capital Invest Mauritius PCC with Cell EVP	550	43.9%	550	43.9%
Ramachandran Narayan	520	41.5%	520	41.5%
Mohan Alexander	130	10.4%	130	10.4%

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c) **Details of holders holding more than 5% of CCPS and CCDs in the Company (contn.)**

"Series B" CCPS				
Elevar M III	11,903	15.5%	11,903	15.8%
LGT Capital Invest Mauritius PCC with Cell EVP	14,373	18.9%	14,373	18.9%
ON Mauritius	11,923	15.7%	11,923	15.7%
Kaizen Private Equity	13,842	18.2%	13,842	18.2%
Turquoise Investments Limited	8,830	11.5%	8,830	11.6%
Kaizen Private Equity II Pte. Ltd	15,213	20.0%	15,213	20.0%
"Series C" CCPS				
Turquoise Investments Limited	48,159	80.1%	48,159	80.1%
Elevar M III	3,053	5.1%	3,053	5.1%
LGT Capital Invest Mauritius PCC with Cell EVP	3,054	5.1%	3,054	5.1%
ON Mauritius	3,055	5.1%	3,055	5.1%
Class A Compulsorily Convertible Debentures				
Turquoise Investments Limited	60	47.2%	60	47.2%
Rajesh Chandra Pathak	25	19.7%	25	19.7%
Sunil Rohokale	25	19.7%	25	19.7%
Sricharsha Mysore Lingashetty	12	9.4%	12	9.4%
Class B Compulsorily Convertible Debentures				
LGT Capital Invest Mauritius PCC with Cell EVP	10,80,000	21.9%	10,80,000	21.9%
Elevar M III	5,45,200	10.9%	5,45,200	10.9%
Narayan Ramachandran	6,64,768	13.2%	6,64,768	13.2%
Turquoise Investments Limited	22,28,070	44.4%	22,28,070	44.4%

d) **Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:**

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
a. For compulsorily convertible preference shares: 193 090 equity shares of ₹ 100 each	1,93,090	193	1,93,090	193
b. For compulsorily convertible debentures: 15,900 equity shares of ₹ 100 each	15,900	16	15,900	16
c. Under Employee stock option scheme: 2,560 equity shares of ₹ 100 each, at an weighted average exercise price of ₹ 25,471 each	6,895	7	2,560	3
Balance at the end of the year	2,15,885	216	2,11,550	212

25 **Other equity**

	As at 31 March 2023	As at 31 March 2022
Statutory reserve u/s 45(IC) of the RBI Act, 1934	1,755	1,623
Securities premium	27,535	27,535
Share options outstanding account	396	24
Retained earnings	5,159	4,725
Other comprehensive income	(210)	(514)
	34,617	33,399

Nature and purpose of reserves:

i. **Statutory reserve u/s 45(IC) of the RBI Act, 1934**
Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

ii. **Securities premium**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

iii. **Share options outstanding account**
This reserve is used to recognise grant date fair value of options issued to employees under employee stock option plans.

iv. **Retained earnings**
All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

v. **Effective portion of cash flow hedges**
The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the effective portion of cash flow hedges. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss.

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26 Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income (on financial assets measured at amortised cost)	16,949	16,144
Interest income on fixed deposit with banks and Financial institutions	278	175
Fee and commission	596	317
Other operating income	1,596	177
	18,119	16,813

27 Net gain on fair value changes

	Year ended 31 March 2023	Year ended 31 March 2022
Net gain on financial instruments at FVTPL		
On mutual fund units	225	198
	225	198

28 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Income from professional services	-	8
Interest income on Incometax refund	-	-
Others	361	53
	361	62

29 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
On financial liabilities measured at amortised cost		
Interest expense on:		
- term loans	2,902	3,673
- debt securities	1,538	1,583
- external commercial borrowings	1,856	2,423
Other borrowing costs	87	284
	6,383	7,963

30 Impairment on financial instruments
(On financial assets measured at amortised cost)

	Year ended 31 March 2023	Year ended 31 March 2022
Expected credit losses on loans (*)	7,227	3,579
Loan assets written off	10,455	538
	3,228	4,107

* Includes management overlay of Rs.250 Lakhs

31 Employee benefit expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	5,083	4,648
Contribution to provident and other funds	181	162
Gratuity	81	68
Compensated absences	50	69
Staff welfare expenses	535	107
	5,931	5,053

32 Depreciation, amortization and Impairment

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of tangible assets	236	158
Amortisation of intangible assets	23	37
	259	195

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33 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Rent (*)	31	70
Travelling and conveyance	492	266
Legal and professional fee	665	372
Audit remuneration (^)	14	27
Collection charges	-	0
Rates and taxes	12	13
Communication	90	79
Printing and stationery	20	26
Insurance	137	107
Commission	3	3
Repairs and maintenance	98	77
Training and recruitment	105	66
Information technology costs	268	205
Branding and marketing	173	33
CSR expense	11	45
Miscellaneous	57	25
	2,175	1,414

(*) Includes expense related to short term leases (leases with a lease term of upto 12 months) for which recognition exemption under Ind AS 116 has been applied.

(^) Auditors remuneration		
- Statutory audit	13	13
- Limited review	-	10
- Tax audit	1	-
	14	23

34 Tax expense

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax		
- In respect of current year	-	868
- In respect of prior year	2	-
Deferred tax	184	(778)
	186	90

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Profit/(Loss) before tax	730	342
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	184	86
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax expense pertaining to prior years	2	-
Tax on expense not eligible for deduction	-	4
Impact of change in tax rates	-	-
Other adjustments	0	0
Reported income tax expense	186	90

35 Earnings per equity share

	Year ended 31 March 2023	Year ended 31 March 2022
Net profit attributable to equity shareholders	544	252
Weighted average number of shares outstanding during the period	38,143	38,143
Add: Effect of potential shares for conversion of ESOPs (nos)	37	86
Add: Effect of potential shares for conversion of CCPS (nos)	1,93,090	1,93,090
Add: Effect of potential shares for conversion of CCDs (nos)	15,900	15,900
Weighted average number of shares outstanding for computing basic and diluted EPS (nos)	2,47,170	2,47,219
Earnings per share:		
Basic and Diluted (₹)	220	102
Nominal value - per equity share (₹)	100	100

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36 Details of terms and conditions of Debt securities and borrowings

a) **Debt securities**

S No.	Non Convertible Debentures (NCD)	Amount issued	Redemption terms	Nature of security	Balance outstanding as at	
					31 March 2023	31 March 2022
1	11.86%, 25000 Debentures of ₹10,000 each	-	₹ 833 lakhs redeemable on 6 Augus; 2020 and balance in four equated instalments payable on 5 February 2021, 5 August 2021, 5 February 2022 and 5 August 2022	100% book debts	-	832
2	12.75%, 400 Debentures of ₹1,000,000 each	-	Redeemable in single instalment on 27 April 2023	90% book debts	4,000	3,997
3	12.00%, 2700 Debentures of ₹1,00,000 each	2,700	₹ 450 lakhs redeemable on 30 January 2023 and balance in four equated instalments payable on 29 Jun 2023, 29 December 2023, 1 July 2024 and 29 December 2024	100% book debts	1,788	2,670
4	12.90%, 2300 Debentures of ₹2,50,000 each	5,750	Redeemable in single instalment on 19 December 2025	100% book debts	5,878	-
5	12.75%, 648 Debentures of ₹500,000 each	-	Redeemable in single instalment on 3 May 2023	100% book debts	3,238	3,228
					14,704	10,726

Some of the loan agreements the Company did not fulfil the GNPA ratio, Credit rating, PAR 90+ etc as required in the contract. However there is no instance of request for repayment of the outstanding loan or any action taken from the lenders.

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36 Details of terms and conditions of Debt securities and borrowings (Continued)

b) Borrowings (other than debt securities)

Original maturity of loan	Interest rate (p.a)	Repayment terms	No's of installment	Amount per instalment		Nature of security		Balance outstanding as at	
				Maximum	Minimum	Book debts	Cash collateral	31 March 2023	31 March 2022
I. Secured term loans from banks									
36 months	8.80% - 12.75%	Monthly	25-36	167	60	110%-120%	0%-7%	-	725
42 months	10.90%	Monthly	40	75	75	110%	NA	-	-
48 months	9.64% - 13.00%	Monthly	48	52	27	100%-110%	0%-7%	524	2,769
60 months	13.25%	Monthly	20	17	14	110%	NA	369	596
II. Secured loans from others (financial institutions)									
12 Months	5%	Bullet	1	3,49	2.27	110%	NA	492	0
7 Months	5%	Bullet	1	0	0	110%	NA	495	0
24 months	13.50%	Monthly	24	72	7	120%	NA	1,373	-
33 months	13.50%	Monthly	12	25	23	110%	NA	1,974	-
30 months	13.55%	Monthly	12	113	101	110%	NA	985	-
36 months	12.15% - 13.15%	Monthly	21-36	67	10	110%	NA	4,224	2,096
37 months	13.50%	Monthly	36	128	1	110%	NA	1,733	-
42 months	12.05% - 13.65%	Monthly	35-42	28	12	110%	NA	2,251	-
48 months	11.00% - 13.80%	Monthly	1-48	52	3	105%-110%	NA	5,957	8,944
49 months	13.85%	Monthly	47	12	3	110%	NA	992	-
60 months	11.15% - 12.25%	Monthly	7	80	80	110%	NA	532	2,080
36 months	12.75%	Quarterly	12	125	125	110%	NA	-	374
48 months	12.75%	Quarterly	8-16	75	75	110%	NA	-	-
63 months	12.25%	Quarterly	4	44	44	110%	NA	225	400
III. Securitization liabilities									
27 Months	11.75%	Monthly	27	-	-	110%	5.00%	1,499	-
37 months	12%-13.60%	Monthly	2	119	4	110%	5.00%	458	1,496
34 Months	11.60%-13%	Monthly	32	111	56	110%	5.00%	3,092	-
36 Months	12.60%	Monthly	33	111	56	110%	5.00%	801	-
45 Months	12%-12.25%	Monthly	31-39	19	329	110%	5.00%	3,921	778
57 Months	10.75% - 13.10%	Monthly	57	80	27	113%	4.00%	-	493
85 Months	11.25%	Monthly	79	157	58	110%	5.00%	1,736	-
IV. Secured loans from others (external commercial borrowings)									
48 months	12.15%- 12.65%	Quarterly	8	708	708	100%	NA	2,485	5,559
36 months	11.47%	Bullet	1	3,553	3,553	100%	NA	-	3,721
81 months	10.24%	Quarterly	20	572	572	100%	NA	9,861	11,161
VI. Unsecured loans from financial institutions									
48 months	12.25%-13.75%	Monthly	42	46	-	NA	NA	335	1,132

Some of the Company's loan agreements are subject to covenant clauses, whereby the Company is required to meet certain key requirements. The Company did not fulfil the PAR 90 as % of AUM as required in the contract for a credit line of Rs. 532 lakhs. Due to this breach of the covenant clause, the company has placed a fixed deposit to the extent of Rs. 532 lakhs to be redeemed as principal amount is paid.

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37 **Employee benefits plans**

A **Defined benefit plan**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

	31 March 2023	31 March 2022
(i) Amount recognised in the balance sheet is as under:		
Present value of the obligation as at the end of the year	275	232

(ii) Amount recognised in the the Statement of Profit & Loss

	31 March 2023	31 March 2022
Current service cost	66	54
Interest cost (net)	15	13
	81	67

(iii) Actuarial (gain)/loss recognised in other comprehensive income:

	31 March 2023	31 March 2022
Actuarial (gain) / loss arising from		
Change in demographic assumption	-	(75)
Change in financial assumption	(7)	1
From experience adjustment	(2)	5
	(9)	(17)

(iv) Changes in the present value of defined benefit obligation

	31 March 2023	31 March 2022
Defined benefit obligation as at the beginning of the year	232	191
Interest cost	15	13
Current service cost	66	54
Benefits paid	(29)	(9)
Actuarial (gain)/ loss on obligation	(9)	(17)
Defined benefit obligation as at the end of the year	275	232
Unfunded net liability recognized in balance sheet	275	232

(v) Actuarial assumptions used for determination of the liability of the Company:

	31 March 2023	31 March 2022
Discount rate	7.40%	6.97%
Expected rate of return on assets	0.00%	0.00%
Salary escalation rates	10.00%	10.00%
Attrition rate	33.00%	33.00%
Retirement age (in years)	58	58
Expected average remaining working lives of employees (in years)	24	24

(vi) Sensitivity analysis

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Gratuity	31 March 2023		31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (+/- 1.0%)	(6)	7	(14)	16
Salary growth rate (-/+ 1.0%)	(5)	5	(11)	12
Attrition rate (+/- 1.0%)	(1)	1	(4)	4

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior year.

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37 Employee benefits plans (Continued)

A Defined benefit plan

(vii) Maturity profile of defined benefit obligation	31 March 2023	31 March 2022
Within next 12 months	35	30
Between 1-5 years	73	84
Beyond 5 years	167	299

B Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 of ₹178 lakhs (31 March 2022: ₹158 lakhs) and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948 of ₹3 lakhs (31 March 2022: ₹4 lakhs) has been recognized in the Statement of profit and loss under the head " Employee benefits expense".

C Compensated absences

Assumptions used in accounting for vacation pay:	31 March 2023	31 March 2022
Discount rate	7.40%	6.97%
Salary escalation rates	10.00%	10.00%
Attrition rate	33.00%	33.00%
Retirement age (in years)	58	58

38 Employee Stock Option Plan (ESOP)

The Thirumeni Employee Stock Option Scheme' ("TESOS") (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 16 March 2016. The Company introduced the Plan for the benefit of the employees of the Company. The plan provides for the creation and issue of 9,871 options that would eventually convert into equity shares of ₹ 100 each in the hands of the employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of five years from the year of vesting, failing which the options shall lapse. During the year the company has granted the ESOP scheme 4 with the same terms and conditions except for the vesting period which was reduced to 3 years.

Pursuant to the Plan, the Company granted 9,945 options till 31 March 2023 (31 March 2022: 4,850). The number of shares outstanding as of 31 March 2023 is 6,895 (31 March 2022: 2,560). The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period upto 31 March 2022. For the year ended 31 March 2023, the Company has recorded stock compensation expenses of ₹ 372 lakhs (31 March 2022: ₹ 1 lakhs).

Option activity during the year is summarised below:

	No. of options 31 March 2023	Weighted average exercise price	No. of options 31 March 2022	Weighted average exercise price
Options outstanding at the beginning	2,560	25,471	2,560	25,471
Granted during the year	5,495	33,304	-	-
Lapsed/ forfeited during the year	(1,160)	(29,992)	-	-
Options outstanding at the end	6,895	32,162	2,560	25,471

The grant date fair value of each option award is estimated on the date of grant using Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Options grant period	Expected volatility	Dividend yield	Risk free interest rate	Weighted average exercise price (₹)	Fair value at grant date (₹)	Weighted average remaining contractual life (years)
Grant 1	35%	17%	6.80%	10,820	1,017	3
Grant 2	29%	17%	7.30%	22,227	1,377	3
Grant 3	18%	17%	7.30%	33,238	522	3
Grant 4	30%	17%	5.11%	33,304	11,477	3

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39 Financial instruments and fair value disclosures

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2023

Particulars	Fair value through Profit and Loss	Fair value through OCI	Amortized cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	12,718	12,718	12,718
Other bank balances	-	-	2,291	2,291	2,291
Derivative financial instruments	-	394	-	394	394
Loans	-	-	89,863	89,863	89,863
Investments	2,505	-	-	2,505	2,505
Other financial assets	-	-	94	94	94
Total financial assets	**2,505**	394	**1,04,966**	**1,07,866**	**1,07,866**
Financial liabilities					
Payables	-	-	279	279	279
Debt securities	-	-	15,280	15,280	15,280
Borrowings (other than debt securities)	-	-	45,027	45,027	45,027
Derivative financial instruments	-	-	-	-	-
Other financial liabilities	-	-	10,913	10,913	10,913
Total financial liabilities	-	-	**71,499**	**71,499**	**71,499**

As at 31 March 2022

Particulars	Fair value through Profit and Loss	Fair value through OCI	Amortized cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	9,188	9,188	9,188
Other bank balances	-	-	2,723	2,723	2,723
Loans	-	-	85,823	85,823	85,823
Investments	2,607			2,607	2,607
Other financial assets	-	-	313	313	313
Total financial assets	2,607	-	**98,047**	**1,00,654**	**1,00,654**
Financial liabilities					
Payables	-	-	35	35	35
Debt securities	-	-	11,109	11,109	11,109
Borrowings (other than debt securities)	-	-	42,896	42,896	42,896
Derivative financial instruments	-	152		152	152
Other financial liabilities	-	-	10,949	10,949	10,949
Total financial liabilities	-	152	**64,988**	**65,141**	**65,141**

Notes to financial instruments

The management assessed that the fair value of cash and bank balances, loans, other financial assets, payables, debt securities, borrowings and other financial liabilities approximate the carrying amount of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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39 Financial instruments and Fair value disclosures (cont'd)

B. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are Categorised into three levels within the fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability.

The following table shows the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis

As at 31 March 2023

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	-	-	2,505	2,505
Derivative financial instruments	-	394	-	394
Financial liabilities				
Derivative financial instruments	-	-	-	-

As at 31 March 2022

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Investments			2,607	2,607
Financial liabilities				
Derivative financial instruments	-	152	-	**152**

The following table presents the changes in level 3 items for the period ended 31 March 2023 and 31 March 2022:

	31 March 2023
As at 01 April 2022	2,607
Additions made during the year	258
Redemption/ Sale during the year	360
As at 31 March 2023	**2,505**

There are no financial liabilities measured at fair value on recurring basis. There were no transfers between the level 3 in the reporting periods.

C. Valuation process and technique used to determine fair value

(i) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs based on the report from the bank providing the swap and are classified as Level 2

(ii) The fair value of principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date based on the report from the bank providing the swap and are classified as Level 2.

(iii) Fair value of Investment in Security Receipts and Equity tranche is determined based on the NAV declared by the ARC/Trust.

D. Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans and other financial assets	Ageing analysis, stress testing, modelling of credit risk	Bank deposits, diversification of asset base, and credit limits
Liquidity risk	Financial liabilities	Rolling cash flow forecasts	Fund raise plan to source equity and debt, as required
Market risk – Interest rate	Borrowings at variable rates	Sensitivity analysis	Diversification of portfolio, with use of derivative financial instruments
Market risk - security price	Investments in securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments
Market risk – Foreign currency	Recognised financial liabilities not denominated in Indian Rupees (₹)	Sensitivity analysis	Diversification of portfolio, with use of derivative financial instruments

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

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39 Financial instruments and Fair value disclosures (cont'd)

E. 1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, loans, investments, derivative instruments and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings in each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.
(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, Investments	Life time expected credit loss or fully provided for; Excess of carrying value over fair value.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Financial assets that expose the entity to credit risk:

	31 March 2023	31 March 2022
Low credit risk on financial reporting date		
Cash and cash equivalents	12,710	9,188
Other bank balances	2,291	2,723
Loans and corresponding interest receivable *	72,429	50,682
Other financial assets	94	313
Moderate credit risk		
Loans *	13,827	24,964
High credit risk		
Loans *	7,712	11,508
Investments	2,505	2,607

* These represents gross carrying values of financial assets.

E. 2 Management of credit risk for financial assets other than loans
Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is considered to be very low as the Company only deals with high rated banks. The risk is also managed by diversifying bank deposits and accounts in different banks across the country.

Other financial assets measured at amortised cost
Other financial assets measured at amortised cost includes advances to employees and security deposits. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously.

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E.3 Expected credit losses for financial assets other than loans

As at 31 March 2023	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	12,718	0%	-	12,718
Bank balances other than cash and cash equivalents	2,291	0%	-	2,291
Other financial assets	94	0%	-	94

As at 31 March 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	9,188	0%	-	9,188
Bank balances other than cash and cash equivalents	2,723	0%	-	2,723
Other financial assets	313	0%	-	313

39 Financial instruments and Fair value disclosures (cont'd)

E.4 Management of credit risk for loans

Credit risk on loans is the single largest risk of the Company's business and therefore the Company has developed several processes and controls to manage it. The Company is primarily engaged in providing secured and unsecured loans to educational institutions / trusts and unsecured educational loans to students. The Company operates in the majority of the states in India.

E.4.1 Credit risk measurement - Expected credit loss measurement

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".

ECL depends on the stage of financial instrument:

- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss resulting from default events possible within the next 12 months.
- Instruments in Stage 2 or Stage 3 criteria have their ECL measured based on the default events possible in the entire lifetime.

E.4.2 Criteria for significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

(i) Quantitative criteria

The remaining lifetime probability of default at the reporting date has increased, compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognized. The Company considers loan assets as Stage 2 when the delay in repayment is within the range of 30 to 89 days.

(ii) Qualitative criteria

If other qualitative aspects indicate that there could be a delay/default in the repayment of the loans, the Company assumes that there is significant increase in risk and loan is moved to stage 2.

The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

E.4.3 Criteria for default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets the following criteria:

Quantitative criteria:

The company considers loan assets as Stage 3 when the default in payment has moved beyond 90 days

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- Inability to continue with business on account of permanent incapacitation or material adverse effect.

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E.4.4 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is in Stage 1, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD rates are calculated by averaging of best case and worst case scenario PD rates may also vary based on type of loan, tenure etc

Loss given default (LGD) computation model

LGD is the credit loss that will be incurred if the borrower defaults. It is calculated as the difference between the present value (using the EIR of the loan) of the amount that the entity expects to receive after the default event occurs and the contractual amounts due. Accordingly, the type of loan facility (secured/unsecured, type of security etc.) are important considerations while grouping loan assets into categories while determining LGD rates. All the alternative recovery options, including monetizing the security, debt restructuring etc. are considered while determining the expected credit losses after default. External costs of monetizing the collateral are also considered (if applicable)

Forward looking information

The Company has calculated PD and LGD using historical data, and has also assessed forward looking estimates such as GDP growth rate and other economic factors affecting the regions in which the Company operates, and considers that the provisions including management overlay if any,appropriately reflect future expected losses.

39 Financial instruments and Fair value disclosures (cont'd)

E.4.5 Expected credit losses for loans

As at 31 March 2023	Estimated gross carrying amount at default	Expected credit losses and management overlay %	Expected credit losses and management overlay	Carrying amount net of impairment provision
Loans (at amortised cost)	93,967	4.37%	4,104	89,863

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses and management overlay %	Expected credit losses and management overlay	Carrying amount net of impairment provision
Loans (at amortised cost)	97,153	11.66%	11,331	85,823

E.5 Credit risk exposure

	As at 31 March 2023			
	ECL Staging			
Categories	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans (at amortised cost) (*)				
- Secured	62,652	13,806	7,424	83,882
- Unsecured	8,135	220	287	8,643
Gross carrying amount	**70,792**	**13,827**	**7,712**	**92,331**
Loss allowance (**)	552	1,111	2,440	4,104
Carrying amount	**70,240**	**12,716**	**5,271**	**88,227**

	As at 31 March 2022			
	ECL Staging			
Categories	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans (at amortised cost) (*)				
- Secured	46,196	23,011	9,417	78,624
- Unsecured	12,537	1,953	2,091	16,581
Gross carrying amount	**58,833**	**24,964**	**11,508**	**95,305**
Loss allowance (**)	2,226	2,667	6,238	11,331
Carrying amount	**56,607**	**22,297**	**5,270**	**83,974**

* The Gross carrying amount does not include interest accrued.

**(i) The overall decrease in loss allowance on the portfolio was driven by movements between stages as a result of decrease in credit risk in general, along with management's decision to revisit the ECL model and the write offs during the year. In addition, loss allowance includes Rs.250 lakhs of management overlay not assigned to specific loans.

(ii) Provision required under IRAC for investment in SRs of ARC (Note 8) is 1033 lakhs. over all provision indicated above is sufficient to cover the provision requirement and higher NPA risks.

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39 **Financial instruments and Fair value disclosures (cont'd)**

E.5 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit- impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2022	**58,833**	**24,985**	**11,508**	**95,305**
New assets originated	39,219	660	196	**40,075**
Transfers from Stage 1	(8,509)	5,963	2,546	-
Transfers from Stage 2	7,919	(12,476)	4,557	-
Transfers from Stage 3	1,001	1,059	(2,060)	-
Assets derecognised or repaid	(27,669)	(6,345)	(9,036)	(43,050)
Balance as at 31 March 2023	**70,792**	**13,827**	**7,712**	**92,331**

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2021	**82,784**	**18,015**	**3,027**	**1,03,826**
New assets originated	9,384	492	262	**10,118**
Transfers from Stage 1	(15,581)	14,231	4,350	-
Transfers from Stage 2	1,016	(7,213)	6,297	-
Transfers from Stage 3	151	183	(334)	-
Assets derecognised or repaid	(18,801)	(743)	(1,094)	(18,638)
Balance as at 31 March 2022	**58,933**	**24,985**	**11,508**	**95,305**

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2022	**2,226**	**2,866**	**6,238**	**11,331**
New assets originated	264	44	62.00	370
Transfers from Stage 1	(490)	294	196	-
Transfers from Stage 2	537	(1,376)	839	-
Transfers from Stage 3	454	453	(907)	-
Amount written off/ repaid	(2,748)	(1,171)	(3,679)	(7,597)
Balance as at 31 March 2023	**552**	**1,111**	**2,440**	**4,104**

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2021	**3,804**	**2,363**	**1,594**	**7,760**
New assets originated	545	883	4,587	**6,016**
Transfers from Stage 1	(896)	677	219	-
Transfers from Stage 2	243	(973)	730	-
Transfers from Stage 3	103	50	(153)	-
Amount written off/ repaid	(1,573)	(134)	(739)	(2,446)
Balance as at 31 March 2022	**2,226**	**2,866**	**6,238**	**11,331**

The overall decrease in loss allowance on the portfolio was driven by movements between stages as a result of decrease in credit risk in general, along with management's decision to revisit the ECL model and the write offs during the year. In addition loss allowance includes Rs.250 lakhs of management overlay not assigned to specific loans.

E.7 Write off policy

The Company writes off financial assets when,

a)All amounts that have crossed 720 days will be placed before the Credit Committee of the Management; and

b)Any other account at a lower DPD that has been identified to be unrecoverable shall also be recommended to the Credit Committee of the Management by any member of the Credit Committee;

The outstanding contractual amounts of such assets written off during the year ended 31 March 2023 was ₹ 10455 lakhs (31 March 2022 ₹ 637 lakhs). The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of recovery.

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39 Financial instruments and Fair value disclosures (cont'd)

F. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2023	Less than 1 year	1-5 year	More than 5 years	Total
Payables	279	-	-	279
Debt securities	9,669	6,611	-	16,280
Derivative financial instrument	-	394	-	394
Borrowings (Other than Debt Securities)	20,659	24,368	-	45,027
Other financial liabilities	434	10,479	-	10,913

31 March 2022	Less than 1 year	1-5 year	More than 5 years	Total
Payables	35	-	-	35
Debt securities	2,108	9,001	-	11,109
Derivative financial instrument	-	152	-	152
Borrowings (Other than Debt Securities)	22,484	20,412	-	42,896
Other financial liabilities	470	10,479	-	10,949

G.1 Market risk - Interest rate risk

G.1.1 Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2023	As at 31 March 2022
Debt securities		
Variable rate	-	-
Fixed rate	15,366	11,153
Borrowings (other than debt securities)		
Variable rate	22,577	13,024
Fixed rate	44,242	29,341

Sensitivity

The table below summarises the impact of increases/decreases in the interest rate on the Company's equity and profit for the period.

Impact on profit before tax	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest sensitivity(*)		
Interest rates – increase by 50 basis points (50 bps)	(89)	(72)
Interest rates – decrease by 50 basis points (50 bps)	89	72

(*) Holding all other variables constant

G.1.2 Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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39 Financial Instruments and Fair value disclosures (cont'd)

G.2 Market Risk - Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from External Commercial Borrowings (ECB). The Company follows a conservative policy of hedging its foreign currency exposure through Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT)

The Company's currency position is as under:

Particulars	31 March 2023	31 March 2022
Foreign Currency Assets	-	-
Foreign Currency Liabilities (*)	11,041	19,958

(*) It is fully hedged by CCIRS

Holding all other variables constant. The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be nil.

40 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, convertible debentures, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes have been made to the objectives, policies and processes from the previous years. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	31 March 2023	31 March 2022
Debt securities	15,280	11,109
Borrowings other than debt securities	45,027	42,695
Less: cash and cash equivalents	(12,718)	(9,158)
Less: bank balances other than cash and cash equivalents	(2,291)	(2,723)
Net debt (I)	**45,298**	**42,094**
Total equity (II)	40,261	39,042
Gearing ratio	**1.13**	1.08

Debt reconciliation

	Borrowings including interest-Debt Securities	Borrowings including interest-Other than Debt Securities	Total
Debt as at 1 April 2022	**11,109**	**42,764**	**53,873**
Proceeds/ Repayments (net)	4,016	1,991	6,007
Interest expense	1,536	4,757	**6,296**
Interest paid	(1,345)	(4,871)	(6,216)
Other non-cash movements			-
-Fair value adjustments	(36)	78	**39**
Debt as at 31 March 2023	**15,280**	**44,719**	**59,999**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

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41 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	12,718	-	12,718	9,188	-	9,188
Bank balances other than cash and cash equivalents	1,123	1,167	2,291	2,466	268	2,728
Derivative financial instruments	-	394	394	-	-	-
Loans	16,410	73,450	89,863	15,265	70,558	85,823
Investments	-	2,505	2,505	-	2,607	2,607
Other financial assets	47	47	94	277	36	313
	-	-		-	-	
Non-financial assets	-	-		-	-	
Current tax assets (net)	736	-	736	-	386	386
Deferred tax assets (net)	-	2,974	2,974	-	3,260	3,260
Property, plant and equipment	106	328	433	44	181	225
Other intangible assets	-	420	420	-	79	79
Other non-financial assets	456	127	583	261	-	261
Total assets	**31,600**	**81,412**	**1,13,012**	**27,490**	**77,375**	**1,04,865**
Liabilities						
Financial liabilities						
Derivative financial instruments	-	-	-	-	152	152
Trade payables						
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	279	-	279	35	-	35
Debt securities	8,669	6,611	15,280	2,108	9,001	11,109
Borrowings (other than debt securities)	20,659	24,368	45,027	22,484	20,412	42,896
Other financial liabilities	434	10,479	10,913	470	10,479	10,949
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	-	38	38
Provisions	89	367	456	80	328	408
Other non financial liabilities	796	-	796	236	-	236
Total liabilities	**30,925**	**41,826**	**72,751**	**25,413**	**40,410**	**65,823**

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42 Transfer of financial assets

A Transferred financial assets that are not derecognised in their entirety

In the course of its finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows and assumes a responsibility to transfer them to the counterparty.

The Company has securitized its loan assets to unrelated and unconsolidated special purpose vehicles (SPVs). The Company does not hold any equity or other interest in the SPV and does not control these SPVs. As per the terms of the agreements, the Company is exposed to first loss default guarantee and cash collateral and therefore continues to be exposed to significant risk and rewards relating to the underlying loan assets. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition together with the associated liabilities:

	As at 31 March 2023	As at 31 March 2022
Securitisations		
Carrying value and fair value of securitised assets	1,145	4,059
Carrying value and fair value of securitised liabilities	807	2,763

B Transferred financial assets that are derecognised in their entirety

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets expires, or transfers the contractual rights to receive the cash flows from the asset. The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets qualify for derecognition,

	Year ended 31 March 2023	Year ended 31 March 2022
No. of Accounts Sold	23	-
Aggregate value (net of provisions) of accounts sold	1,209	-
Aggregate consideration	1,214	-
Aggregate gain/loss over net book value	5	-

43 Contingent liabilities not provided for

	As at 31 March 2023	As at 31 March 2022
Credit enhancements provided by the Company towards securitisation transactions (including cash collaterals, principal subordination)	2,735	1,319
Pending litigations (refer note below)	-	-

Note:

The Company has certain litigations pending which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director
Mr. Aseem Sudarshan	Independent Director
Mr. Sunil Satyapal Gulati	Independent Director
Mr. Ramanathan Kumar	Independent Director
Mr. Niraj Kambhati	Non Executive Director
Mr. Ashish Garg (resigned w.e.f 18 October 2022)	Non-Executive Nominee Director
Mr. Ashish Agarwal (resigned w.e.f 9 November 2022)	Non-Executive Nominee Director
Ms. Anuradha Ramachandran (resigned w.e.f 4 November 2022)	Non Executive Director
Mr. Ankit Singhal (w.e.f. 9 November 2022)	Non-Executive Nominee Director
Ms. Divya Venkataraghavan (w.e.f. 9 November 2022)	Non-Executive Nominee Director
Ms. Tressa Mathew (w.e.f. 9 November 2022)	Non-Executive Nominee Director
Mr. Yogesh Ratilnakar Udhoji (resigned w.e.f 31 March 23)	Chief Financial Officer
Mr. Yogesh Ghai	Chief Business Officer
Ms. Pragathi Moli	Company Secretary

ii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel	
	31 March 2023	31 March 2022
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	97	101
Mr. Brajesh Kumar Mishra	81	105
Mr. Yogesh Ratilnakar Udhoji	76	-
Mr. Yogesh Ghai	190	160
Reimbursement of expense		
Mr. Brajesh Kumar Mishra	9	-

iii) Balance receivable / (payable) with related parties as at the year end are as follows

There were no balance receivable/(payable) with related parties as at the 31 March 2023 and 31 March 2022.

There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Note:

The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.





45 Segment information

The Company is engaged in lending to educational institutions/ trusts and educational loan which is considered to be the only reportable business segment as per Ind AS 108, Segment Reporting. The Company operates primarily in India and there is no other geographical segment.

46 Events occuring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2023 and the date of authorisation of these financial statements.

47 Corporate Social Responsibility (CSR)

As per Section 135 of the Act, a CSR committee has been formed and functional at the Company.

		Year ended 31 March 2023	Year ended 31 March 2022
a)	Gross amount required to be spent by the company during the year.	11	45
b)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	11	45

48 Impact on SARS-CoV-2 (Covid-19)

The education sector has been the worst affected sector by the Covid-19 pandemic. The frequent closing down of schools with every wave continued all the way till end of January 2022 till the end of the Omicron wave. To address the ongoing disruptions to economic activity, the RBI had extended several initiatives to support the financial services sector and provided updates on asset classification, the company has availed the same.

During the year, June 22 was the first new academic session after the pandemic and on an average, schools were able to get back to about 85% to 90% of their pre-covid student strength. Most schools chose to not increase the fees for the new session and it was a foregone conclusion that the uncollected fees for the pandemic period would have to be written off. The company took a conservative stance on disbursements to ensure that there were no issues on repayments by the fresh borrowers. Even though the company wrote off Rs. 10455 lakhs in the financial year, the capital adequacy and provisioning coverage ratios were kept at very safe and robust levels. The company does not expect any significant additional stress on the portfolio going forward. The Company has complied with the asset classification of borrower accounts as per the extent RBI instructions / IRACP norms and as per ECL model under Ind AS financial statement.

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49 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

Particulars	As at 31 March 2023	
Liabilities side:	**Outstanding**	**Overdue**
1 Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid		
(a) Debentures		
: Secured	15,280	-
: Unsecured	-	-
(other than falling within the meaning of Public deposits)		
(b) Deferred credits	-	-
(c) Term loans	44,719	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial paper	-	-
(f) Public deposits	-	-
(g) Other loans:		
Other unsecured loans against assets of the Company	-	-
Secured loans against assets of the Company	-	-
Overdraft facility	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

Assets side :	As at 31 March 2023 Outstanding
3 Break-up of Loans and advances including bills receivables (other than those included in (4) below) :	
(a) Secured	81,286
(b) Unsecured	8,567
4 Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors :	-
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors :	-
(a) Assets on hire	-
(b) Repossessed assets	-
(iii) Other loans counting towards AFC activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
5 Break-up of Investments :	
Current Investments :	
1. Quoted :	
(i) Shares :	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2. Unquoted :	
(i) Shares :	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others :	-
(a) Certificate of deposit	-
(b) Commercial paper	-

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Assets side :	As at 31 March 2023 Outstanding
5 Break-up of investments (cont'd):	
Long Term investments :	
1. Quoted :	
(I) Shares :	-
(a) Equity	-
(b) Preference	-
(II) Debentures and bonds	-
(III) Units of mutual funds	-
(IV) Government securities	-
(V) Others (please specify)	-
2. Unquoted :	
(I) Shares :	
(a) Equity	-
(b) Preference	-
(II) Debentures and bonds	-
(III) Units of mutual funds	-
(IV) Government securities	-
(V) Others (in security receipts)	2,505
Total	2,505

6 Borrower group-wise classification of assets financed:

Category	As at 31 March 2023		
	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries -	-	-	-
(b) Companies in the same group -	-	-	-
(c) Other related parties -	-	-	-
2. Other than related parties -	81,296	8,567	89,863
Total -	81,296	8,567	89,863

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at 31 March 2023	
	Book Value (Net of Provisions)	Market value/Breakup or fair value or NAV
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	2,505	2,505
Total	2,505	2,505

8 Other information

Category	As at 31 March 2023
(i) Gross Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	7,712
(ii) Net Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	5,221

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50 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

Disclosure on Restructured Accounts:

Sl. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01 April 2022	No. of borrowers	302	1	2	-	305
		Amount outstanding	19,063	28	71	-	19,161
		Provision thereon	3,673	12	50	-	3,735
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year ended 31 March 2023 and hence need not be shown as restructured standard advances at the beginning of the next financial year.	No. of borrowers	32	-	1	-	33
		Amount outstanding	3,753	-	27	-	3,780
		Provision thereon	213	-	6	-	219
5	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	151	1	1	-	153
		Amount outstanding	5,903	28	44	-	5,975
		Provision thereon	1,767	12	44	-	1,823
7	Restructured Accounts as on 31 March 2023	No. of borrowers	119	-	-	-	119
		Amount outstanding	9,407	(0)	0	-	9,406
		Provision thereon	1,693	-	-	-	1,693

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51 **Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (as amended by time to time) issued by the RBI.**

A. Capital to Risk Asset Ratio ("CRAR"):

	As at 31 March 2023	As at 31 March 2022
CRAR (percent)	57.06%	55.13%
CRAR – Tier I Capital (percent)	57.06%	51.52%
CRAR – Tier II Capital (percent)	0.00%	0.92%
Amount of subordinated debt raised as Tier- I capital	-	-
Amount raised by issue of perpetual debt instruments	-	-
Liquidity coverage ratio (*)	2.08	5.40

(*Decrease in liquidity coverage ratio as at March 2023 is due to higher short term borrowings obligations)

B. Investments

Particulars	31 March 2023	31 March 2022
Value of Investments		
(i) Gross value of investments		
(a) In India	2,505	2,607
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	2,505	2,607
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

C. Derivatives

a) Interest rate swaps:

Particulars	31 March 2023	31 March 2022
i The notional principal of swap agreements	11,541	10,959
ii Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii Collateral required by the applicable NBFC upon entering into swaps	4,557	4,530
iv Concentration of credit risk arising from the swaps (in USD lakhs)	150	270
v The fair value of the swap book (asset/(liability))	394	(152)

b) Exchange Traded interest rate (IR) derivatives : The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on risk exposure of derivatives

Qualitative disclosures:

The Company has a Board approved policy in dealing with derivative transactions. It consists of hedging of foreign currency transactions which includes interest rate and foreign exchange rate risks, including cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the the gain or loss in fair value is recognised in Other Comprehensive Income and the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Quantitative Disclosures

Particulars	31 March 2023		31 March 2022	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
i Derivatives (Notional principal amount) - for hedging		11541		10959
ii Marked to market positions				
a) Assets (+)		394	-	-
b) Liability (-)	-		(152)	
iii Credit exposure	-	-	-	-
iv Unhedged exposures	-	-	-	-

Unhedged foreign currency exposure : The company has no unhedged foreign currency exposure on 31 March 2023 and 31 March 2022

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D. Details of financial assets sold to securitisation/reconstruction companies for asset reconstruction

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
No. of accounts sold	-	-
Aggregate value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Aggregate gain/(loss) over net book value(*)	-	-

* It is in the form of reversal of provision.

E. Disclosures relating to Securitisation:

During the year the Company has sold loans through securitisation. The information on securitisation activity of the Company as an originator is as shown below:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Total number of loans securitised (nos)	1,560.00	52.00
Total book value of loans securitised	14,097.50	1,003.24
Sale consideration received for loans securitised	12,536.00	902.92
Income recognised in the statement of profit and loss during the year	859.83	12.68

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
1 No. of SPVs sponsored by the applicable NBFC for securitisation transactions (nos)	6	3
2 Total amount of securitised assets as per books of the SPVs sponsored	11,145	4,058
3 Total amount of exposures retained by the NBFC to comply with Minimum retention requirement (MRR) as on		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	2,705	1,916
Others	-	-
4 Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-

F. Details of non-performing financial assets purchased or sold

i) The Company has not purchased any non performing financial assets during the current and previous year.

ii) The company has sold certain non-performing financial assets to an asset reconstruction company as disclosed in point D above.

G. Related party transactions

Refer to note no. 44 for related party transactions and related disclosures.

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H. Asset liability management maturity pattern of certain items of assets and liabilities

Maturity pattern	As on 31 March 2023			As on 31 March 2022		
	Assets	Liabilities		Assets	Liabilities	
	Advances	Borrowings	Foreign currency liability	Advances	Borrowings	Foreign currency liability
1 day to 30/31 days (one month)	2,360	5,530	572	1,015	1,129	572
Over 1 month to 2 months	1,221	4,648	-	1,035	1,269	-
Over 2 months upto 3 months	3,787	1,798	827	1,043	1,193	708
Over 3 months to 6 months	3,701	3,862	1,400	5,359	3,802	1,280
Over 6 months to 1 year	10,316	7,779	1,972	7,401	7,502	6,113
Over 1 year to 3 years	34,780	22,764	4,550	29,209	17,569	6,704
Over 3 years to 5 years	14,325	895	2,290	23,715	254	4,580
Over 5 years	8,317	-	-	17,155	-	-
Total	88,227	47,063	11,541	83,975	32,737	19,957

Note
i) The Company does not have any foreign currency liability/Assets as at 31 March 2023 and 31 March 2022 other than disclosed above.
ii) The above borrowings exclude interest accrued but not due.
iii) The above borrowings is without considering the adjustment for the unamortized processing fee and foreign exchange rate impact (31 March 2023: ₹ 394 lakhs and 31 March 2022: ₹ 362 lakhs)
iv) The advances comprise of loan principal and does not include interest accrued.

I. Exposure to real estate sector
The Company has no exposure to the real estate sector as at 31 March 2023 and 31 March 2022.

J. Exposure to capital market
The Company does not have any capital market exposure as at 31 March 2023 and 31 March 2022.

K. Details of financing of parent company products
This disclosure is not applicable as the Company does not have any holding / parent company.

L. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded
The Company has not exceeded Single Borrower Limit (SGL) or Group Borrower Limit (GBL).

M. Unsecured advances
Refer note 7 for unsecured advances. The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc.

N. Registration obtained from other financial regulators
The Company has renewed registration having license no. CA0521 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 11 October 2020 to 10 October 2023 for procuring or soliciting insurance business for life, general and health insurers.

O. Disclosure of penalties imposed by RBI and other regulators
There were no penalties imposed on the Company by RBI and any other regulator during the current year and previous year.

P. Ratings assigned by credit rating agencies and migration of ratings during the year

Instrument	Name of the rating agency	Amount rated	Date of rating	Rating assigned	Valid upto
Non Convertible Debentures ('NCDs')	ICRA Limited	5,000	20 Sep 2022	[ICRA]BBB- (Stable)	19 Sep 2023
Term loans	ICRA Limited	15,000	20 Sep 2022	[ICRA]BBB- (Stable)	19 Sep 2023

Q. Provisions and contingencies (shown under the head expenditure in statement of profit and loss)

Particulars	31 March 2023	31 March 2022
Provision made towards income tax	186	90
Provision towards NPA	(3,798)	4,644
Provision for standard assets	(3,129)	(1,074)
Provision for leave benefits	50	69
Provision for gratuity	72	50

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R. Draw down from reserves

There has been no draw down from the reserves and surplus during the year ended 31 March 2023 and 31 March 2022.

6. Concentration of deposits, advances, exposures and NPAs

Particulars	31 March 2023	31 March 2022
i. Concentration of advances		
Total advances to twenty largest borrowers	12,099	10,506
Percentage of advances to twenty largest borrowers to total advances of the NBFC	13.12%	11.02%
ii. Concentration of exposures		
Total exposures to twenty largest borrowers/customers	12,099	10,506
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/	13.10%	11.02%
iii. Concentration of exposures		
Total exposures to top four NPA accounts	1,712	1,405

iv. Sector-wise NPAs

Sector	Total exposure		Total NPA		Percentage of gross NPAs to total advances in that sector	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Agriculture and allied activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MSME (*)	87,617	94,115	7,836	11,496	8.68%	12.22%
Corporate borrowers	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Services	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unsecured personal loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Auto loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other personal loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Others (**)	4,714	1,191	105	12	2.23%	1.02%

* *Represents NPA towards educational institution / trusts infrastructure loan*
** *Represents Education loans to the individuals*

v. Movement of NPAs

Particulars	31 March 2023	31 March 2022
A Net NPAs to Net Advances (%)	5.97%	6.28%
B Movement of NPAs (Gross)		
a) Opening balance	11,905	3,027
b) Additions during the year	7,299	9,909
c) Reductions during the year	(2,609)	(971)
d) Write-off during the year	(6,467)	(457)
e) Closing balance	7,712	11,508
C Movement of Net NPAs		
a) Opening balance	5,270	1,133
b) Additions during the year	6,511	4,373
c) Reductions during the year	(6,510)	(536)
d) Closing balance	5,271	5,270
D Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	6,238	1,894
b) Provisions made during the year	787	5,536
c) Write-off during the year	(6,467)	(457)
d) Write-back of excess provisions	3,902	(435)
e) Closing balance	2,440	6,238

vi. Overseas assets

The Company does not have any overseas assets as at 31 March 2023 and 31 March 2022.

7. Customer complaints	31 March 2023	31 March 2022
1 **Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman**		
i) No. of complaints pending at the beginning of the year	-	-
ii) No. of complaints received during the year	33	15
iii) No. of complaints redressed during the year	32	15
iv) No. of complaints pending at the end of the year	1	-
v) No.of maintainable complaints received by the NBFC from Office of Ombudsman	13	4
v.i) Of 5, no. of complaints resolved in favour of the NBFC by Office of Ombudsman	13	4
v.ii) Of 5, no. of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
v.iii) Of 5, no. of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
vi) No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-
Maintainable complaints received by the NBFC from Office of Ombudsman		

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VARTHANA FINANCE PVT. LTD. Bangalore 560 043

Varthana Finance Private Limited

(formerly known as Thirumoni Finance Private Limited)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs unless otherwise stated)

T

2 Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/ decrease in the no. of complaints received over the previous year	No. of complaints pending at the end of the year	Of 5, no. of complaints pending beyond 30 days
1	2	3	4	5	6
Current year					
Ground - 1 Forced, mis-selling or	0	11	100%	1	0
Ground - 2 Poor conduct & response by Company representative	0	4	100%	0	0
Ground - 3 Response or resolution given but Customer is not satisfied	0	4	100%	0	0
Ground - 4 Wrong service commitment	0	3	100%	0	0
Ground - 5 Financial details not updated	0	3	100%	0	0
Others - Excessive or incorrect charges	0	8	100%	0	0
Total	**0**	**33**		**1**	0
Previous Year					
Ground - 1 Excessive follow-ups by Company representative	0	3	100%	0	0
Ground - 2 Interest Charges	0	2	100%	0	0
Ground - 3 Solution or product is not working or not useful	0	2	100%	0	0
Ground - 4 Wrong service commitment or communication given	0	1	100%	0	0
Ground - 5 Foreclosure Charges	0	1	100%	0	0
Others -Levy of charges without notice, Poor conduct & response by Company representative, Other complaints	0	4	67%	0	0
Total	**0**	**13**		0	0

U. Information on instances of fraud

	31 March 2023	31 March 2022
i) No. of cases	3	-
ii) Amount of fraud	7	-
iii) Recovery	-	-
iv) Amount provision written-off	7	-

V

There are no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person

W Shareholding patterns of the company:

Shares held by promoters at the end of the year				% Change during the year***
S. No	Promoter name	No. of Shares**	%of total shares	
1	Dragonfruit Education Services LLP	30,130	9.32%	NIL
2	Brajesh Kumar Mishra	100	0.03%	NIL
3	Steve Hardgrave	100	0.03%	NIL
Total		30,330	9.38%	

*Promoter here means promoter as defined in the Companies Act, 2013.

** Details shall be given separately for each class of shares

*** percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

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X **Trade Payables aging schedule**

As at 31 March 2023				(Amount in Rs.lakhs)	
Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	279	-	-	-	279
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

As at 31 March 2022				(Amount in Rs.lakhs)	
Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	35	-	-	-	35
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

Y **Intra-group exposures**
There are no intra group exposures during the year 31 March 2023 and 31 March 2022

Z **Details of non-compliance with requirements of Companies Act, 2013**
There is no default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

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52 Details of composition and category of directors, shareholding of non-executive directors, etc

1) Composition of the Board 31 march 2023

Name of Director	Director since	Category	DIN	Shareholding of non-executive directors
BRAJESHKUMAR SIRISHKUMAR MISHRA	22-05-2012	Executive Director	02292429	Not applicable
STEVEN EDWIN HARDGRAVE	18-07-2012	Executive Director	02169073	Not applicable
ANAND SUDARSHAN	20-08-2015	Non-Executive Independent Director	00827882	NIL
SUNIL SATYAPAL GULATI	11-05-2016	Non-Executive Independent Director	00016990	NIL
RAMANATHAN KUMAR	08-05-2018	Non-Executive Independent Director	06364287	NIL
NIRAV KHAMBHATI	10-11-2021	Non-Executive Nominee Director	05100337	NIL
ANKIT SINGHAL	09-11-2022	Non-Executive Nominee Director	09776472	NIL
DIVYA VENKATAVARAGHAVAN	09-11-2022	Non-Executive Nominee Director	09997335	NIL
TREASA MATHEW	09-11-2022	Non-Executive Nominee Director	02039587	NIL

2) Composition of the Board 31 march 2022

Name of Director	Director since	Category	DIN	Shareholding of non-executive directors
BRAJESHKUMAR SIRISHKUMAR MISHRA	22-05-2012	Executive Director	02292429	Not applicable
STEVEN EDWIN HARDGRAVE	18-07-2012	Executive Director	02169073	Not applicable
ANAND SUDARSHAN	20-08-2015	Non-Executive Independent Director	00827882	Nil
SUNIL SATYAPAL GULATI	11-05-2016	Non-Executive Independent Director	00016990	NIL
RAMANATHAN KUMAR	08-05-2018	Non-Executive Independent Director	06364287	NIL
NIRAV KHAMBHATI	10-11-2021	Non-Executive Nominee Director	05100337	NIL
ASHISH GARG	14-08-2018	Non-Executive Nominee Director	08270332	NIL
ASHISH AGRAWAL	08-05-2019	Non-Executive Nominee Director	08016128	NIL
ANURADHA RAMACHANDRAN	10-08-2017	Non-Executive Nominee Director	01283108	NIL

3)Details of change in composition of the Board during the current financial year

Name of Director	Category	Nature of change (resignation/appointment)	Effective date
ANKIT SINGHAL	Non-Executive Nominee Director	Appointment	09-11-2022
DIVYA VENKATAVARAGHAVAN	Non-Executive Nominee Director	Appointment	09-11-2022
TREASA MATHEW	Non-Executive Nominee Director	Appointment	09-11-2022
ASHISH GARG	Non-Executive Nominee Director	Resignation	18-10-2022
ASHISH AGRAWAL	Non-Executive Nominee Director	Resignation	09-11-2022
ANURADHA RAMACHANDRAN	Non-Executive Nominee Director	Resignation	04-11-2022

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53 Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated 13 March 2020: Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 as required by RBI.

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Lose Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	70,792	552	70,240	283	270
Standard	Stage 2	13,827	1,111	12,716	633	478
Subtotal for standard		**84,619**	**1,663**	**82,956**	**916**	**747**
Non-Performing Assets						
Substandard	Stage 3	7,592	2,096	5,197.06	759	1,856
Doubtful						
Up to 1 year	Stage 3	120	46	74.41	24	22
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**120**	**46**	**74**	**24**	**22**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**7,712**	**2,440**	**5,271**	**783**	**1,657**
Other items such as guarantees, loan commitments etc., which are in the scope of Ind AS but not covered under current Income Recognition, Asset Classification and Provising (IRACP norms)		-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	**70,792**	**553**	**70,240**	**283**	**270**
	Stage 2	**13,827**	**1,111**	**12,716**	**833**	**478**
	Stage 3	**7,712**	**2,440**	**5,271**	**783**	**1,857**
Total	**Total**	**92,331**	**4,104**	**88,227**	**1,899**	**2,405**

Provision required under IRAC for investment in SRs of ARC (Note 8) is 1930 lakhs. Provision indicated above is sufficie it to cover this provis on requirement and higher NPA risks.

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54 There were no accounts where resolution plan has been implemented as per notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2023

Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts to Micro, Small and Medium Enterprises (MSME) sector) - Restructuring of Advances having exposure less than or equal to Rs. 25 crores) for the year ended 31 March 2023

No. of accounts restructured	Amount
0	0

55

(i) No Benami Property are held by the Company and or there are no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

(iii) There is no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

(iv) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(v) Utilisation of Borrowed funds and share premium:

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall -

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

(vii) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

56 Previous year figures have been regrouped/ rearranged wherever necessary to confirm to the current year figures.

57 On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.58/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On 15 February 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till 30 September 2022. Accordingly, the Company has implement the updated norms under IRACP w.e.f. 1 October 2022

As per our report of even date.

For PKF Sridhar & Santhadam LLP
Chartered Accountants
Firm's Registration No: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 07169073
Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429
Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

DIRECTORS' REPORT

To the Shareholders,

The Directors take pleasure in presenting the Annual Report of Varthana Finance Private Limited (the 'Company' or 'Varthana') together with the Audited Statement of Accounts for the year ended 31st March 2024 and the Auditors' Report thereon.

1. Highlight or summary of the Financial Statement:

(Amount in Rs. lakh)

Particulars	**FY 2023-2024**	**FY 2022-2023**
Gross income	28,427	18,706
Net Profit / (Loss) for the year before Interest, Depreciation and Taxes (EBIDTA)	14,235	7,372
Less: Financial charges	9,576	6,383
Profit/(Loss) before Depreciation and Tax	4,660	989
Less: Depreciation	470	259
Profit/(Loss) before Tax	4,190	730
Less: Taxes	1.097	186
Net profit carried to balance sheet	**3,093**	**544**

2. State of the Company's Affairs:

Performance Highlights:

For the year ending March 31, 2024, total revenue from operation of the Company was Rs. 28,427 lakhs, higher by 52% as compared to the previous year. The Company has closed its accounts with a positive net profit of Rs. 3,093 lakhs as compared to a net profit of 544 lakhs in the last fiscal. Provisions and write-offs amounted to Rs. 5,248 lakhs for the year ended March 31, 2024, an increase of 63% over the previous year.

Operational Highlights:

School Finance Business

After three years of negative COVID impact on the school sector, FY24 was finally a year that returned to the general patterns that prevailed prior to the pandemic. Most private schools experienced an increase in student strength and the better performing schools were also able to increase their fee levels.

These conditions benefited Varthana in multiple ways. After several years of reduced demand for financing in the school sector, we witnessed a pronounced increase in demand leading to the Company generating the highest level of annual disbursements in its entire history. These disbursements were driven by both existing customers as well as new school relationships.

Business growth was driven from a strong performance across branches in the North Zone. Leadership issues in the Central and South Zones contributed to a lackluster performance throughout the year, and changes are underway to ensure there is more balanced growth across zones in FY25.

There were several operational initiatives taken by management to both improve business performance in FY24, and to also plant the seeds for ongoing performance improvement and scale in the coming years. These initiatives included the following:

1. Implementation of a performance tracking discipline on a 10-day cycle. Relationship Managers (RMs) are rated Red, Amber or Green across four parameters (Digital Leads, Logins, Disbursements and Collections), generating a comprehensive RM score for the cycle. Likewise, branches, regions and zones are evaluated based on the aggregate RM ratings. This has been accompanied by a comprehensive training and playbook to help managers to quickly diagnose and address any performance deficiencies in a timely fashion. As this "RAG" system was implemented and developed throughout the year, we witness consistent improvement in RM productivity levels, which we expect will continue to improve as the system matures.
2. Leveraging Varthana's growing technology capabilities, we initiated an overarching effort to increasingly centralize operations and credit activities at the Head Office. This is allowing us to realize efficiencies in individual productivity levels while also improving oversite and consistency in processes across all regions and to improve the turnaround time of processing loans.
3. The Customer Experience function was vastly improved, positively impacting both the School and Student Loan businesses. Improved performance has increased efficiencies in converting loans sourced through digital marketing, addressing customer complaints and improving tele-calling collections efforts.

Student Loan Business

After several years of evolving and refining our approach on the Student Loan business, the team has found its focus working with larger educational partners in the skilling and upskilling sectors and operating almost entirely through a remote digital process. This resulted in a dramatic increase in business, particularly in Q4 with a great deal of momentum heading into FY25. The ongoing development and refinement of our in-house technology stack has played an instrumental role in the transformation of this business.

Other significant developments

a) The Company was also able to make significant strides in collecting the portfolio that fell into stress during COVID. The most dramatic progress was in the recovery of loans that had already been written off. This has helped the Company recover losses from the earlier write-offs and has also demonstrated to the market Varthana's strong collections capabilities.
b) Also, this strong reputation allowed the Company to close an asset reconstruction transaction 50.7% of which was invested in by a 3rd party investor. As a result of these endeavors, Varthana has seen its NPA levels revert to levels consistent with those seen before the pandemic.
c) In another noteworthy transaction for the Company, Varthana was able to acquire the entire outstanding loan portfolio of the Indian School Finance Company (ISFC), one of Varthana's most direct competitors. Not only did this help the Company grow the Gross Loan Portfolio and expand our customer base, but it has also provided an attractive profit generating opportunity as the portfolio was acquired at a significant discount. Furthermore, Varthana was able to strengthen its team by bringing on board some of the ISFC team members through this transaction.

d) Finally, significant progress was made throughout the year raising liabilities to fuel the growth in the business. The Finance team was able to complement the funding raised mostly from finance companies in FY 23-24 with fresh sanctions from several large international lenders and with support from a select few domestic banks. In addition to providing valuable growth capital, we were able to reduce the cost of borrowing, particularly throughout the second half of the year. This was spurred by enhanced Company performance and a credit rating elevation from CRISIL to BBB (Stable).

Overall, FY24 was able to fully emerge from the COVID-induced impact on the school sector and register a strong performance. More importantly, however, the Company was able to put in place various initiatives that will bear fruit over the coming years as Varthana scales significantly. The impact of the above on the performance of the Company has been discussed in detail in Management Discussion and Analysis. The Management Discussion and Analysis Report as required under the RBI NBFC - Corporate Governance Direction is annexed to the report as **Annexure B** and forms part of this Report.

3. Dividend:

The Company continues to pursue a high growth strategy, which requires all additional reserves to be reinvested in the ongoing growth; hence your directors do not recommend any dividend for the financial year 2023-2024.

4. RBI Guidelines & Capital Adequacy:

As a Systemically Important Non-Deposit taking Non-Banking Finance Company, your Company always aims to operate in compliance with applicable Reserve Bank of India ('RBI') guidelines and regulations and employs its best efforts towards achieving the same. The Company has complied with all the applicable regulations of RBI as on March 31, 2024.

The Company's capital adequacy ratio was 41.06 % as on March 31, 2024, which is above the threshold limit of 15% as prescribed by the RBI.

5. Credit Rating:

During the year under review, the credit rating of the Company was revised to *"[CRISIL] BBB with Stable Outlook"* by CRISIL Ratings Limited for loans and Non-Convertible Debentures.

6. Share Capital:

The authorized share capital and paid-up share capital as on 31st March 2024 was Rs. 60,57,56,000/- and Rs. 50,55,40,792/- respectively.

The Company during the period has not issued and/or allotted any shares with differential voting rights as per Section 43 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014.

Disclosure under Section 62 of the Companies Act, 2013, Rule 12 of Companies (share capital and debentures) rules, 2014

(a) options granted; 0

(b) options vested; 0

(c) options exercised, Nil

(d) the total number of shares arising as a result of exercise of option; Nil

(e) options lapsed; 580

(f) the exercise price; 33,304

(g) variation of terms of options; Vesting schedule was accelerated by one year

(h) money realized by exercise of options, Nil

(i) total number of options in force; 6,315

(j) employee-wise details of options granted to;

(i) key managerial personnel; NA

(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year : NIL

(iii) identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; NA

7. Names of Companies which have become or ceased to be its subsidiary(ies), Joint Ventures or Associate Companies during the year:

The Company does not have subsidiary or subsidiaries, associate company or companies and joint venture or ventures.

8. Material changes and commitments, if any, affecting the financial position of the Company which has occurred since 31st March 2024 till the date of report:

There are no material changes and commitments affecting the financial position of the company which has occurred since 31st March 2024, till the date of this report.

9. Change in the nature of business, if any:

There was no change in the nature of the business during the year under review.

10. Transfer to Reserves:

The Company has transferred Rs. 619 Lakh to the Statutory Reserve during the year.

11. Deposits:

The Company has not accepted any public deposits during the financial year nor has any outstanding unclaimed or unpaid public deposits as of 31st March 2024.

12. Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year:

Board of Directors:

The following were the changes in the Board composition of the Company during the period under review:

- Mr. Ramanathan Kumar, was re-appointed as an Independent Director with effect from May 08, 2023.

- Mr. Sunil Gulati, resigned as an Independent Director with effect from September 01, 2023.
- Mr. Brahmanand Hegde, appointed as an Additional Director (Independent) with effect from September 12, 2023.

Key Managerial Personnel as per Companies Act 2013:

The following was the change in the Key Managerial Personnel of the Company (as defined under Companies Act, 2013) during the period under review:

- Mr. Talib Akhter Husain Lokhandwala, appointed as Key Managerial Personnel – Chief Financial Officer (CFO) with effect from June 01, 2023.

13. Statutory Auditor & Audit Report:

The Company in adherence to the RBI Guidelines has appointed M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, (FRN.: 003990S/S200018), Bangalore, as the Statutory Auditors for FY 2023-2024 in the Annual General Meeting held on 6th July,2022.

Auditors Qualification in the Audit Report:

The Auditors' Report does not contain any qualification. The notes to the Accounts and Auditors report are self-explanatory and do not call for any further comments.

14. Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed Mr. Pramod S, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the financial year 2023-2024. The Secretarial Audit Report for the financial year 2023-2024 is annexed to this Report as **Annexure A** and is self-explanatory in nature. Secretarial Auditors have issued their Audit Report containing one observation which is given below along with the Management Response.

15. Cost Audit:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

16. Declaration by Independent Directors:

The Independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

17. Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178:

The Company has constituted the Nomination and Remuneration Committee of the Board of Directors that reviews / meets for appointment of Directors and Senior Management. The Committee also reviews the remuneration of senior management

and the performance appraisal process of the Company. The Company has devised an annual performance evaluation of the Board, its committees, and the Directors pursuant to the provisions of the Companies Act,2013.

18. Particulars of loans, guarantees or investments under Section 186 of the Companies Act 2013:

During the year under review, the Company has not advanced any loans or given guarantees to or made investments in the Companies covered under Section 186 of the Companies Act, 2013.

19. Particulars of contracts or arrangements with related parties:

There were no contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188. Hence the requirement to provide the details of such transactions as required under Section 134 (3)(h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is not applicable. Suitable disclosures as required under IND AS 24 have been made in Note 44 of the Notes to the financial statements.

20. Number of Board Meetings held during the financial year ended March 31, 2024:

9 (Nine) Board Meetings were held during the financial year on:

10th May 2023,17th May 2023, 19th July 2023, 9th August 2023, 22nd November 2023, 18th January 2024,14th February 2024, 12th March 2024 and 21st March 2024. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Attendance details of the directors:

Name	Board Meeting	
	No. of meetings entitled to attend	No. of meetings attended
Mr. Anand Sudarshan	9	5
Mr. Steven Hardgrave	9	9
Mr. Brajesh Mishra	9	9
Mr. Sunil Satyapal Gulati *	4	4
Mr. Nirav Khambhati	9	8
Ms. Divya Venkatavaraghavan	9	8
Ms. Treasa Mathew	9	7
Mr. Ramanathan Kumar	9	6
Mr. Ankit Singhal	9	7
Mr. Brahmanand Hegde	5	4

* Mr. Sunil Gulati resigned w.e.f. September 01, 2023
* Mr. Brahmanand Hegde appointed as an Additional Director (Independent) w.e.f. September 12, 2023

21. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The provisions of Section 134(3) (m) of the Companies Act, 2013, and the rules made there under relating to conservation of energy and technology absorption do not apply to your Company as it is not a manufacturing company. Although the operations of the company are not energy intensive, the management is highly conscious of the certainty of the conservation of energy at all operational levels. Your Company has been increasingly using information technology in its operations and promotes conservation of resources.

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy

(i)	the steps taken or impact on conservation of energy	Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.
(ii)	the steps taken by the company for utilizing alternate sources of energy	
(iii)	the capital investment on energy conservation equipment's	

(b) Technology absorption

(i)	the efforts made towards technology absorption	Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	

(c) Foreign Exchange Earnings and Outgo

Particulars	Amount in Rs. Lakhs
Foreign Exchange Earnings	212.78
Foreign Exchange Expenditure	727.12

22. Net Worth of the Company:

Particulars	Standalone (Amount in Rs. Lakhs)	
	As on 31.03.2024	**As on 31.03.2023**
Net-worth of the company	53,750	40,261

23. A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which is in the opinion of the Board may threaten the existence of the Company:

The Company has constituted the Risk Management Committee, Asset Liability Management Committee and has a well-defined Risk Management Policy to review and monitor risks at periodic intervals along with developing and implementing Risk Management procedures to combat/mitigate the risk. As of the date of this report the Board does not perceive any risk which may threaten the existence of the Company.

24. The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year:

The Company as per the requirement of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendment thereof has constituted the Corporate Social Responsibility Committee ("CSR Committee") of the Company and the approved CSR policy of the Company is attached as **Annexure C** to this report.

Based on the recommendations of Corporate Social Responsibility (CSR) Committee vide their meeting dated March 30, 2024, the Board vide its meeting dated May 15, 2024, had approved spending of CSR funds for the FY 2023-2024 amounting to Rs. 1,10,000/- for expansion of childcare services across states of India to Mobile Creches via implementing agencies as recommended by the CSR Committee

The Company has spent the required amount of CSR expenditure as on March 31, 2024.

25. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

26. The details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguard 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 disclosures. The Board certifies that the internal financial controls are adequate and are operating effectively.

27. Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has not received any complaint on sexual harassment during the financial year 2023-2024.

28. Annual Return:

In pursuance to the provisions of Section 92(3) of the Companies Act, 2013 read with Rules made thereunder and amended time to time, a copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website.

29. Directors' Responsibility Statement:

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.

(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 have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operates effectively.

(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.

Acknowledgment

Your directors wish to place on record their sincere thanks and appreciation to its Investors, shareholders, suppliers, customers, employees, bankers and the Central and State governments for their continued co-operation and support.

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Hardgrave
Director
(02189073)

Brajesh Mishra
Director
(02292429)

Date: 15/05/2024
Place: Bangalore

CS PRAMOD S
COMPANY SECRETARY IN PRACTICE

No.243, Pragati Arcade,
1st Floor, 3rd Main Road,
Chamrajpet, Bangalore- 560018
9964370077|pramod@inqui.in

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2024
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
VARTHANA FINANCE PRIVATE LIMITED
(formerly known as THIRUMENI FINANCE PRIVATE LIMITED)
Varasiddhi, 3rd Floor, No. 5BC-110 Service Road,
3rd Block HRBR Layout, Bangalore – 560043,
Karnataka, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. VARTHANA FINANCE PRIVATE LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, ~~Overseas Direct Investment~~ and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and ExchangeBoard of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during the Audit Period)**

(c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not Applicable to the Company during the Audit Period)**

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**

(e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**

CS PRAMOD S ★ ACS: 36020 ★ COMPANY SECRETARY ★ CP: 13335

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Chamrajpet, Bangalore- 560018
9964370077|pramod@inqui.in

(f) The Securities and Exchange Board of India (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company during the Audit Period)**

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**

(j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**

(k) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**

(l) The management has identified and confirmed the following laws as specifically applicable to the Company:

(m) RBI Act, 1934.

(n) Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

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

(a) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and consent to shorter notice have been taken where ever required and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out with the requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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



CS PRAMOD S
COMPANY SECRETARY IN PRACTICE

No.243, Pragati Arcade,
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Chamrajpet, Bangalore- 560018
9964370077|pramod@inqui.in

I further report that during the audit period the company has following events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

a. Redemption of 648 NCD's dated 27/04/2023
b. Redemption of 648 NCD's dated 03/05/2023
c. NCD's issued dated 16/05/2023 of 2000 NCD's at a face value of Rs. 1,00,000/- each.
d. NCD's issued dated 07/08/2023 of 2070 NCD's at a face value of Rs. 1,00,000/-each.
e. NCD's issued dated 30/09/2023 of 2500 NCD's at a face value of Rs. 1,00,000/- each.
f. NCD's issued dated 11/12/2023 of 1700 NCD's at a face value of Rs. 1,00,000/- each.
g. NCD's issued dated 14/12/2023 of 1500 NCD's at a face value of Rs. 1,00,000/- each.
h. NCD's issued dated 27/12/2023 of 3000 NCD's at a face value of Rs. 1,00,000/- each.
i. NCD's issued dated 27/02/2024 of 2500 NCD's at a face value of Rs. 1,00,000/- each.
j. USD denominated bonds issued dated 26/03/2024 of 1000 bonds at a face value of USD. 10,000/- each.

Name: Pramod S.
Company Secretary in Practice
Membership Number: A36020COP: 13335
UDIN: A036020F000373753
Peer Review Certificate no. 1491/2021

Place: Bengaluru
Date: 15.05.2024

CS. PRAMOD S, MBA, ACS.
Practicing Company Secretary
No. 243, Pragati Arcade, 1st Floor,
3rd Main Road, Chamarajpet,
Bangalore - 560 018. M. 9964370077
ACS: 36020 COP: 13335

Note: This report is to be read with "Annexure A" which forms an integral part of thisreport.

CS PRAMOD S
COMPANY SECRETARY IN PRACTICE

No.243, Pragati Arcade,
1st Floor, 3rd Main Road,
Chamrajpet, Bangalore- 560018
9964370077|pramod@inqui.in

Annexure A

To,
The Members,
VARTHANA FINANCE PRIVATE LIMITED
(formerly known as THIRUMENI FINANCE PRIVATE LIMITED)
Varasiddhi, 3rd Floor, No. 5BC-110 Service Road,
3rd Block HRBR Layout, Bangalore – 560043,
Karnataka, India.

My Secretarial Audit Report of even date, for the Financial Year 2023-24 is to be read alongwith this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards andprocedures followed by the company with respect to secretarial compliance basedon my audit.

3. I believe that audit evidence and information obtained from the company'smanagement is adequate and appropriate for me to provide a basis for my opinion.

4. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I have followed provide a reasonable basis for my opinion.

5. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

7. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Name: Pramod S.
Company Secretary in Practice
Membership Number: A36020COP: 13335
UDIN: A036020F000373753
Peer Review Certificate no. 1491/2021

Place: Bengaluru
Date: 15.05.2024

CS. PRAMOD S, MBA, ACS.
Practicing Company Secretary
No. 243, Pragati Arcade, 1st Floor,
3rd Main Road, Chamarajpet,
Bangalore - 560 018. M. 9964370077
ACS: 36020 COP: 13335

Annexure - B

Management Discussion and Analysis Report

Varthana Finance Private Limited (the Company), is a Non-Banking Financial Company ("NBFC") incorporated on June 12, 1984, under the provisions of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company with the Reserve Bank of India ("RBI") and based in Bangalore, India. The Company provides secured and unsecured loans to affordable private schools and provides unsecured student loans in India. The Company is guided by its Vision & Mission Statements with the foundation of sound Principles and Values.

Global Outlook, Indian Economy, Industry structure, developments & outlook

While many global markets have battled inflationary trends and slow economic growth after COVID, India has remained fairly stable. The world's largest economy, the US has also fared better than most countries and the ongoing war in Ukraine has largely been assimilated into the global economic trends. With most predicting ongoing dominance of the BJP in the coming elections in India, the outlook is for fairly stable, if not dynamic, economic growth for the country in the near future. After volatile performance of the education sector throughout COVID and recovery over the last couple of years, the outlook is for stable growth into the future. This is expected to be the case in particular for affordable private schools and for post-secondary skilling and upskilling courses.

Varthana's 11-year experience, strong recent performance and current positioning, all set the Company up very well to take advantage of the current market environment. Growth in the domestic education sector over the coming years will need to be financed at both the institutional and student level, and Varthana is positioned to be a leader in both segments.

Discussion on financial performance with respect to operational performance, segment–wise or product-wise performance

As on March 31, 2024, the Company was present across 17 states and the total gross loan portfolio as on March 31, 2024, was Rs. 1275.33 Crores and the disbursements for the year were at Rs. 857.03 Crores in addition to fund raising of Rs. 879 Cr.

Total revenue from operations for the year was Rs. 277.90 Cr, an increase of 51 % over the last year. Provisions and write-offs amounted to Rs. 52.48 Cr for the year ended March 31, 2024, an increase of 63 % over the previous year. The Company reported a net profit of Rs. 30.93 Crore.

	FY18-19	FY19-20	FY20-21	FY 21-22	FY 22-23	FY 23-24
Total No. of Loans Disbursed	**2,389**	**2,069**	**2,785**	**2474**	**6516**	**21659**
No. of Secured Loans	*1,231*	*840*	*1270*	*287*	*633*	*1619*
No. of Unsecured Loans	*737*	*817*	*1025*	*249*	*464*	*1300*

No. of ECLGS Loans	-	-	*136*	*567*	*15*	*0*
No. of Student Loans	*421*	*412*	*354*	*1371*	*5404*	*18740*
No. of Active School Loans	4,069	4,267	5,924	6247	4486	*5,037*
No. of Active Student Loans	400	575	571	1661	6113	*20,859*
Total Disbursements (₹ Crore)	**534**	**351**	**96**	**123**	**372.5**	**857.4**
Secured Disbursements (₹ Crore)	*497*	*317*	*67*	*59*	*286.3*	*608.8*
Unsecured Disbursements (₹ Crore)	*36*	*30*	*9*	*8*	*32.3*	*68.5*
ECLGS (₹ Crore)	-	-	*17*	*43*	*2.0*	-
Student Loan Disbursements (₹ Crore)	*2*	*4*	*3*	*13*	*51.8*	*180.1*
Total Outstanding Loan Portfolio (₹ Crore)	**1,099**	**1,104**	**1,045**	**946**	**938.43**	**1281.13**
% Secured	*95%*	*95%*	*95%*	*97%*	*91%*	*91%*
% Unsecured	*5%*	*5%*	*5%*	*3%*	*9%*	*9%*
Total Headcount	**535**	**706**	**627**	**722**	**715**	**750**
Relationship Managers	200	227	173	185	178	161
Branches	30	36	36	36	39	40
States	14	14	14	14	16	16

	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22- 23	FY 23-24
PAR 1-30 DPD	2.76%	2.76%	5.10%	4.68%	5.66%	7.68%	4.10%
PAR 31-90 DPD	4.00%	7.44%	9.00%	6.37%	16.04%	7.61%	3.45%
PAR 90+ DPD	1.07%	1.46%	6.40%	2.44%	11.17%	6.72%	2.32%
GNPA %	1.17%	1.90%	7.17%	2.91%	12.07%	8.35%	2.84%
NNPA %	0.30%	0.59%	4.29%	1.41%	5.92%	5.86%	1.47%
GNPA (₹ Lakhs)	896	1,999	7,854	3,043	11,509	7,712	3,570
NNPA (₹ Lakhs)	227	615	4,550	1,449	5,271	5,271	1,823
Gross Loan Portfolio (₹ Lakhs)	76,823	1,05,442	1,09,484	1,03,826	95,315	92,331	1,25,667

Net Loan Portfolio (₹ Lakhs)	76,154	1,04,058	1,05,049	96,065	83,985	89,891	1,23,920

Opportunities & Threats

Opportunities

i. One of the very few dedicated lenders to affordable private schools in India. Several early competitors have retreated from the school lending space, and the remaining competition is almost entirely focused on larger institutions, which represent a very small portion of the overall market.
ii. Varthana's understanding of this niche segment has grown throughout the challenges of COVID, further strengthening the Company's underwriting and collections capabilities. This will help fuel organic growth and will also open up opportunities to grow inorganically as competitors exit the sector.
iii. The domestic student finance market for skilling and upskilling courses remains nascent. An earlier wave of fintech players in the space have largely burnt their fingers, leaving Varthana and only a couple of others to fill the void. Varthana's deliberate, careful approach in this business has paid off, and our ongoing technology develop will allow us to accelerate growth in the coming year.

Threats

i. Varthana continues to manage an asset-liability mismatch. As the business scales and levers further, care will need to be taken to manage this exposure prudently. It will be critical to maintain higher levels of liquidity and to seek co-lending partners to further manage this area.
ii. A significant amount of debt will be required to finance the Company's planned growth. It will be critical to increasingly source debt from banks. For this, a further rating upgrade will be important. A misstep in any of these aspects could diminish Varthana's ability to reach its full potential.
iii. Although much of the competition has retreated from both the school and domestic student finance segments, the remaining competition often behave very aggressively regarding the rates they offer and in targeting Varthana customers. It will be important for the Company to strike a balance in defending its portfolio, while not being drawn into unsustainable practices.

Risks – concerns and management

While the macro environment appears to be more stable than it has been over the last few years, Varthana will continue to ensure the Company is well positioned to withstand any unexpected shocks that may occur. With the growth planned for FY25, Varthana's leverage will increase from previous years. This will need to be carefully managed to avoid being vulnerable to any extreme shock. While the Company has already initiated the process to raise additional equity, it will likely take several quarters for the process, including regulatory approvals, to run its course. To avoid running too much risk, it will be important for the Company to explore co-lending partnerships and the possibility of raising a smaller amount of pre-round equity or Tier 2 capital.

Internal control systems and their adequacy

The Company has internal control systems that are adequate and commensurate with the size and nature of its operations. These systems ensure effectiveness and efficiency of operations, reliability of financial controls and compliance with applicable laws and regulations.

The Company has an Internal Audit Department, which reports to the Audit Committee of the Board of Directors. The internal audits cover Branches, various Departments & Processes at Branch offices and Head Office at regular intervals. The Annual Audit Plan is drawn up based on the Risk assessment of the auditable units and the audit frequency is decided based on the risk profile of branches. The scope of various audits is reviewed and continuously modified to keep pace with a dynamic business environment.

The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Human Resources

The Company recognises that people play a critical role in achieving its goals. We therefore understand that it is imperative that we have employees who are highly capable, are engaged and have the motivation to convert vision into a reality.

"The Company has been recognized and certified as a "Great Place to Work" as assessed by the Great Place to Work® Institute, for the sixth consecutive year with a higher score compared to last year. Varthana was recognized as among "India's Top 25 Workplaces in BFSI 2023"

A total of 752 employees were on the rolls of the Company as of March 31, 2024.

At Varthana, we are successfully owing to the culture of trust, transparency, empowerment, innovation, and a non-hierarchical organizational structure. By cultivating a culture of continuous learning, we ensure that our people grow and have opportunities to succeed. We strive to make sure that they have a good work-life balance. We continue to emphasise rigour in our performance management, rewards, and recognition practices, which has resulted in excellent results and increased employee motivation.

Cautionary Statement: Certain statements in the Management Discussion and Analysis could be forward looking statements within the meaning of applicable law. Actual results may vary significantly from the forward-looking statements due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political risks within and outside India, volatility in interest rates, change in Government or regulatory policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

ANNEXURE –C

1. Brief outline on CSR Policy of the Company:

Philosophy:

Varthana Finance Private Limited (Formerly Thirumeni Finance Private Limited) ("Varthana", "the Company") recognizes that business enterprises are economic organs of the society and draw on the societal resources; it is this belief that a Company's performance must be measured by its contribution to build economic, social and environmental capital towards enhancing societal sustainability.

In line with this belief, the Company continues to and shall further endeavour to undertake Corporate Social Responsibility ("CSR") programs which shall be replicable, scalable and sustainable.

CSR Vision and Guiding Principles

i. Our CSR vision is to work for the welfare and sustainable development of the community in and around our areas of operation, besides need based response to the requirements in other parts of the country with major focus on the education sector in line with the vision of the Company.

ii. The Company will observe in letter and spirit the cardinal principles and underlying objectives of the Government in prescribing CSR and for this purpose always strive to design CSR programs within the broad scope of the activities listed under Schedule-VII to the Companies Act, 2013 as amended from time to time.

iii. The Company shall endeavour to adopt best practices and integrate them into its CSR activities.

2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Anand Sudarshan	Independent Director	1	0

2.	Mr. Steven Hardgrave	Executive Director & CEO	1	1
3.	Mr. Brajesh Mishra	Executive Director & COO	1	1
4.	Ms. Treasa Mathew	Nominee Director	1	0

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

   The composition of CSR committee, CSR Policy and CSR programmes approved by the Board can be accessed on the website of the Company at www.varthana.com

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
Not applicable			

6. **Average net profit of the company as per section 135(5);** Rs. 51,30,671

7. **(a) Two percent of average net profit of the company as per section 135(5):** Rs. 1,02,613

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

   (c) Amount required to be set off for the financial year, if any: NIL

   (d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 1,02,613

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
For the FY 2023-2024: Rs.1,10,000	**Total Amount transferred to Unspent CSR Account as per section 135(6).**		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).**		
	Amount	**Date of Transfer**	**Name of the Fund**	**Amount**	**Date of Transfer**
	Not applicable		Not applicable		

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	**(2)**	**(3)**	**(4)**	**(5)**		**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	
Sl. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Project Duration**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**						**Name**	**CSR Registration number.**
1	Expansion of childcare services by strengthening capacities of child care workers across states of India	(ii) Promoting Education	No - Nationwide approach	Nationwide approach		9 months	1,10,000	1,10,000	Nil	No	Mobile Creche for working mother's children	CSR00002639
						TOTAL	**1,10,000**	**1,10,000**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of Implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**			**Name**	**CSR Registration number.**
NIL									

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 1,10,000

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135 (5)	**Rs. 1,02,613**
(ii)	Total amount spent for the Financial Year	**Rs. 1,10,000**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**Rs. 7,387**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	**NIL**
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**NIL**

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of Transfer	
1	FY 2021-2022	NA	Rs. 44,88,639	NA	NA	NA	NIL
2	FY 2022-2023	NA	Rs. 10,80,500	NA	NA	NA	NIL
3	FY 2023-2024	NA	Rs. 1,10,000	NA	NA	NA	NIL

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project Duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
Not applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(Asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).: N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset: N.A.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: N.A.

(d) Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset): N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : N.A.

For and behalf of Varthana Finance Private Limited

Varthana Finance Pvt. Ltd. Bangalore 560 043

Steven Hardgrave
Chairman of CSR Committee
CEO & Director
(02189073)

Varthana Finance Pvt. Ltd. Bangalore 560 043

Brajesh Mishra
COO & Director
(02292429)

Date: 15/05/2024
Place: Bangalore

Independent Auditors' Report

To the Members of Varthana Finance Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Varthana Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2024, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' report thereon.

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

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

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

Responsibilities of the Management and Board of Directors for Financial Statements

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

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and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. Attention is also drawn to the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014

(c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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

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

i. The Company does not have any pending litigations as at 31 March 2024 which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024; and

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(c) Based on such audit procedures that the we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The Company has not paid/declared any dividend during the financial year. Accordingly, reporting on compliance with the provisions of Section 123 of the Act are not applicable.

vi. As stated in Note 56 to the financial statement and relying on representations/ explanations from the company and software vendors and based on our examination which included test checks on the software applications, except for instances mentioned below, the Company, in respect of Financial year commencing on 1 April 2023, has used software applications for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software applications:

Instance of software applications for maintaining books of accounts which di not have a feature of recording audit trail (edit log) facility	a) The feature of recording audit trail (edit log) facility was enabled at the application layer of the accounting software for masters and transactions throughout the year and at database level, except that it does not capture the details of "what" changes were made for the financial accounting application and the Loan management software application.

Further, to the extent and for the periods where audit trail (edit log) facility was enabled for the respective applications, we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

Since the Company is a private limited company, the provisions of Section 197 of the Act are not applicable to it. Accordingly, reporting on the compliance with the provisions of Section 197 of the Act is not applicable.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018



Seethalakshmi M
Partner
Membership No. 208545
UDIN: 24208545BKAEMN4564

Place of Signature:
Date: May 15, 2024

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Varthana Finance Private Limited ("the Company") on the financial statements as of and for the year ended 31 March 2024.

(i) (a)

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company does not have any immovable property. In respect of immovable properties of land and building that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

a) The Company does not have any tangible inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

b) Based on our audit procedures and according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) Based on our audit procedures and according to the information and explanation given to us, the Company has made investments in and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(a) The Company's principal business is to give loans, and hence reporting under clause 3(iii) (a) of the Order is not applicable

(b) Based on our audit procedures and according to the information and explanation given to us, the investments made and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c) Based on our audit procedures and according to the information and explanation given to us, in respect of loans and advances in the nature of loans provided by the company, the schedule of repayment of principal and payment of interest has been stipulated in Note 3.k to the Financial Statements which explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balances as of March 31, 2024, aggregating Rs. 3,570 lacs were categorised as credit impaired ("Stage 3) and Rs. 9,455 lacs were categorised as those

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where the credit risk has increased significantly since initial recognition ("Stage 2). Disclosures in respect of such loans have been provided in Note 39 E.5 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating Rs. 1,12,642 lacs, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1), delay in the repayment of principal and interest in respect of loans aggregating to Rs. 5,088 lacs were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) Total amount overdue for more than ninety days as at the balance sheet date in respect of loans and advances given in the nature of loans amounts to Rs 1,007 lacs. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable regulations and loan agreements.

(e) The Company's principal business is to give loans, and hence reporting under clause 3(ii) (e) of the Order is not applicable.

(f) Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence the question of aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause 76 of section 2 of the Act does not arise. Accordingly, paragraph 3(iii)(f) of the Order is not applicable.

(iv) Based on our audit procedures and according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and any other material statutory dues as applicable with the appropriate authorities, though there has been a slight delay in a few cases of Profession tax.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31 March 2024 for a period of more than six months from the date they became payable except as under:

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Nature of the Statute	Nature of the Dues	Amount (Rs. In lacs)	Period to which it relates	Due date	Date of payment
Income tax	Professional Tax Payment	0.15	April'23 to Sept'23	15-10-2023	NA

(b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) As per the information and explanations given by the management and on the basis of our examination of the records of the Company, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix)

(a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared willful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained;

(d) According to the information and explanations given to us and the records of the Company examined by us, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x)

(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi)

(a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year except for the cases mentioned in Note 51U of the financial statement.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of Section 143 of the Act has been filed by secretarial auditor or by cost auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government of India for the period covered by our audit.

(c) We have taken into consideration the whistle blower complaints received by the company during the year and shared with us for reporting under this clause.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv)

(a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors of the Company issued till date for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

(a)

Based on our audit procedures and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934) and the registration has been obtained.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfil such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx)

(a) Based on our audit procedures and according to the information and explanations given to us, in respect of other than ongoing projects, the company spent the required amount, there is no amount pending to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to transfer unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135. Accordingly, paragraph 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

Seethalakshmi M
Partner
Membership No. 208545
UDIN: **24**208545BKAEMN4564

Place of Signature: Bengaluru
Date: May 15, 2024

Annexure B

Referred to in paragraph 2 on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Varthana Finance Private Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's and Board of Directors' Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018



Seethalakshmi M
Partner
Membership No. 208545
UDIN: 24208545BKAEMN4564

Place of Signature: Bengaluru
Date: May 15, 2024

Varthana Finance Private Limited
Balance Sheet as at 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	27,272	12,718
Bank balances other than cash and cash equivalents	5	2,864	2,291
Derivative financial instruments	6	-	394
Loans	7	1,22,143	89,863
Investments	8	7,875	2,505
Other financial assets	9	104	94
		1,60,058	1,07,865
Non-financial assets			
Current tax assets (net)	10	184	736
Deferred tax assets (net)	11	2,164	2,874
Property, plant and equipment	12	505	433
Other intangible assets	13	411	420
Intangible assets under development	13	264	-
Other non-financial assets	14	717	583
		4,225	5,146
Total assets		1,64,283	1,13,012
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	477	-
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		101	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		553	279
Debt securities	16	22,859	15,280
Borrowings (other than debt securities)	17	83,712	46,027
Other financial liabilities	19	1,375	10,913
		1,09,077	71,499
Non-financial liabilities			
Current tax liabilities (net)	20	90	-
Provisions	21	531	456
Other non financial liabilities	22	835	796
		1,456	1,252
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,696	5,606
Other equity	25	48,016	34,617
		53,750	40,261
Total liabilities and equity		1,64,283	1,13,012

Summary of material accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 15 May 2024

Braiesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

Varthana Finance Private Limited
Statement of Profit and Loss for the year ended 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
Income			
Revenue from Operations			
Interest income	26	16,672	15,928
Fees and commission income	26	945	596
Loans	27	708	225
Net gain on derecognition of financial instruments under amortised cost category	26	4,659	-
Bad debt recoveries	26	2,808	1,596
Total revenue from operations		27,790	18,345
Other Income	28	637	361
Total income		28,427	18,706
Expenses			
Finance costs	29	9,576	6,383
Impairment on financial instruments	30	5,248	3,228
Employee benefit expenses	31	8,392	5,931
Depreciation, amortization and Impairment	32	470	259
Other expenses	33	2,551	2,175
Total expenses		24,237	17,976
Profit before tax		4,190	730
Tax expense			
Current tax	34	290	2
Deferred tax	34	867	184
Profit for the year		3,033	544
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		(12)	9
Income tax relating to the above item		3	(2)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivative financial instruments		(216)	397
Income tax relating to the above item		54	(100)
Other comprehensive income for the year, net of tax		(170)	304
Total comprehensive income for the year		2,922	848
Earnings per equity share			
Basic and Diluted (₹)	35	1,110	220
Diluted (₹)	35	1,110	220

Summary of material accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer

Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

Varthana Finance Private Limited
Cash Flow Statement for the year ended 31 March 2024
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2024	Year ended 31 March 2023
Cash flow from operating activities		
Profit before tax	4,180	730
Adjustment for:		
Depreciation and amortisation expenses	470	259
Employee stock option plan expense	87	372
Impairment on financial instruments	5,248	3,228
Profit on sale of investments in mutual funds	(708)	(225)
Net gain on derecognition of financial instruments under amortised cost category	561	-
Provision for employee benefits	142	131
Net gain on amortisation of processing fees and financial assets	1,432	583
Interest accrued on non-performing assets	157	15
Operating profit before working capital changes	**11,579**	**5,093**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	942	(36)
Increase/(decrease) in other non financial liabilities	(40)	486
Increase/ (decrease) in other payables	375	244
(Increase)/ decrease in loans and advances	(38,911)	(7,506)
(Increase)/ decrease in investment in security receipts	(6,073)	102
(Increase)/ decrease in other financial assets	(10)	219
(Increase)/ decrease in other non financial assets	(134)	(322)
(Increase)/ decrease in margin money deposit (net)	(374)	432
Cash Used from operations	**(32,846)**	**(1,289)**
Income taxes paid (net of refunds)	632	(389)
Net cash flow used from operating activities (A)	**(32,214)**	**(1,679)**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(797)	(810)
Purchase of investment	(1,05,790)	(68,857)
Proceeds from sale of investments in mutual funds	1,06,702	69,082
Net cash flow generated from investing activities (B)	**115**	**(586)**
Cash flows from financing activities		
Lease payments	(215)	(183)
Long-term borrowings (net)	39,289	1,805
Proceeds from issuance of Non Convertible Debentures ('NCDs)	17,345	5,790
Repayment of Non Convertible Debentures ('NCDs')	(9,766)	(1,619)
Net cash flow generated from/ (used in) financing activities (C)	**46,653**	**5,792**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**14,554**	**3,529**
Cash and cash equivalents at the beginning of the year	12,718	9,188
Cash and cash equivalents at the end of the year	**27,272**	**12,718**
Components of cash and cash equivalents		
Cash in hand ₹ 17,138 (2023: ₹ 12,382)	0	0
Balances with banks in current and deposit accounts	27,272	12,718
Total cash and cash equivalents	**27,272**	**12,718**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 206545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02169073

Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

Varthana Finance Private Limited
Statement of changes in equity as at 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

A Equity share capital

Particulars	Equity share capital
Balance as at 1 April 2022	38
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	-
Issued during the previous year	-
Balance as at 31 March 2023	38
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	-
Issued during the year	-
Balance as at 31 March 2024	38

B Instruments entirely equity in nature

(a) Compulsorily Convertible Preference Shares (CCPS)

Particulars	"Series A" CCPS	"Series One" CCPS	"Series B" CCPS	"Series C" CCPS	CCP Series C1	Total
Balance as at 1 April 2022	56	1	4,860	60		4,977
Changes in equity share capital due to prior period errors	-	-	-	-		-
Restated balance at the beginning of the current reporting period	-	-	-	-		-
Issued during the year	-	-	-	-		-
Balance as at 31 March 2023	56	1	4,860	60	-	4,977
Changes in equity share capital due to prior period errors	-	-	-	-		-
Redesignated during the year(Refer Note 19)	-	-	-	-	31	31
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-
Issued during the year	-	-	-	-		-
Balance as at 31 March 2024	56	1	4,860	60	31	5,009

(b) Compulsorily Convertible Debentures (CCDs)

Particulars	"Class A" CCDs	"Class B" CCDs	"Class Series C1" CCDs	Total
Balance as at 1 April 2022	127	502		629
Changes in equity share capital due to prior period errors	-	-		-
Restated balance at the beginning of the current reporting period	-	-		-
Issued during the year	-	-		-
Balance as at 31 March 2023	127	502	-	629
Changes in equity share capital due to prior period errors	-	-		-
Redesignated during the year(Refer Note 19)	-	-	58	58
Restated balance at the beginning of the current reporting period	-	-		-
Issued during the year	-	-		-
Balance as at 31 March 2024	127	502	58	687

Varthana Finance Pvt. Ltd. Bangalore 560 043

P Kaur

Varthana Finance Private Limited
Statement of changes in equity as at 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

C Other equity

Particulars	Reserves and Surplus				Other comprehensive income		
	Statutory reserve	Securities premium	Share options outstanding account	Retained earnings	Remeasurement of post employment benefit obligations	Cash flow hedge reserve	Total
Balance as at 1 April 2022	**1,629**	**27,535**	**23**	**4,725**	**2**	**(516)**	**33,398**
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Transfer to statutory reserve	109	-	-	(109)	-	-	-
Employee stock option expenses	-	-	372	-	-	-	372
Profit for the year	-	-	-	543	-	-	543
Other comprehensive income	-	-	-	-	7	297	304
Balance as at 31 March 2023	**1,738**	**27,535**	**394**	**5,160**	**9**	**(219)**	**34,617**
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-
Redesignated during the year(Refer Note 19)	-	10,390	-	-	-	-	10,390
Transfer to statutory reserve	619	-	-	(619)	-	-	-
Employee stock option expenses	-	-	87	-	-	-	87
Profit for the year	-	-	-	3,093	-	-	3,093
Other comprehensive income	-	-	-	-	(9)	(162)	(170)
Balance as at 31 March 2024	**2,357**	**37,925**	**481**	**7,634**	**-**	**(381)**	**48,016**

Summary of material accounting policies (note 1 -3)

The accompanying notes form an integral part of the financial statements
This is the Statement of Changes in Equity referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Membership No: 208545
Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
DIN: 02189073
Place:Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
DIN: 02292429
Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

Varthana Finance Private Limited
Summary of material accounting policies and other explanatory information
(All amounts in ₹ lakhs unless otherwise stated)

1 Background

Varthana Finance Private Limited ('the Company') is a Non-Banking Financial Company (NBFC) incorporated on 12 June 1984 under the provisions of the erstwhile Companies Act, 1956. The registered office is located in Bengaluru, Karnataka, India. The Company is registered as a systematically important non-deposit accepting Non-Banking Financial Company ('NBFC-ND-Type-II-ICC') with the Reserve Bank of India ('RBI') under Section 45-IA of the Reserve Bank of India Act, 1934. The Company provides secured and unsecured loans to educational institutions / trusts and unsecured educational loans to students. Further, in the financial year 2017-18, the Company has renewed registration having license no. CA0521 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 11 October 2020 to 10 October 2023 for procuring or soliciting insurance business for life, general and health insurers and there are no further renewals.

2 Basis of preparation

a) Statement of compliance

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act, other applicable guidelines issued by the Reserve Bank of India (RBI). The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2024 were authorized and approved for issue by the Board of Directors on 15 May 2024

b) Historical cost convention

These financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, share based payments which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting policies.

3 Summary of material accounting policies

a) Basis of measurement

The financial statements have been prepared using the material accounting policies and measurement bases summarised as below. These policies have been applied consistently for all the periods presented in the financial statements.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of property, plant and equipment, deferred tax, accrual for employee benefits and impairment of loans under the expected credit loss model. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss to estimate ECL.

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)





3 Material accounting policies (continued)

b) **Use of estimates (continued)**
Significant management judgements (continued)

Provisions and other Contingent liabilities – At each balance sheet date based on management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

c) **Income recognition**

Interest income
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. Additional interest/overdue interest/penal charges, if any, are recognised only when it is reasonably certain that the ultimate collection will be made.

Interest on financial assets subsequently measured at fair value through profit and loss, is recognized on accrual basis in accordance with the terms of the respective contract.

In accordance with Ind AS 109, in case of securitization transactions, if the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for loan amounts transferred and remaining unamortised

Net gain on derecognition of financial instruments under amortised cost category
The gain or loss is the difference between sale consideration received and the net book value carried in the books of accounts on derecognition of financial assets

Dividend Income
Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when Company's right to receive payment is established.

Provided that in case of Final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

Other services
Fees/ charges on loan assets, other than those considered an adjustment to EIR are accounted for on accrual basis. Pre-payment premium is accounted for in the year in which it is received by the Company.

d) **Borrowing costs**
All ancillary borrowing cost are charged to the Statement of Profit and Loss on accrual basis as per the effective interest rate method.

e) **Earnings per share**
Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

f) **Intangible assets**

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at acquisition cost thereof. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Company. Management estimates useful life of Computer software to be 6 years.

Varthana Finance Pvt. Ltd. Bangalore 560 043

3 **Material accounting policies (continued)**

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised on a written down value basis over the expected useful life from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Intangible assets under development
Expenditure incurred which are eligible for capitalisation under intangible assets is carried as 'intangible assets under development' till they are ready for their intended use.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

g) **Property, plant and equipment (PPE)**

Recognition and initial measurement

PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value and impairment)
Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down value method over the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

Asset Category	Estimated useful life as per
Computer equipment	3
Furniture and fixtures	10
Office equipment	5
Software	6

Leasehold improvements are depreciated over the lease term.
Depreciation on assets purchased during the year up to ₹ 5,000 is provided @ 100% p.a.
The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

h) **Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

Where the Company is lessee
The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of Profit and Loss.

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3 Material accounting policies (continued)

Short-term leases and leases of low-value assets

As permitted by IND AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets:

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

a) Amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Amortised cost

A financial asset is measured at amortised cost using Effective Interest Rate (EIR) if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's loans and advances, security deposits, staff loans, cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

A loss allowance for expected credit losses is recognised on financial assets carried at amortised cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit and loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss.

Purchase of financial assets

Recognition of financial assets due to regular way of purchase

The company follows the trade date accounting, in case of purchase/acquisition which requires the recognition of financial assets. The trade date is the date that an entity commits itself to purchase an financial asset and trade date accounting refers to the recognition of an financial asset to be received and the liability to pay for it on the trade date when the transaction has been entered.

De-recognition of financial assets

De-recognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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3 Material accounting policies (continued)

Classification and subsequent measurement of financial liabilities
Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

j) *Derivative financial instruments*
The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge Accounting
The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

k) Impairment of financial assets
Loan assets
The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:
I) Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
II) Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
III) Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) - EAD is based on the amounts the Company expects to be outstanding principal and the interest accrued but not received on each loan as at reporting date.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis. In addition to the ECL, management may carry a overlay provision based on its assessment. Management overlay is used where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances.

Other financial assets
In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

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3 Material accounting policies (continued)

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

l) Impairment of non-financial assets

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

m) Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, balances with banks and short-term deposits with an original maturity of three months or less, that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

n) Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

o) Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Company has an obligation towards gratuity which is being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

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3 Material accounting policies (continued)

Other long-term employee benefits:
Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to other comprehensive income in the period in which such gains or losses are determined.

p) Share based payments - Employee Stock Option Scheme ('ESOP')
The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as

q) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:
- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, the related asset is disclosed.

r) Fair value measurement

The Company measures financial instruments, such as, derivatives and investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value

s) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is primarily engaged in the business of financing to educational institutions/ trusts and students. The Company's activity falls within a single primary business segment. The Company operates primarily in India and there is no other geographical segment.

t) Foreign currency
Functional and presentation currency
The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

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4 Cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Cash on hand (*)	0	0
Balances with banks		
- in current accounts	2,711	4,186
- term deposits with original maturity of 3 months or less	24,561	8,532
	27,272	12,718

(*) Represents cash on hand amounting to ₹17,138 (31 March 2023: ₹12,362).

5 Bank balances other than cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Term deposits with maturity more than 3 months (*)	2,664	2,291
	2,664	2,291

Interest accrued on deposits *
(*) Represents margin money against the borrowings with banks and financial institutions amounting to ₹945 lakhs (31 March 2023: ₹885 lakhs) and cash collaterals towards securitisation/assignment of loans amounting to ₹1719 lakhs (31 March 2023: ₹1166 lakhs).

6 Derivative financial instruments

Derivative designated as hedging instruments	As at 31 March 2024	As at 31 March 2023
Cross currency interest rate swaps (CCIRS)	-	394
	-	394

The Company is exposed to foreign currency risk from various foreign currency borrowings denominated in USD. One of the borrowings is also exposed to interest rate risk where the interest rate is linked to SOFR. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings. Accordingly, the Company enters into, 'Cross Currency Interest Rate Swaps' to hedge its cash flows.

In connection with cash flow hedges, the gains/(losses) and the related tax effects recorded as a component of other comprehensive income, are summarised below:

	Before tax amount	After tax amount
As at 1 April 2022	(152)	(114)
Change in fair value of effective portion of outstanding derivative	546	409
As at 31 March 2023	394	295

7 Loans
(At amortised cost)

	As at 31 March 2024	As at 31 March 2023
Term loans within India (Others)		
Loan assets		
Secured by tangible assets*	1,02,078	74,457
Covered by bank/ government guarantee	-	-
Unsecured	23,569	17,874
Interest accrued and due on loans	644	863
Interest accrued but not due on loans	1,088	773
	1,27,379	93,967
Less: Allowance for impairment loss**	(5,236)	(4,104)
	1,22,143	89,863

* Includes 10% MRR of the direct assignment pool of Rs.63 lakhs
** Rs.1541 lakhs of impairment loss has been reversed on account of derecognition of financials assets and shown under net gain on derecognition of financial assets

8 Investments

Investment measured at fair value through Profit and Loss	As at 31 March 2024	As at 31 March 2023
Investment in security receipts (Net)*	7,451	2,247
Investment in Equity tranche	424	258
	7,875	2,505

*After allowance for impairment loss of Rs. 600 lakhs

9 Other financial assets
(unsecured, considered good)

	As at 31 March 2024	As at 31 March 2023
Security deposits	104	94
	104	94

10 Current tax assets (net)

	As at 31 March 2024	As at 31 March 2023
Current tax assets	164	736
	164	736

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11 Deferred tax assets (net)

	As at 31 March 2024	As at 31 March 2023
Deferred tax assets on -		
Impairment loss allowance	1,444	1,033
Provision on gratuity	84	69
Provision on compensated absences	49	46
Financial assets at amortised cost	470	176
Depreciation and amortisation	0	-
Fair valuation of derivative financial instruments through other comprehensive income	128	74
Unabsorbed tax losses	-	1,600
	2,175	2,997
Deferred tax liabilities on -		
Depreciation and amortisation	-	4
Unearned income on assigned loss	11	19
Fair valuation of derivative financial instruments through other comprehensive income	-	-
	11	23
Total deferred tax assets (net)	2,164	2,974

Movement in above mentioned deferred tax assets and (liabilities)

Particulars	As at 31 March 2022	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2023	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2024
Tax effect of items constituting deferred tax assets and liabilities:							
Impairment loss allowance	2,852	(1,819)	-	1,033	411	-	1,444
Provision on gratuity	56	13	(2)	69	12	3	84
Provision on compensated absences	44	1	-	46	4	-	49
Provision on expenses	-	-	-	-	-	-	-
Financial assets at amortised cost	120	56	-	176	294	-	470
Depreciation and amortisation	12	(16)	-	(4)	4	-	0
Unearned income on assigned loss	-	(19)	-	(19)	8	-	(11)
Unabsorbed tax losses	-	1,600		1,600	(1,600)		-
Fair valuation of derivative financial instruments through other comprehensive income	174	-	(100)	74	-	54	128
	3,260	(184)	(102)	2,974	(867)	57	2,164





12 Property, plant and equipment

	Leasehold improvements	Office equipment	Furniture and fixtures	Computer equipments	Right-of-Use asset (Building)	Total
Gross block						
As at 1 April 2022	24	20	64	210	255	573
Additions	-	8	8	80	409	506
Disposals	-	0	0	1	239	241
As at 31 March 2023	24	28	72	288	425	838
Additions	4	8	15	87	256	370
Disposals	-	-	2	57	123	183
As at 31 March 2024	28	36	85	318	558	1,025
Accumulated depreciation						
Upto 1 April 2022	23	13	32	157	123	348
Charge for the year	0	6	9	59	223	297
Disposals	-	0	0	1	239	240
Upto 31 March 2023	23	19	41	215	106	404
Charge for the year	1	7	9	59	219	294
Disposals	-	-	2	57	119	178
Upto 31 March 2024	24	25	48	217	206	520
Net block						
As at 31 March 2023	0	9	31	74	318	433
As at 31 March 2024	4	11	37	101	352	505

13 Other intangible assets

	Software	Total
Gross block		
As at 1 April 2022	400	400
Additions	365	365
As at 31 March 2023	765	765
Additions	166	166
Disposals	-	-
As at 31 March 2024	932	932
Accumulated amortisation		
Upto 1 April 2022	322	322
Charge for the year	23	23
Disposals	-	-
Upto 31 March 2023	345	345
Charge for the year	176	176
Disposals	-	-
Upto 31 March 2024	521	521
a **Net block**		
As at 31 March 2023	420	420
As at 31 March 2024	411	411
b **Intangible assets under development**		
As at 31 March 2023	-	-
Additions	403	403
Capitalised during the period	139	-
As at 31 March 2024	264	403

Aging for Intangible assets under development

Particulars	As at	Amount for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 year	Total
Projects in progress	31 March 2023	-	-	-	-	-
Projects in progress	31 March 2024	264	-	-	-	264

There are no projects that are temporarily suspended as at 31st March 2024 and 31st March 2023

14 Other non-financial assets

	As at 31 March 2024	As at 31 March 2023
Prepaid expenses	338	220
Other advances	379	363
	717	583





15 Trade payables

	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	101	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	553	279
	654	279

Note:
Based on the information/ confirmation available with the Company, above are the amounts payable to the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. (Refer Note no. 50 X for aging schedule)

16 Debt securities
(At amortised cost)

	As at 31 March 2024	As at 31 March 2023
Non convertible debentures (NCDs) (In Ind a) (^)		
Secured	22,547	14,704
Unsecured	-	-
Interest accrued but not due		
- Debt securities	312	578
	22,859	15,280
Debt securities in India	22,859	15,280

Note: There are no debt securities measured at FVTPL or designated at FVTPL.

(^) Refer note 36(a) for terms and conditions attached to non convertible debentures (NCDs)

17 Borrowings (other than debt securities)
(At amortised cost)

	As at 31 March 2024	As at 31 March 2023
Secured (^)		
Term loans		
From banks	6,291	913
From others	41,718	21,233
External commercial borrowings	21,629	12,302
Securitization liabilities	13,169	9,807
Unsecured (^)		
Term loans		
From banks	-	-
From others	107	335
Interest accrued but not due		
Borrowings (other than debt securities)	447	329
Lease liability	359	306
	83,712	45,027
Borrowings in India	62,083	32,725
Borrowings outside India	21,629	12,302
	83,712	45,027

Note
Note: There is no borrowings measured at FVTPL or designated at FVTPL.
(^) Refer note 36(b) for terms and conditions attached to borrowings from banks and financial institutions.

18 Derivative financial instruments

Derivative designated as hedging instruments	As at 31 March 2024	As at 31 March 2023
Cross currency interest rate swaps (CCIRS)/ Fx Forward	477	-
	477	-

The Company is exposed to foreign currency risk from various foreign currency borrowings denominated in USD. One of the borrowings is also exposed to interest rate risk where the interest rate is linked to SOFR. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings. Accordingly, the Company enters into, 'Cross Currency Interest Rate Swaps'/ Fx Forward to hedge its cash flows.

In connection with cash flow hedges, the gains/(losses) and the related tax effects recorded as a component of other comprehensive income, are summarised below:

	Before tax amount	After tax amount
As at 1 April 2023	**394**	**295**
Change in fair value of effective portion of outstanding derivative	(871)	(652)
As at 31 March 2024	**(477)**	**(357)**





19 Other financial liabilities

	As at 31 March 2024	As at 31 March 2023
Employee benefits payable	611	306
CCP Series C1 *	-	10,421
Series C1 CCD *	-	58
Other liabilities	764	129
	1,375	10,913

* CCPS and CCD has option to covert in whole or part into Equity Shares at any time and from time to time before 19 years. Conversion into the number of equity shares are based on the conditions as per the contract in the range of 1:2.14 to 1:1. As the condition was met on 1st July 2023 and the conversion rate are fixed as 1:2.14 the CCPS and CCD has been redesignated as equity.

20 Current tax liabilities (net)

	As at 31 March 2024	As at 31 March 2023
Provision for income tax	90	-
	90	-

21 Provisions

	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits		
Gratuity	335	275
Compensated absences	196	181
	531	456

22 Other non financial liabilities

	As at 31 March 2024	As at 31 March 2023
Advance from customers	546	635
Statutory dues payable	289	161
	835	796

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23 Equity share capital

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 100 each	3,00,000	300	3,00,000	300
	3,00,000	300	3,00,000	300
Issued, subscribed and fully paid-up				
Equity shares of ₹ 100 each, fully paid up	46,741	47	46,741	47
Less: Amount recoverable from Varthana Employee Welfare Trust (face value of 8,598 shares allotted to the trust - refer note (d) below	(8,598)	(9)	(8,598)	(9)
	38,143	38	38,143	38

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Balance at the beginning of the year*	46,741	47	46,741	47
Add: Issued during the year	-	-	-	-
Balance at the end of the year	46,741	47	46,741	47

* Refer note no. d) below

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with par value of ₹ 100 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to approval of shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% of equity shares in the Company

	As at 31 March 2024		As at 31 March 2023	
	Number	% of shareholding	Number	% of shareholding
Dragon Trail Education Services LLP	30,130	64.5%	30,130	64.5%
Elevar Equity Management Limited	3,671	7.8%	3,671	7.8%
Varthana Employees Welfare Trust	9,671	21.1%	9,671	21.1%

d) The Company has given an interest and collateral free loan to an Varthana Employee Welfare Trust to provide financial assistance for purchase of equity shares of the Company under Employee Stock Option Scheme. The Company has established the ESOP Trust to which the stock options issuable (8,598 equity shares) have been transferred. The amount recoverable from the ESOP Trust has been reduced from share capital (to the extent of face value) and from securities premium (to the extent of premium on shares).

e) No bonus shares were issued during five years immediately preceding 31 March 2024

The Company has neither issued any shares without payment being received in cash nor has there been any buyback of shares during five years immediately preceding 31 March 2024

24 Instruments entirely equity in nature

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised share capital				
"Series A" Compulsorily Convertible Preference shares of ₹100 each ("Series A" CCPS)	1,98,500	199	1,98,500	199
"Series One" Compulsorily Convertible Preference shares of ₹100 each each ("Series One " CCPS)	1,500	2	1,500	2
"Series B" Compulsorily Convertible Preference shares of ₹8,388 each ("Series B " CCPS)	60,000	5,110	60,000	5,110
"Series C" Compulsorily Convertible Preference shares of ₹100 each each ("Series C " CCPS)	3,97,160	397	4,47,160	447
"Series C1" Compulsorily Convertible Preference shares of ₹100 each each ("Series C1 " CCPS)	50,000	50		
Total	7,27,160	5,758	7,27,160	5,758

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Issued, subscribed and fully paid-up				
Compulsorily Convertible Preference Shares (CCPS)				
"Series A" CCPS of ₹100 each	55,606	56	55,606	56
"Series One" CCPS ₹100 each	1,252	1	1,252	1
"Series B" CCPS ₹5,388 each	76,084	4,860	76,084	4,860
"Series C" CCPS ₹100 each	60,148	60	60,148	60
"Series C1" CCPS ₹100 each	31,415	31		
	2,24,505	5,009	1,93,090	4,977
Compulsorily Convertible Debentures (CCDs)				
"Class A" CCDs ₹100,000 each	127	127	127	127
"Class B" CCDs ₹10 each	50,19,878	502	50,19,878	502
Series C1 CCD ₹100 each	58,383	58		
	50,78,388	687	50,20,005	629
Total instruments entirely equity in nature	53,02,893	5,696	52,13,095	5,606

a) **Reconciliation of the number of Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible debentures (CCDs) outstanding at the beginning and at the end of the reporting period**

	As at		As at	
	Number	Amount	Number	Amount
i) **"Series A" CCPS**				
Balance at the beginning of the year	55,606	56	55,606	56
Add: Issued during the year	-	-	-	-
Balance at the end of the year	55,606	56	55,606	56
ii) **"Series One" CCPS**				
Balance at the beginning of the year	1,252	1	1,252	1
Add: Issued during the year	-	-	-	-
Balance at the end of the year	1,252	1	1,252	1
iii) **"Series B" CCPS**				
Balance at the beginning of the year	76,084	4,860	76,084	4,860
Add: Issued during the year	-	-	-	-
Balance at the end of the year	76,084	4,860	76,084	4,860
iv) **"Series C" CCPS**				
Balance at the beginning of the year	60,148	60	60,148	60
Add: Issued during the year	-	-	-	-
Balance at the end of the year	60,148	60	60,148	60
v) **"Series C1" CCPS**				
Balance at the beginning of the year	-	-	-	-
Add: reclassification during the year from Liability	31,415	31	-	-
Balance at the end of the year	31,415	31	-	-
vi) **"Class A" CCDs**				
Balance at the beginning of the year	127	127	127	127
Add: Issued during the year	-	-	-	-
Balance at the end of the year	127	127	127	127
vii) **"Class B" CCDs**				
Balance at the beginning of the year	50,19,878	502	50,19,878	502
Add: Issued during the year	-	-	-	-
Balance at the end of the year	50,19,878	502	50,19,878	502
viii) Series C1 CCD Link Investment Trust				
Balance at the beginning of the year	-	-	-	-
Add: reclassification during the year from Liability	58,383	58	-	-
Balance at the end of the year	58,383	58	-	-

b) **Rights, preferences and restrictions attached to CCPS and CCDs**

i) **"Series A" CCPS:**
The Company has issued 55,606 "Series A", 0.0001% CCPS of ₹ 100 each on 11 August 2014 and 8 July 2015 and is convertible in whole or in part, into 55,606 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series A" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series One" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series A" CCPS will rank pari passu with "Series One" CCPS, "Series B" CCPS, "Series C" CCP, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series A" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

ii) **"Series One" CCPS:**
The Company has issued 1,252 "Series One", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, into 1,252 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series One" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series One" CCPS will rank pari passu with "Series A" CCPS, "Series B" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B"CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series One" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.





iii) **"Series B" CCPS:**

The Company has issued 76,084 "Series B", 0.0001% CCPS of ₹ 5,388 each and is convertible in whole or in part, into 76,084 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.
In a liquidation event, the holder of the "Series B" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series C" CCPS , "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis,

"Series B" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series C" CCPS, "Class A" CCDs and "Class B"CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series B" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

iv) **"Series C" CCPS:**

The Company has issued 80,148 "Series C", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, into 80,148 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.
In a liquidation event, the holder of the "Series C" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

"Series C" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series C" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

v) **"Series C1" CCPS:**

The Company has issued 31,415 "Series C1", 0.0001% CCPS of ₹ 100 each and is convertible in whole or in part, in the conversion ration of 1:2.14 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCPS holder.

In a liquidation event, the holder of the "Series C1" CCPS shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS,"Class A" CCDs and "Class B" CCDs for return of capital. The proceeds of a liquidation event shall be distributed such that each holder of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS and the CCDs will receive the higher of the (i) amount invested towards subscription of "Series A" CCPS, "Series One" CCPS, "Series B" CCPS, "Series C" CCPS or the CCDs as the case may be, plus any declared and unpaid dividends (ii) its pro-rata entitlement on an as if converted basis,

"Series C1" CCPS will rank pari passu with "Series A" CCPS, "Series One" CCPS, "Series B" CCPS,"Series C" CCPS, "Class A" CCDs and "Class B" CCDs while ranking senior to all other instruments that are outstanding and/or may be issued by the Company from time to time. The holders of "Series C1" CCPS shall be entitled to attend all meetings of the shareholders of the Company and will be entitled to such voting rights on an as if converted basis.

vi) **"Class A" CCDs:**

The Company has issued 127 "Class A", zero coupon compulsory convertible debentures ("CCDs") of ₹ 100,000 each and is convertible in whole or in part, into 3,210 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.

In a liquidation event, the holder of the "Class A" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS and "Class A" CCDs and "Class B" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

vii) **"Class B" CCDs:**

The Company has issued 5,019,879 "Class B", zero coupon compulsory convertible debentures ("CCDs") of ₹ 10 each and is convertible in whole or in part, into 12,590 equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.

In a liquidation event, the holder of the "Class B" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS and "Class A" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

viii) **"Series C1" CCDs:**

The Company has issued 88,363 "Class B", 0.0001% coupon compulsory convertible debentures ("CCDs") of ₹ 100 each and is convertible in whole or in part, in the conversion ration of 1:2.14 of equity shares of ₹ 100 each at any time before 19 years from the date of issuance at the option of the CCD holder.
In a liquidation event, the holder of the "Series C1" CCDs shall have preference over the other shareholders of the Company, including promoters, but will rank pari passu with the holders of "Series A" CCPS, "Series B" CCPS, "Series One" CCPS and "Series C" CCPS, "Series C1" CCPS and "Class A" , "Class B" CCDs for return of their capital. The proceeds of a liquidation event shall be distributed such that each holder of "Class A" CCDs, "Class B" CCDs,"Series C1" CCDs "Series A" CCPS, "Series B" CCPS, "Series One" CCPS, "Series C" CCPS and "Series C1" CCPS will receive the higher of the (i) amount invested towards subscription of "Class A" CCDs, "Class B" CCDs, "Series C1" CCDs,"Series A" CCPS, "Series B" CCPS, "Series One","Series C" CCPS and "Series C1" CCPS as the case may be, plus any declared and unpaid dividends; (ii) its pro-rata entitlement on an as if converted basis.

c) **Details of holders holding more than 5% of CCPS and CCDs in the Company**

	As at 31 March 2024		As at 31 March 2023	
	Number	% of shareholding	Number	% of shareholding
"Series A" CCPS				
Bevar M-III	13,417	24.1%	13,417	24.1%
On Mauritius	18,377	33.0%	18,377	33.0%
LGT Capital Invest Mauritius PCC with Cell E/VP	20,461	36.8%	20,461	36.8%
"Series One" CCPS				
LGT Cachal Invest Mauritius PCC with Cell E/VP	550	43.9%	550	43.9%
Ramachandran Narayan	520	41.5%	520	41.5%
Mohan Alexander	130	10.4%	130	10.4%

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c) Details of holders holding more than 5% of CCPS and CCDs in the Company (cont..)

	Number	% of shareholding	Number	% of shareholding
"Series B" CCPS				
Elevar M III	11,903	15.8%	11,903	15.8%
LGT Capital Invest Mauritius PCC with Cell EVP	14,373	19.0%	14,373	19.0%
ON Mauritius	11,923	15.7%	11,923	15.7%
Kaizen Private Equity	13,842	18.2%	13,842	18.2%
Turquoise Investments Limited	8,830	11.6%	8,830	11.6%
Kaizen Private Equity II Pte. Ltd	15,213	20.0%	15,213	20.0%
"Series C" CCPS				
Turquoise Investments Limited	48,159	80.1%	48,159	80.1%
Elevar M III	3,053	5.1%	3,053	5.1%
LGT Capital Invest Mauritius PCC with Cell EVP	3,054	5.1%	3,054	5.1%
ON Mauritius	3,055	5.1%	3,055	5.1%
"Series C1" CCPS				
Turquoise Investments Limited	11,858	38.8%		
Kaizen Private Equity II Pte. Ltd.	4,513	14.8%		
LGT Capital Invest Mauritius PCC with Cell EVP	6,318	20.1%		
Blue Haven Global Ltd	4,513	14.4%		
Graffiti Investments	4,513	14.4%		
Class A Compulsorily Convertible Debentures				
Turquoise Investments Limited	60	47.2%	60	47.2%
Rajesh Chandra Pathak	25	19.7%	25	19.7%
Sunil Rohokale	25	19.7%	25	19.7%
Sreekanta Mysore Lingashetty	12	9.4%	12	9.4%
Class B Compulsorily Convertible Debentures				
LGT Capital Invest Mauritius PCC with Cell EVP	10,80,000	21.5%	10,80,000	10.9%
Elevar M III	5,45,200	10.9%	5,45,200	10.9%
Narayan Ramachandran	6,64,788	13.2%	6,64,788	13.2%
Turquoise Investments Limited	22,28,070	44.4%	22,28,070	44.4%
"Series C1" CCDS				
Link Investment Trust	58,499	100.0%		

d) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
a. For compulsorily convertible preference shares: 193,090 equity shares of ₹ 100 each	1,93,090	193	1,93,090	193
b. For compulsorily convertible debentures: 15,900 equity shares of ₹ 100 each	15,900	16	15,900	16
c. Under Employee stock option scheme: 6,315 equity shares of ₹ 100 each, at an weighted average exercise price of ₹ 32.057 each	6,315	6	6,895	7
Balance at the end of the year	2,15,305	215	2,15,885	216

25 Other equity

	As at 31 March 2024	As at 31 March 2023
Statutory reserve u/s 45(IC) of the RBI Act, 1934	2,357	1,736
Securities premium	37,925	27,535
Share options outstanding account	481	394
Retained earnings	7,934	5,160
Other comprehensive income	(381)	(210)
	48,014	34,815

Nature and purpose of reserves:

i. **Statutory reserve u/s 45(IC) of the RBI Act, 1934**
Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

ii. **Securities premium**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

iii. **Share options outstanding account**
This reserve is used to recognise grant date fair value of options issued to employees under employee stock option plans.

iv. **Retained earnings**
All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

v. **Effective portion of cash flow hedges**
The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the effective portion of cash flow hedges. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss.

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26 Revenue from Operations

	Year ended 31 March 2024	Year ended 31 March 2023
Interest income (on financial assets measured at amortised cost)	18,430	15,649
Interest income on fixed deposit with banks and Financial institutions	242	278
Fee and commission	945	596
Net gain on derecognition of financial instruments under amortised cost category	4,659	-
Bad debt recoveries	2,806	1,596
	27,082	19,119

27 Net gain on fair value changes

	Year ended 31 March 2024	Year ended 31 March 2023
Net gain on financial instruments at FVTPL		
On mutual fund units	708	226
	708	226

28 Other income

	Year ended 31 March 2024	Year ended 31 March 2023
Servicing income	240	-
Interest income on income tax refund	40	-
Other recoveries from write offs	338	140
Others	19	220
	637	361

29 Finance costs

	Year ended 31 March 2024	Year ended 31 March 2023
On financial liabilities measured at amortised cost		
Interest expense on:		
- term loans	6,075	2,902
- debt securities	2,144	1,538
- external commercial borrowings	1,166	1,856
Other borrowing costs	191	87
	9,576	6,383

30 Impairment on financial instruments
(On financial assets measured at amortised cost)

	Year ended 31 March 2024	Year ended 31 March 2023
Expected credit losses on loans (*)	2,674	7,227
Impairment on SR	500	-
Loan assets written off	2,074	10,455
	5,248	3,228

* Includes management overlay of Rs.1100 lakhs (2023 - Rs. 250 lakhs)

31 Employee benefit expenses

	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages	5,795	5,083
Contribution to provident and other funds	177	181
Gratuity	90	61
Compensated absences	62	50
Staff welfare expenses	278	535
	6,392	5,931

32 Depreciation, amortization and impairment

	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation of tangible assets	294	236
Amortisation of intangible assets	176	23
	470	259

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33 Other expenses

	Year ended 31 March 2024	Year ended 31 March 2023
Rent (*)	26	31
Travelling and conveyance	588	492
Legal and professional fee	852	865
Audit remuneration (*)	18	14
Collection charges	2	0
Rates and taxes	46	12
Communication	51	90
Printing and stationery	20	20
Insurance	160	137
Commission	40	3
Repairs and maintenance	133	98
Training and recruitment	102	106
Information technology costs	319	266
Branding and marketing	135	173
CSR expense (Ref note 47)	1	11
Miscellaneous	58	57
	2,551	2,175

(*) Includes expense related to short term leases (leases with a lease term of upto 12 months) for which recognition exemption under Ind AS 116 has been applied.

(*) Auditors remuneration		
- Statutory audit	14	13
- Limited review	4	-
- Tax audit	1	1
	18	14

34 Tax expense

	Year ended 31 March 2024	Year ended 31 March 2023
Current tax		
- In respect of current year	220	
- In respect of prior year	10	2
Deferred tax	867	184
	1,097	186

The reconciliation of estimated income tax expense at statutory income tax rate to Income tax expense reported in statement of profit and loss is as follows:

Profit/(Loss) before tax	4,190	730
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	1,054	184
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax expense pertaining to prior years	10	2
Tax on expense not eligible for deduction	-	-
Impact of change in tax rates	-	-
Other adjustments	33	0
Reported income tax expense	1,097	186

35 Earnings per equity share

	Year ended 31 March 2024	Year ended 31 March 2023
Net profit attributable to equity shareholders	3,093	544
Weighted average number of shares outstanding during the period	38,143	38,143
Add: Effect of potential shares for conversion of ESOPs (no's)	37	37
Add: Effect of potential shares for conversion of CCPS (no's)	2,24,505	1,93,090
Add: Effect of potential shares for conversion of CCDs (no's)	16,072	15,900
Weighted average number of shares outstanding for computing basic and diluted EPS (no's)	2,78,757	2,47,170
Earnings per share:		
Basic and Diluted (₹)	1,110	220
Diluted (₹)	1,110	220
Nominal value - per equity share (₹)	100	100

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35 Details of terms and conditions of Debt securities and borrowings

a) Debt securities

S No.	Non Convertible Debentures (NCD)	Amount issued	Redemption terms	Nature of security	Balance outstanding as at	
					31 March 2024	31 March 2023
1	12.75%, 400 Debentures of ₹1,000,000 each	4,000	Bullet payment at the end of tenor on 27 April 2023	90% book debts	-	4,000
2	12.00%, 2700 Debentures of ₹1,00,000 each	2,700	₹ 450 lakhs redeemable on 30 January 2023 and balance in four equated	100% book debts	887	1,788
3	12.90%, 2300 Debentures of ₹2,50,000 each	5,750	Bullet payment at the end of tenor on 19 December 2025	100% book debts	5,702	5,678
4	12.75%, 648 Debentures of ₹500,000 each	3,238	Redeemable in single instalment on 3 May 2023	100% book debts	-	3,238
5	13.17%, 2070 Debentures of ₹100,000 each	2,045	99.88% of the principal amount will be repaid on 7th Aug, 2026 and the balance	100% book debts	2,045	-
6	12.25%, 3000 Debentures of ₹100,000 each	3,000	Bullet payment at the end of tenor on 27 Dec, 2025	110% book debts	2,952	-
7	12.30%, 2500 Debentures of ₹100,000 each	2,500	Equated monthly redemption starting from 31 Mar, 2024 till the maturity	110% book debts	2,390	-
8	13.65%, 1700 Debentures of ₹100,000 each	1,700	8 Monthly redemption starting from 25 Feb, 2027 to 25 Sept, 2027	110% book debts	1,700	-
9	12.75%, 1500 Debentures of ₹100,000 each	1,500	Bullet payment at the end of tenor on 14 Dec, 2025	110% book debts	1,472	-
10	11%, 800 Debentures of ₹100,000 each	800	4 equal instalment payable on 30 Sept, ,2023, 31 Dec, 2023, 31 Mar, 2024, 30 Jun,	110% book debts	800	-
11	12%, 200 Debentures of ₹100,000 each	1,200	4 instalment of Rs.133.33 lacs from 30 Sept, ,2023, 31 Dec, 2023, 31 Mar, 2024,	110% book debts	200	-
12	13%, 2000 Debentures of ₹100,000 each	2,000	6 equated quarterly instalment of 333.33 lac each starting from 31 Mar 2025 to 30 May	110% book debts	1,923	-
13	13.50%, 2500 Debentures of ₹500,000 each	2,500	9 equated quarterly instalment of 277.77 lac each starting from 30 sept, 2024 to 30 Sept,	100% book debts	2,486	-
					22,547	14,704

Some of the loan agreements the Company did not fulfil the GNPA ratio, Credit rating, PAR 90+ etc as required in the contract. However there is no instance of request for repayment of the outstanding loan or any action taken from the lenders.

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Varthana Finance Private Limited

Summary of material accounting policies and other explanatory information

(All amounts in ₹ lakhs unless otherwise stated)

36 Details of terms and conditions of Debt securities and borrowings (Continued)

b) Borrowings (other than debt securities)

Original maturity of loan	Interest rate (p.a)	Repayment terms	No's of instalment	Amount per instalment		Nature of security		Balance outstanding as at	
				Maximum	Minimum	Book debts	Cash collateral	31 March 2024	31 March 2023
I. Secured term loans from banks									
60 months	13.25%	Monthly	60	23	12	110%	NA	153	389
37 Months	12.50%	Monthly	37	67	67	110%	10%	996	-
30 Months	12.75%	Monthly	30	42	42	110%	NA	1,783	-
24 Months	10.5-13.25%	Monthly	24	89	78	110-125%	NA	1,592	-
48 months	9.64 - 13.00%	Monthly	48	52	27	100-110%	0%-7%	-	524
36 months	13.50%	Monthly	36	23	12	110%	NA	1,887	-
II. Secured loans from others (financial institutions)									
24 Months	6%	Bullet	1	495	0	110%	NA	495	492
12 Months	6-12.80%	Bullet	1	1485	0	110%	NA	1,484	495
24 months	12.25-13.50%	Monthly	24	174	148	110-120%	NA	2,697	1,373
33 months	13.15-14.56%	Monthly	12	152	152	110%	NA	4,259	1,574
30 months	13.55%	Monthly	30	122	112	110%	NA	2,812	985
36 months	12.00-14.70%	Monthly	21-36	808	547	110%	NA	18,607	4,224
37 months	13.50%	Monthly	36	128	1	110%	NA	-	1,733
42 months	12.95 - 13.75%	Monthly	35-42	108	108	110%	NA	2,638	2,251
48 months	12.75-15.95%	Monthly	1-48	271	242	110%	NA	7,275	5,957
49 months	13.85%	Monthly	47	12	3	110%	NA	-	992
60 months	11.16 - 12.25%	Monthly	7	80	80	110%	NA	-	532
37 months	13.00%	Quarterly	12	125	125	110%	NA	1,498	-
48 months	12.75%	Quarterly	8-16	75	75	110%	NA	-	-
60 months	12.25%	Quarterly	20	44	44	110%	NA	50	224
III. Securitization liabilities									
20 Months	11.75%	Monthly	20	157	48	110%	7.50%	366	1,499
24 Months	12.25%	Monthly	23	75	30	115%	8.00%	1,517	
38 months	12.75%	Monthly	30	126	8	125%	5.00%	531	-
44 Months	12.25%	Monthly	33	116	9	110%	5.00%	116	357
48 Months	12.00%	Monthly	44	70	22	125%	8.00%	1,058	
53 Months	12.20-12.25%	Monthly	19-37	312	54	122-125%	5-8%	2,157	-
54 Months	12- 12.26%	Monthly	22-37	646	44	110-125%	5%-7.5%	2,279	458
57 Months	12.00%	Monthly	29	662	22	110%	5.00%	405	1,565
73 months	11.80%	Monthly	23	114	21	120%	5.00%	209	904
79 months	12.80%	Monthly	23	111	12	110%	5.00%	283	901
92 months	13.00%	Monthly	22	461	24	120%	5.00%	408	2,188
99 months	11.25%	Monthly	35	175	14	110%	10.50%	1,368	
113 months	12.06%	Monthly	48	144	12	125%	8.00%	1,885	
32 Months	11.25%	Monthly	29	137	35	110%	5.00%	567	1,735
IV. Secured loans from others (external commercial borrowings)									
48 months	13.03%	Quarterly	8	728	728	100%	NA	5,830	2,441
36 months	11.23%	Bullet	1	8,340	8,340	110%	NA	8,311	-
82 months	8.5 - 10.24%	Quarterly	20	624	624	100%	NA	7,489	9,861
VI. Unsecured loans from financial institutions									
48 months	13-13.75%	Monthly	42	12	12	NA	NA	107	335

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37 Employee benefits plans

A Defined benefit plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

	31 March 2024	31 March 2023
(i) Amount recognised in the balance sheet is as under:		
Present value of the obligation as at the end of the year	335	275

(ii) Amount recognised in the Statement of Profit & Loss

	31 March 2024	31 March 2023
Current service cost	71	66
Interest cost (net)	19	15
	90	81

(iii) Actuarial (gain)/loss recognised in other comprehensive income:

	31 March 2024	31 March 2023
Actuarial (gain) / loss arising from		
Change in demographic assumption	-	-
Change in financial assumption	5	(7)
From experience adjustment	6	(2)
	11	(9)

(iv) Changes in the present value of defined benefit obligation

	31 March 2024	31 March 2023
Defined benefit obligation as at the beginning of the year	275	232
Interest cost	19	15
Current service cost	71	66
Benefits paid	(42)	(29)
Actuarial (gain)/ loss on obligation	12	(9)
Defined benefit obligation as at the end of the year	335	275
Unfunded net liability recognized in balance sheet	335	275

(v) Actuarial assumptions used for determination of the liability of the Company:

	31 March 2024	31 March 2023
Discount rate	7.19%	7.40%
Expected rate of return on assets	0.00%	0.00%
Salary escalation rates	10.00%	10.00%
Attrition rate	33.00%	33.00%
Retirement age (in years)	60	58
Expected average remaining working lives of employees (in years)	24	24

(vi) Sensitivity analysis

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Gratuity	31 March 2024		31 March 2023	
	Decrease	Increase	Decrease	Increase
Discount rate (+ / - 1.0%)	(7)	7	(6)	7
Salary growth rate (- / + 1.0%)	(5)	5	(5)	5
Attrition rate (+ / - 1.0%)	(1)	1	(1)	1

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior year.

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37 Employee benefits plans (Continued)

A Defined benefit plan

(vii) Maturity profile of defined benefit obligation	31 March 2024	31 March 2023
Within next 12 months	47	35
Between 1-5 years	78	73
Beyond 5 years	209	167

B Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 of ₹176 lakhs (31 March 2023: ₹178 lakhs) and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948 of ₹1 lakhs (31 March 2023: ₹3 lakhs) has been recognized in the Statement of profit and loss under the head " Employee benefits expense".

C Compensated absences

Assumptions used in accounting for vacation pay:	31 March 2024	31 March 2023
Discount rate	7.19%	7.40%
Salary escalation rates	10.00%	10.00%
Attrition rate	33.00%	33.00%
Retirement age (in years)	60	58

38 Employee Stock Option Plan (ESOP)

The 'Thirumeni Employee Stock Option Scheme' ("TESOS") (the 'Plan') was approved in the Extraordinary General Meeting of the members held on 16 March 2016. The Company introduced the Plan for the benefit of the employees of the Company. The plan provides for the creation and issue of 9,871 options that would eventually convert into equity shares of ₹ 100 each in the hands of the employees of the Company. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of five years from the date of vesting, failing which the options shall lapse. During the previous year the company has granted the ESOP scheme 4 with the same terms and conditions except for the vesting period which was reduced to 3 years.

The number of shares outstanding as of 31 March 2024 is 6,315 (31 March 2023: 8,895). The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period upto 31 March 2024. For the year ended 31 March 2024, the Company has recorded stock compensation expenses of ₹ 86 lakhs (31 March 2023: ₹ 372 lakhs).

Option activity during the year is summarised below:

	No. of options 31 March 2024	Weighted average exercise price	No. of options 31 March 2023	Weighted average exercise price
Options outstanding at the beginning	8,895	32,162	2,560	25,471
Granted during the year	-	-	5,495	33,304
Lapsed/ forfeited during the year	(580)	(33,304)	(1,160)	(29,092)
Options outstanding at the end	6,315	32,057	8,895	32,162

The grant date fair value of each option award is estimated on the date of grant using Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Options grant period	Expected volatility	Dividend yield	Risk free interest rate	Weighted average exercise price (₹)	Fair value at grant date (₹)	Weighted average remaining contractual life (years)
Grant 1	35%	17%	6.90%	10,820	1,017	3
Grant 2	28%	17%	7.30%	22,227	1,377	3
Grant 3	18%	17%	7.30%	33,238	522	3
Grant 4	30%	17%	5.11%	33,304	11,477	3

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39 Financial instruments and fair value disclosures

A. Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

As at 31 March 2024

Particulars	Fair value through Profit and Loss	Fair value through OCI	Amortized cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	27,272	27,272	27,272
Other bank balances	-	-	2,664	2,664	2,664
Derivative financial instruments	-	-	-	-	-
Loans	-	-	1,22,143	1,22,143	1,22,143
Investments	7,875	-	-	7,875	7,875
Other financial assets	-	-	104	104	104
Total financial assets	7,875	-	1,52,183	1,60,058	1,60,058
Financial liabilities					
Payables	-	-	654	654	654
Debt securities	-	-	22,859	22,859	22,859
Borrowings (other than debt securities)	-	-	83,712	83,712	83,712
Derivative financial instruments	-	477	-	477	477
Other financial liabilities	-	-	1,375	1,375	1,375
Total financial liabilities	-	477	1,08,600	1,09,077	1,09,077

As at 31 March 2023

Particulars	Fair value through Profit and Loss	Fair value through OCI	Amortized cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	12,718	12,718	12,718
Other bank balances	-	-	2,291	2,291	2,291
Derivative financial instruments	-	394		394	394
Loans	-	-	89,863	89,863	89,863
Investments	2,505			2,505	2,505
Other financial assets	-	-	94	94	94
Total financial assets	2,505	394	1,04,966	1,07,866	1,07,866
Financial liabilities					
Payables	-	-	279	279	279
Debt securities	-	-	15,280	15,280	15,280
Borrowings (other than debt securities)	-	-	45,027	45,027	45,027
Derivative financial instruments	-	-		-	-
Other financial liabilities	-	-	10,913	10,913	10,913
Total financial liabilities	-	-	71,499	71,499	71,499

Notes to financial instruments

The management assessed that the fair value of cash and bank balances, loans, other financial assets, payables, debt securities, borrowings and other financial liabilities approximate the carrying amount of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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39 Financial instruments and Fair value disclosures (cont'd)

B. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are Categorised into three levels within the fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

The following table shows the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis

As at 31 March 2024

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Investments			7,875	7,875
Derivative financial instruments	-	-	-	-
Financial liabilities				
Derivative financial instruments	-	477	-	**477**

As at 31 March 2023

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	-		2,505	2,505
Derivative financial instruments		394		394
Financial liabilities				-
Derivative financial instruments	-	-	-	-

The following table presents the changes in level 3 items for the period ended 31 March 2024 and 31 March 2023:

	31 March 2024
As at 01 April 2023	2,505
Additions made during the year	6,239
Impairment on SR	(500)
Redemption/ Sale during the year	(369)
As at 31 March 2024	**7,875**

There are no financial liabilities measured at fair value on recurring basis. There were no transfers between the level 3 in the reporting periods.

C. Valuation process and technique used to determine fair value

(i) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs based on the report from the bank providing the swap and are classified as Level 2.

(ii) The fair value of principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date based on the report from the bank providing the swap and are classified as Level 2.

(iii) Fair value of investment in Security Receipts is determined based on the NAV declared by the ARC/Trust. The purchase consideration is considered as fair value for the investments made during year.

D. Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans and other financial assets	Ageing analysis, stress testing, modelling of credit risk	Bank deposits, diversification of asset base, and credit limits.
Liquidity risk	Financial liabilities	Rolling cash flow forecasts	Fund raise plan to source equity and debt, as required
Market risk – interest rate	Borrowings at variable rates	Sensitivity analysis	Diversification of portfolio, with use of derivative financial instruments
Market risk - security price	Investments in securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments
Market risk – Foreign currency	Recognised financial liabilities not denominated in Indian Rupees (₹)	Sensitivity analysis	Diversification of portfolio, with use of derivative financial instruments

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.





38 Financial instruments and Fair value disclosures (cont'd)

E. 1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, loans, investments, derivative instruments and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.
(I) Low credit risk
(ii) Moderate credit risk
(III) High credit risk

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	Life time expected credit loss or 12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, Investments	Life time expected credit loss or fully provided for; Excess of carrying value over fair value.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Financial assets that expose the entity to credit risk:

	31 March 2024	31 March 2023
Low credit risk on financial reporting date		
Cash and cash equivalents	27,272	12,718
Other bank balances	2,664	2,281
Loans and corresponding interest receivable *	1,14,353	72,429
Other financial assets	104	94
Moderate credit risk		
Loans *	9,455	13,827
High credit risk		
Loans *	3,570	7,712
Investments	7,875	2,506

* These represents gross carrying values of financial assets.

E. 2 Management of credit risk for financial assets other than loans
Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is considered to be very low as the Company only deals with high rated banks. The risk is also managed by diversifying bank deposits and accounts in different banks across the country.

Other financial assets measured at amortised cost
Other financial assets measured at amortised cost includes advances to employees and security deposits. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously.





E.3 **Expected credit losses for financial assets other than loans**

As at 31 March 2024	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	27,272	0%	-	27,272
Bank balances other than cash and cash equivalents	2,664	0%	-	2,664
Other financial assets	104	0%	-	104

As at 31 March 2023	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	12,718	0%	-	12,718
Bank balances other than cash and cash equivalents	2,291	0%	-	2,291
Other financial assets	94	0%	-	94

39 Financial instruments and Fair value disclosures (cont'd)

E.4 **Management of credit risk for loans**
Credit risk on loans is the single largest risk of the Company's business, and therefore the Company has developed several processes and controls to manage it. The Company is primarily engaged in providing secured and unsecured loans to educational institutions / trusts and unsecured educational loans to students. The Company operates in the majority of the states in India.

E.4.1 **Credit risk measurement - Expected credit loss measurement**
Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:
- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".

ECL depends on the stage of financial instrument:
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss resulting from default events possible within the next 12 months.
- Instruments in Stage 2 or Stage 3 criteria have their ECL measured based on the default events possible in the entire lifetime.

E.4.2 **Criteria for significant increase in credit risk**
The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met,

(i) **Quantitative criteria**
The remaining lifetime probability of default at the reporting date has increased, compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognized. The Company considers loan assets as Stage 2 when the delay in repayment is within the range of 30 to 89 days.

(ii) **Qualitative criteria**
If other qualitative aspects indicate that there could be a delaydefault in the repayment of the loans, the Company assumes that there is significant increase in risk and loan is moved to stage 2.

The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

E.4.3 **Criteria for default and credit-impaired assets**
The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets the following criteria:

Quantitative criteria:
The company considers loan assets as Stage 3 when the default in payment has moved beyond 90 days

Qualitative criteria:
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- Inability to continue with business on account of permanent incapacitation or material adverse effect.

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E.4.4 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is in Stage 1, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD rates are calculated by averaging of best case and worst case scenario. PD rates may also vary based on type of loan, tenure etc

Loss given default (LGD) computation model

LGD is the credit loss that will be incurred if the borrower defaults. It is calculated as the difference between the present value (using the EIR of the loan) of the amount that the entity expects to receive after the default event occurs and the contractual amounts due. Accordingly, the type of loan facility (secured/unsecured, type of security etc.) are important considerations while grouping loan assets into categories while determining LGD rates. All the alternative recovery options, including monetizing the security, debt restructuring etc. are considered while determining the expected credit losses after default. External costs of monetizing the collateral are also considered (if applicable).

Forward looking information

The Company has calculated PD and LGD using historical data, and has also assessed forward looking estimates such as GDP growth rate and other economic factors affecting the regions in which the Company operates, and considers that the provisions including management overlay if any, appropriately reflect future expected losses.

39 Financial instruments and Fair value disclosures (cont'd)

E.4.5 Expected credit losses for loans

As at 31 March 2024	Estimated gross carrying amount at default	Expected credit losses and management overlay %	Expected credit losses and management overlay	Carrying amount net of impairment provision
Loans (at amortised cost)	1,27,379	4.11%	5,236	1,22,143

As at 31 March 2023	Estimated gross carrying amount at default	Expected credit losses and management overlay %	Expected credit losses and management overlay	Carrying amount net of impairment provision
Loans (at amortised cost)	93,967	4.37%	4,104	89,863

E.5 Credit risk exposure

	As at 31 March 2024			
	ECL Staging			
Categories	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans (at amortised cost) (*)				
- Secured	90,225	9,046	2,807	1,02,078
- Unsecured	22,417	409	763	23,589
Gross carrying amount	**1,12,642**	**9,455**	**3,570**	**1,25,667**
Loss allowance (**)	1,343	1,358	2,535	5,236
Carrying amount	**1,11,299**	**8,097**	**1,035**	**1,20,431**

	As at 31 March 2023			
	ECL Staging			
Categories	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans (at amortised cost) (*)				
- Secured	62,658	13,606	7,424	83,688
- Unsecured	8,135	220	287	8,643
Gross carrying amount	**70,792**	**13,827**	**7,712**	**92,331**
Loss allowance (**)	552	1,111	2,440	4,104
Carrying amount	**70,240**	**12,716**	**5,271**	**88,227**

* The Gross carrying amount does not include interest accrued.

**") The overall increase in loss allowance on the portfolio was driven by the change in PD and LGD on management's decision to revisit the ECL model. In addition, loss allowance includes Rs.1100 lakhs of management overlay not assigned to specific loans.

ii) Provision required under IRAC for investment in SRs of ARC (Note 8) is 1605 lakhs. over all provision indicated above is sufficient to cover this provision requirement and higher NPA risks.

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39 Financial instruments and Fair value disclosures (cont'd)

E.6 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2023	**70,792**	**13,827**	**7,712**	**92,331**
New assets originated	81,126	487	338	**81,951**
Transfers from Stage 1	(5,111)	3,715	1,396	-
Transfers from Stage 2	2,363	(3,492)	1,129	-
Transfers from Stage 3	894	1,169	(2,063)	-
Assets derecognised or repaid	(37,422)	(6,251)	(4,942)	(48,615)
Balance as at 31 March 2024	**1,12,642**	**9,455**	**3,570**	**1,25,667**

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2022	**58,833**	**24,965**	**11,508**	**95,305**
New assets originated	39,219	660	196	**40,075**
Transfers from Stage 1	(8,509)	6,983	2,545	-
Transfers from Stage 2	7,919	(12,476)	4,557	-
Transfers from Stage 3	1,001	1,059	(2,060)	-
Assets derecognised or repaid	(27,669)	(6,345)	(9,035)	(43,050)
Balance as at 31 March 2023	**70,792**	**13,827**	**7,712**	**92,331**

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2023	**552**	**1,111**	**2,440**	**4,104**
New assets originated	928	649	2,063.69	**3,640**
Transfers from Stage 1	(92)	71	22	-
Transfers from Stage 2	156	(241)	85	-
Transfers from Stage 3	270	345	(615)	-
Amount written off/ repaid	(471)	(577)	(1,460)	(2,507)
Balance as at 31 March 2024	**1,343**	**1,358**	**2,535**	**5,236**

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at 1 April 2022	**2,226**	**2,866**	**6,238**	**11,331**
New assets originated	264	44	62	**370**
Transfers from Stage 1	(480)	294	186	-
Transfers from Stage 2	837	(1,378)	539	-
Transfers from Stage 3	454	453	(907)	-
Amount written off/ repaid	(2,748)	(1,171)	(3,679)	(7,597)
Balance as at 31 March 2023	**552**	**1,111**	**2,440**	**4,104**

The overall decrease in loss allowance on the portfolio was driven by movements between stages as a result of decrease in credit risk in general, along with management's decision to revisit the ECL model and the write offs during the year. In addition, loss allowance includes Rs.1100 lakhs of management overlay not assigned to specific loans.

E.7 Write off policy

The Company writes off financial assets when,

a)All accounts that have crossed 720 days will be placed before the Credit Committee of the Management; and

b)Any other account at a lower DPD that has been ascertained to be unrecoverable shall also be recommended to the Credit Committee of the Management by any member of the Credit Committee;

The outstanding contractual amounts of such assets written off during the year ended 31 March 2024 was ₹ 4,175 lakhs out of which Rs. 2102 lakhs write offs are on account of loans sold to ARC during the year grouped under Net gain on derecognition of financial instruments under amortised cost category in Profit and loss account(31 March 2023 ₹ 10,455 lakhs). The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of recovery.

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39 Financial instruments and Fair value disclosures (cont'd)

F. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

Maturities of financial liabilities
The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.
The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2024	Less than 1 year	1-5 year	More than 5 years	Total
Payables	654	-	-	654
Debt securities	3,886	18,973	-	22,859
Derivative financial instrument	-	477	-	477
Borrowings (Other than Debt Securities)	31,429	52,283	-	83,712
Other financial liabilities	1,375	-	-	1,375

31 March 2023	Less than 1 year	1-5 year	More than 5 years	Total
Payables	279	-	-	279
Debt securities	8,689	6,811	-	15,280
Derivative financial instrument	-	-	-	-
Borrowings (Other than Debt Securities)	20,659	24,368	-	45,027
Other financial liabilities	434	10,479	-	10,913

G.1 Market risk - interest rate risk
G.1.1 Liabilities
The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through borrowings at variable interest rates.

Interest rate risk exposure
Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2024	As at 31 March 2023
Debt securities		
Variable rate	-	-
Fixed rate	23,183	15,366
Borrowings (other than debt securities)		
Variable rate	28,403	22,557
Fixed rate	55,294	44,242

Sensitivity
The table below summarises the impact of increases/decreases in the interest rate on the Company's equity and profit for the period:

Impact on profit before tax	For the year ended 31 March 2024	31 March 2023
Interest sensitivity(*)		
Interest rates – increase by 50 basis points (50 bps)	(127)	(89)
Interest rates – decrease by 50 basis points (50 bps)	127	89

(*) Holding all other variables constant

G.1.2 Assets
The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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39 Financial instruments and Fair value disclosures (cont'd)

G.2 Market Risk - Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from External Commercial Borrowings (ECB). The Company follows a conservative policy of hedging its foreign currency exposure through Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT)

The Company's currency position is as under

Particulars	31 March 2024	31 March 2023
Foreign Currency Assets	-	-
Foreign Currency Liabilities (*)	21,648	11,641

(*) It is fully hedged by CCIRS/ FX forward

Holding all other variables constant, the sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be nil.

40 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, convertible debentures, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes have been made to the objectives, policies and processes from the previous years. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	31 March 2024	31 March 2023
Debt securities	22,859	15,280
Borrowings other than debt securities	83,712	45,027
Less: cash and cash equivalents	(27,272)	(12,718)
Less: bank balances other than cash and cash equivalents	(2,664)	(2,291)
Net debt (I)	**76,635**	**45,298**
Total equity (II)	53,750	40,261
Gearing ratio	**1.43**	**1.13**

Debt reconciliation

	Borrowings including interest-Debt Securities	Borrowings including interest-Other than Debt Securities	Total
Debt as at 1 April 2023	15,280	44,718	59,999
Proceeds/ Repayments (net)	8,061	39,326	47,387
Interest expense	2,144	7,240	9,385
Interest paid	(2,408)	(7,122)	(9,529)
Other non-cash movements			-
-Fair value adjustments	(218)	(820)	(1,039)
Debt as at 31 March 2024	**22,859**	**83,353**	**1,06,213**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

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41 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	27,272	-	27,272	12,718	-	12,718
Bank balances other than cash and cash equivalents	8	2,656	2,664	1,123	1,167	2,291
Derivative financial instruments	-	-	-	-	394	394
Loans	24,957	97,186	1,22,143	16,413	73,450	89,863
Investments	-	7,875	7,875	-	2,505	2,505
Other financial assets	33	71	104	47	47	94
Non-financial assets						
Current tax assets (net)	164	-	164	736	-	736
Deferred tax assets (net)	-	2,164	2,164	-	2,974	2,974
Property, plant and equipment	117	388	505	106	328	434
Other intangible assets	-	411	411	-	420	420
Intangible assets under development	-	264	264			
Other non-financial assets	563	154	717	456	127	583
Total assets	**53,112**	**1,11,171**	**1,64,283**	**31,600**	**81,412**	**1,13,012**
Liabilities						
Financial liabilities						
Derivative financial instruments	-	477	477	-	-	-
Trade payables				-	-	
Total outstanding dues of micro enterprises and small enterprises	101	-	101	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	553	-	553	279	-	279
Debt securities	3,886	18,973	22,859	8,669	6,611	15,280
Borrowings (other than debt securities)	31,429	52,283	83,712	20,659	24,368	45,027
Other financial liabilities	1,375	-	1,375	434	10,479	10,913
Non-financial liabilities						
Current tax liabilities (net)	90	-	90	-	-	-
Provisions	106	425	531	89	367	456
Other non financial liabilities	835	-	835	796	-	796
Total liabilities	**38,375**	**72,158**	**1,10,533**	**30,925**	**41,826**	**72,751**

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42 Transfer of financial assets

A Transferred financial assets that are not derecognised in their entirety

In the course of its finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitized its loan assets to unrelated and unconsolidated special purpose vehicles (SPV's). The Company does not hold any equity or other interest in the SPV and does not control these SPV's. As per the terms of the agreements, the Company is exposed to first loss default guarantee and cash collateral and therefore continues to be exposed to significant risk and rewards relating to the underlying loan assets. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

	As at 31 March 2024	As at 31 March 2023
Securitisations		
Carrying value and fair value of securitised assets	16,821	11,145
Carrying value and fair value of securitised liabilities	13,163	9,807

B Transferred financial assets that are derecognised in their entirety

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets expires, or transfers the contractual rights to receive the cash flows from the asset. The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets qualify for derecognition.

	Year ended 31 March 2024	Year ended 31 March 2023
No. of Accounts Sold	569	28
Aggregate value (net of provisions) of accounts sold	5,194	1,209
Aggregate consideration	5,853	1,214
Aggregate gain/loss over net book value	4,659	5

43 Contingent liabilities not provided for

	As at 31 March 2024	As at 31 March 2023
Credit enhancements provided by the Company towards securitisation transactions (including cash collaterals principal subordination)	5,793	2,705
Pending litigations (refer note below)	-	-

Note:

The Company has certain litigations pending which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director
Mr. Anand Sudarshan	Independent Director
Mr. Ramanathan Kumar	Independent Director
Mr. Sunil Gulati (resigned w.e.f. 1 September 2023)	Independent Director
Mr. Brahmanand Hegde (w.e.f. 12 September 2023)	Independent Director
Mr. Nirav Kantilal	Non Executive Director
Mr. Ankit Singhal	Non- Executive Nominee Director
MS. Divya Venkata Raghavan	Non- Executive Nominee Director
MS. Treesa Mathew	Non- Executive Nominee Director
Mr. Talib Lokhandwala (w.e.f 1 June 2023)	Chief Financial Officer
Ms. Pragati Mour	Company Secretary

ii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel	
	31 March 2024	31 March 2023
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	86	87
Mr. Brajesh Kumar Mishra	80	91
Mr. Yogesh Ratnakar Udhoji	-	76
Mr. Talib Lokhandwala	76	-
Ms. Pragati Mour	17	14
Reimbursement of expense		
Mr. Steve Edwin Hardgrave	2	-
Mr. Brajesh Kumar Mishra	2	9
Mr. Talib Lokhandwala	2	-

iii) Balance receivable / (payable) with related parties as at the year end are as follows

There were no balance receivable/(payable) with related parties as at 31 March 2024 and 31 March 2023.

There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Note:

The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.





45 Segment Information

The Company is engaged in lending to educational institutions/ trusts and educational loan which is considered to be the only reportable business segment as per Ind AS 108, Segment Reporting. The Company operates primarily in India and there is no other geographical segment.

46 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2024 and the date of authorization of these financial statements.

47 Corporate Social Responsibility (CSR)

As per Section 135 of the Act, a CSR committee has been

	Year ended 31 March 2024	Year ended 31 March 2023
a) Gross amount required to be spent by the company during the year.	1.0	11
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1.1	11

Note: Contribution or Rs. 1.1 lakhs made to" Mobile Crèches for working mothers' Children' " for expansion of childcare services by strengthening capacities of childcare workers across states of India

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48 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI

	Particulars	As at 31 March 2024	
	Liabilities side:	**Outstanding**	**Overdue**
1	**Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid**		
	(a) Debentures		
	: Secured	22,869	-
	: Unsecured	-	-
	(other than falling within the meaning of Public deposits)		
	(b) Deferred credits	-	-
	(c) Term loans	83,353	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial paper	-	-
	(f) Public deposits	-	-
	(g) Other loans:		
	Other unsecured loans against assets of the Company	-	-
	Secured loans against assets of the Company	-	-
	Overdraft facility	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

	Assets side :	As at 31 March 2024 Outstanding
3	**Break-up of Loans and advances including bills receivables (other than those included in (4) below) :**	
	(a) Secured	99,447
	(b) Unsecured	22,696
4	**Break-up of Leased Assets and stock on hire and other assets counting towards**	
	AFC activities	
	(I) Lease assets including lease rentals under sundry debtors :	-
	(a) Financial lease	-
	(b) Operating lease	-
	(II) Stock on hire including hire charges under sundry debtors :	-
	(a) Assets on hire	-
	(b) Repossessed assets	-
	(III) Other loans counting towards AFC activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments :**	
	Current Investments :	
	1. Quoted :	
	(I) Shares :	-
	(a) Equity	-
	(b) Preference	-
	(II) Debentures and bonds	-
	(III) Units of mutual funds	-
	(IV) Government securities	-
	(V) Others (please specify)	-
	2. Unquoted :	
	(I) Shares :	-
	(a) Equity	-
	(b) Preference	-
	(II) Debentures and bonds	-
	(III) Units of mutual funds	-
	(IV) Government securities	-
	(V) Others :	-
	(a) Certificate of deposit	-
	(b) Commercial paper	-





48 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

Assets side :	As at 31 March 2024 Outstanding
5 Break-up of investments (cont'd):	
Long Term Investments :	
1. Quoted :	
(I) Shares :	-
(a) Equity	-
(b) Preference	-
(II) Debentures and bonds	-
(III) Units of mutual funds	-
(IV) Government securities	-
(V) Others (please specify)	-
2. Unquoted :	
(I) Shares :	
(a) Equity	-
(II) Debentures and bonds	-
(III) Units of mutual funds	-
(IV) Government securities	-
(V) Others (In security receipts)	7,875
Total	7,875

6 Borrower group-wise classification of assets financed:

Category	As at 31 March 2024		
	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries -	-	-	-
(b) Companies in the same group -	-	-	-
(c) Other related parties -	-	-	-
2. Other than related parties -	99,447	22,696	1,22,143
Total -	99,447	22,696	1,22,143

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at 31 March 2024	
	Book Value (Net of Provisions)	Market value/Breakup or fair value or NAV
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	7,875	7,875
Total	7,875	7,875

8 Other Information

Category	As at 31 March 2024
(i) Gross Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	4,152
(ii) Net Non-Performing assets	
(a) Related parties	-
(b) Other than related parties	1,617

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49 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended by time to time) issued by the RBI.

Disclosure on Restructured Accounts:

Sl. No.	Type of Restructuring / Asset Classification / Details		Others				
			Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01 April 2023	No. of borrowers	119	-	-	-	119
		Amount outstanding	9,407	(0)	0	-	9,406
		Provision thereon	1,893	-	-	-	1,893
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year ended 31 March 2024 and hence need not be shown as restructured standard advances at the beginning of the next financial year.	No. of borrowers	23	-	-	-	23
		Amount outstanding	3,423	(0)	0	-	3,423
		Provision thereon	364	-	-	-	364
5	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	35	-	-	-	35
		Amount outstanding	1,845	-	-	-	1,845
		Provision thereon	438	-	-	-	438
7	Restructured Accounts as on 31 March 2024	No. of borrowers	61	-	-	-	61
		Amount outstanding	4,139	-	-	-	4,139
		Provision thereon	891	-	-	-	891

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50 Additional disclosure pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI/DNBR/2016-17/45, Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, (as amended by time to time) issued by the RBI.

A. Capital to Risk Asset Ratio ('CRAR'):

	As at 31 March 2024	As at 31 March 2023
CRAR (percent)	41.06%	57.06%
CRAR – Tier I Capital (percent)	41.06%	57.06%
CRAR – Tier II Capital (percent)	0.00%	0.00%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-
Liquidity coverage ratio (*)	6.93	2.08

(*Decrease in liquidity coverage ratio as at March 2023 is due to higher short term borrowings obligations)

B. Investments

Particulars	31 March 2024	31 March 2023
Value of Investments		
(i) Gross value of investments		
(a) In India	7,875	2,505
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	7,875	2,505
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

C. Derivatives

a) Interest rate swaps:

Particulars	31 March 2024	31 March 2023
i The notional principal of swap agreements	21,648	11,641
ii Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii Collateral required by the applicable NBFC upon entering into swaps	4,769	4,557
iv Concentration of credit risk arising from the swaps (in USD lakhs)	260	150
v The fair value of the swap book (asset/(liability))	(477)	394

b) Exchange Traded interest rate (IR) derivatives : The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on risk exposure of derivatives

Qualitative disclosures:

The Company has a Board approved policy in dealing with derivative transactions. It consists of hedging of foreign currency transactions which includes interest rate and foreign exchange rate risks, including cross currency interest rate swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the the gain or loss in fair value is recognised in Other Comprehensive Income and the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Quantitative Disclosures

Particulars	31 March 2024		31 March 2023	
	Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
i Derivatives (Notional principal amount) - for hedging		21,648		11,641
ii Marked to market positions				
a) Assets (+)	-	-		394
b) Liability (-)		477		
iii Credit exposure	-	-	-	-
iv Unhedged exposures	-	-	-	-

Unhedged foreign currency exposure : The company has no unhedged foreign currency exposure on 31 March 2024 and 31 March 2023

D. Details of financial assets sold to securitisation/reconstruction companies for asset reconstruction

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
No. of accounts sold	569	-
Aggregate value (net of provisions) of accounts sold	5,194	-
Aggregate consideration	9,853	-
Aggregate gain/ (loss) over net book value(*)	4,659	-

E. Disclosures relating to Securitisation:

During the year the Company has sold loans through securitisation. The information on securitisation activity of the Company as an originator is as shown below:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Total number of loans securitised (no's)	3,788	1,560
Total book value of loans securitised	16,126	14,087
Sale consideration received for loans securitised	15,676	12,536
Income recognised in the statement of profit and loss during the year	564	660

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
1 No. of SPVs sponsored by the applicable NBFC for securitisation transactions (no's)	9	6
2 Total amount of securitised assets as per books of the SPVs sponsored	16,821	11,145
3 Total amount of exposures retained by the NBFC to comply with Minimum retention requirement (MRR) as on		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	5,793	2,705
Others	-	-
4 Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposures to own securitisations		
First loss	-	-
Others	-	-
(ii) Exposures to third party securitisations		
First loss	-	-
Others	-	-

F. Details of non-performing financial assets purchased or sold

During the year the Company has purchased loan pool of NBFC. The information on purchase activity of the Company as an originator is as shown below:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Total number of loans Purchased (no's)	1,251	-
Book value of loans purchased	8,827	-
Book value of Write off loans purchased	2,809	
Book value of SR purchased	3,473	
Sale consideration paid for loans and SR	9,268	-

i) The Company has purchased stressed assets during the current year as part of loan purchase as disclosed above in accordance with Master Direction- Reserve Bank of India (Transfer of loan exposures) Directions, 2021 (updated as on December 28, 2023)

ii) The company has sold certain non-performing financial assets to an asset reconstruction company as disclosed in point D above.

G. Related party transactions

Refer to note no. 44 for related party transactions and related disclosures.

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H. Asset liability management maturity pattern of certain items of assets and liabilities

Maturity pattern	As on 31 March 2024			As on 31 March 2023		
	Assets	Liabilities		Assets	Liabilities	
	Advances	Borrowings	Foreign currency liability	Advances	Borrowings	Foreign currency liability
1 day to 30/31 days (one month)	1,958	3,314	624	2,380	5,530	572
Over 1 month to 2 months	2,043	2,483	-	1,221	4,848	-
Over 2 months upto 3 months	2,009	3,309	-	3,787	1,798	827
Over 3 months to 6 months	8,021	7,828	824	3,701	3,882	1,400
Over 6 months to 1 year	11,505	15,184	1,248	18,918	7,770	1,972
Over 1 year to 3 years	35,181	48,837	16,969	34,780	22,754	4,580
Over 3 years to 5 years	26,617	2,667	2,183	14,625	895	2,280
Over 5 years	35,096	-	-	8,817	-	-
Total	1,20,431	84,452	21,648	88,227	47,063	11,641

Note
i) The Company does not have any foreign currency liability/Assets as at 31 March 2024 and 31 March 2023 other than disclosed above.
ii) The above borrowings exclude interest accrued but not due.
iii) The above borrowings is without considering the adjustment for the unamortized processing fee and foreign exchange rate impact (31 March 2024: ₹648 lakhs and 31 March 2023: ₹391 lakhs)
iv) The advances comprise of loan principal and does not include interest accrued.

I. Exposure to real estate sector
The Company has no exposure to the real estate sector as at 31 March 2024 and 31 March 2023.

J. Exposure to capital market
The Company does not have any capital market exposure as at 31 March 2024 and 31 March 2023.

K. Details of financing of parent company products
This disclosure is not applicable as the Company does not have any holding / parent company.

L. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded
The Company has not exceeded Single Borrower Limit (SGL) or Group Borrower Limit (GBL).

M. Unsecured advances
Refer note 7 for unsecured advances. The Company has not given any advances against intangible securities such as charge over the rights, licenses, authority, etc.

N. Registration obtained from other financial regulators
The Company has renewed registration having license no. CA0521 from the Insurance Regulatory and Development Authority to act as a corporate agent (Composite) from 11 October 2020 to 10 October 2023 for procuring or soliciting insurance business for life, general and health insurers.

O. Disclosure of penalties imposed by RBI and other regulators
There were no penalties imposed on the Company by RBI and any other regulator during the current year and previous year.

P. Ratings assigned by credit rating agencies and migration of ratings during the year

Instrument	Name of the rating agency	Amount rated	Date of rating	Rating assigned	Valid upto
Non Convertible Debentures ('NCDs')	ICRA Limited	20,000	05-Dec-23	CRISIL BBB/Stable	02 June 2024
Term loans	ICRA Limited	20,000	05-Dec-23	CRISIL BBB/Stable	02 June 2024

Q. Provisions and contingencies (shown under the head expenditure in statement of profit and loss)

Particulars	31 March 2024	31 March 2023
Provision made towards Income tax	1,097	186
Provision towards NPA	95	(3,798)
Provision for standard assets	2,579	(3,429)
Provision for SR	600	-
Provision for leave benefits	52	50
Provision for gratuity	102	72

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R. **Draw down from reserves**

There has been no draw down from the reserves and surplus during the year ended 31 March 2024 and 31 March 2023.

S. **Concentration of deposits, advances, exposures and NPAs**

Particulars	31 March 2024	31 March 2023
I. Concentration of advances		
Total advances to twenty largest borrowers	15,342	12,099
Percentage of advances to twenty largest borrowers to total advances of the NBFC	12.21%	13.10%
II. Concentration of exposures		
Total exposures to twenty largest borrowers/customers	15,342	12,099
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/	12.21%	13.10%
III. Concentration of exposures		
Total exposures to top four NPA accounts	880	1,712

iv. Sector-wise NPAs

Sector	Total exposure		Total NPA		Percentage of gross NPAs to total advances in that sector	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Agriculture and allied activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MSME (*)	1,10,692	87,617	2,943	7,608	2.66%	8.68%
Corporate borrowers	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Services	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unsecured personal loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Auto loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other personal loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Others (**)	14,875	4,714	627	105	4.19%	2.23%

* *Represents NPA towards educational institution / trusts infrastructure loan*
** *Represents Education loans to the individuals*

v. Movement of NPAs

Particulars	31 March 2024	31 March 2023
A Net NPAs to Net Advances including interest (%)	1.09%	5.97%
B Movement of NPAs (Gross)		
a) Opening balance	7,712	11,508
b) Additions during the year	3,155	7,299
c) Reductions during the year	(3,657)	(2,608)
d) Write-off during the year	(3,348)	(8,487)
e) Closing balance	3,861	7,712
C Movement of Net NPAs		
a) Opening balance	5,271	5,270
b) Additions during the year	965	6,511
c) Reductions during the year	(4,930)	(6,510)
d) Closing balance	1,326	5,271
D Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	2,440	6,238
b) Provisions made during the year	2,190	787
c) Write-off during the year	(2,195)	(3,487)
d) Write-back of excess provisions	110	3,902
e) Closing balance	2,535	2,440

vi. Overseas assets

The Company does not have any overseas assets as at 31 March 2024 and 31 March 2023.

T. Customer complaints	31 March 2024	31 March 2023
1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman		
i) No. of complaints pending at the beginning of the year	1	-
ii) No. of complaints received during the year	75	33
iii) No. of complaints redressed during the year	74	32
iv) No. of complaints pending at the end of the year	2	1
v) No.of maintainable complaints received by the NBFC from Office of Ombudsman	23	10
v.i) Of 5, no. of complaints resolved in favour of the NBFC by Office of Ombudsman	23	10
v.ii) Of 5, no. of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
v.iii) Of 5, no. of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
vi) No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-
Maintainable complaints received by the NBFC from Office of Ombudsman	-	

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T Customer complaints (continued)

2 Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/ decrease in the no. of complaints received over the previous year	No. of complaints pending at the end of the year	Of 5, no. of complaints pending beyond 30 days
1	2	3	4	5	6
Current year					
Ground - 1 Forced, mis-selling or wrong sales commitment	1	15	100%	1	0
Ground - 2 Poor conduct & response by Company representative	0	4	100%	0	0
Ground - 3 Response or resolution given but Customer is not satisfied	0	27	100%	2	2
Ground - 4 Wrong service commitment or communication given	0	7	100%	0	0
Ground - 5 Financial details not updated	0	9	100%	0	0
Others - Excessive or Incorrect charges levied, Foreclosure Charges, Incorrect document or statement received, Incorrect financial details updated, Settlement of Loan. Wrong sales commitment or communication given	0	13	100%	0	0
Total	**0**	**75**		**1**	0
Previous Year					
Ground - 1 Excessive follow-ups by Company representative	0	11	100%	1	0
Ground - 2 Interest Charges	0	4	100%	0	0
Ground - 3 Solution or product is not working or not useful	0	4	100%	0	0
Ground - 4 Wrong service commitment or communication given	0	3	100%	0	0
Ground - 5 Foreclosure Charges	0	3	100%	0	0
Others -Levy of charges without notice, Poor conduct & response by Company representative, Other complaints	0	8	67%	0	0
Total	**0**	**33**		**1**	0

U. **Information on instances of fraud**

	31 March 2024	31 March 2023
i) No. of cases (live cases No. 29)	43	3
i i) Amount of fraud	84	7
i i i) Recovery	30	-
iv) Amount provision/ written-off	54	7

V There are no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person

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BANGALORE

W Shareholding patterns of the company:

Shares held by promoters at the end of the year			% Change during the year***
Promoter name	No. of Shares**	%of total	
1. Dragon fruit Education Services LLP	30,130	9.32%	NIL
2. Brajesh Kumar Mishra	100	0.03%	NIL
3. Steve Hardgrave	100	0.03%	NIL
Total	30,330	9.38%	

*Promoter here means promoter as defined in the Companies Act, 2013.
** Details shall be given separately for each class of shares
*** percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

X Trade Payables aging schedule

As at 31 March 2024				(Amount in Rs. Lakhs)	
Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	101	-	-	-	101
(ii) Others	553	-	-	-	553
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

As at 31 March 2023				(Amount in Rs. Lakhs)	
Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	279	-	-	-	279
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

Dues to micro and small enterprises	31 March 2024	31 March 2023
The amounts remaining unpaid to micro and small enterprises as at the end of the year		-
-Principal	101	
-Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act,	-	-

Y Intra-group exposures
There are no intra group exposures during the year 31 March 2024 and 31 March 2023

Z Details of non-compliance with requirements of Companies Act, 2013
There is no default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

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51 Details of composition and category of directors, shareholding of non-executive directors, etc

1) Composition of the Board 31 march 2024

Name of Director	Director since	Category	DIN	Shareholding of non-executive directors
BRAJESHKUMAR SIRISHKUMAR MISHRA	22-05-2012	Executive Director	02292429	Not applicable
STEVEN EDWIN HARDGRAVE	18-07-2012	Executive Director	02189073	Not applicable
ANAND SUDARSHAN	20-08-2015	Non-Executive Independent Director	00827862	NIL
BRAHMANAND HEGDE	12-09-2023	Non-Executive Independent Director	02984527	NIL
RAMANATHAN KUMAR	08-05-2018	Non-Executive Independent Director	06364297	NIL
NIRAV KHAMBHATI	10-11-2021	Non- Executive Nominee Director	05100337	NIL
ANKIT SINGHAL	08-11-2022	Non- Executive Nominee Director	09776472	NIL
DIVYA VENKATAVARAGHAVAN	08-11-2022	Non- Executive Nominee Director	08997335	NIL
TREASA MATHEW	08-11-2022	Non- Executive Nominee Director	02089687	NIL

2) Composition of the Board 31 march 2023

Name of Director	Director since	Category	DIN	Shareholding of non-executive directors
BRAJESHKUMAR SIRISHKUMAR MISHRA	22-05-2012	Executive Director	02292429	Not applicable
STEVEN EDWIN HARDGRAVE	18-07-2012	Executive Director	02189073	Not applicable
ANAND SUDARSHAN	20-08-2015	Non-Executive Independent Director	00827862	NIL
SUNIL SATYAPAL GULATI	11-05-2016	Non-Executive Independent Director	00016090	NIL
RAMANATHAN KUMAR	08-05-2018	Non-Executive Independent Director	06364297	NIL
NIRAV KHAMBHATI	10-11-2021	Non- Executive Nominee Director	05100337	NIL
ANKIT SINGHAL	08-11-2022	Non- Executive Nominee Director	09776472	NIL
DIVYA VENKATAVARAGHAVAN	08-11-2022	Non- Executive Nominee Director	08997335	NIL
TREASA MATHEW	08-11-2022	Non- Executive Nominee Director	02089687	NIL

52 Details of change in composition of the Board during the current financial year.

Name of Director	Category	Nature of change (resignation/ appointment)	Effective date
SUNIL SATYAPAL GULATI	Non-Executive Independent Director	Resignation	01-09-2023
BRAHMANAND HEGDE	Non-Executive Independent Director	Appointment	12-09-2023

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52.1 1) Details of Committees of the Board and their composition

A) Audit committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	BRAHMANAND HEGDE	21-09-2023	Chairman	4	2	NIL
2	SUNIL GULATI	11-10-2020	Chairman	4	2	NIL
3	RAMANATHAN KUMAR	18-05-2021	Member	4	4	NIL
4	ANKIT SINGHAL	09-11-2022	Member	4	4	NIL

B) Risk Management Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	BRAHMANAND HEGDE	21-09-2023	Chairman	4	2	NIL
2	SUNIL GULATI	09-11-2016	Chairman	4	2	NIL
3	STEVEN HARDGRAVE	09-11-2016	Member	4	4	100
4	ANKIT SINGHAL	09-11-2022	Member	4	3	NIL
5	BRAJESH MISHRA	09-11-2016	Member	4	4	100
6	NIRAV KHAMBHATI	09-11-2022	Member	4	4	NIL

C) Nomination & Remuneration Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	ANAND SUDARSHAN	20-08-2015	Chairman	4	4	NIL
2	BRAHMANAND HEGDE	21-09-2023	Member	4	1	NIL
3	ANKIT SINGHAL	09-08-2023	Member	4	2	NIL
4	NIRAV KHAMBHATI	10-11-2021	Member	4	2	NIL
5	SUNIL GULATI	09-11-2022	Member	4	2	NIL

D) IT Strategy Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	RAMANATHAN KUMAR	08-05-2018	Chairman	2	2	NIL
2	STEVEN HARDGRAVE	08-05-2018	Member	2	2	100
3	BRAJESH MISHRA	08-05-2018	Member	2	2	100
4	YOGESH MASHALKAR	08-05-2018	Member	2	2	NIL

E)Corporate Social Responsibility Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	ANAND SUDARSHAN	08-02-2018	Chairman	1	0	NIL
2	STEVEN HARDGRAVE	08-02-2018	Member	1	1	100
3	BRAJESH MISHRA	08-02-2018	Member	1	1	100
4	TREASA MATHEW	09-11-2022	Member	1	0	NIL

Varthana Finance Pvt. Ltd. Bangalore 560 043

52.1 F) ALCO Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	STEVEN HARDGRAVE	06-02-2019	Chairman	12	12	100
2	BRAJESH MISHRA	06-02-2019	Member	12	12	100
3	MUKUND MURALI	17-05-2023	Member	12	9	NIL
4	YOGESH GHAAT	09-08-2023	Member	12	7	NIL
5	TALIB LOKHANDWALA	09-08-2023	Member	12	8	NIL
6	YOGESH MASHALKAR	06-02-2019	Member	12	1	NIL

G) Borrowing Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	STEVEN HARDGRAVE	27-03-2014	Chairman	31	31	100
2	BRAJESH MISHRA	27-03-2014	Member	31	31	100
3	ANKIT SINGHAL	09-11-2022	Member	31	31	NIL

H) Customer Grievance & Redressal Committee

Sl.No	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	STEVEN HARDGRAVE	06-02-2019	Chairman	4	4	100
2	BRAJESH MISHRA	06-02-2019	Member	4	4	100
3	P VINAYAGAM	06-02-2019	Member	4	4	NIL
4	SACHIN NAVALE	06-02-2019	Member	4	4	NIL
5	CHANDRA KUMAR CS	17-05-2023	Member	4	4	NIL

52.1 2. General body meeting

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Annual General Meeting	5th July 2023 Bengaluru (Registered Office)	- To approve issuance of Non-Convertible Debentures - To approve the re-appointment of Mr. Ramanathan Kumar as an Independent Director of the Company

52.1 3. Details of penalties and strictures
There are no penalties or stricture imposed on the Company by the Reserve Bank or any other statutory authority.

52.1 4. Breach of Covenant
The company did not fulfil the write off/ GLP, PAR 90+ restructured/ GLP, write off YTD. Top 20 borrowers to the net worth etc for three lenders as required in the contract. However there is no instance of request for repayment of the outstanding loan or any action taken from the lenders.

52.1 5. Divergence in Asset Classification and Provisioning
There are no divergence in asset classification and provisioning

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53 Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated 13 March 2020: Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 as required by RBI.

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	1,12,642	1,343	1,11,298	451	893
Standard	Stage 2	9,455	1,358	8,097	371	987
Subtotal for standard		**1,22,097**	**2,701**	**1,19,396**	**821**	**1,880**
Non-Performing Assets						
Substandard	Stage 3	3,157	2,121	1,036.13	316	1,805
Doubtful						
Up to 1 year	Stage 3	412	413	- 0.93	82	331
1 to 3 years	Stage 3	1	1	0	0	1
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**413**	**414**	**(1)**	**83**	**331**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**3,570**	**2,535**	**1,036**	**399**	**2,136**
Other items such as guarantees, loan commitments etc., which are in the scope of Ind AS but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP norms)		-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	**1,12,642**	**1,343**	**1,11,298**	**451**	**893**
	Stage 2	**9,455**	**1,358**	**8,097**	**371**	**987**
	Stage 3	**3,570**	**2,535**	**1,036**	**399**	**2,136**
Total	**Total**	**1,25,667**	**5,236**	**1,20,431**	**1,220**	**4,017**

Gross carrying amount is excluding the interest accruals. Provision required under IRAC for investment in SRs of ARC (Note 8) is ₹605 lakhs. Provision indicated above is sufficient to cover this provision requirement and higher NPA risks.

(This space has been intentionally left blank)

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54 There were no accounts where resolution plan has been implemented as per notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2024
Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts to Micro, Small and Medium Enterprises (MSME) sector) - Restructuring of Advances having exposure less than or equal to Rs. 25 crores) for the year ended 31 March 2024

No. of accounts restructured	Amount
0	0

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(i) No Benami Property are held by the Company and or there are no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

(iii) There is no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

(iv) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(v) Utilisation of Borrowed funds and share premium:

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall -

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

(vi) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

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The Company has implemented a framework to identify relevant applications from the overall IT universe as "Books of account" as per the Companies Act 2013. The Company has:

a. Identified the records and transactions that constitute books of account under section 2(13) of the Act;

b. Identified the software i.e., IT environment including applications, web-portals, databases, interfaces, data warehouses, data lakes, cloud infrastructure, or any other IT component used for processing and or storing data for creation and maintenance of books of account.

c. Reviewed software for audit trail feature.
d. Where ever applicable captured changes to each and every transaction of books of account for information that required
e. Ensured that the audit trail captured changes to every transaction of books of account; information that needs to be captured may include the following:
'when' changes were made
'who' made those changes
'what' data was changed

Given the above for the financial year ended 31 March 2024, the feature of recording audit trail (edit log) facility was enabled at the application layer of the accounting software for masters and transactions throughout the year and at database level, except that it does not capture the details of 'what' changes were made for the financial accounting application and the Loan management software application.

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57 Previous year figures have been regrouped/ rearranged wherever necessary to confirm to the current year figures.

58 On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On 15 February 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till 30 September 2022. Accordingly, the Company has implemented the updated norms under IRACP w.e.f. 1 October 2022

As per our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545
Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Stavan Edwin Hardgrave
Director
DIN: 02189073
Place Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429
Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

Addressed to: A.K Capital Finance Limited
Sl. no: 1 wrf General Information Document No.: VFPL: 01: 24-25 dated September 13, 2024

KEY INFORMATION DOCUMENT

VARTHANA FINANCE PRIVATE LIMITED
A private limited company incorporated under the Companies Act, 1956 (1 of 1956)
Date of Incorporation: 12/06/1984 (consequently updated upon the name change of the Issuer pursuant to the certificate issued by the Ministry of Corporate Affairs dated 23/07/2020)
Registered Office: Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Telephone No.: 080-68455777
Website: www.varthana.com

Key Information Document for the issue of Debentures on a private placement basis
DATED: SEPTEMBER 13, 2024

KEY INFORMATION DOCUMENT FOR ISSUE OF UP TO 2400 (TWO THOUSAND FOUR HUNDRED) SENIOR, SECURED, RATED, LISTED, FULLY PAID, REDEEMABLE, TAXABLE, NON-CONVERTIBLE DEBENTURES HAVING FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, AGGREGATING UP TO RS. 24,00,00,000/- (RUPEES TWENTY FOUR CRORES ONLY) ON A PRIVATE PLACEMENT BASIS (THE "ISSUE") BY VARTHANA FINANCE PRIVATE LIMITED.

PART A:

I. BACKGROUND:

The Company has issued a general information document (hereinafter the "**General Information Document**") dated September 13, 2024 in accordance with the terms of the SEBI Debt Listing Regulations (*as defined below*) *inter alia* in relation to the issuance of non-convertible debentures by the Company, from time to time and setting out the relevant disclosure(s) thereto.

This key information document (hereinafter the "**Key Information Document**") is in relation to the Debentures to be issued by Varthana Finance Private Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures described under this Key Information Document has been authorised by the Issuer through the resolution passed by the Board of Directors dated September 9, 2024, and the resolutions passed in the annual general meeting by the shareholders of the Issuer held on July 5, 2024, in accordance with the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association of the Company. This Issue does not form part of non-equity Tier-II / regulatory capital mentioned under Chapter V of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI read with the clarification provided by the Securities and Exchange Board of India in circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 on "Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021" and the Issuer hereby confirms that Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021, is not applicable to the present Issue. The face value of each Debenture being issued on private placement basis under this Issue is Rs. 1,00,000/- (Rupees One Lakh only).

This Key Information Document contains *inter alia* the details of offer and issuance of the Debentures in respect of which this Key Information Document is being issued, the financial information of the Issuer (if the information provided in the General Information Document is more than six months old), the material changes in the information provided in the General Information Document and any material developments since the issue of the General Information Document (which have not already been disclosed in the General Information Document). Accordingly, this Key Information Document sets out below the additional / updated / changed information/particulars, which additional / updated / changed information/particulars shall be read in conjunction with other information / particulars appearing in the General Information Document. All other particulars appearing in the General Information Document shall remain unchanged. In the case of any inconsistency between the terms of this Key Information Document and the General Information Document and/or the terms of this Key Information Document, the terms as set out in this Key Information Document shall prevail.

II. DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below certain disclosures as required under the terms of the SEBI Debt Listing Regulations (*as defined below*) to the extent that the same have not already been disclosed in the General Information Document:

S.NO	PARTICULARS	RELEVANT DISCLOSURE
1.	**A disclosure that a copy of the issue document has been delivered for filing to the Registrar of Companies as required under sub-section (4) of Section 26 of Companies Act, 2013 (18 of 2013).**	Not applicable as the present Issue is in relation to the private placement of Debentures.
2.	**Type of issue document**	This Key Information Document is being issued in relation to the private placement of Debentures.
3.	**The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable**	Issue of up to 2400 (Two Thousand Four Hundred) senior, secured, rated, listed, fully paid, redeemable, taxable, transferable, non-convertible debentures each having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 24,00,00,000/- (Rupees Twenty Four Crores only) ("**Debentures**") on a private placement basis (the "**Issue**").
4.	**Issue Schedule**	Date of opening of the Issue: September 27, 2024; Date of closing of the Issue: September 27, 2024; Deemed Date of Allotment: September 27, 2024; and Date of earliest closing of the Issue (if any): NA The Issue shall be open for subscription during the banking hours on each day during the period covered by the issue schedule.
5.	**Credit Rating of the security / Issue (cross reference of press release to be provided) along with all the ratings obtained by the Issuer for that security / Issue.**	The Debentures proposed to be issued by the Issuer have been rated by CRISIL Ratings Limited ("**Rating Agency**") The Rating Agency has vide its letter dated September 10, 2024 and rating rationale and press release dated August 30, 2024 (which press release can be accessed at: August 30, 2024), assigned a rating of "BBB/Stable" (pronounced as triple B rating) with a 'Stable' outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be

		evaluated independently of any other ratings. Please refer to **Annexure III** of this Key Information Document for the above-mentioned dated letter and latest rating rationale from the Rating Agency assigning the credit rating abovementioned and the press release by the Rating Agency in this respect.
6.	**The name(s) of the stock exchanges where the securities are proposed to be listed**	The Debentures are proposed to be listed on the wholesale debt market of the BSE Limited ("**BSE**").
7.	**The details of eligible investors**	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of the Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): (a) Qualified Institutional Buyers ("**QIBs**") means the following entities: (ii) A mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI; (iii) Foreign portfolio investor other than individuals, corporate bodies and family offices; (iv) a Public Financial Institution; (v) a Scheduled Commercial Bank; (vi) a multilateral and bi-lateral development financial institution; (vii) a State Industrial Development Corporation; (viii) An insurance company registered with Insurance Regulatory and Development Authority of India; (ix) A Provident Fund with minimum corpus of Rs.25 Crores (x) A Pension Fund with minimum corpus of Rs.25 Crores (xi) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xii) An insurance fund set up and managed by Army, Navy / Air force of the Union of India; (xiii) Insurance funds set up and managed by the Department of Posts, India; and (xiv) non- banking Financial Companies. (b) Any non-QIB including, *inter alia*, resident individual investors, Hindu Undivided Families (excluding minors and non-resident Indians (NRIs)), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of Persons, societies registered under the Applicable Law in India, companies, bodies corporate etc. who/which has been

		authorized by the Issuer, to participate in a particular issue. (c) Any other Person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of Persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
8.	**Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee**	In respect of the Coupon Rate, the Coupon Payment Frequency, the Redemption Date and Redemption Amount in respect of the Debentures, please refer to Section 2.1 (*Issue Details*) of this Key Information Document. The details of Debenture Trustee are set out below in paragraph III (*Details of the following parties in relation to the Issue*) of Part A of this Key Information Document.
9.	**Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to uploading the disclosure document on the Electronic Book Provider Platform**	Not Applicable

III. DETAILS OF THE FOLLOWING PARTIES IN RELATION TO THE ISSUE:

DETAILS OF CREDIT RATING AGENCY FOR THE ISSUE	DETAILS OF REGISTRAR TO THE ISSUE
Crisil Ratings Limited Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai, Maharashtra - 400 076, India Tel: +91 22 3342 3000 Email: foram.sarvaiya@crisil.com Contact Person: Mr. Sarvaiya	**KFin Technologies Limited** Address: Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India Tel: 9642444997 Fax: N.A. Email: jagannadh.chakka@kfintech.com Website: www.kfintech.com
DETAILS OF THE ARRANGER FOR THE ISSUE	**DETAILS OF STATUTORY AUDITORS**

Arrangers to the Issue	
Name: A K Capital Services Limited **Address:** 601-602, 6th floor, Windsor, off CST Road, Kalina, Santacruz – (East), Mumbai – 400 098 **Tel:** +91-22-67546500 **Contact Person:** Mr. Tejas Davda **Email:** compliance@akgroup.co.in **Website:** www.akgroup.co.in	N. A. Shah Associates LLP **]** Address: B 21-25, Paragon Centre , Pandurang Budhkar Marg,Worli,Mumbai-400013 Tel: 9892100512 Email: info@nashah.com Website: https://www.nashah.com Contact Person: PRASHANT DAFTARY

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings assigned below in this Key Information Document. Capitalised terms used but not defined herein shall have the meaning assigned to such term in the General Information Document.

Term	Description
Act / the Companies Act	shall mean the Companies Act, 2013, and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time.
Allot/Allotment/Allotted	shall mean, unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Applicant	means a Person who has submitted a completed Application Form to the Issuer and the term "Applicants" shall be construed accordingly.
Applicable Law	shall mean all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof
Application Form	shall mean the form used by the recipient of the Disclosure Document(s), to apply for subscription to the Debentures, which is in the form annexed to this Key Information Document and marked as **Annexure I** *(Format of Application Form)*.
Application Money	means the subscription amounts paid by the Debenture Holders at the time of submitting the Application Form.
Articles of Association	shall mean the Articles of Association of the Company, as amended from time to time.
Arranger	Shall mean A.K. Capital Services Limited having its registered office at 601-602, 6th floor, Windsor, off CST Road, Kalina, Santacruz – (East), Mumbai – 400 098
Beneficial Owners	means the holders of the Debentures in dematerialised form whose names are recorded as such with the Depository(ies) in the Register of Beneficial Owners, and "Beneficial Owner" shall be construed accordingly.
Board / Board of Directors	shall mean the Board of Directors of the Company, or a committee constituted thereof.
Business Day	shall mean any day of the week (excluding Sundays or any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which the money markets are functioning in Mumbai and "**Business Days**" shall be construed accordingly.
CDSL	shall mean Central Depository Services (India) Limited.
CERSAI	shall mean the Central Registry of Securitisation Asset Reconstruction and Security Interest.
Company / Issuer	shall mean Varthana Finance Private Limited, a private limited company incorporated under the Companies Act, 1956 (1 of 1956) and having its registered office at Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043.
Crore	shall mean 10 (Ten) Million
Debentures / NCDs	shall mean up to 2400 (Two Thousand Four Hundred) senior, secured, rated, listed, fully paid, redeemable, taxable, transferable, non-convertible debentures each having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs.24,00,00,000/- (Rupees Twenty Four Crores only).
Debenture Holder(s) / Investors / NCD Holder(s)	shall initially mean, the Persons who have subscribed the Debentures and thereafter shall mean and include any Person to whom the Debentures are transferred to, each who fulfils the following requirements: (a) Persons who are registered as such as the Beneficial Owners; and (b) Persons who are registered as debenture holder(s) in the

Term	Description
	Register of Debenture Holder(s). In the event of any inconsistency between sub paragraph (a) and (b) above, sub paragraph (a) shall prevail.
Debenture Trustee	shall mean Catalyst Trusteeship Limited, a company incorporated the Companies Act, 1956 (1 of 1956) and validly existing under the Companies Act, 2013 (1 of 2013) having corporate identity number: U74999PN1997PLC110262 and having its registered office at: GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune, Maharashtra - 411038.
Debenture Trustee Agreement	shall mean the debenture trustee agreement executed / to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	shall mean the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company *inter alia* recording the terms and conditions upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Hypothecation	shall mean the unattested deed of hypothecation entered/to be entered into between the Issuer and the Debenture Trustee, pursuant to which hypothecation over Hypothecated Assets shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders).
Deemed Date of Allotment	shall mean the date on which the Debentures are deemed to have been allotted to the Debenture Holder(s), being September 27, 2024
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depository(ies)	shall mean the depository(ies) with whom the Company has made arrangements for dematerialising the Debentures, being CDSL and NSDL respectively.
Depositories Act	shall mean the Depositories Act, 1996, as amended from time to time.
Depository Participant/DP	shall mean a depository participant as defined under the Depositories Act.
Disclosure Document(s)	shall mean collectively: (i) the General Information Document; and (ii) this Key Information Document issued by the Company in relation to the Issue.
DP-ID	shall mean the Depository Participant Identification Number
Due Date	shall mean any date on which the Debenture Holder(s) are entitled to any Outstanding Amounts in relation to the Debentures, whether for Coupon or for redemption on maturity or earlier (upon any Event of Default or otherwise), prior to the scheduled Principal Payment Date(s) or acceleration or otherwise.
EFT	shall mean Electronic Fund Transfer
ECS	shall mean the Electronic clearing system
Eligible Investors	shall have the meaning assigned to such term in S.no 7 of paragraph II (*Disclosures as per SEBI Debt Listing Regulations*) of Part A above.
Financial Indebtedness	shall mean any indebtedness for or in respect of: (a) monies borrowed; (b) any amount availed of by acceptance of any credit facility; (c) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse

Term	Description
	basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (i) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (j) any put option, guarantees, keep fit letter(s), letter of comfort, etc by whatever name called, which gives or may give rise to any financial obligation(s); (k) any preference shares (excluding any compulsorily convertible preference shares); (l) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above. Notwithstanding the items in paragraphs (a) to (l) above, all obligations of any person from time to time (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money.
Final Settlement Date	shall mean the date on which the entire Outstanding Amounts of the Company in relation to the Debentures including the principal amounts in respect of the Debentures, the Coupon accrued thereon, the Default Interest (if any), additional interest, costs, fees, charges, etc. and all obligations of the Company under the Transaction Documents have been irrevocably and unconditionally discharged in full, to the satisfaction of the Debenture Trustee as notified by the Debenture Trustee in writing
Financial Year/ FY	shall mean twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
General Information Document	shall have the meaning assigned to such term in paragraph I (*Background*) of Part A of this Key Information Document.
Governmental Authority	shall mean the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by Applicable Law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body.
Hypothecated Assets	shall mean all the right, title, interest, benefit, claims and demands of the Issuer, in, to, or in respect of the receivables arising out of rupee loan facilities advanced / to be advanced by the Issuer to any Person and charged under the terms of this Issue.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof.
ICCL	Indian Clearing Corporation Limited
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under Applicable Law thereon from time to time and

Term	Description
	applied on a consistent basis by the Issuer.
ISIN	International Securities Identification Number
Information Utility	shall mean the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
Issue	shall mean the private placement of the Debentures
Issue Closing Date	September 27, 2024
Issue Opening Date	September 27, 2024
Key Information Document	shall have the meaning assigned to such term in paragraph I (*Background*) of Part A of this Key Information Document.
Majority Debenture Holder(s)	shall mean Debenture Holder(s) holding an aggregate amount representing more than 50% (Fifty Percent) of the value of outstanding principal amount of the Debentures
Maturity Date	Shall have the meaning assigned to such term in Section 2.1 (*Issue Details*) of this Key Information Document.
Memorandum of Association	shall mean the memorandum of association of the Company, as amended from time to time.
Minimum Security Cover	Shall have the meaning assigned to such term in Section 2.1 (*Issue Details*) of this Key Information Document.
N.A.	shall mean Not Applicable
NBFC	shall mean a non-banking financial company
NBFC Directions	shall mean the guidelines issued by the RBI to NBFCs, under the terms of the Master Directions dated October 19, 2023 bearing reference no. DoR.FIN.REC.No.45/03.10.119/2023-24 on Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023, as updated from time to time.
NEFT	shall mean National Electronic Fund Transfer Service
NSDL	shall mean National Securities Depository Limited
Outstanding Principal Amount	shall mean, at any date, the principal amount outstanding under the Debentures.
Outstanding Amounts	shall mean, at any date, the Outstanding Principal Amounts together with any Coupon / interest, additional interest, costs, fees, charges, and other amounts payable by the Issuer in respect of the Debentures.
PAN	shall mean the Permanent Account Number
Person	shall include an individual, natural person, corporation, partnership, joint venture, incorporated or unincorporated body or association, company, Governmental Authority and in case of a company and a body corporate shall include their respective successors and assigns and in case of any individual his/her respective legal representative, administrators, executors and heirs and in case of trust shall include the trustee(s) for the time being and from time to time and the term 'persons' shall be construed accordingly.
Private Placement Offer cum Application Letter	shall mean the private placement offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and as annexed in Section 6 of this Key Information Document.
Promoter / Promoter Group	shall mean: (a) Mr. Steve Hardgrave; (b) Mr. Brajeshkumar Mishra; and (c) M/s Dragonfruit Education Services LLP and such other promoters as may be classified as

Term	Description
	per Applicable Law;
Rating Agency	shall have the meaning assigned to such term in paragraph III (*Details of the following parties in relation to the Issue)* of Part A above.
RBI	shall mean the Reserve Bank of India.
Receivables	shall have the meaning assigned to it in the Deed of Hypothecation.
Record Date	shall mean the date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) days prior to any Due Date.
Recovery Expense Fund	shall mean fund contributed by the Company towards creation of a recovery expense fund as required to be created in accordance with Regulation 11 of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the provisions of the SEBI operational circular dated May 16, 2024 (bearing reference no SEBI/HO/DDHS-PoD3/P/CIR/2024/46), each as amended from time to time.
Register of Beneficial Owners	means the register of beneficial owners of the Debentures maintained in the records of the Depositories.
Register of Debenture Holders	shall mean the register maintained by the Company in accordance with Section 88 of the Companies Act.
R&T Agent	shall mean the Registrar and Transfer Agent to the Issue, in this case being KFin Technologies Limited.
ROC	shall mean the Registrar of Companies.
Rs. / INR	shall mean the Indian National Rupee.
RTGS	shall mean the Real Time Gross Settlement
SEBI	shall mean the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	shall mean the applicable regulations issued by the Securities and Exchange Board of India from time to time in respect of issuance and listing of non-convertible securities including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI and as amended vide the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 read with the Master Circular for issue and listing of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities and commercial paper dated May 22, 2024 issued by SEBI (bearing reference number: SEBI/HO/DDHS/PoD1/P/CIR/2024/54), each as may be further updated, amended, modified or replaced from time to time
Secured Obligations	shall mean all obligations at any time due, owing or incurred by the Company to the Debenture Trustee and the Debenture Holder(s) in respect of the Debentures and shall include the obligation to redeem the Debentures in terms thereof together with the outstanding principal amount, the Coupon accrued thereon, Default Interest, if any, accrued thereon, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges, enforcement expenses and expenses payable to the Debenture Trustee and other monies payable by the Company in respect of the Debentures under the Transaction Documents, to the satisfaction of the Debenture Trustee as notified by the Debenture Trustee in writing
Security	shall mean the security for the Debentures being an exclusive first ranking charge created by the Issuer by way of hypothecation over the Hypothecated Assets of the

Term	Description
	Issuer, as set out in detail in Section 2.1 (*Issue Details*) hereto.
Tax or Taxes	shall mean any present or future tax, levy, duty, charge, fees, deductions, withholdings, surcharges, cess, turnover tax, transaction tax, stamp tax or other charge of a similar nature (including any penalty or interest payable on account of any failure to pay or delay in paying the same), now or hereafter imposed under Applicable Law or by any Governmental Authority and as maybe applicable in relation to the payment obligations of the Company under the Transaction Documents.
TDS	shall mean the Tax Deducted at Source.
Term Sheet	shall mean the term sheet executed by and between the Company and the Debenture Holder(s) *inter alia* recording the terms and conditions of the Debentures;
Transaction Documents	shall mean the documents executed in relation to the issue of the Debentures and the creation of the Security and shall include the Term Sheet, the Disclosure Documents including the Private Placement Offer cum Application Letter, the Trustee Agreement, the Deed of Hypothecation, the Debenture Trust Deed, each tripartite agreement between the Company, the registrar and transfer agent and any Depository, consent letter provided by the Debenture Trustee in respect of this Issue, rating letter, rating rationale and detailed press release issued by the Rating Agency in respect of the Debentures, board resolution authorising the issuance of Debentures under Section 179 of the Act, the applicable shareholders resolution under the Act and Rule 14(2) and other applicable provisions of Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other document that may be designated by the Debenture Trustee and the Company as a Transaction Document; and
WDM	shall mean the Wholesale Debt Market.
Wilful Defaulter	means an issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.

SECTION 2: DETAILS OF THE OFFER OF NON-CONVERTIBLE SECURITIES IN RESPECT OF WHICH THIS KEY INFORMATION DOCUMENT IS BEING ISSUED

2.1 Issue Details

Security Name (Name of the non-convertible securities which includes (Coupon/ dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	**11.50% Varthana Finance Private Limited 2026**
Issuer / Company	**Varthana Finance Private Limited (the "Company"/ "Issuer")**
Type of Instrument	Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" / "Debentures")
Nature of Instrument (Secured or Unsecured)	Secured
Seniority (Senior or Subordinated)	Senior
Mode of Issue	Private placement
Promoter & Promoter Group	• Mr. Steve Hardgrave (DIN: 02189073) • Mr. Brajeshkumar Mishra (DIN: 02292429) • M/s Dragonfruit Education Services LLP Promoter/ Promoter group shall have the meaning as defined under Companies Act, 2013 and the SEBI Regulations.
Eligible Investors	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of the Bonds subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): Qualified Institutional Buyers ("**QIBs**") means the following entities: (i) A mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI; (ii) Foreign portfolio investor other than individuals, corporate bodies and family offices; (iii) a Public Financial Institution; (iv) a Scheduled Commercial Bank; (v) a multilateral and bi-lateral development financial institution; (vi) a State Industrial Development Corporation; (vii) An insurance company registered with Insurance Regulatory and Development Authority of India; (viii) A Provident Fund with minimum corpus of Rs.25 Crores (ix) A Pension Fund with minimum corpus of Rs.25 Crores (x) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) An insurance fund set up and managed by Army, Navy / Air force of the Union of India; (xii) Insurance funds set up and managed by the Department of Posts, India; and (xiii) Systemically important Non- Banking Financial Companies.

	Any non-QIB including inter-alia resident individual investors, Hindu Undivided Families (excluding minors and NRIs), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Laws in India, companies, bodies corporate etc who/ which has been authorized by the Issuer. The advisor(s)/ arranger(s)/ placement agent(s), broker(s) associated with the Issue and/or their affiliates/ subsidiaries/ associates/ group companies and/or their promoters/ directors/ key managerial personnel/ officers/ employees may subscribe to the Issue as the applicable laws including but not limited to (i) SEBI (Merchant Bankers) Regulations, 1992 and Code of Conduct specified therein; (ii) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and Code of Conduct specified therein, as applicable, do not restrict them from subscribing to the Issue. Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	a. The NCDs are proposed to be listed on the WDM of the BSE. The NCDs shall be listed within 3 (Three) working days from the Issue Closure Date ("Listing Period"). b. The Issuer shall ensure that the Debentures continue to be listed on the wholesale debt market segment of the BSE. c. In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will pay to the Debenture Holders, a penal interest of 1% (One Percent) p.a. over the applicable Coupon Rate from the Deemed Date of Allotment until the listing of the Debentures is completed.
Rating of the Instrument (Rating)	CRISIL BBB (Stable) (Pronounced as "CRISIL Triple B with Stable Outlook") by CRISIL. The Issuer/Investor(s) reserves the right to obtain an additional credit rating from any SEBI registered Credit Rating Agency for full or part of the Issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the issue.
Credit Rating Agency	CRISIL Ratings Limited
Debenture Trustee	Catalyst Trusteeship Limited
Registrar & Transfer Agent	Kfin Technologies Private Limited
Issue Size	Upto Rs. 24,00,00,000 /- (Rupees Twenty Four Crores Only)
Minimum Subscription	The minimum application size for the Issue shall be 100 (One Hundred) Debentures and in multiples of 1 (One) Debenture thereafter.
Option to retain oversubscription (Amount)	Not applicable
Anchor Portion Details	Not applicable
Objects of the Issue / Purpose for which there is requirement	The Issue Proceeds equivalent to 100% of the funds raised by the Issue will be utilized towards the on-lending purpose.

of funds	The Issuer shall not use the proceeds of the Issue towards: a. Any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities; b. Any speculative purposes; c. Investment in the real estate sector, including the acquisition of land, and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; d. Providing/extending unsecured loans/consumer credit or making any inter-corporate deposits to/in any subsidiary and/or associate Issuer; e. Providing any bill discounting facilities; f. making any repayment of any loans availed from its directors and/or Promoters; and/or g. in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies.
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group Issuer' then disclosures shall be made in the following format:	Not Applicable
Objects of the Issue / Purpose for which there is requirement of funds	The Issue Proceeds equivalent to 100% of the funds raised by the Issue will be utilized towards the on-lending purpose. The Issuer shall not use the proceeds of the Issue towards: a. Any capital market instrument such as equity, debt, debt linked and equity linked instruments or any other capital market related activities; b. Any speculative purposes; c. Investment in the real estate sector, including the acquisition of land, and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; d. Providing/extending unsecured loans/consumer credit or making any inter-corporate deposits to/in any subsidiary and/or associate Issuer; e. Providing any bill discounting facilities; f. making any repayment of any loans availed from its directors and/or Promoters; and/or g. in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies.
Coupon Rate	11.50% (Eleven Decimal Five Zero Percent) per annum payable quarterly on Coupon Payment Date(s). The above 'Coupon Rate' shall be subject to section titled " Step Up Coupon Rate".
Step Up Coupon Rate	In case of downgrade of the credit rating/outlook or assignment of any new credit rating which is lower than the Credit Rating of the NCDs/ Issuer as on date of the Deemed Date of Allotment, the Coupon Rate for the balance period would increase by 25 bps for each notch downgrade in credit rating and the same will be with effect from the credit rating downgrade date ("Step Up Coupon Rate").

	In case, credit rating from multiple rating agencies is available, upon the downgrade, the lowest rating available for long term borrowing shall be considered for the purpose of calculation of the effective Step up Coupon Rate.
Coupon Payment Frequency	Quarterly and on Final Redemption Date
Coupon Payment Date(s)	The Coupon shall be payable on a quarterlyly basis starting from December 27, 2024 from the Deemed Date of Allotment and on the Redemption Date (subject to the Business Day convention). The Coupon Payment Dates are specifically set out in **Annexure I** (Illustration of Cash Flows) hereto.
Cumulative / Non-Cumulative, in case of dividend	Not Applicable
Coupon Type / Coupon Rate Paramter (Fixed, floating or other structure)	Fixed
Coupon Rate Reset Date(s)	Not Applicable
Coupon Reset Process/ Spread Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	Not Applicable
Day Count Basis (Actual/Actual)	Interest and all other charges shall accrue based on an actual/actual basis.
Interest on Application Money	At the Coupon rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque(s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid.
Default Interest Rate/ Additional Interest Rate	Without prejudice to the other rights of the Debenture Trustee (including the right to call an Event of Default): a) If, at any time, a Payment Default occurs, the Issuer agrees to pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding NCDs (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such Payment Default until such default is cured or the Debentures are fully redeemed. b) In case delay in execution of Debenture Trust Deed (DTD) and/ or Deed Of Hypothecation (DOH) and/or perfection of the Security over the Hypothecated Assets by filing CHG-9 Form with ROC and / or lein mark of the Cash Collateral in favour of Debenture Tustee within requisite timelines, then the Issuer shall pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the NCDs (including the Outstanding Principal Amounts and any accrued interest) from the Issue Closure Date until such breach is cured. c) If, at any time, any other Event of Default occurs, breach of any terms/ covenant (not

	limited to Financial Covenant, Holding & Management Covenant, Rating Covenant, Reporting Covenant), obligation, representation or warranty of the Issuer and any other obligations of the Issuer under the Transaction Documents, the Issuer agrees to pay an additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding from the date of occurrence of such a breach/default, until the Debentures are fully redeemed or till the covenants criteria has been replenished.
Tenor	24 (Twenty Four) months from the Deemed Date of Allotment
Redemption Amount	The principal repayment by way of amortizing over quarterly redemptions starting from the 3rd month from Deemed Date of Allotment subject to Business Day Convention.
Redemption Date	September 27, 2026
Redemption Premium/ Discount	Not Applicable
Issue price	Rs. 1,00,000/- (Rupees One Lakh Only) per Debenture
Discount at which security is issued and the effective coupon as a result of such discount.	Not Applicable
Put Option	Not Applicable
Put Option Date(s)	Not Applicable
Put Option Price	Not Applicable
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable
Call Option	Not Applicable
Call Option Date(s)	Not Applicable
Call Option Price	Not Applicable
Call Notification Time (Timelines by which the investor need to intimate Issuer before exercising the call)	Not Applicable
Face Value	Rs. 1,00,000/- (Rupees One Lakh Only) per Debenture
Minimum application and multiples of Debt securities thereafter	The minimum application size for the Issue shall be 100 (One Hundred) Debentures and in multiples of 1 (One) Debenture thereafter.
Issue Timing	
1. Issue Opening Date	September 27, 2024
2. Issue Closing Date	September 27, 2024
3. Date of earliest closing of the issue, if any.	Not Applicable

4. Pay-in Date	September 27, 2024
5. Deemed Date of Allotment	September 27, 2024
Settlement Mode of the Instrument	All interest, principal repayments, penal interest and other amounts, if any, payable by the Issuer to the Debenture Holders shall be paid to the Debenture Holders by electronic mode of transfer like RTGS/NEFT/direct credit to such bank account within India as the Debenture Holders' inform the Issuer in writing and which details are available with the Registrar.
Depository	NSDL and CDSL
Disclosure of Interest/Dividend/ redemption dates	Please refer **Annexure I** for the indicative cash flows.
Record Date	A Register of Debenture Holders shall be maintained in accordance with Section 88 of the Companies Act, 2013 and the Register of Debenture Holders/the Register of Beneficial Owners, shall be closed 15 (Fifteen) Calendar days prior to each Due Date.
All covenants of the Issue (including side letters, accelerated payment clause etc.)	There are no other covenants other than as prescribed in the Debt Disclosure Documents.
Description regarding Security (where applicable) including type of security (movable/immovable/ tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Placement Memorandum.	The outstanding NCD amount, together with interest, default interest remuneration of the Trustee, charges, fees, expenses and all other monies due from the Issuer, shall be secured by (to the satisfaction of the NCD holders): Exclusive Charge via a deed of hypothecation over specific asset portfolio of receivables/ on all present and future receivables of the Issuer ("Hypothecated Assets") with a security cover of 1.15 times ("Minimum Security Cover") to be maintained on the Outstanding Amounts of the NCDs along with coupon thereon at all times during the tenor of the NCDs**.** ("Security") The Issuer shall execute the Debenture Trust Deed and Deed of Hypothecation prior to the Deemed Date of Allotment and perfect the Security over the Hypothecated Assets by filing form CHG-9 with the Registrar of Companies (ROC) with 30 (Thirty) calendar days from execution of the Deed of Hypothecation. <u>Eligibility Criteria for the Hypothecated Assets to be maintained at all times during the tenor of the NCDs:</u> a. The Hypothecated Assets shall be current at all times and should not have been restructured and/or rescheduled. b. Hypothecated Assets being charged shall have underlying security of secured and unsecured loans, wherein unsecured student loans shall not be more than 15% of Hypothecated Assets being charged. c. The share of any single state in the Hypothecated Assets to be provided to the Debenture Trustee shall not exceed 20%. d. Hypothecated Assets to be provided to the Debenture Trustee must comprise of only loans directly originated by the Issuer and not loans purchased from the third party. e. The Hypothecated Assets are existing at the time of selection, and have not been terminated or prepaid; f. The Hypothecated Assets are free from all Encumbrances and are not subject to any lien or charge; g. All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines.

	h. The Hypothecated Assets being charged must comply with all extant 'know your customer' norms specified by RBI; i. The Hypothecated Assets generated from lending to Issuer's associate/s & subsidiary/s and/or Related Party shall not be considered for asset cover calculation from this issuance. In case of the replacement of Security or in the event of any fall in the Security Cover below the Minimum-Security Cover, the Issuer shall be obliged to reinstate the Security Cover to atleast the Minimum-Security Cover in terms of the Deed of Hypothecation, within 15 (Fifteen) calendar days from the date of such fall in the Security Cover. Without prejudice to the obligation of the Issuer in terms of the foregoing, the Issuer shall be liable to pay 2% (Two percent) per annum additional coupon, over and above the applicable Coupon Rate from the date on which the Security Cover falls below the Minimum-Security Cover until the date on which it is reinstated in terms of the Transaction Documents.
Guarantee Undertaking	The Issuer hereby undertakes that in case any of the Promoter(s), directly or indirectly extends any guarantee in respect of any borrowings of the Issuer except from Public Sector Banks at any point of time during the tenor of the NCDs, the same shall be deemed to be applicable to this NCD issuance also. The Issuer shall ensure that such Promoter(s) executes all the necessary documents as may be required by the Debentureholder(s) in this regard within 30 (thirty) calendar days from the date of execution of documents for such borrowing(s), failing to which shall constitute a breach of Convent for the this NCD issuance.
Un-dated Cheques (UDCs)	On or before the Deemed Date of Allotment, The Issuer shall provide 2 (Two) undated cheques (which are CTS 2010 Standard Compliant Instrument) towards total interest and 2 (Two) Undated cheques (which are CTS 2010 Standard Compliant Instrument) for an amount not exceeding the principal amount of the NCDs subscribed, in favour of the Debenture Trustee, to be signed by Mr. Steve Hardgrave and/ or Mr. Brajeshkumar Mishra.. The Coupon and Principal repayment to be serviced by way of RTGS to the Debenture Holder.
Transaction Documents	The Issuer has executed/shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines/ Companies Act 2013 (as applicable) for issuance of NCDs through private placement: a. Debenture Trustee Agreement; b. General Information Document; c. Key Information Document; d. Private Placement Offer Letter (Form PAS-4); e. Debenture Trust Deed; f. Deed of Hypothecation; Such other documents as agreed between the Issuer and the Debenture Trustee
Conditions Precedent to Disbursement	a. Execution of the Transaction Documents; b. Due diligence certificate (Annexure A) issued by the Debenture Trustee in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) as amended from time to time; c. Rating Rationale and press release from the Credit Rating Agency; d. Rating Letter from the Credit Rating Agency e. Debenture Trustee Consent Letter; f. BSE in-principal approval; g. A certified copy of the resolution of the Issuer's board of directors authorizing the

	issuance of the Debentures to be provided prior to the Deemed Date of Allotment; h. A certified copy of resolution of the shareholders of the Issuer under Section 42 of the Companies Act, 2013. i. Duly certified true copy of KYC Documents of the Issuer along with the LEI Number, MOA, AOA, Certificate of Incorporation and RBI Registration Certificate. j. Beneficial Ownership Declaration as per RBI KYC Directions 2016, as amended from time to time. k. Duly completed certified/ self-attested KYC Documents of Authorized Signatories of the Issuer who are executing the Transaction Documents; l. A certificate issued by the independent chartered accountant, prior to the Deemed Date of Allotment confirming that: (A) issuance of the Debentures would not cause any borrowing, or similar limit binding on the Issuer to be exceeded; (B) execution of the relevant Security Documents and creation of the security interests, would not breach any limits under the constitutional documents of the Issuer, the terms of any other contractual arrangements entered into by the Issuer or any limits prescribed by the shareholders or board of directors of the Issuer; m. A certificate issued by an independent chartered accountant, prior to the Deemed Date of Allotment, certifying that there are no proceedings or claims for the recovery of any Tax pending against the Issuer including, without limitation, any income tax proceedings requiring it to obtain the consent of the Assessing Officer under Section 281(1) of the Income Tax Act, 1961 for the purpose of creating security interest in respect of the secured property. n. The Issuer to provide a management undertaking that all the borrowing facilities of the Issuer are standard in nature, the Issuer has not defaulted in making any payments in respect thereto and the Issuer has obtained all regulatory and statutory consents to issue Debentures.
Conditions Subsequent to Disbursement	The Issuer shall fulfill the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment: a. Receipt of Due diligence certificate (Annexure B) issued by the Debenture Trustee in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) as ameded from time to time; b. The Issuer shall ensure that the Debentures are credited into the beneficial owner account(s) of the Debenture within 2 (Two) Business Days from the relevant Deemed Date of Allotment; c. The Issuer will ensure listing of Debentures on the BSE within 3 (Three) working days from the Issue Closure Date; d. The Issuer shall file a copy of Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the relevant registrar of companies within 15 (Fifteen) calendar days from the Deemed Date of Allotment; e. The Issuer shall provide the details on utilisation of funds raised through the issue of Debentures duly certified by the Issuer's statutory auditor to the Debenture Trustee within stipulated timelines as per applicable SEBI LODR Regulations; f. Perfection of the Security over the Hypothecated Assets by filing Form CHG-9 with the Registrar of Companies within execution of Deed of Hypithecation. g. The Debenture Trustee to record and register creation of the charge by way of hypothecation over the Hypothecated Assets with the CERSAI within 30 days from the execution of Deed of Hypotjhecation. h. Execution of any other documents as the Debenture Trustee may require.
Representation & Warranties	The Issuer declares, represents and warrants to the Debenture Trustee and the Debenture Holders, as follows which representations and warranties shall be made as on the date of this Key Information Document/Term Sheet and shall be deemed to be repeated on each date until the Final Settlement Date:

	1. Status i. The Issuer has been duly incorporated, organized and is validly existing, under applicable law. ii. The Issuer is a non-banking financial company registered with the RBI or such other regulatory authority (if applicable) and such registration is valid and subsisting; iii. The Issuer has the corporate power, authority and all material permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted. **2. Binding Obligations** The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations. **3. Non-conflict with other obligations** The entry into and performance by the Issuer of, the transactions contemplated by the Transaction Documents do not and will not conflict with: i. any Applicable Law (including, without limitation, any laws and regulations regarding anti-money laundering or terrorism financing, and similar financial sanctions); ii. its constitutional documents; iii. any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the Financial Indebtedness availed of by the Issuer. **4. Power and authority** It has the power to issue the NCDs and enter into, performs and delivers, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents. **5. Validity and admissibility in evidence** All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable: i. to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; ii. to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and iii. for it to carry on its business, and which are material, have been obtained or effected and are in full force and effect. **6. No default** i. No Event of Default or potential event of default has currently occurred and is continuing or would be expected as a result from the execution or performance of any Transaction Documents or the issuance of the Debentures. ii. No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under

	the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Issuer or any of its Assets or which might have a Material Adverse Effect. **7. Pari-Passu Ranking** i. Each Debenture issued by the Issuer will constitute direct, senior and secured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior, secured investors / lenders and shall rank pari-passu to all senior, secured indebtedness of the Issuer. ii. Each of the Debenture Holders shall inter-se rank pari-passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege. **8. Legal / Litigation Matters** i. There are no claims, investigations or proceedings before any court, tribunal or governmental authority in progress or pending against or relating to the Issuer, which would have a Material Adverse Effect. ii. There are no unfulfilled or unsatisfied judgments or court orders in respect of the Issuer. iii. The Issuer has not taken any action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings or no order has been passed for its winding-up, dissolution or re-organization or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, trustee or other similar officer for it or in respect of its assets. **9. No misleading information** All information provided by the Issuer to the Debenture Trustee/Debenture Holders is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and is not misleading due to omission to state a fact or otherwise. **10. Compliance; Corporate Matters** i. The Issuer has complied with Applicable Law, including without limitation, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021 and all other Applicable Law in respect of the issuance of the Debentures and for the performance of the Issuer of its obligations with respect to the Debentures, and to carry on its business. ii. There has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of any Governmental Authority issued or outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated against the Issuer which would have a Material Adverse Effect. iii. No notice or other communication (official or otherwise) from any Governmental Authority has been issued or is outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated with respect to an alleged,

actual or potential violation and/or failure to comply with any such Applicable Law or requiring them to take or omit any action.

iv. The Issuer shall complete all necessary formalities including all filings with and notices to the relevant regulatory authorities as may be required, including but not limited to the designated stock exchange (if applicable) and the ROC and obtain all consents and approvals required for the completion of the Issue.

v. All legal and procedural requirements specified in the Constitutional Documents or required under the Applicable Law have been duly complied with in all respects in relation to the issue of the Debentures.

vi. The registers and minute books (including the minutes of the board and general meetings) required to be maintained by the Issuer under Applicable Law:
   1. are up-to-date and have been maintained in accordance with the Applicable Law;
   2. comprise complete and accurate records of all information required to be recorded in such books and records; and
   3. no notice or allegation that any of them are incorrect and/or should be rectified has been received.

11. Assets

Except for the security interests and encumbrances created and recorded with the ROC (available using CIN U65923KA1984PTC096528) on the website http://www.mca.gov.in/MCA21/index.html under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

12. Financial statements; Accounts and Records

i. Its audited financial statements most recently provided to the Debenture Trustee as of March 31, 2024 were prepared in accordance with Applicable Accounting Standards consistently applied save to the extent expressly disclosed in such financial statements.
ii. Its audited financial statements as of March 31, 2024 provided to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the Financial Year save to the extent expressly disclosed in such financial statements.
iii. The books of accounts of the Issuer have been fairly and properly maintained, the accounts of the Issuer have been prepared in accordance with Applicable Law and the Applicable Accounting Standards, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Issuer and its subsidiaries. The Issuer has a proper, efficient and effective book-keeping and accounting system in place as well as adequate professional staff, including maintaining of accounts showing the loan drawings, payments, interest etc.

13. Solvency

i. The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended from making payments of any of its debts and it has

not been deemed by a court to be unable to pay its debts for the purposes of Applicable Law, nor will it become unable to pay its debts for the purposes of Applicable Law as a consequence of entering into the Transaction Documents.

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

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

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

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

14. Hypothecated Assets

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

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

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

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

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

15. Material Adverse Effect

i. No Material Adverse Effect has occurred, including without limitation, in relation to

the business, condition, operations, performance or prospects of the Issuer.

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

16. Illegality

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

17. Tax Laws

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

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

18. No Immunity

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

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

With effect from the date of filing of the Transaction Documents as applicable with the BSE, as on the date of filing of the Debt Disclosure Documents with the BSE in accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021:

i. The Issuer or the Promoter/ Promoter Group of the Issuer, or the directors of the Issuer have not been debarred from accessing the securities market or dealing in securities by the Securities and Exchange Board of India;
ii. No Promoter of the Issuer or director of the Issuer is a promoter or director of any another Issuer which is debarred from accessing the securities market or dealing in securities by Securities and Exchange Board of India;
iii. No Promoter of the Issuer or director of the Issuer is a fugitive economic offender; and
iv. No fines or penalties levied by Securities and Exchange Board of India or designated stock exchange is pending to be paid by the Issuer.

For the purposes of Debt Disclosure Documents:

	"**Material Adverse Effect**" means in relation to any entity, the effect or consequence of an event, circumstance, occurrence or condition, including change in credit rating/outlook/opinion, change in Senior Management team, change in the statutory auditor of the Company other than required by the applicable law, change in Board member which has caused, as of any date of determination, or change in applicable regulation by any regulatory authority impacting the current business model or could reasonably be expected to cause a material and adverse effect on (i) the financial condition, business or operation of the entity which in the opinion of the Debenture Holder is prejudicial to the ability of the entity to perform its obligations under the Transaction Documents; (ii) on the rights or remedies of the Debenture Holder hereunder or under any other Transaction Document (iii) the ability of the entity to perform its obligations under the Transaction Documents; or (iv) the legality, validity or enforceability of any of the Transaction Documents or (v) event, occurrence, fact, condition, change, development or effect, pending or threatened litigation, investigation or proceeding, that is or may be materially adverse for the Security. "**Final Settlement Date**" shall mean the date on which all payments have been irrevocably discharged in full and all the Debentures have been redeemed by the Issuer in full in accordance with the terms of the Transaction Documents and the Debenture Holders have provided a written confirmation of the same to the Issuer (with a copy marked to the Debenture Trustee).
Affirmative and Reporting Covenants	The Issuer hereby covenants with the Debenture Trustee that the Issuer shall at all times till the Final Settlement Date: **1. Use of Proceeds** use the proceeds of the Issue only for the Purpose and in accordance with Applicable Law and the Transaction Documents; **2. Costs and Expenses** pay all reasonable costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Company before they are incurred and shall not include any foreign travel costs; **3. Payment of Rents, etc.** pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when such amounts are payable; **4. Preserve Corporate Status** (i) diligently preserve and maintain its corporate existence and status and all rights, privileges, and concessions now held or hereafter acquired by it in the conduct of its business; (ii) comply with all acts, authorisations, consents, permissions, rules, regulations, orders and directions of any Governmental Authority; and (iii) not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the

Outstanding Amounts might or would be hindered or delayed;

5. Pay Stamp Duty

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

6. Furnish Information to Debenture Trustee

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

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

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

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

7. Redressal of Grievances

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

8. Comply with Investor Education and Protection Fund Requirements

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

9. Corporate Governance; Fair Practices Code

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

10. Further Assurances

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

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

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

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

(v) comply with:

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

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

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

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

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

(F) if so required, the terms of Chapter XI (Operational framework for transactions in defaulted debt securities post maturity date/ redemption date) of the Listed NCDs Master Circular, and provide all details/intimations to the Debenture Trustee, the Depositories, and BSE (as the case may be) in accordance with therein;

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

receivables/book debts; and

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

11. Security

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

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

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

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

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

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

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

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

(viii) the Company shall, within the timelines prescribed under the Deed of Hypothecation, add fresh receivables/Client Loans to the Hypothecated Assets so as to ensure that the Security Cover is maintained or replace such Hypothecated Assets that do not satisfy the eligibility criteria prescribed in the Transaction Documents;

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

Hypothecated Assets from time to time;

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

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

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

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

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

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

12. Filings; Compliance with Applicable Law

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

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

(ii) The Issuer to provide Management Certified a list (on monthly basis) of specifics loan receivables/identified book debts to the Debenture Trustee/ Debenture Holder over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Holder ("Monthly Hypothecated Asset Report") on the letter head of the Issuer signed by authorized signatory within 15 (Fifteen) calendar days of the end of each month.

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

Master Circular:

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

(B) (to the extent applicable) a statement of the value of the pledged securities on a quarterly basis, within 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant Financial Year) and within 90 (ninety) days from March 31 of the relevant Financial Year or such other timelines as may be prescribed under Applicable Law;

(C) (to the extent applicable) a statement of the value of the debt service reserve account or any other form of security offered on a quarterly basis, within 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant Financial Year) and within 90 (ninety) days from March 31 of the relevant Financial Year or such other timelines as may be prescribed under Applicable Law;

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

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

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

(vii) (if so required) it will submit to the Debenture Trustee, on an annual basis, a certificate from the statutory auditor of the Company in relation to the value of the book debts/receivables comprising the Hypothecated Assets; and

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

13. Execution of Transaction Documents

in the event of any delay in the execution of any Transaction Document (including this Deed, or the Deed of Hypothecation) or the creation of security in terms thereof and/or any delay to perfect the security within the prescribed timelines, the Company will, at the option of the Debenture Holders, either:

(i) if so required by the Debenture Holders, refund the Application Money together with interest (including interest accrued) at the Interest

Rate/discharge the Secured Obligations; and/or

(ii) pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum on the Outstanding Amounts (including the Outstanding Principal Amounts and accrued interest) in addition to the Interest Rate from the date of closing of the Issue until the relevant Transaction Document is duly executed or the security is duly created and/or perfected in terms thereof or the Secured Obligations are discharged (whichever is earlier);

14. **Internal Control**

maintain internal control for the purpose of:

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

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

15. **Audit and Inspection**

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

16. Filings, Information to the Debenture Trustee

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

i. its duly audited annual financial statements;
ii. a certificate from a director of the Issuer/ the chief financial officer of the Issuer confirming that no Event of Default or potential Event of Default has occurred or is subsisting;
iii. all information/ documents required to be submitted by the Issuer to the RBI on an annual basis in respect of such Financial Year.
iv. Such other information as may be required to be complied by the Issuer as per the applicable regulations.

b. The Issuer shall submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested), within 45 (Forty-Five) calendar days from the close of each quarter in a Financial Year in the format acceptable to primary debenture holder:

i. its quarterly financials along with the relevant schedules thereto;
ii. MIS on operations, Static Portfolio Cuts, Portfolio at Risk data & write off report, Restructured Portfolio, Monthly collection and monthly collection efficiency, Monthly disbursement data, in the format acceptable to the Debenture Holder;
iii. PAR & write-off report quarterly in the format acceptable to the Debenture Holders;
iv. the list of the directors on the board of directors of the Issuer;
v. the shareholding pattern of the Issuer;
vi. the details of transactions with related parties and balances outstanding on a

quarterly basis;

vii. the debt profile of the Issuer (including, without limitation, the non-convertible debentures issued by the Issuer) with detailed terms of borrowings availed by the Issuer;

viii. the extract of the Loan register

ix. Asset liability management ("ALM") statement of the Issuer for such quarter;

x. Liquidity position of the Issuer at the end of such quarter, in a format acceptable to the Debenture Holders;

xi. Certified copy of the filings/ returns filed by the Issuer with the RBI for and during such quarter;

xii. Information on any fraud amounting to more than 1% of Gross Loan Portfolio;

xiii. (if applicable) a certificate from the management confirming that the Issuer is in compliance with Digital Lending Guidelines (reference RBI as of August 10, 2022 and September 02, 2022)

xiv. Details with respect to change in any accounting practices/policies;

xv. Such other information as may be required to be complied by the Issuer as per the applicable regulations;

c. **Event Based Reporting**

1. The Issuer shall provide to the Debenture Trustee and to the Debenture Holder(s), information in respect of the following events forthwith and in any event not later than 5 (Five) calendar days from the occurrence of such event:

   (i) Any changes effected in shareholding structure of the Issuer;
   (ii) Any change in the composition of the board of directors of the Issuer;
   (iii) Any change in the senior management officials of the Issuer (including, without limitation, the CXO or any official holding an equivalent position);
   (iv) Any amendment to the constitutional documents of the Issuer;
   (v) Any Material Adverse Effect;
   (vi) Any dispute, litigation, investigation or other proceeding against the Issuer and/ or any notice in this regard received by the Issuer;
   (vii) Resignation of the statutory auditor of the Company along with its resignation letter;
   (viii) Details of changes in accounting practices/policies.
   (ix) Any prepayment of Financial Indebtedness by the Issuer or any notice received for prepayment of any Financial Indebtedness of the Issuer.

2. The Issuer shall provide to the Debenture Trustee and to the Debenture Holder(s), information in respect of the following events forthwith and in any event not later than 1 (One) business day from the occurrence of such event:

   (i) any dispute/litigation/investigation/legal proceeding/notice instituted against/ received by the Issuer;
   (ii) default in any Financial Indebtedness/ obligations to any creditors.
   (iii) Any application or petition filed for the dissolution or re-organization of the Issuer;
   (iv) Occurrence of any Event of Default or potential Event of Default

d. **Other notification/ intimation to the Debenture Trustee:**

The Issuer shall provide information to the Debenture Trustee in respect of the following promptly on the occurrence of such event:

A. notify the Debenture Trustee in writing, of any notice of an application or petition for insolvency and/ or winding up having been made or receipt of any statutory notice of insolvency and/ or winding up under the provisions of the Act or any other notice under any other Applicable Law or otherwise of any suit or legal process intended to be filed affecting the title to the property of the Issuer;

B. notify the Debenture Trustee in writing, if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any respect;

C. provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Issuer as the Debenture Trustee may request;

D. notify the Debenture Trustee promptly of any revision in the rating or assignment of a fresh rating provided by any Rating Agency to the Debentures;

E. inform the Debenture Trustee promptly about any failure to create, perfect and maintain the Security and about all orders, directions, notices of court/tribunal affecting the Hypothecated Assets;

F. The Issuer agrees that it shall forward to the Debenture Trustee promptly:
   A. a copy of the statutory auditors' and directors' annual report, balance sheet and profit and loss account and of all periodical and special reports at the same time as they are issued;
   B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and
   C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.

G. The Issuer shall forthwith provide a written intimation to the Debenture Trustee of any event which constitutes an Event of Default or which may with the expiry of time be classified as an Event of Default, specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy the same.

H. The Issuer shall keep the Debenture Trustee and Debenture Holders informed of all the orders, directions or notices of any court or tribunal affecting or likely to affect the assets (or any part thereof) of the Issuer.

I. The Issuer shall forthwith provide to the Debenture Trustee the details of any litigation, arbitration or administrative proceedings filed or initiated against the Issuer.

J. Submit to the Debenture Trustee, if so requested, a statement that the assets of the Issuer which are available by way of security is/are sufficient to discharge the claims of the Debenture Holders as and when they become due.

K. Such information as the Debenture Holders may require as to all matters relating to the business, property and affairs of the Issuer that materially impacts the interests of the Debenture Holders and provide access to relevant books of accounts, documents and records in relation to this Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers of the Issuer including the registers relating to the Hypothecated Assets as required by the Debenture Trustee and to take copies and extracts thereof.

2. The Issuer hereby agrees and undertakes that the Promoter Debt if any shall at all times be contractually subordinated (in ranking and payment) to the Secured Obligations, at any time after the occurrence of an Event of Default/ Optional Accelerated Redemption Event, no payments shall be made in respect of the Promoter Debt except with the express prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders).

3. The Issuer hereby further agrees, declares and covenants with the Debenture Trustee as follows:
   (i) The Debentures shall be secured by way of a first ranking exclusive charge on the Hypothecated Assets;
   (ii) that the Issuer is not aware of any document, judgment or legal process or defects affecting the title, ownership of the Security which has remained undisclosed and/or which may have Material Adverse Effect on the Debenture Holders.

4. **Filings**

The Issuer shall cooperate with the Debenture Trustee/ Debenture Holders in connection with any assistance the Debenture Trustee/ Debenture Holders may require for the purpose of submitting information in relation to the Debentures and the Transaction Documents to any relevant information utility in accordance with the IBC, and to confirm or authenticate all filings and information sought to be uploaded, and update or modify or rectify any errors in such financial information submitted.

For the purposes of this Term Sheet:

"**Financial Year**" shall mean the financial year of the Issuer used for the purposes of accounting;

"**IBC**" shall mean the Insolvency and Bankruptcy Code, 2016 and the rules and regulations issued in respect thereof, as the same may be amended, modified and supplemented from time to time;

"Majority Debenture Holder(s)" shall mean Debenture Holder(s) holding an aggregate

	amount representing not less than 51% (Fifty-One per cent) of the value of the nominal amount of the Debentures for the time being outstanding; "**Promoter Debt**" shall mean all existing and future Financial Indebtedness availed of by the Issuer from the Promoters. "**Secured Obligations**" shall means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) of the Company to the Debenture Holders or the Debenture Trustee under the Transaction Documents, including without limitation, the making of payment of any interest/ interest accrued thereon, redemption of principal amounts, the default interest, additional interest, liquidated damages and all fees, costs, charges, expenses and other amounts payable by the Company in respect of the Debentures.
Negative Covenants	The Company hereby covenants with the Debenture Trustee that the Company shall not undertake any of the following without obtaining prior written consent of the Majority Debenture Holders. Provided however, that in the event the Company seeks a prior written consent from all the Debenture Holder(s) in relation to any action under any of the below covenants that the Company proposes to take and the Majority Debenture Holders do no respond within a period 30 (Thirty) calendar days from the date of such written request (even upon a written reminder made by the Company to all the Debenture Holder(s) after the expiry of 15 (Fifteen) calendar days from the date of such written request), the consent of the Majority Debenture Holders shall be deemed to be provided to the Company for undertaking any such action and the Company shall be permitted to undertake such action without obtaining any further consent from the Majority Debenture Holder(s): a) Change the general nature of its business from that which is permitted as Non-Banking Financial Company by the RBI. b) Change in its Constitutional Documents in any material way or reduce its authorized capital in any way which would prejudicially affect the interests of the Debenture Holders. c) Any change in the capital structure (except increase in Authorised Share Capital or change due to primary equity capital infusion) of the Issuer at any point of time during the tenor of the NCDs, subject to maintainance of Holidng and Management Covenant. d) Change in the financial year end from 31st March unless such change is mandatorily required to be made for compliance with Applicable Law. e) Until the Final Settlement Date, the Company will procure and ensure that the Promoter will not exit from or reduce its involvement from the management activities of the Company as is subsisting on the Effective Date. Without prejudice to the foregoing, the Company will procure and ensure that Promoter will continue to maintain an executive role in the Company until the Final Settlement Date. f) Declare or pay any dividend or make any distributions on its share capital (other than dividends or distributions payable on shares of the Company), unless: i. the proposed payment or distribution is out of net income of the current

	Financial Year (excluding any amount resulting from the revaluation of any of the Company's assets); ii. no Event of Default has occurred and is then continuing, or could occur or is reasonably likely to occur, as a result of such payment or declaration of any dividend or distribution and after giving effect to any such action; and iii. the Company is in compliance with the Financial Covenants iv. pay or declare any dividend to its shareholders in any year, during the tenor of the Debentures, until the Issuer has paid or has made satisfactory provision for payment of the installments of the principal due and interests/coupon due on the Debentures; g) Undertake or permit any merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction. h) Acquire any company, business or undertaking if the amount of the acquisition cost, whether paid by cash or otherwise, when aggregated with the aggregate acquisition cost of any other companies, business or undertaking acquired by it during that financial year exceeds 10% (ten percent) of the Equity. i) Acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or transfer any assets or lend to or guarantee or indemnify or give security for the obligations of a joint venture (or agree to transfer, lend, guarantee, indemnify or give security for the obligations of a joint venture). j) The Issuer shall not: i. enter into any transaction with any person or enter into or continue business relations with its shareholders, employees, affiliate(s), holding company(ies), and/or subsidiary(ies) except on proper commercial terms negotiated on an arm's length basis; ii. enter into or establish any partnership, profit sharing, royalty agreement or other similar other arrangement whereby the Company's income or profits are, or might be, shared with any other person other than in the ordinary course of business on an arms' length basis and in compliance with applicable law.; or iii. Enter into any management contract or similar arrangement whereby its business or operations are managed by any other person. k) Effect any change in the statutory auditors of the Company, other than as per mandatory requirement under Applicable Law. l) Undertake any new business outside financial services or any diversification of its business outside financial services. m) Appoint or continue to the appointment of any person as a director/ or a key managerial person of the Company who is classified as a wilful defaulter as a director.

	n) Enter into any contractual obligation which may adversely affect the financials standing. o) Apply to the court for the winding up of the Company or agree to the winding up of the Company. p) Sell, transfer, or otherwise dispose of in any manner whatsoever any Assets of the Company, other than any securitization/ direct assignment transaction undertaken by the Company in the ordinary course of its business as per applicable RBI Master Directions or any amendment, supplement or restatement thereto. It is clarified that, a securitization/ direct assignment representing an exit of line of business will not be construed as being in the ordinary course of business of the Company and the Company shall not be permitted to effect the same except after obtaining the prior written consent of the Debenture Trustee. q) Enter into compromise or arrangement or settlement with any of its creditors (secured and unsecured) that would prejudicially affect the interest of the Debenture Holders. r) Participate in any involuntary process under the IBC or Undertake/permit any voluntary process under the IBC. s) Unsecured Borrowings from Promoters/ related parties/ Inter Corporate Deposits held by the Issuer shall not be repaid (except by way of equity conversion) in-case wherein breach of covenant/s is subsisting. t) Pledge of shares by Promoters which may potentially change management control (if pledge is enforced) shall be undertaken with prior approval of the Debenture Trustee (acting on behalf of Majority Debenture Holders).
Financial Covenants	The Issuer shall maintain the below mentioned covenants during the entire tenor of the Debentures and till all the amounts outstanding is being duly repaid: a) Total Debt/Tangible Net Worth ratio to be within 3.5x. b) Capital Adequacy Ratio (CAR) of atleast 25% or as per applicable RBI regulation, whichever is higher. Of the above CAR, Tier-I to remain at minimum of 20%. c) Gross NPA not to exceed 4.5% of Gross Loan Portfolio d) Net NPA to Gross Loan Portfolio shall not exceed: 3%. e) Net NPA to Tangible Net Worth shall not exceed 10%.. f) Issuer to maintain a minimum Tangible Net-worth of Rs. 430 crores g) Earnings: After-tax Net Income (excluding extraordinary income) to remain positive. The said covenant to be tested on an quarterly and on Annual basis.

	h) Ratio of (PAR>90 (on the Company's entire portfolio including receivables sold or discounted on non-recourse basis) + Investment in Security Reciepts+ Restructured Asset + Trailing 12 months write-off) to Total Loan Portfolio shall not exceed 8%. i) Issuer to maintain minimum liquidity amount equivalent to next 3-month liabilities and operating expenditures after including Put Options/interest reset on liabilities in the form of unencumbered Cash and Cash equivalents. Undrawn cash credit limits from banks may be included while computing liquidity in hand. j) Average monthly Collection efficiency for the quarter, i.e., overdue plus current month collections against current month's demand (excluding arrears demand) to be maintained at minimum 90% and total collections (including Prepayments) against current month's demand (excluding arrears demand) to be maintained at minimum 100% k) No Loans to any single party/ Same Group and/or guarantees on behalf of third parties shall exceed 15 Cr l) The share of off balance sheet portfolio through PTC & DA shall not exceed 20% of the Total Loan Portfolio. m) First / Second Loss Default Guarantee shall not exceed 10% of the Tangible Net Worth of the Issuer n) The top 20 (Twenty) customers concentration of the Company shall not exceed 40% of Net Worth of the Company o) There shall not be any negative mismatches on cumulative basis in any of the buckets till the next one year of ALM statement after incorporating all the liabilities of the Issuer incorporating Put Options/ Reset Options etc. (in any form). The asset will include all the unencumbered Cash and Cash equivalent maturing across all the buckets of the ALM as part of the opening asset balance. Unutilized bank lines, undisbursed committed sanctions of the company and cash credit limits shall not be taken into account while testing the same. p) Issuer shall not prepay any loans or redeem NCDs; voluntarily or mandatorily before its stated maturity such that it leads to a negative mismatch on cumulative basis in any of the buckets of ALM statement up to the residual tenor of the Debentures after incorporating all the liabilities of the Issuer including Put Options/interest reset on liabilities. Unutilized bank lines, undisbursed committed sanctions of the company and cash credit limits shall not be taken into account while testing the same. q) Any other additional covenant as may be mutually agreed and shall form a part of the Transaction Documents. All covenants would be tested on quarterly basis i.e. as on 31 March, 30 June, 30 Sept and 31 Dec every year, starting from September 30, 2024 on consolidated and standalone

	balance sheet till the redemption of the NCDs. The covenants shall be certified by the Statutory Auditor of the Issuer within 45 (Forty Five) calendar days from the end of each reporting quarter. In case of breach of any of the covenants, the Issuer shall pay additional coupon at the rate of 2% (Two Percent) per annum over and above the applicable Coupon Rate on all amounts outstanding under the NCDs (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a breach, until the NCDs are fully redeemed or till the covenants criteria has been replenished. The issuer shall be given an opportunity to seek waiver with valid reasons for the breach. **Definitions** a) "**Total Debt**" shall include the following: - All Long-Term Borrowings, including ineligible portion of subordinated debt in form of Tier II Capital including current maturities - All Short Term Borrowing - Financial Guarantees Provided if any - Letter of Comfort/Shortfall undertaking provided by the Issuer, if any b) "**Equity/Net Worth**" Shall Include the following: - Equity Share issued by the Issuer - CCPS issued by the Issuer - Reserve and Surplus of the Issuer c) "**Capital Adequacy Ratio**" " means the capital adequacy ratio as defined by the Reserve Bank of India from time to time; For the purpose of calculation of minimum capital ratio: (i) credit enhancements provided by the Company on securitization shall be reduced from Tier I Capital and Tier II Capital without any ceiling. The deduction shall be made at 50 per cent from Tier I Capital and 50 per cent from Tier II Capital. (ii) First/ Second loss default guarantee provided by the Company on Co-lending/business correspondent portfolio shall be reduced from Tier I Capital without any ceiling. (iii) It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforementioned subordinated debt shall be subject to discounting as prescribed by RBI. d) "**Gross NPA**" and "Net NPA" shall be arrived at in accordance with applicable RBI regulations governing asset classification and provisioning for NBFCs. e) "**Gross Loan Portfolio**" shall include on balance sheet portfolio including Securitization; f) "**Off Balance Sheet Portfolio**" shall include only Direct Assignment (DA)/ any other portfolio under management. g) "**Total Loan Portfolio**" shall be the sum of Gross Loan Portfolio and Off Balance Sheet Portfolio.

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h) "PAT" shall be profit after tax and shall include one-time time / exceptional items (profit or loss) in its computation;

i) "Portfolio at Risk" shall mean the outstanding principal amount of all Client Loans that have one or more instalments of principal, interest, penal interest, fees or any other expected payments past due more than a specified number of days;

j) "Tangible Net-worth" shall mean the Equity, as reduced by the, intangible assets, goodwill, deferred tax assets, revaluation reserve, miscellaneous expenses, investment in security receipts, investment in subsidiary(ies) and any credit enhancement provided by the Company on managed asset book.

k) "Financial Guarantee" shall mean and include all type of guarantees (excluding First/ Second Loss Default Guarantees), having financial implications whether contingent or otherwise. (Excluding Corporate Guarantees provided by the Promoter to the Issuer).
</td></tr>
<tr><td>Rating Covenants</td><td>
The Issuer shall maintain the below mentioned covenants during the entire tenor of the NCDs and till all the amounts outstanding is being duly repaid:
a) The Issuer shall ensure that there is no suspension of the credit rating of the Issuer and/ or the Debentures by any of the credit rating agency.
b) The Issuer shall ensure that it shall maintain at least the current credit rating/outlook of the Company/Instrument as on deemed date of allotment from any credit rating agency.
c) The Issuer shall ensure that there is no assignment of new long-term credit rating below the current rating of the Issuer from any new credit rating agency;

The occurrence of events above will be determined by the Debenture Holders solely and at its discretion.
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<tr><td>Holding and Management Covenants</td><td>
The Company undertakes that the following covenants ("Holding and Management Covenant(s)") shall be maintained at all times until the Final Redemption Date, unless the prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) is obtained:

a) Shareholders mentioned below shall not transfer or encumber the shares of the Company held by them respectively, without the prior written consent of the Debenture Trustee:
<table>
<tr><th>Sl. No.</th><th>Name of Shareholder</th></tr>
<tr><td>1.</td><td>Dragonfruit Education Services LLP</td></tr>
<tr><td>2.</td><td>Brajesh Kumar Mishra</td></tr>
<tr><td>3.</td><td>Steven Hardgrave</td></tr>
<tr><td>4.</td><td>Elevar Equity Management Ltd</td></tr>
<tr><td>5.</td><td>Elevar M III</td></tr>
<tr><td>6.</td><td>LGT Capital Invest Mauritius PCC with Cell E/VP</td></tr>
<tr><td>7.</td><td>ON Mauritius</td></tr>
<tr><td>8.</td><td>Kaizen Private Equity</td></tr>
<tr><td>9.</td><td>Zephyr Peacock India Fund III</td></tr>
<tr><td>10.</td><td>Turquoise Investments Limited</td></tr>
<tr><td>11.</td><td>Link Investment Trust</td></tr>
<tr><td>12.</td><td>Kaizen Private Equity II Pte. Ltd.</td></tr>
<tr><td>13.</td><td>Narayan Ramachandran</td></tr>
</table>
</td></tr>
</table>

	b) Mr. Steve Hardgrave and Mr. Brajesh Mishra shall continue to be Executive Director of the Issuer and shall continue to hold an executive position on the Board of the Issuer and to retain the Management Control of the Issuer during the entire tenor of the Debenture Holders. c) Mr. Steve Hardgrave and Mr. Brajesh Mishra shall continue to be classified as the Designated Partner and to retain the management control of the Dragonfruit Education Services LLP during the entire tenor of the Debentures. For the purpose of this clause "Management Control" means: • the right to appoint majority of the directors and • to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
Optional Accelerated Redemption	Any Debenture Holder shall have the right but not an obligation to require the Issuer to redeem the Debentures along with accrued coupon/interest upon the occurrence of any of the below mentioned events ("Optional Accelerated Redemption Events"): 1. Breach of any of the covenants as mentioned under the Financial Covenants 2. Breach of any of the covenants as mentioned under the Rating Covenants; 3. Breach of any of the covenants as mentioned under the Holding and Management Covenants' 4. Occurrence of Material Adverse Effect/ any results of any Annual Review conducted by the Debenture Holder not being to the satisfaction of the Debenture Holder. 5. Any legal or regulatory decision resulting in suspension/ revocation of the NBFC license; The Issuer to provide information on points (1) on a quarterly basis within 45 (forty five) days of the end of a quarter (in a financial year) and on other points within a day of occurrence. The Debenture Holder(s) individually shall have the option to require the Issuer to redeem the debentures (Optional Accelerated Redemption") on happening of any of the Optional Accelerated Redemption Events. Upon the exercise of the 'Optional Accelerated Redemption" by the Debenture Holder(s), the Debenture Trustee shall issue a notice to the Issuer for redemption of all amounts outstanding in relation to such debentures (including any unpaid principal, accrued but unpaid Coupon/Interest, Default Interest (if applicable)) as on the date of exercise of the 'Optional Accelerated Redemption' Option ("**Optional Accelerated Redemption Date").** The Issuer shall be required to make payment of the aggregate amounts outstanding in relation to such debentures, to the exercising Debenture Holder(s) including any unpaid Principal Amount, accrued but unpaid Coupon/Interest, Default Interest (if applicable) and liquidated damages (if applicable) within 7 (Seven) calendar days of the Optional Accelerated Redemption Date. Provided that if the Issuer fails to redeem the Debentures and pay outstanding amounts to such Debenture Holder(s) within the specified time period,

	the Issuer shall pay interest at the rate of 15 % (Fifteen Percent) per annum for the period of delay.
Annual Review	The said NCDS shall be subject to Review on an annual basis at the option of the Debenture Holder.
Issuance mode of the Instrument	On a Private Placement basis on a dematerialized form
Trading mode of the Instrument	Dematerialized form
Event of Defaults (including manner of voting /conditions of joining Inter Creditor Agreement)	An Event of Default ("Event of Default") shall have occurred upon the happening of any event or circumstances mentioned hereunder: 1. **Payment based Defaults**: (a) The Issuer does not pay on the Due Date(s) any amount payable in terms of the Transaction Documents at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 1 (One) business day of the relevant Due Date and / or the payment made by the Company is returned due to the bank details provided by Debenture Holder(s) being incorrect or invalid; (b) An event of default shall arise if the Issuer: i. defaults in any payment of Financial Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Financial Indebtedness was created; or ii. defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such Financial Indebtedness to become due prior to its stated maturity; or iii. any Financial Indebtedness of the Issuer is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof; provided that if the above-mentioned Event of Default is capable of being remedied in the sole discretion of the Debenture Holders, the Majority Debenture Holders may provide a cure period as deemed appropriate to them; (c) Failure of the Issuer to make payment of the aggregate amounts outstanding along with the accrued interest and other charges in relation to the Debentures within stipulated timelines in terms of the Transaction Documents upon exercise of the Optional Accelerated Redemption Option and /or Put Option. (d) The Issuer admits in writing its inability to pay its debts as they fall due or suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with one or more creditors with a view to rescheduling its indebtedness; 2. **Security based Defaults:**

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

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

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

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

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

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

(a) Any of the Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable.

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

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

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

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

5. **Other Defaults**

(a) There shall have occurred Material Adverse Effect and such Material Adverse Effect has not been remedied or rectified within a period of 15 (Fifteen) calendar days;

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

i. the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;

	ii. the composition, compromise, assignment or arrangement with any creditor of the Issuer; iii. the appointment of a liquidator, receiver or similar other officer in respect of a composition, compromise, assignment or arrangement with any creditor of the Issuer; iv. enforcement of any security over any assets of the Issuer or any analogous procedure or step is taken in any jurisdiction; v. any other event occurs or proceeding is instituted that under any applicable law would have an effect analogous to any of the events listed in paragraph (i), (ii), (iii) and (iv) above; (c) Any Governmental Authority including without limitationCentral Bureau of Investigation (CBI), Directorate of Enforcement, Serious Fraud Investigation office (SFIO), condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets (including assets forming part of the security) of the Issuer or of its share capital, or takes any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or a substantial part of its business or operations; (d) The Issuer's organizational status or any licenses or franchise is revoked or suspended by any government agency or authority after the Issuer has exhausted all remedies and appeals relating thereof; (e) Surrender, revocation or suspension of the Issuer's certificate of registration as a non-banking financial Issuer by the Reserve Bank of India provided that this shall not apply where such certificate of registration is surrendered pursuant to obtaining a banking license; (f) The listing of the Debentures ceases or is suspended at any point of time prior to the Final Redemption Date. (g) The Issuer ceases to carry on its business or any substantial part thereof or gives notice of its intention to do so. (h) The Issuer has taken or suffered to be taken any action for reorganization of its capital or any rearrangement, merger or amalgamation without prior approval of the Debenture Holders in terms hereof; (i) Any material act of fraud, embezzlement, misstatement, misappropriation, or siphoning off of the Issuer's/Promoter's funds or revenues or any other act having a similar effect being committed by the management of the Issuer/ Promoter. (j) The Promoters and/or the directors/ or the key managerial personnel of the Issuer are charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the Promoters and/or the directors and/ or the key managerial personnel of the Issuer, including any accusations, charges and/or convictions of any offence relating to bribery or being declared a willful defaulter. (k) In the event that an application for corporate insolvency resolution process of the Issuer is filed or any form of communication indicating an intention to file such application is issued or any creditor of the Issuer takes any steps requesting the

	filing of such application, in each case, by the appropriate regulator, under the IBC and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019; (l) If the Issuer commences any voluntary proceedings under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect (including by passing any resolution of the Board or the shareholders/creditors of the Issuer) or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consents to the appointment of or the taking of possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property; (m) If a petition is filed for the winding up of the Issuer under the Companies Act, 2013 and the same is not stayed or dismissed within a period of 15 days of its filing; (n) Any order/ judgement passed by any of the regulatory authorities against any of the Promoter / Promoter Group /Issuer resulting in debarment of the Promoter / Promoter Group/Issuer for raising funds from the financial markets. (o) The Issuer commences negotiations with one or more of its lenders/ debenture trustees/ debenture holders with a view to rescheduling any of its indebtedness or failure or inability of the Issuer to pay its debts as they mature. In case of breach of any of the above-mentioned covenants, the Issuer shall have a cure period of 15 calendar days to rectify such breach. However, there shall be no cure period for Payment based Defaults, Security based defaults and Covenants & Information based defaults. Subject to the approval of the debenture holders and the conditions as may be specified by the appropriate authority from time to time, the Debenture Trustee, on behalf of the debenture holders, may enter into inter-creditor agreements provided under the framework specified by the Reserve Bank of India. The voting shall be through show of hands or poll or through such other manner as the Majority Debenture Holder/s may deem fit.
Provisions related to Cross Default Clause	As mentioned in paragraph Clause 1 (b) of the section titled 'Events of Default'
Consequences Of Events Of Default	On and at any time after the occurrence of an Event of Default, the Debenture Trustee shall if so directed by any of the Debenture Holder(s) or in case of a Payment Default on the instructions of any Debenture Holder: declare that all or part of the obligations be immediately due and payable, whereupon they shall become immediately due and payable; • accelerate the redemption of the Debentures. • Declare that all or part of the obligations be immediately due and payable, whereupon they shall become immediately due and payable. • enforce such security in such a manner as the Debenture Holders may deem fit. • Deposit of UDCs • (If applicable) enforcement of Guarantee Deed • Disclosure of information to the relevant authorities or regulatory such as Credit Information Bureau (India) Limited and/or any other agency so authorized by the Reserve Bank of India in any such manner that deem fit to the Debenture Trustee. • Exercise all the rights and remedies available to it in such manner as Debenture Holder may deem fit without intervention of the Court and without having to obtain any consent of the Issuer. • without prejudice to its other rights hereunder or under IBC or any other applicable Law, in its sole discretion to exercise all the rights, powers and remedies vested in

	it for the protection, perfection and enforcement of its rights in respect of the Security herein. • Appoint a Nominee Director.
Creation of recovery expense fund	The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI circular dated October 22, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/207) and inform the Debenture Trustee of the same. The recovery expense fund shall be utilised in such manner and for such purposes as is more particularly provided under the said Regulations and Applicable Law.
Conditions for breach of covenant (as specified in the Debenture Trust Deed)	The Conditions for breach of covenants if any shall be specified in the Debenture Trust Deed.
Right to Re-purchase and Re-issue the Debenture	The Issuer, subject to the prevailing guidelines, rules/regulations of the Reserve Bank of India, the Securities and Exchange Board of India and other Authorities, shall have the option from time to time to repurchase a part or all of the Debentures from the secondary markets or otherwise, on prior mutual consent(s) from the debenture holder(s), at any time prior to the date of maturity. In the event of a part or all of its Debentures being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Issuer shall have, and shall be deemed to have had, the power to reissue the Debentures either by reissuing the same Debentures or by issuing other Debentures in their place. Further the Issuer, in respect of such repurchased/redeemed Debentures shall have the power exercisable either for a part or all of those Debentures, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by the Applicable Law.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s).
Risk Factors pertaining to the Issue	As mentioned in the Debt Disclousre Documents under captioned “Risk Factor”
Business Day	Any day of the week (excluding, Saturdays, Sundays and any day which is a public holiday) on which banks are normally open for business in Mumbai, India
Business Day Convention	If any Coupon Payment Date(s) or any other Due Date(s) for the performance of any event falls on a day that is not a Business Day, then the succeeding Business Day will be considered as the effective date. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact. If the Final Redemption Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.
Reissuance	Issuer reserves the right to make multiple issuances under the same ISIN with reference to SEBI circular SEBI/HO/DDHS/P/CIR/2023/119 dated 10th August 2021 or such other amended circular issued by the SEBI from time to time.

	Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium / par / discount as the case may be in line with said SEBI circular.
Indemnification	The Issuer, Promoters and Promoters Group shall indemnify and hold harmless and agree to keep the Debenture Trustee and its Directors / employees / representatives indemnified against any loss or deficiencies suffered or liabilities and expenses incurred including penalties and interest or withholding of taxes, statutory liabilities or in the event of breach by the Issuer of or any agreement and their obligations during the tenor of the Debentures and any non-compliance with the Applicable Laws;
Governing Law and Jurisdiction	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts inNew Delhi and as more particularly provided for in the Debenture Trust Deed.
Transaction Costs	The Issuer shall bear all transaction related costs incurred by the Debenture Holders/ Debenture Trustee with respect to the legal counsel, valuers and auditors/ consultants. Such costs include: • Debenture Trustee fees; • Rating fees; • Stamping and registration costs in relation to all Transaction Documents; Any other reasonable transaction related expense incurred by the Debenture Holders/ Debenture Trustee.
Taxes, Duties, Costs and Expenses	All relevant taxes, duties, levies, charges, fees or any other amounts payable untill the Final Settlement Date under this issuance are to be borne by the Issuer.

Notes:

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

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

3. *The penal interest rates mentioned above as payable by the Issuer are independent of each other.*

4. *The Issuer shall provide granular disclosures in their Key Information Document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".*

5. *While the debt securities are secured to the tune of 1.15x (One decimal one five) times of the principal amount outstanding and the accrued Coupon thereon or as per the terms of Disclosure Document(s), in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained,*

   Creation of Security: The Issuer shall give an undertaking in the Key Information Document that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or *pari-passu* charge on the assets of the issuer has been obtained from the earlier creditor.

   The Issuer hereby undertakes that the assets on which the first ranking exclusive charge is created by the Company in favour of the Debenture Trustee to secure the obligations of the Company in relation to the Debentures under the terms of the Deed of Hypothecation, being the Hypothecated Assets, are free from any encumbrances.

2.2 Key Terms in relation to Debenture Trustee

(a) **Terms and conditions of Debenture Trustee Agreement**

In relation to the present issue of Debentures,

(i) the Company has appointed Catalyst Trusteeship Limited as the Debenture Trustee (acting in trust for, on behalf and for the benefit of the Debenture Holders);

(ii) the remuneration of the Debenture Trustee shall be as per the letter provided in **Annexure IV** of this Key Information Document; and

(iii) Catalyst Trusteeship Limited has provided its written consent for its appointment as Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in the General Information Document and this Key Information Document and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure IV** of this Key Information Document.

(b) **Details of security and the process of due diligence carried out by the Debenture Trustee**

(i) The description of security provided with respect to the Debentures is set out in Section 2.1 (*Issue Details*) of this Key Information Document under the head *"Description regarding Security*".

(ii) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence. For the purpose of carrying out the due diligence as required in terms of the Applicable Laws including the, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

(iii) The Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Applicable Laws.

(iv) The due diligence certificate from the Debenture Trustee is provided in **Annexure VI** of this Key Information Document.

(c) The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Fees	As per the Debenture Trustee Agreement
Security clause	As per Section 2.1 "Description regarding Security" of this Key Information Document
Due Diligence certificate	Attached as **Annexure VI** of this Key Information Document.

2.3 Representations and Warranties

Please refer Section 2.1 (Issue Details) of this Key Information Document.

2.4 Covenants of the Issue

Please refer Section 2.1 (*Issue Details*) of this Key Information Document

2.5 Event of Default

Please refer Section 2.1 (*Issue Details*) of this Key Information Document.

2.6 CONSEQUENCES OF EVENTS OF DEFAULT

Please refer Section 2.1 (*Issue Details*) of this Key Information Document.

Please note that the capitalised terms used in this section, but not defined herein, shall have the meaning as assigned to such term in the Debenture Trust Deed.

SECTION 3: FINANCIAL INFORMATION, IF SUCH INFORMATION PROVIDED IN THE GENERAL INFORMATION DOCUMENT IS MORE THAN SIX MONTHS OLD

Key Operational and Financial Parameters on a consolidated basis and a standalone basis:

Standalone basis: Please also refer to Section 5.7 of the General Information Document (GID) for the disclosure of the Financial year ended as on March 31, 2022, March 31, 2023, March 31, 2024. **The below disclosures has been made in the GID as per the audited financial statements of the issuer for the financial year ended March 31, 2024 and the information mentioned herein below is not older than 6 months from the date of the GID and has been replicated hereunder for your ease of reference.

(Rs. In Lakhs)

Particulars	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
	Audited	Audited	Audited	Audited
Balance Sheet				
Assets				
Property, Plant and Equipment	505	433	225	249
Financial Assets	1,60,058	1,07,866	1,00,654	1,13,044
Non-financial Assets excluding property, plant and equipment	3,720	4,713	3,985	3,145
Total assets	1,64,283	1,13,012	1,04,865	1,16,437
Liabilities				
Financial Liabilities				
- Derivative financial instruments	477	0	152	998
- Trade Payables	654	279	35	512
- Debt Securities	22,859	15,280	11,109	18,484
- Borrowings (other than Debt Securities)	83,712	45,027	42,896	56,775
- Subordinated liabilities	-	-	-	-
- Other financial liabilities	1,375	10,913	10,949	436
Non-Financial Liabilities				
- Current tax liabilities (net)	90	0	38	-
- Provisions	531	456	408	330
- Deferred tax liabilities (net)	-	-	-	-
- Other non-financial liabilities	835	796	236	235
Equity (Equity Share Capital and Other Equity)	53,750	40,261	39,042	38,667
Total equity and liabilities	1,64,283	1,13,012	1,04,865	1,16,437
PROFIT AND LOSS				

Particulars	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
	Audited	Audited	Audited	Audited
Revenue From operations	27,790	18,345	19,011	21,113
Other income	637	361	62	47
Total Income	28,427	18,706	19,073	21,160
Total Expenses	24,237	17,976	18,731	22,078
Profit after tax for the year	3,093	544	252	(768)
Other Comprehensive income	(170)	304	124	(863)
Total comprehensive income	2,922	848	376	(1,631)
Earnings per equity share:				
(a) basic; and	1,110	220	102	(311)
(b) diluted,	1,110	220	102	(311)
CASH FLOW				
Net cash generated from / used in (-) operating activities	(32,214)	(1,679)	21,268	4,518
Net cash from / used in (-) investing activities	115	(585)	56	279
Net cash from / used in (-) financing activities	46,653	5,792	(22,017)	(3,149)
Net increase / decrease (-) in cash and cash equivalents	14,554	3,529	(693)	1,647
Cash and cash equivalents as per Cash Flow Statement as at the end of Half Year	27,273	12,718	9,189	9,883
ADDITIONAL INFORMATION				
Net worth	46,990	45,087	44,513	35,850
Cash and Cash Equivalents	29,818	14,892	11,800	11,242
Loans	1,22,143	89,863	85,823	98,001
Loans (Principal Amount)	1,25,667	92,331	95,305	1,03,826
Total Debts to Total assets	64.65%	53.09%	51.37%	64.49%
Interest Income				
Interest Expense	9,576	6,383	7,963	10,356
Impairment on Financial Instruments	5,248	3,228	4,107	6,225
Bad debts to Loans	2,074	10,455	537	2,898
% Stage 3 Loans on Loans (Principal Amount)	2.84%	8.35%	12.07%	3.02%

Particulars	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
	Audited	Audited	Audited	Audited
% Net Stage 3 Loans on Loans (Principal Amount)	0.86%	5.97%	6.28%	0.82%
Tier I Capital Adequacy Ratio (%)	41.06%	57.06%	54.52%	34.67%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.92%	1.16%

Consolidated basis: the requirement of Audited financial statements on a consolidated basis is not applicable to the issuer.

SECTION 4: MATERIAL CHANGES, IF ANY, IN THE INFORMATION PROVIDED IN THE GENERAL INFORMATION DOCUMENT, AND OTHER DISCLOSURES UNDER SCHEDULE I OF SECURITIES EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021

This Key Information Document is prepared in accordance with the provisions of regulations issued by SEBI, RBI and Companies Act. Other than to the limited extent set out hereunder, please refer to Section 4 of the General Information Document for other disclosures under the Schedule I of the Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued vide circular number SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021, as amended from time to time.

4.1 Project cost and means of financing, in case of funding of new projects.

Not Applicable

4.2 Expenses of the Issue:

SI.	PARTICULARS	FEE/EXPENSE AMOUNT	% OF TOTAL ISSUE EXPENSES	% OF TOTAL ISSUE SIZE
1.	Lead Manager(s) fees	N. A.	N. A.	N. A.
2.	Underwriting commission	N. A.	N. A.	N. A.
3.	Brokerage, selling commission and upload fees	N. A.	N. A.	N. A.
4.	Fees payable to the registrars to the issue	N.A	[.]	N.A
5.	Fees payable to the legal advisors	N. A.	N. A.	N. A.
6.	Advertising and marketing expenses	N. A. *	N. A. *	N. A. *
7.	Fees payable to the regulators including stock exchanges BSE fees SEBI fees	 74,500 5,000	 1.79% 0.12%	 0.031% 0.002%
8.	Expenses incurred on printing and distribution of issue stationary	N. A. **	N. A. **	N. A. **
9.	Any other fees, commission and payments under whatever nomenclature: a. One-time upfront fee payable to the Investor(s) b. Other Miscellaneous Fee (including Trustee Fees/ Stamp Duty / Corporate Action Fees etc.) Debenture trustee fee (one time) Stamp duty and other fees	39,60,000 90,000 14,000	95.57% 2.17% 0.33%	1.65% 0.0375% 0.0058%

#The Issue expenses are calculated on the Base Issue Size. The Taxes as applicable on the expenses mentioned above shall be remitted by the Issuer separately.

*As the Debentures will be issued by way of private placement to identified investors in accordance with the process prescribed by SEBI, no specific advertising and marketing expenses are envisaged to be payable in respect of such issue of Debentures.

** As the Debentures will be issued by way of private placement to identified investors in accordance with the process prescribed by SEBI, no specific expenses are envisaged to be incurred on printing and distribution of issue stationary in respect of such issue of Debentures.

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

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

NIL

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

NIL

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

Not applicable.

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

(i) Consent of Directors: The board of directors have vide their resolution dated September 9, 2024 provided their consent in relation to the Issue. The same is enclosed herewith.
(ii) Consent of Auditors:
As the Debentures will be issued by way of private placement to identified investors in accordance with the process prescribed by SEBI, and as no auditor's report is being obtained in respect of this issue of Debentures, the issuer believes that no specific consent form the Auditors is required.
(iii) Consent of Bankers: As the debentures will be issued by way of private placement to identified investors in accordance with the process prescribed by SEBI, no bankers have been appointed in respect of such issue of debentures.
(iv) Consent of Debenture Trustee: Consent letter dated September , 2024, has been obtained from the Debenture Trustee and the same is annexed as Annexure.
(v) Consent of Solicitors / Advocates / Legal Advisors: N.A.
(vi) Consent of Lead Managers: N.A.
(vii) Consent of Registrar: Consent letter dated September , 2024, has been obtained from KFin Technologies Limited.
(viii) Consent of Lenders: N.A.
(ix) Consent of Experts: N.A.

4.7 Names of the Debentures Trustees shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee:

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its

name in the form and context in which it appears in this Key Information Document. The consent letter from the Debenture Trustee is provided in **Annexure IV** of this Key Information Document.

4.8 Rating and Rating Rationale:

The Rating Agency has assigned a rating of 'BBB/Stable *' vide* the rating rationale and the rating letter which has been attached in **Annexure III.**

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

N.A.

4.10 Consent Letter from the Debenture Trustee

The consent letter from the Debenture Trustee is provided in **Annexure IV** of this Key Information Document.

4.11 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

A. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made, should be disclosed:

Please refer to **Annexure II** hereto.

B. Procedure and time schedule for allotment and issue of securities should be disclosed:

Please refer to S.no 4 of paragraph II (*Disclosures as per SEBI Debt Listing Regulations*) of Part A of this Key Information Document.

C. Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration:

Please refer to **Annexure II** hereto.

4.12 Names of all the recognized stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange and the details of their in-principle approval for listing obtained from these stock exchange(s).:

The Debentures are proposed to be listed on the WDM segment of BSE. The Issuer has obtained an "in-principle" approval from BSE annexed to **Annexure V** of this Key Information Document.

4.13 Other details:

(a) **Issue / instrument specific regulations:**

The present issue of Debentures is being made in conformity with the applicable provisions of the Companies Act, 2013, and the SEBI Debt Listing Regulations.

(b) **Default in Payments**

In case of payment default in respect of Coupon or principal due and payable in connection with the Debentures on the respective Due Dates or in case of breach by the Issuer of any of its obligations under the Transaction Documents or upon the occurrence of any Event of Default, the Company shall pay an additional interest at the rate of 2% (Two percent) per annum over and above the Coupon Rate, on the outstanding amounts in relation to the Debentures, from the date of the occurrence of the default until the default is cured or the Debentures are redeemed pursuant to such default, as applicable.

(c) **Application process:**

The application process for the Issue is as provided in Section 7 of this Key Information Document.

(d) **Project Details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:**

Not Applicable

SECTION 5: ANY MATERIAL DEVELOPMENTS NOT DISCLOSED IN THE GENERAL INFORMATION DOCUMENT, SINCE THE ISSUE OF THE GENERAL INFORMATION DOCUMENT RELEVANT TO THE OFFER OF NON-CONVERTIBLE SECURITIES IN RESPECT OF WHICH THIS KEY INFORMATION DOCUMENT IS BEING ISSUED

There are no material developments since the issue of the General Information Document relevant to the offer of the Debentures in respect of which this Key Information Document is being issued.

SECTION 6: PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

PART – A

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

6.1 General Information:

(a) **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Varthana Finance Private Limited
Registered Office:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Corporate Office:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Telephone No.:	080-68455777
Website:	www.varthana.com
Fax:	N.A.
Contact Person:	Mr. Brajesh Mishra, COO & Director
Email:	brajesh@varthana.com

(b) **Date of Incorporation of the Company:**

12/06/1984 (consequently updated upon the name change of the Issuer pursuant to the certificate issued by the Ministry of Corporate Affairs dated 23/07/2020)

(c) **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

(i) The description of the Company's principal business activities are as under:

Varthana Finance Private Limited (Formerly known as Thirumeni Finance Private Limited) is a non-banking finance company ("**NBFC**") registered with Reserve Bank of India ("**RBI**") that provides loans to educational institutions in India for school investment.

The Company's focus is on the low-cost school segment, also known as Affordable Private Schools. The objective of the company is to assist affordable private schools through the facilitation of infrastructure and other investments, including new classrooms, desks and benches, facilities, washrooms, and teaching materials.

The project loans provided by Varthana support the recipient schools to grow their capacity and the quality of the education they provide to low- and middle-income students.
No shareholder has overall control of the Company. The Promoters and founders combined owned 9.38%*of the shareholding on March 31, 2023, with the remainder held by institutional and individual investors.

(ii) **Details of subsidiaries of the Company with the details of branches / units of the Company with address as on June 30, 2024, is as follows:**

Subsidiary details:

NIL

Details of branches with address as on June 30, 2024 is as follows:

The Company has its registered office in Bangalore and has 43 branch offices (including the registered office). The details of the branch offices of the Company are set out herein below:

S.No.	Location	Address
1.	Agra	Office No 402, 4th floor ,Prateek Center,Near AU Small Bank, Sanjay Place , Agra 282002
2.	Ahmedabad	G-202, Titanium City Centre, Next To Sachin Tower,Anand Nagar, Ahmedabad – 380015
3.	Bangalore	Varasiddhi, 5BC-110, 3rd Floor, Service Road, 3rd Block, HRBR Layout, Bangalore- 560043
4.	Bhopal	1st Floor, 51-A, Old Ashoka Garden, Near Prabhat Petrol Pump, Govindpura, Bhopal-462023
5.	Bhubaneswar	Plot No :- N/6-173, IRC Village, Nayapalli, Near Rameswar Temple, Bhubaneswar,Odisha -751015
6.	Bikaner	No. 14, 2nd Floor, Shadulganj, Panchavati Circle, Bikaner-334003
7.	Chandigarh	Sushma Infinium, Unit no 5, 4th Floor Near Best price Chandigarh Ambala Highway, Zirakpur – 140603
8.	Chennai	Door No.54,Padmavathy Apartment ,2nd Floor, Vellalar Street, Adambakkam, Chennai-600088
9.	Coimbatore	No. 130, Second Floor, Shastri Road, Ram Nagar, Near HDFC Bank, Coimbatore - 641009
10.	Dehradun	No.109,Ground Floor,Tagore Villa, Chakrata Road, Dehradun 248001
11.	Gorakhpur	Mauja Daudpur, Shop No 9, D P Complex, 1st Floor, Gorakhpur-273001
12.	Gurugram	1162 & 1163, Tower B-1, 11th Floor, Spaze I Tech Park, Sector 49, Sohna Road, Gurugram 122018
13.	Hubli	Eureka Junction Building 4th Floor, Block No 35 & 36 T B Road, Opp. Revankar Comfort Hubli- 580029
14.	Hyderabad	H no:1-8-303/40 2nd floor, Ravi Plaza PG road, Sindhi Colony Above Urban Kissan Secunderabad-500003
15.	Indore	Office No. R. 804, 8th Floor, Metro Tower Scheme No.54, Vijay Nagar, Above Airtel office Indore- 452010
16.	Jabalpur	C/o Mahesh Dimke, 2nd Floor, Plot No 26, Sant Santaji Colony, M R 4 Link Road, Ahinsa Square, Vijay Nagar, Jabalpur - 482002
17.	Jaipur	Ajanta, Plot No. 14/73, 3rd Floor Shipra path mansarovar jaipur-302020
18.	Jalandhar	Nirmal Complex No. 208, 2nd Floor, EH-198, Civil Lines, GT Road, Jalandhar- 144001
19.	Jodhpur	1st floor, "Shri Vinayak", A 106, Akhaliya Vikas Yojana, Akhaliya Circle, Chopasni Road, Jodhpur-342003
20.	Lucknow	No.206, 2nd Floor, Saran Chambers 2, 5 Park Road, Lucknow-226001
21.	Madurai	No. H5, 4th Floor, Sarva Center 37, Palanganatham Main Road, Madurai-625003
22.	Meerut	Parashar Trade Tower, F-8, 1st Floor, Plot no BC-2 and BC-3 Shatabdi Nagar, Meerut – 250103
23.	Mysore	# 3973 Hampi Circle Main Road, Vijayanagar 2nd Stage, Mysore-570017
24.	Nagpur	Jichkar House' Plot No. 130, Abhyankar road, Opposite Advocate

		Manohar House, Near Dhantoli Park, Dhantoli, Nagpur, Maharashtra- 440012
25.	Nashik	Office no - 1 , Krishna Kunj Plaza, 2nd floor, Opposite Mahamarg bus stand , Above Idea showroom, Mumbai Naka, Nashik - 422001
26.	Nellore	No. 26/16/334, Kay Kay Square,Main Mini Bypass Road, Magunta layout, Nellore- 524003
27.	New Delhi	Unit no. 3, Ground Floor, Pearls Omaxe Tower,Plot B 1, Netaji Subhash Place, Pitampura, Delhi – 110034
28.	Pune	Building No.13, Shan Hira Heights, MG Road, Pune- 411001
29.	Raipur	Park Plaza, Office No 213, Near Airtel Office, Ring road No 1,Telibandha, Raipur- 492001
30.	Surat	4th Floor, Shree Kuberji Complex, Athugar Street, Nr. Post Office Char rasta Nanpura Surat - 395001
31.	Thane	1st Floor, ,Jain Building, Aai Apartment ,Behind RBL Bank, Ram Ganesh Gadkari Path, Lane no.1, Near Ghantali Mandir, Thane (west)-400602
32.	Udaipur	S-15, Second Floor, Manglam Fun Square, Durga Nursery Road, Udaipur - 313001
33.	Vijayawada	Dr.Rajesh Complex, D NO – 73-7-12,Besides Vijaya Hospital, Donka Road.Patamata,Venkateswara Puram, Vijayawada - Krishna Dist – 520010
34.	Visakhapatnam	D no:50-87-10 ,1st Floor, Venkata Ratnam Nilayam, Madura Nagar,Seethammapeta JN, Visakhapatnam-530016.
35.	Bhadrak	2nd floor, R.C. Behera Mansion, Saland By-pass, Bhadrak-756100
36.	Guna	1st floor, Maya complex, Punjabi mohalla, Guna,M.P..473001
37.	Hisar	No 31, Sentro Enclave, Near Sheesh Mahal, Hisar- 125001
38.	Kalaburagi	No- 1-891/77/24 , Sai Complex, Near Sarvajna College, Sai Nagar High Court Ring Road, Kalburgi - 585102
39.	Kurnool	No 40/439-2-F-20-21,1st Floor, T J Shopping Mall, railway station road, Kurnool – 518004
40.	Pen(raigad)	Flat No.003, Ground Floor, Nisarga Housing Society, Combadpada, Shankarnagar, Chawadi Naka, Opp. Ambedkar School, Pen , Dist Raidgad- 402107
41.	Salem	F-77 ,1st Floor , Brindavan Road, Fairlands HDFC Bank, Fairlands, Salem – 636016
42.	Tirupati	D. No. 14-2166A, T.P Area, Tirupati- 517501
43.	Gorakhpur	Mauja Daudpur, Shop No 9, D P Complex, 1st Floor, Gorakhpur-273001

(d) **Brief particulars of the management of the Company:**

(i) **Details of Board of Directors of the Company and their profile**

Sl. No.	Name	Designation
1.	Steven Edwin Hardgrave	CEO & Director
2.	Brajesh Mishra	COO & Director
3.	Anand Sudarshan	Independent Director
4.	Brahmanand Hegde	Independent Director

5.	Ramanathan Kumar	Independent Director
6.	Nirav Khambhati	Investor Director
7.	Ankit Singhal	Investor Director
8.	Divya Venkatavaraghavan	Investor Director
9.	Treasa Mathew	Investor Director

Brief profile of Directors are as follows:

Steve Hardgrave, Executive Director
Prior to launching VFPL, Steve was Senior Managing Director at Gray Ghost Ventures, which makes early stage investments in social purpose businesses, where he conceptualized and incubated the Indian School Finance Company. Steve started his career working with at-risk youth and marginalized communities in Los Angeles while at university, and went on to work with a community foundation in Mexico where he later launched his own successful microfinance institution. After seven years in Mexico, Steve decided to build on his entrepreneurial skills with investment expertise, undertaking an MBA at the regarded Haas Business School at the University of California, Berkeley. Steve then joined the nascent impact investment community as one of the first Investment Managers at Omidyar Network's "Financial Inclusion" initiative, before joining Gray Ghost Ventures. In 2012, Steve left Gray Ghost and moved from the US to India to set up VFPL.
Brajesh Mishra, Executive Director
Brajesh has close to two decades of experience in financial services with one of the largest banks in India – ICICI Bank – in retail banking, automotive finance, rural and agri-lending. Brajesh left ICICI to join ISFC, India's only other specialist school finance company, where he held COO and CEO roles and was instrumental in implementing credit processes, product diversification, and fundraising.
Anand Sudarshan, Independent Director
Anand Sudarshan is the Founder & Director of Sylvant Advisors Private Limited. Anand is also an independent director at NIIT. Till June 2012, he was Vice-Chairman & Managing Director of MaGE, where he has had a distinguished career since May 2006. He currently advises companies & entities in the education sector, and is also a fund advisor with TVS Capital Funds. He is active in supporting Government of India in policy formulation, and is a member of select Committees & Task Forces of the Planning Commission of India as well as the Ministry of Human Resource Development. Prior to his stint at MaGE, he was President, Adea International (a wholly owned subsidiary of Adea Solutions, Inc, Dallas TX), responsible for all global businesses of the IT Services & Solutions company. In 1989 Anand co-founded The Microland Group and for almost 14 years he was part of the team that built it into one of the leading privately held Indian technology company's chain. He has a Bachelor of Engineering degree (B.S Degree) in Electronics and Communications Engineering from the National Institute of Technology, Trichy, India, and a PGDM from the Indian Institute of Management Calcutta, India.
Kumar Ramnathan, Independent Director
Kumar Ramanathan has held several leadership roles at Britannia, Pepsi and was the Chief Marketing Officer of Vodafone India. Kumar is a founder at Positive Integers that architects customer value management solutions. He also serves as Independent Director on the board of two subsidiaries of the Tata Group. With 25+ years of consumer marketing experience from leadership roles in Brittania, Tetrapak Pepsi & Vodafone, Kumar believes in the "Confluence of power of 'I' and the consumer's power to know, to unlock value of enterprise data!"
Nandita Ganapathy**, Nominee Director**
Nandita has twenty years of experience in financial services with global and Indian Financial Institutions such as ICICI Bank, Standard Chartered Bank and Northern Arc Capital. She also served on the Board of Northern Arc Investments – a leading impact alternate investment fund that facilitates debt investments in the financial inclusion sector. Partner Nandita joined Kaizenvest in 2021, prior to which she spent nine years at Northern Arc Capital – India's leading financial inclusion focused lender and debt capital market platform. At Northern Arc, she

held various leadership positions including Head of Capital Markets, Chief Officer Strategic Alliances and Chief Financial Officer. Under her leadership, the placements and debt syndication business at Northern Arc Capital grew by over 10 times in six years. Nandita successfully built and scaled up partnerships with over 150 investors including large multilateral agencies and DFIs as well as domestic investors like Public and Private Sector banks, Mutual Funds and Insurance companies. Over the years her work with regulators, intermediaries and investors has been directed towards building a deeper market and efficient access to capital for financially excluded borrowers in sectors such as microfinance, affordable housing, small business finance, vehicle finance and agri finance. Nandita is a qualified Chartered Accountant and has a Bachelor's degree in Commerce from Mumbai University.

Ankit Singhal, Nominee Director

Ankit has close to 13 years of work experience across distinguished organizations(such as Royal Dutch Shell, KPMG, GIC – Sovereign wealth fund of Singapore and presently ChrysCapital). He hasbuilt a focus in private equity investing with specialization in financial services and fin-tech.Whileat GIC, he led the financial services coverage for the Private Equity team in India and helped deploy US$1.5bn+ of equity capital across 9 deals with a distinguished track record. At ChryCapital, Ankit leads the financial services sector investment vertical. He graduated with a B- Tech degree(Hons.) in Electronics and Electrical Communication Engineering from IIT Kharagpurin 2007 with a strong academic track record of 9.0GPA out of 10.0 placing him within top 20 rank out of 335 students of the B-tech batch.He received an MBA from IIM Bangalore in 2011 with anexcellent GPA of 3.54 out of 4 placing him with a 12th rank out of 353 students. He has cleared all levels of the CFA and CAIA (Us affiliated) degree examinations.

Divya Venkatavaraghavan, Nominee Director

Divya is a Principal at Lightrock. Prior to joining Light rock, Divya led the Human Capital functionsat New Globe Education, an education platform for systems transformation in Africa, and K12 Techno Services, a school chains network serving middle-income India. Before her transition to impact, Divya was a derivatives lawyer at Linklaters LLP in London. An Erasmus Mundus Scholar,
Divya holds a Master's in Law & Economics and graduated from the National Law School of India University.

Treasa Mathew, Nominee Director

Treasa leads strategy and investments in Financial Inclusion at Omidyar Network India.

She has over fourteen years of experience in the Indian venture capital and private equity industry. Prior to joining Omidyar Network India in November 2019, Teresa was part of the founding team of Ascent Capital, a leading Indian mid-market private equity firm, where she wasinvolved in raising and managing two funds. She was part of several marquee investments including Acko, (India's first digital-native insurance company), BigBasket.com(India's largest online grocery company), RBL Bank(a leading new age private bank),Skanray Healthcare (a leading medical devices company) and Alivira (a leading animal health company). She also worked closely with some of the portfolio companies helping them with various aspects of theiroperations including business development, strategy and corporate finance.

Previously, she spent nearly five years with KPMG and Deloitte in their Assurance and Business Advisory Services practise serving both large multinational clients as well as small and medium businesses across technology, capital goods and healthcare sectors.

Teresa is a Chartered Accountant and holds an MBA from the Indian School of Business, Hyderabad. She also holds a Bachelor's degree from Stella Maris College, Chennai.

Brahmanand Hegde

Brahmanand Hegde, Independent Director: He is a co-founded Vistaar Finance, an NBFC focused on micro,small and medium (MSME) business financing in 2010. He led the company and build a Rs.3000+ crore portfolio size. During 30 year career prior to Vistaar he worked with notable companies such as Bank of Maharashtra, ICICI Group and Fullerton India ltd. During his stint at ICICI he set up the agri and rural business financing vertical from scratch and grew the rural por√olio to over Rs. 8000 crore during the first seven years including Microfinance(MFIs), farmer finance, warehouse receipt finance etc. During his short stint of 2.5 years stint with Fullerton India he was responsible for piloting an innovative rural finance model including Microfinance, livelihood finance, MSMEs and rural housing.

(ii) **Details of Key Managerial Personnel of the Company and their profile:**

Name	Designation	Experience
Vidya Sridharan	Company Secretary	She has completed B.Com, CS and LLB and has an over 13 years of experience working in companies in a wide range of industries such as NBFCs, Real Estate, Manufacturing and Technology. She is a speaker in various forums of the Institute of Company Secretaries of India.
Talib Lokhandwala	CFO	Talib has more than two decades of experience in financial services sector. Prior to joining Varthana he held the position of CFO at CASHe. During his career he has been associated with large banks namely SBM (India), Standard Chartered Bank and Bank of America. He has also served as Director and CFO at Daiwa Securities Capital Markets. He is a qualified Chartered Accountant (ICAI) and Certified Public Accountant, USA. He also holds a Bachelor of Commerce degree from University of Mumbai

(e) **Name, addresses, DIN and occupations of the directors**:

Sl. No.	Name of the Directors	Address	DIN	Occupation
1.	Steven Edwin Hardgrave	Violeta 9d Regency La Majada, Hennur Bande Bangalore North, Bangalore – 560043	02189073	Service
2.	Brajesh Mishra	#711 Duo Harmony, Suranjan Das Road New Thippasandra, Bangalore North Bengaluru 560075	02292429	Service
3.	Anand Sudarshan	G-15, Epsilon Yemlur Main Road, Marathalli,	00827862	Consulting Service

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Sl. No.	Name of the Directors	Address	DIN	Occupation
		Bangalore 560037		
4.	Brahmanand Hegde	#42, RR Layout, Arakere Nayannappanahalli Gramatani, Bengaluru -560076	02984527	Financial Services
5.	Ramanathan Kumar	802, Tower 3, One 74 Ceebros Satyadev Avenue, Mrc Nagar, Raja Annamal Ai Puram Chennai 600028	06364297	Service
6.	Nirav Khambhati	A/101, Chaitanya Towers, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025	05100337	Service
7.	Ankit Singhal	B-1302, Meera CHS, Off Link Road, Near Oshiwara Police Station, Jogeshwari West, Mumbai, Maharashtra-400120	09776472	Service
8.	Divya Venkatavaraghavan	No-8, First Floor, Pasumarthy Street, Near Fatima Convent School, Kodambakkam, Chennai- 600024	08997335	Service
9.	Treasa Mathew	T 802, Godrej Trees, Pirojshanagar, Vikhroli East, Mumbai, Maharashtra-400079	02069587	Professional

6.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Private Placement Offer cum Application Letters for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Private Placement Offer cum Application Letters and reach their own views prior to making any investment decision.

GENERAL RISKS

RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

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

(b) The secondary market for non-convertible securities may be illiquid. Limited or sporadic trading of non-convertible securities of the issuer on the stock exchanges.

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

(c) Credit Risk & Rating Downgrade Risk; Regulatory Capital Risk

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

(d) Changes in interest rates may affect the price of Debentures**.**

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

increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(e) Tax Considerations and Legal Considerations:

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

(f) Accounting Considerations:

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

RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

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

(g) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

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

6.3 Legality of Purchase

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

6.4 Political and Economic Risk In India

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

6.5 RISKS RELATED TO THE BUSINESS OF THE ISSUER

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

A majority of the Issuer's loans are unsecured, and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk. As at June 2024, the gross NPA was Rs. 47.09 Crores on a gross portfolio of Rs. 1362.79 Crores basis IRAC norms of RBI clarification on NPA classification dated November 12, 2021.

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of the loans made by the Company as a lender. The amount of its reported NPAs may increase in the future as a result of growth of the loans made by the Company as a lender, and also due to factors beyond its control, such as over-extended member credit that it is unaware of. If the Issuer is unable to manage NPAs or effect recoveries will result in operations being adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of the loans made by the Company as a lender. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The Issuer's members largely belong to low-income segment and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control

or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

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

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

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

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

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

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

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

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

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and

profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

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

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

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

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

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

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

NBFCs in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC pursuant to Section 45-IA of the RBI Act, 1934. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change, and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, RBI has issued detailed directions on prudential norms inter alia prescribing guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares besides others. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-ND that is subject to numerous conditions. In addition, its

branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled, and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC Directions and fails to maintain the status of NBFC it may attract penal provisions under the RBI Act, 1934 for non-compliance. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC.

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

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

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

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

(i) ***Economic Risk in India:***

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

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

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

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

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

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

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY

(IF ANY) AS PER TERMS AGREED: As on the date of this Key Information Document, the Issuer has not committed any default in compliance with the material covenants as per terms agreed in respect ofany outstanding borrowings.

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

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

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

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

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

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

6.9 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: NIL
(ii) Debentures and interest thereon: NIL
(iii) Deposits and interest thereon: NIL
(iv) Loan from any bank or financial institution and interest thereon: NIL

6.10 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the private placement offer process:

Name:	Mr. Brajesh Mishra
Designation:	COO & Director
Address:	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Bangalore, Karnataka, India, 560043
Phone No.:	8068455777
Email:	brajesh@varthana.com

6.11 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

None

6.12 Registrar of the Issue

Please refer to paragraph III of Part A of this Key Information Document.

6.13 Valuation Agency

N.A.

6.14 Details of Auditors of the Company:

Please refer to paragraph III of Part A of this Key Information Document.

6.15 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **Annexure VII** below.
Date of passing of Board Resolution	Resolution passed by the Board of Directors of the Company dated September 27, 2024
Date of passing of resolution in general meeting, authorizing the offer of securities	July 5, 2024
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	Up to 2400 (Two Thousand Four Hundred) senior, secured, rated, listed, fully paid, redeemable, taxable, transferable, non-convertible debentures each having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 24,00,00,000/- (Rupees Twenty Four Crores only) on private placement basis ("**Issue**").
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture.
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable as the Debentures are being offered at face value of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture
Relevant date with reference to which the price has been arrived at **[Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]**	Not Applicable
The class or classes of persons to whom the allotment	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement

is proposed to be made	of the Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): (a) Qualified Institutional Buyers ("**QIBs**") means the following entities: (i) A mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI; (ii) Foreign portfolio investor other than individuals, corporate bodies and family offices; (iii) a Public Financial Institution; (iv) a Scheduled Commercial Bank; (v) a multilateral and bi-lateral development financial institution; (vi) a State Industrial Development Corporation; (vii) An insurance company registered with Insurance Regulatory and Development Authority of India; (viii) A Provident Fund with minimum corpus of Rs.25 Crores (ix) A Pension Fund with minimum corpus of Rs.25 Crores (x) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) An insurance fund set up and managed by Army, Navy / Air force of the Union of India; (xii) Insurance funds set up and managed by the Department of Posts, India; and (xiii) non- banking Financial Companies. (b) Any non-QIB including, *inter alia*, resident individual investors, Hindu Undivided Families (excluding minors and non-resident Indians (NRIs)), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of Persons, societies registered under the Applicable Law in India, companies, bodies corporate etc. who/which has been authorized by the Issuer, to participate in a particular issue. (c) Any other Person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of Persons or

<table>
<tr><td></td><td>entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.</td></tr>
<tr><td>Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer)</td><td>Promoters or KMPs do not intend to subscribe to the offer.</td></tr>
<tr><td>The proposed time within which the allotment shall be completed</td><td>Issue Opening Date: September 27, 2024
Issue Closing Date: September 27, 2024
Pay-in Date: September 27, 2024
Deemed Date of Allotment: September 27, 2024</td></tr>
<tr><td>The names of the proposed allottees and the percentage of post private placement capital that may be held by them</td><td>Name of allottees No. of Debentures</td></tr>
<tr><td>The change in control, if any, in the company that would occur consequent to the private placement</td><td>No change in control in the Company would occur consequent to this private placement.</td></tr>
<tr><td>The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price</td><td>There were no equity infusion during the year nor any convertible instruments. However, there were two NCD raise issued to two investors at face value.</td></tr>
<tr><td>The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer</td><td>Not Applicable</td></tr>
<tr><td>Amount, which the Company intends to raise by way of proposed offer of securities</td><td>Up to INR 24,00,00,000/- (Rupees Twenty Four Crores only).</td></tr>
<tr><td>Terms of raising of securities:</td><td><table>
<tr><td>Duration, if applicable:</td><td>24 (Twenty four) months from the Deemed Date of Allotment.</td></tr>
<tr><td>Rate of Interest or Coupon:</td><td>11.50% (Eleven Decimal Five Zero Percent Percent) per annum, payable quarterly from the Deemed Date of Allotment</td></tr>
</table></td></tr>
</table>

	Mode of Payment	cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer
	Mode of Repayment	cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer
Proposed time schedule for which the Issue/Offer Letter is valid	September 27, 2024	
Purpose and objects of the Issue/Offer	Please refer Section 2.1 of this Key Information Document.	
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	N.A.	
Principal terms of assets charged as security, if applicable	Please refer Section 2.1 of this Key Information Document.	
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	NIL	

The pre-issue and post-issue shareholding pattern of the Company in the following format:

S. No.	Category	Pre-issue		Post-issue	
		No. of shares held	Percentage (%) of shareholding	No. of shares held	Percentage (%) of shareholding
A	Promoters' holding				
	Indian				
1	Individual	200.00	0.03%	200.00	0.03%
	Bodies Corporate	30,130.00	9.32%	30,130.00	9.32%
	Sub-total	30,330.00	9.38%	30,330.00	9.38%
2	Foreign promoters	-	0	-	0

	Sub-total (A)	30,330.00	9.38%	30,330.00	9.38%	
B	Non-promoters' holding					
1	Institutional Investors	2,76,208.00	85.43%	2,76,208.00	85.43%	
2	Non-Institutional Investors					
	Private Corporate Bodies	-	0	-	0	
	Directors and relatives	-	0	-	0	
	Indian public	-	0	-	0	
	Others:	16,794.00	5.19%	16,794.00	5.19%	
	Sub-total (B)	2,93,002.00	90.62%	2,93,002.00	90.62%	
	GRAND TOTAL	3,23,332.00	100.00%	3,23,332.00	100.00%	
	Note: Fully Diluted % holding (Considering Series C1 conversion at 1:2.14 - Maximum)					

6.16 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels): Other banking channels – RTGS/NEFT.

6.17 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	NIL
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	NIL
Remuneration of directors (during the current year and last 3 (three) financial years)	

Particulars	**FY 2023-24 (As on Date)**	**FY 2022-23**	**FY 2021-22**	**FY 2020-21**
	(In INR) (in lacs)	**(in INR) (in lacs)**	**(in INR) (in lacs)**	**(in INR) (in lacs)**
Brajesh Mishra	75.97	91	105.00	105
Steven Edwin Hardgrave	72.61	86.97	101.00	101

Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided	Please refer to **Annexure IX** of this Private Placement Offer cum Application Letter.
Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	NIL
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries	NIL
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	Fraud Reported Rs. 107.62 Lakhs** (five case only) 1. The Company has recovered the amount of Rs. 38 lakhs towards complete settlement and has written off Rs. 5.88 lakhs which is basically penal charges, additional interest, etc. The customer has made a complete payment, Hence, the FIR registered has been closed and police investigation has been completed post recovery. The fraud case has been disposed of which was pending with the police and fraud closure request has been filled by the Company to RBI which is under process. 2. Fake education loans were provided by employees in collusion with training institutes. An FIR has been filed against the employees for a loss of Rs. 7.71 lakhs. an investigation is

	underway. 3. Without the awareness of students, the owner of the Institute took out loans and used the money for his own needs. Police complaint has been filed and police has launched an inquiry based on the complaint and have begun gathering statements from all the parties. The Company has recovered Rs. 4.05 lacs out of total exposure of Rs. 6.67 lacs. 4. In December 2023, a customer named "SKM Vidyanikethan" approached us regarding an unsecured loan of Rs. 10 lacs. The Varthana Mysore Branch logged the case. Mrs. Kamal M. and Mr. Manjunath KV presented a co-app for the loan. We discovered that the bank statement provided in connection with society & co-app is fake during standard RCU sampling work. Current status - Rs. 50,000 recovered and police complaint filing in process. Encryptic Security Private Limited empanelled with Varthana as an institute partner in October 2023, and thirty students have benefited from loans from the company so far and 27 out of the 30 loans have been applied using fake bank statements. We also discovered that some employees of the institute had submitted loan applications using fake information and in few cases institute staff provided their mobile numbers in other cases. Police complaint filed on 16th Feb2024 and recovery of loan is in process.

6.18 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

	Share Capital	No of Securities	Amount (in INR)
The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	**Authorised**		
	Ordinary shares	300,000	30,000,000
	Preference shares	727,160	575,756,000
	TOTAL	**1,027,160**	**605,756,000**
	Issued Share Capital		
	Ordinary Shares	46,741	4,674,100
	Preference Shares	224,505	500,866,692
	TOTAL	**271,246**	**505,540,792**
	Subscribed Share Capital		
	Ordinary Shares	46,741	4,674,100
	Preference Shares	224,505	500,866,692
	TOTAL	**271,246**	**505,540,792**
	Paid up Share Capital		
	Ordinary	46,741	4,674,100
	Preference	224,505	500,866,692

	TOTAL	**271,246**	**505,540,792**
Size of the Present Offer	Up to INR 24,00,00,000/- (Rupees Twenty Four Crores only),		
Paid-up Capital: **a. After the offer:** **b. After the conversion of Convertible Instruments (if applicable)**	Equity Share Capital: INR 4,674,100/- Preference Share Capital: INR 500,866,692/- INR 50,55,407,92/- (Rupees Fifty Crore Fifty Five Lakh Forty Thousand Seven Hundred and ninety Two) Not Applicable		
Share Premium Account: **a. Before the offer:** **b. After the offer:**	INR 27,535 lakhs INR 27,535 lakhs		

Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case:

Name of the Investor	Fully Diluted # of shares (Considering Series C1 Conversion at 1:1 - Minimum)	Fully Diluted % holding (Considering Series C1 Conversion at 1:1 - Minimum)	Fully Diluted # of shares (Considering Series C1 Conversion at 1:2.14 - Maximum)	Fully Diluted % holding (Considering Series C1 Conversion at 1:2.14 - Maximum)
Promoters	**30,330**	**10.56%**	**30,330**	**9.38%**
Elevar Equity Management Ltd	3,571	1.24%	3,571	1.10%
Elevar M III	29,763	10.36%	29,763	9.21%
LGT Capital Invest Mauritius PCC with Cell E/VP	47,499	16.53%	54,701	16.92%
ON Mauritius	33,368	11.61%	33,368	10.32%
Kaizen Private Equity	13,854	4.82%	13,854	4.28%
Zephyr Peacock India Fund III	2	0.00%	2	0.00%
Turquoise Investments Limited	79,344	27.62%	92,520	28.61%
Link Investment Trust	1,208	0.42%	1,408	0.44%
Kaizen Private Equity II Pte. Ltd.	22,563	7.85%	27,707	8.57%
Graffiti Investments	4,513	1.57%	9,657	2.99%
Blue Haven Global Ltd	4,513	1.57%	9,657	2.99%
Institutional Investors	**2,40,198**	**83.60%**	**2,76,208**	**85.43%**
Individual Investors Domestic	**3,259**	**1.13%**	**3,259**	**1.01%**
New Individual Investors Domestic	**3,664**	**1.28%**	**3,664**	**1.13%**
Varthana Employees Welfare Trust	**9,871**	**3.44%**	**9,871**	**3.05%**
TOTAL	**2,87,322**	**100.00%**	**3,23,332**	**100.00%**

Note: Series C1 issue of INR105 Crs closed on July 1, 2021. Series C1 securities (CCPS & CCDs) have conversion ratio of minimum of 1:1 and maximum 1:2.14, subject to terms of issue.

Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.

Date of Allotment	Name of Investor	No of Equity Shares
22.05.2012	The Promoters	25,000
06.05.2013	Elevar, Accion, LGT VP Total	3,591
11.08.2014	ON Mauritius	10
11.08. 2014	Elevar M-III, ON Mauritius, LGT VP Total	47,435
20.08.2015	Domestic Series A investors	8,171
01.12.2015	Series One CCPS	1,252
28.03.2016	Varthana Employee welfare trust	8,598
30.03.2016	Bonus Shares	4,976
30.03.2016	Zephyr peacock and Kaizen Private Equity	20
30.03.2016	Elever M III, ON Mauritius, LGT VP, Zephyr, Kaizen	70,617
14.04.2016	Zephyr peacock and Kaizen Private Equity	149
04.11.2016	Elever M III, ON Mauritius, LGT VP	5,318
04.11.2016	Elevar M III	10
14.03.2018	Bonus Shares	4,512
20.03.2018	Turquoise Investment Limited, Link Investment Trust	24
20.03.2018	Turquoise Investment Limited, Elevar M III	51,212
22.03.2018	LGT Mauritius, On Mauritius	6,109
27.03.2018	KPE II	2,827
28.06.2021	Turquoise Investment Limited, Graffiti Investments, KPE II	20,584

<table>
<tr><td></td><td>
<table>
<tr><td>28.06.2021</td><td>Link Investments Trust</td><td>176</td></tr>
<tr><td>30.06.2021</td><td>Blue Haven Global Ltd</td><td>4,513</td></tr>
<tr><td>01.07.2021</td><td>LGT Mauritius</td><td>6,318</td></tr>
</table>
</td></tr>
<tr><td>Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter</td><td>
<table>
<tr><th>FY</th><th>Profits before tax (in INR Cr)</th><th>Profits after tax (in INR Cr)</th></tr>
<tr><td>FY 2023-24 (As on 31.12.2023)</td><td>2076</td><td>1571</td></tr>
<tr><td>2022 – 2023</td><td>729</td><td>543</td></tr>
<tr><td>2021 – 2022</td><td>342</td><td>252</td></tr>
<tr><td>2020 – 2021</td><td>-932</td><td>-784</td></tr>
</table>
</td></tr>
<tr><td>Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)</td><td>
<table>
<tr><th></th><th>Dividend</th></tr>
<tr><td>2022 – 2023</td><td>NIL</td></tr>
<tr><td>2021 – 2022</td><td>NIL</td></tr>
<tr><td>2020 – 2021</td><td>NIL</td></tr>
</table>
<table>
<tr><th></th><th>Interest coverage Ratio</th></tr>
<tr><td>2022 – 2023</td><td>1.15</td></tr>
<tr><td>2021 – 2022</td><td>1.07</td></tr>
<tr><td>2020 – 2021</td><td>0.93</td></tr>
</table>
</td></tr>
<tr><td>A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter</td><td>Please refer to Annexure VII of this Private Placement Offer cum Application Letter.</td></tr>
<tr><td>Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter</td><td>Please refer to Annexure VIII herein below.</td></tr>
<tr><td>Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company</td><td>There have been no changes made in the accounting policy in last 3 years. The financial statements of the Issuer include all the relevant disclosures and reconciliation to explain the movement from IGAAP to Ind AS.</td></tr>
</table>

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

1.1 PART B (To be filed by the Applicant)

(i) Name: _____

(ii) Father's name: _____

(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: _____

(iv) Phone number; if any: _____

(v) Email ID, if any: _____

(vi) PAN Number: _____

(vii) Bank Account details: _____

(viii) Tick whichever is applicable:-

(a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares.- Yes

(b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained and is enclosed herewith.- Not required

_____

Signature

Initial of the Officer of the Company designated to keep the record

SECTION 7: OTHER INFORMATION AND APPLICATION PROCESS

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

7.1 Mode of Transfer/Transmission of Debentures

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

7.2 Debentures held in Dematerialised Form

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

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

7.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the

Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and yield thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

7.4 Sharing of Information

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

7.5 Debenture Holder not a Shareholder

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

7.6 Modification of Debentures

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

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

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

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

7.7 Right to accept or reject Applications

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

7.8 Notices

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

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

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

7.9 Issue Procedure

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

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

7.10 Application Procedure

Potential investors will be invited to subscribe by way of the Application Form prescribed in the Disclosure Document during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the Issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

7.11 Fictitious Applications

All fictitious applications will be rejected.

7.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to potential investors on a first come first serve basis. The Investors will be required to remit the funds as per the timelines prescribed above and submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

7.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of Rs. 1,00,000/- (Rupees One Lakh only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary Name	Varthana Finance Private Limited
Bank Account No.	10145314622
IFSC Code	IDFB0080151
Bank Name	**IDFC First Bank**
Branch Address	Bangalore Residency Road Branch, Plot no. 79, Residency Road, Richmond Town, Bangalore - 560025

7.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of the Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

(a) Qualified Institutional Buyers ("**QIBs**"), being the following entities:
- (i) a mutual fund, venture capital fund, Alternative Investment Fund and Foreign VentureCapital Investor registered with SEBI;
- (ii) a foreign portfolio investor other than individuals, corporate bodies and familyoffices;
- (iii) a Public Financial Institution;
- (iv) a Scheduled Commercial Bank;
- (v) a multilateral and bi-lateral development financial institution;
- (vi) a State Industrial Development Corporation;
- (vii) an insurance company registered with Insurance Regulatory and Development Authority ofIndia;
- (viii) a Provident Fund with minimum corpus of Rs.25 Crore Rupees
- (ix) a Pension Fund with minimum corpus of Rs.25 Crores
- (x) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- (xi) an insurance fund set up and managed by Army, Navy / Air force of the Union of India;

(xii) insurance funds set up and managed by the Department of Posts, India; and
(xiii) systemically important Non- Banking Financial Companies.

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

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

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of Persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

7.15 Procedure for Applying for Dematerialised Facility

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

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

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

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

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

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

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

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

7.16 Depository Arrangements

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

7.17 List of Beneficiaries

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

7.18 Application under Power of Attorney

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

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

7.19 Procedure for application by Mutual Funds and Multiple Applications

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

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

(a) SEBI registration certificate

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

7.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

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

7.21 Applications to be accompanied with Bank Account Details

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

7.22 Succession

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

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

7.23 Mode of Payment

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

7.24 Effect of Holidays

(a) The date of payment of any interest / Coupon or the Principal Payment date in respect of the Debentures falls on a day that is not a Business Day, such payment of interest / Coupon or the Principal Payment Date shall be made on the next occurring Business Day;

(b) If the date of payment of any Redemption Amount falls on a day that is not a Business Day, such payment of instalment shall be made on the immediately preceding Business Day; and

(c) If the Maturity Date (also being the last Coupon Payment Date and the last Principal Payment Date) in respect of the Debentures, or the early redemption date (the date on which the Debentures are redeemed prior to the Redemption Date in terms of the Transaction Documents), as the case may be, falls on a day that is not a Business Day, such payment of interest / Coupon and Principal Amount / Redemption Amount shall be made on the immediately preceding Business Day.

(d) It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

7.25 Tax Deduction at Source (TDS)

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holders at the office of the Registrar & Transfer Agents of the Company at least 15 (Fifteen) days before the relevant payment becoming due. NCD Holders desirous of claiming non-deduction or lower deduction of tax at source under applicable laws, as the case may be, shall be required to submit the declaration/ certificates as per format prescribed under applicable laws with the Issuer and the RTA at the below mentioned address on or prior to the relevant Record Date for payment of interest on the NCDs:

Particulars	**Contact Details of the Issuer**	**Contact Details of the RTA**
Name	Varthana Finance Private Limited	KFin Technologies Limited
Correspondence Address	Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043	Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India
Contact Person	Ms. Vidya Sridharan	Mr Jagannadh Chakka
Designation	Company Secretary	Deputy Manager
E-mail ID	Vidya.sridharan@varthana.com	jagannadh.chakka@kfintech.com
Tel. No.	9590848264	9642444997

If the applicable rate of TDS is modified and results in a reduction of the net interest received by the Debenture Holders, the Company must give written notice to the Debenture Holders as soon as it becomes aware of such change.

If any Payments under this Issue is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed, including if the Company shall be required legally to make any payment for Tax from the sums payable under the Debenture Trust Deed, ("**Tax Deduction**"), the Company shall make such Tax Deduction, and shall simultaneously pay to the Debenture Holders such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

7.26 Allotment

The Issuer shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within a maximum of 2 (Two) working days from the date of closure of the Issue. The initial credit in the account will be akin to the letter of allotment.

7.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is September 16, 2024, by which date the Investors would be intimated of allotment.

7.28 Record Date

The Record Date will be 15 (Fifteen) days prior to any Due Date.

7.29 Refunds

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

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

7.30 Interest on Application Money

Interest shall be payable on all application monies received at the Coupon Rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque(s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where Pay-In Date and Deemed Date of Allotment are the same, no interest on Application Money is to be paid.

7.31 Pan Number

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

7.32 Payment on Redemption

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

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

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

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

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 8: DECLARATION

The Company and each of the directors of the Company hereby confirm and declare that:

(a) the Company has complied with the provisions of Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the Securities and Exchange Board of India Act, 1992 (15 of 1992), Companies Act, 2013 (18 of 2013) and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;

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

(c) the monies received under the Issue shall be used only for the purposes and objects indicated in this Key Information Document; and

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

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

I am authorized by the Board of Directors of the Company vide resolution dated September 9, 2024 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of the Disclosure Document has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

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

For **Varthana Finance Private Limited**

BRAJESHKUMAR SIRISHKUMAR MISHRA

Digitally signed by BRAJESHKUMAR SIRISHKUMAR MISHRA
Date: 2024.09.27 17:43:42 +05'30'

Name: Brajesh Mishra
Title: Director & COO (DIN: 02292429)
Date: September 27, 2024

SECTION 9: SPECIFIC RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Private Placement Offer cum Application Letters for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Private Placement Offer cum Application Letters and reach their own views prior to making any investment decision.

9.1 GENERAL RISKS

RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Repayment is subject to the credit risk of the Issuer.

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

(b) The secondary market for non-convertible securities may be illiquid. Limited or sporadic trading of non-convertible securities of the issuer on the stock exchanges.

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

(c) Credit Risk & Rating Downgrade Risk; Regulatory Capital Risk

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

(d) Changes in interest rates may affect the price of Debentures**.**

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when

interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(e) Tax Considerations and Legal Considerations:

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

(f) Accounting Considerations:

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

9.2 RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

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

(b) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

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

9.3 LEGALITY OF PURCHASE

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

9.4 POLITICAL AND ECONOMIC RISK IN INDIA

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

9.5 RISKS RELATED TO THE BUSINESS OF THE ISSUER

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

A majority of the Issuer's loans are unsecured, and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

The Issuer has various procedures and process controls in place to mitigate the risk. As at June 2024, the gross NPA was Rs. 47.09 Crores on a gross portfolio of Rs. 1362.79 Crores basis IRAC norms of RBI clarification on NPA classification dated November 12, 2021.

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of the loans made by the Company as a lender. The amount of its reported NPAs may increase in the future as a result of growth of the loans made by the Company as a lender, and also due to factors beyond its control, such as over-extended member credit that it is unaware of. If the Issuer is unable to manage NPAs or effect recoveries will result in operations being adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of the loans made by the Company as a lender. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The Issuer's members largely belong to low-income segment and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or

that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

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

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

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

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

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

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

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

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

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of

personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

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

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

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

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

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

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

NBFCs in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC pursuant to Section 45-IA of the RBI Act, 1934. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change, and the Issuer may not be aware of or comply with all requirements all of the time. Additionally, RBI has issued detailed directions on prudential norms inter alia prescribing guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares besides others. In particular, the Issuer is required to obtain a certificate of registration for

carrying on business as a NBFC-ND that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled, and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC Directions and fails to maintain the status of NBFC it may attract penal provisions under the RBI Act, 1934 for non-compliance. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC.

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

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

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

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

(i) ***Economic Risk in India:***

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

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

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

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

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

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

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY

(IF ANY) AS PER TERMS AGREED: As on the date of this Key Information Document, the Issuer has not committed any default in compliance with the material covenants as per terms agreed in respect ofany outstanding borrowings.

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

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

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

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

OTHERS: A failure to observe the covenants under the Issuer's financing arrangements or to obtain necessary consents required thereunder may lead to the termination of the Issuer's credit facilities, acceleration of all amounts due under such facilities and the enforcement of any

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

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE I: FORMAT OF APPLICATION FORM

VARTHANA FINANCE PRIVATE LIMITED
("**Issuer**" / "**Company**")

VARTHANA FINANCE PRIVATE LIMITED
A private limited company incorporated under the Companies Act, 1956
Date of Incorporation: 12/06/1984 (consequently updated upon the name change of the Issuer pursuant to the certificate issued by the Ministry of Corporate Affairs dated 23/07/2020)
Registered Office: Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block HRBR Layout, Bangalore, Karnataka, India, 560043
Telephone No.: 080-68455777
Website: www.varthana.com

DEBENTURE SERIES APPLICATION FORM SERIAL NO.									

ISSUE OF UP TO 2400 (TWO THOUSAND FOUR HUNDRED) SECURED, SECURED, RATED, LISTED, FULLY PAID, REDEEMABLE, TAXABLE, TRANSFERABLE, NON-CONVERTIBLE DEBENTURES HAVING FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, AGGREGATING UP TO RS. 24,00,00,000/- (RUPEES TWENTY FOUR CRORES ONLY) ON A PRIVATE PLACEMENT BASIS (THE "**ISSUE**").

DEBENTURE SERIES APPLIED FOR:

Number of Debentures: _____ In words: _____ only
Amount INR _____ /- In words Rupees : _____ only

DETAILS OF PAYMENT:

Cheque / Demand Draft / RTGS
No. _____ Drawn on_____

Funds transferred to Varthana Finance Private Limited
Dated _____

Total Amount Enclosed
(In Figures) Rs. _____/- (In words) Rupees _____ only

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

APPLICANT'S NAME IN FULL (CAPITALS)	**SPECIMEN SIGNATURE**

APPLICANT'S ADDRESS

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

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

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

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

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

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

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

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

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

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

(Note: Cheque and Drafts are subject to realisation)

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

We understand that: (i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

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

Applicant's
Signature

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

(Note : Cheque and Drafts are subject to realisation)

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

ACKNOWLEDGMENT SLIP

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

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Received from _____

Address_____
_____

Cheque/Draft/UTR # _____ Drawn on _____ for INR _____ on account of application of _____ Debenture

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE II: ILLUSTRATION OF CASH FLOWS

Illustration of Bond Cash Flows	
Company	Varthana Finance Private Limited
Face Value (per security)	Rs. 1,00,000/- (Rupees One Lakh only)
Issue Date / Date of Allotment	Issue Opening Date: September 27, 2024 Deemed Date of Allotment: September 27, 2024
Maturity Date / Final Redemption Date	September 27, 2026
Coupon Rate	11.50% (Eleven Decimal Five Zero Percent) per annum payable quarterly
Frequency of the Coupon Payment with specified dates	Quarterly and on Final Redemption Date
Day Count Convention	Actual / Actual

Cash Flow Per Debenture

Payment Date	Net Cash Flow	Principal	Interest	Principal O/s
27-Sep-24	(1,00,000.00)			1,00,000.00
27-Dec-24	15,367.12	12,500.00	2,867.12	87,500.00
27-Mar-25	14,981.16	12,500.00	2,481.16	75,000.00
27-Jun-25	14,673.97	12,500.00	2,173.97	62,500.00
27-Sep-25	14,311.64	12,500.00	1,811.64	50,000.00
27-Dec-25	13,933.56	12,500.00	1,433.56	37,500.00
27-Mar-26	13,563.36	12,500.00	1,063.36	25,000.00
27-Jun-26	13,224.66	12,500.00	724.66	12,500.00
27-Sep-26	12,862.33	12,500.00	362.33	-

* The cash flow above is subject to the Business Day Convention.

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE III: RATING RATIONALE AND RATING LETTER

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

CRISIL Ratings

CONFIDENTIAL

RL/THFIPL/350276/NCD/0924/97787/163722780
September 10, 2024

Mr. Talib Lokhandwala
Chief Financial Officer
Varthana Finance Private Limited
Varasiddhi, 3rd Floor, No. 5BC-110 Service Road,
3rd Block, HRBR Layout,
Bengaluru Urban - 560043
9820401797

Dear Mr. Talib Lokhandwala,

Re: CRISIL rating on the Rs.200 Crore Non Convertible Debentures of Varthana Finance Private Limited.

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated August 07, 2024 bearing Ref. no: RL/THFIPL/350276/NCD/0824/95263/163722780

Rating outstanding on the captioned debt instruments is "CRISIL BBB/Stable" (pronounced as "CRISIL triple B rating" with Stable outlook). Securities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such securities carry moderate credit risk..

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

Malvika Bhotika
Director - CRISIL Ratings

Nivedita Shibu
Director - CRISIL Ratings

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1600-267-1301

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CRISIL Ratings

CONFIDENTIAL

RL/THFIPL/350276/NCD/0924/97785/168551032
September 10, 2024

Mr. Talib Lokhandwala
Chief Financial Officer
Varthana Finance Private Limited
Varasiddhi, 3rd Floor, No. 5BC-110 Service Road,
3rd Block, HRBR Layout,
Bengaluru Urban - 560043
9820401797

Dear Mr. Talib Lokhandwala,

Re: CRISIL rating on the Rs.150 Crore Non Convertible Debentures of Varthana Finance Private Limited.

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated August 07, 2024 bearing Ref. no: RL/THFIPL/350276/NCD/0824/95265/168551032

Rating outstanding on the captioned debt instruments is "CRISIL BBB/Stable" (pronounced as "CRISIL triple B rating" with Stable outlook). Securities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such securities carry moderate credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

Malvika Bhotika
Director - CRISIL Ratings

Nivedita Shibu
Director - CRISIL Ratings

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1600-267-1301

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

CRISIL Ratings

Rating Rationale

August 07, 2024 | Mumbai

Varthana Finance Private Limited

'CRISIL BBB/Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.200 Crore**
Long Term Rating	**CRISIL BBB/Stable (Reaffirmed)**

Rs.150 Crore Non Convertible Debentures	**CRISIL BBB/Stable (Assigned)**
Rs.200 Crore Non Convertible Debentures	**CRISIL BBB/Stable (Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL BBB/Stable'** rating to Rs.150 crore of non-convertible debentures of Varthana Finance Private Ltd (Varthana; formerly Thirumeni Finance Pvt Ltd) and reaffirmed its 'CRISIL BBB/Stable' rating on the existing long term bank facility and non-convertible debentures.

The rating factors in the company's healthy capitalisation metrics supported by regular capital raising and experience of the promoters in the school finance industry. These strengths are partially offset by the modest, albeit improving, asset quality and overall earnings profile constrained by higher credit costs.

Varthana specializes in financing of affordable private schools and is one of the very few formal lenders in the business of school financing. The company has also started student finance loans in fiscal 2019, which formed around 12% of the overall loan portfolio as on March 31, 2024. The company witnessed a growth of 37% during fiscal 2024 with assets under management (AUM) increasing to Rs 1,281 crore as on March 31, 2024, from Rs 938 crore as on March 31, 2023. The company aims to continue with a similar growth rate in the near term. While Varthana has been able to secure a few sanctions from banks recently, the share of bank funding stood at only 6% as a percentage of overall borrowings. Hence, the company's ability to raise funds from banks on a continued basis and at optimal costs will remain key to their growth.

Analytical Approach

CRISIL Ratings has analysed the standalone business and financial risk profile of Varthana.

Key Rating Drivers & Detailed Description

Strengths:

- **Healthy capitalisation metrics supported by regular capital raising:** The company has healthy capitalisation metrics with networth of Rs 538 crore and gearing of 2.2 times as on March 31, 2024. This has been supported by regular capital infusions with the latest being Rs 105 crore in June 2021. Gearing over the last 5 years has not exceeded 2 times. The company is expected to continue to follow a conservative leverage philosophy over the next couple of years. Over the longer term, the steady-state gearing is not expected to cross 5 times.

  The tier-1 and total capital ratio of the company was 41.06% and 41.06%, respectively, as on March 31, 2024. The networth to net non-performing asset (NPA) was also comfortable at 41 times as on same date. CRISIL Ratings believes Varthana is adequately capitalised, and any additional proposed capital infusion would further enhance the company's ability to absorb any asset side risks in the medium term.

- **Significant experience of the promoters in the school finance industry:** Varthana is involved in financing of affordable private schools, which is a niche segment of operations. The founders of Varthana, Mr Steve Hardgrave and Mr Brajesh Mishra have significant experience in this asset class due to their previous association in similar lines of business. The key personnel in top management have been associated with the financial services industry at various levels including collections, backend operations, credit and legal and have extensive experience in running the finance business.

  Given their significant experience, the management of Varthana has been able to put in place an elaborate credit policy, prudent loan monitoring process and provisioning policy given the nature of the loans. The management is also focused on building good governance systems. It has an experienced board with three independent directors and has appointed reputable auditors.

The company's AUM stood at Rs 1281 crore as on March 31, 2024. CRISIL Ratings believes that the experience of the promoters and management will stand Varthana in good stead as it scales up its portfolio over the medium term.

Weaknesses:

- **Modest, albeit improving, asset quality:** While Varthana's asset quality metrics have been healthy historically with gross non-performing asset (GNPA) ratio below 2.0%, the pandemic resulted in the deterioration of the same. As a result, the 90+ dpd increased to 11.04% as on March 31, 2022. However, with conditions returning to normalcy post pandemic as well as the significant amount of write-offs undertaken by the company, the 90+ days past due (dpd) has improved to 2.32% as on March 31, 2024, as against 6.72% as on March 31, 2023 and 11.04% as on March 31, 2022. The improvement in asset quality was on account of improved collections post pandemic as well as the significant amount of write-offs undertaken by the company. Fiscal 2023 saw the company writing-off its portfolio to the tune of Rs 104.6 crore and an additional Rs 21 crore was written off during fiscal 2024. However, Varthana has also managed to recover a significant amount from these written-off accounts. In any case, incremental disbursements done post Covid have performed better, and the majority of the stress is from the portfolio originated before or during Covid.

  The company has also undertaken a restructuring of Rs 195 crore, which has partly been run down and partly written off. As on March 31, 2024, this book stood at Rs 42 crore. CRISIL Ratings notes that a sizeable amount of the overall 90+ dpd (2.3%) stems from this restructured book, which had a 90+ dpd of 14%.

  The overall collection efficiency has also improved significantly since the pandemic but remains below pre-pandemic levels. Hence, Varthana's ability to control slippages, maintain healthy collections (including from restructured book) and recover from written-off account to improve overall asset quality metrics will remain a key monitorable and a rating sensitivity factor.

- **Improving profitability, however constrained by high credit costs:** Varthana has a healthy pre-provisioning operational profitability (PPOP) marked by high gross spreads and moderate operating costs. Since it operates in a niche segment of school financing and at lower ticket sizes (more than 80% of loan book is of less than Rs 3 crore), it faces moderate competition from banks or other non-banking finance companies (NBFCs). Consequently, average yield on the loan book is 18-19%. With leverage being low, Varthana's total income margin (net-off interest expenses as a percentage of average total managed assets; ATMA) is strong at 13.5% for fiscal 2024.

  The company follows a hub and spoke model for ground level operations and is present in 16 states. The company's operating costs has seen an increase on account of expenses incurred towards setting up the technology for the student loan business and stood at 12% for fiscal 2024. The operating expenses are expected to improve in the medium term as the company achieves economies of scale. Nevertheless, due to the high gross spreads, the overall pre-provisioning operating profit (PPOP) has remained healthy over 6.8% of ATMA for fiscal 2024.

  Nevertheless, credit costs as a percentage of total managed assets have remained high at an average of 3.5% over the last three fiscals (4.7% for fiscal 2024) on account of slippages in asset quality arising from pandemic induced stress. As a result, overall profitability has remained subdued for fiscal 2023 and fiscal 2022. Profitability witnessed improvement in fiscal 2024 on the back of recovery from bad debts. The company reported a PAT of Rs 31 crore during fiscal 2024 and RoMA of 2.2% as compared to Rs 5.4 crore and 0.5%, respectively, as on March 31, 2023.

  The company's ability to control credit costs and improve operational efficiency, thereby enhancing the overall earnings profile, will remain a key rating sensitivity factor.

Liquidity: Adequate

Asset-liability maturity profile of Varthana is comfortable with cumulative positive mismatches across buckets of up to one year as on March 31, 2024. The overall liquidity position (cash, liquid investments and unutilised working capital lines) of the company was Rs 270 crore as on, June 30, 2024, providing a liquidity cover of 2 times for upcoming three months of repayments

Outlook: Stable

CRISIL Ratings believes Varthana will benefit from its experienced promoters and management team and will maintain its healthy capitalisation metrics going ahead

Rating Sensitivity factors

Upward factors

- Improvement in profitability with RoMA above 2% on a sustained basis
- Sustainability of GNPA below 5% over the medium term
- Increase in scale of operations while maintaining credit and operational costs, thereby improving earnings profile

Downward factors

- Shortfall in collections, thereby impacting asset quality and credit costs
- Increase in steady state gearing above 5 times in the medium term
- Profitability metrics remaining subdued below current levels

About the Company

VIPL is a non-deposit non-systemically important NBFC engaged in financing affordable private school owners by providing loan capital so they can expand their infrastructure, invest in teacher-training, and introduce new learning methods into their classrooms. Varthana started its operations in January 2013 in Bengaluru after its promoters acquired an erstwhile NBFC. Varthana is currently operating with 38 branches and has presence in 16 states. The company had also started student loans product recently and it formed around 12% of the overall loan portfolio as on March 31, 2024. In February 2024, the

company has acquired Rs 126 crore school funding portfolio of Indian School Finance Company (ISFC) comprising over 800 schools.

Key Financial Indicators

Particulars	Unit	2024	2023	2022	2021	2020
Total Assets	Rs crore	1,643	1,130	1,049	1,164	1,217
AUM	Rs crore	1,281	938.4	958	1,045	1,104
Total Income (after finance cost)	Rs crore	284	123	111	108	123
Profit after tax	Rs crore	30.9	5.44	2.52	(7.69)	15
90+ days past due (dpd)	%	2.3	6.7	11.2	2.4	6.4
Gearing	Times	2.0	1.2	1.1	1.9	2.0
Return On Managed Assets	%	2.2	0.5	0.2	(0.6)	1.3

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity	Rating assigned with outlook
NA	Non-Convertible Debentures*	NA	NA	NA	150	Simple	CRISIL BBB/Stable
NA	Non-Convertible Debentures*	NA	NA	NA	66	Simple	CRISIL BBB/Stable
INE125T07238	Non-Convertible Debentures	11-Dec-2023	13.65	25-Sep-2027	17	Complex	CRISIL BBB/Stable
INE125T07246	Non-Convertible Debentures	14-Dec-2023	12.75	14-Dec-2025	15	Simple	CRISIL BBB/Stable
INE125T07253	Non-Convertible Debentures	27-Dec-2023	12.25	27-Dec-2025	30	Simple	CRISIL BBB/Stable
INE125T07261	Non-Convertible Debentures	27-Feb-2024	12.3	27-Feb-2027	25	Complex	CRISIL BBB/Stable
INE125T07279	Non-Convertible Debentures	16-May-2024	11.4	16-May-2030	27	Complex	CRISIL BBB/Stable
INE125T07287	Non-Convertible Debentures	12-Jul-2024	11.25	12-Jul-2026	20	Simple	CRISIL BBB/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	59.65	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	05-Dec-2025	23.22	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	30-Jun-2026	41.67	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	30-Sep-2026	7.74	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	31-Aug-2025	5.83	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	18-Jun-2026	31	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	03-Oct-2024	0.89	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	21-Dec-2026	20	NA	CRISIL BBB/Stable
NA	Term Loan	NA	NA	25-May-2026	10	NA	CRISIL BBB/Stable

*Yet to be issued

Annexure - Rating History for last 3 Years

	Current	2024 (History)	2023	2022	2021	Start of 2021

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Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	200.0	CRISIL BBB/Stable	27-03-24	CRISIL BBB/Stable	29-12-23	CRISIL BBB/Stable		--		--	--
			--	10-01-24	CRISIL BBB/Stable	05-12-23	CRISIL BBB/Stable		--		--	--
			--		--	01-12-23	CRISIL BBB/Stable		--		--	--
Non Convertible Debentures	LT	350.0	CRISIL BBB/Stable	27-03-24	CRISIL BBB/Stable	29-12-23	CRISIL BBB/Stable		--		--	--
			--	10-01-24	CRISIL BBB/Stable	05-12-23	CRISIL BBB/Stable		--		--	--
Short Term Non Convertible Debenture	ST		--		--		--		--	09-09-21	Withdrawn	CRISIL A2+

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility	59.65	Not Applicable	CRISIL BBB/Stable
Term Loan	7.74	Suryoday Small Finance Bank Limited	CRISIL BBB/Stable
Term Loan	41.67	IDFC FIRST Bank Limited	CRISIL BBB/Stable
Term Loan	23.22	ESAF Small Finance Bank Limited	CRISIL BBB/Stable
Term Loan	5.83	ICICI Bank Limited	CRISIL BBB/Stable
Term Loan	31	AU Small Finance Bank Limited	CRISIL BBB/Stable
Term Loan	0.89	Jana Small Finance Bank Limited	CRISIL BBB/Stable
Term Loan	20	Utkarsh Small Finance Bank Limited	CRISIL BBB/Stable
Term Loan	10	Bandhan Bank Limited	CRISIL BBB/Stable

Criteria Details

Links to related criteria
Rating Criteria for Finance Companies
CRISILs Bank Loan Ratings - process, scale and default recognition

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ANNEXURE IV: DEBENTURE TRUSTEE CONSENT LETTER

[.]

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ANNEXURE V: IN-PRINCIPLE APPROVAL RECEIVED FROM BSE

DCS/COMP/RM/IP-PPDI/118/24-25

September 13, 2024

Varthana Finance Pvt Ltd
Varasiddhi, 3rd Floor
No. 5BC-110 Service Road
3rd Block HRBR Layout, Bangalore
Karnataka, India, 560043

Dear Sir/Madam

Re: Private Placement of Non-Convertible Debentures (hereinafter cumulatively referred to as the ("Debentures"/ "NCDs"), during the Period of 1 (One) year from the date of opening of the First offer of Debentures made under this General Information Document ("Validity Period"), (The "Company" or the "Issuer"), and shall be read with the relevant Key Information Document(S) Issued by the issuer during the validity period. under Gid No: VFPL:01-2024-25 Dated September 13, 2024

We acknowledge receipt of your application on the online portal on September 11, 2024 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book

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platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com).

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular *https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18* ***and ensure compliance of the same.***

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the General information Document, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited

Prasad Bhide
Senior Manager

Akshay Arolkar
Deputy Manager

BSE - PUBLIC

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ANNEXURE VI: DUE DILIGENCE CERTIFICATE

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ANNEXURE VII: FINANCIAL POSITION OF THE COMPANY FOR THE LAST 3 (THREE) FINANCIAL YEARS

Balance Sheet for the last 3 years

Varthana Finance Private Limited
Balance Sheet as at 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	27,272	12,718
Bank balances other than cash and cash equivalents	5	2,564	2,291
Derivative financial instruments	6	-	394
Loans	7	1,22,143	89,863
Investments	8	7,875	2,505
Other financial assets	9	104	94
		1,60,058	1,07,865
Non-financial assets			
Current tax assets (net)	10	184	736
Deferred tax assets (net)	11	2,164	2,974
Property, plant and equipment	12	505	433
Other intangible assets	13	411	420
Intangible assets under development	13	264	-
Other non-financial assets	14	717	583
		4,225	5,146
Total assets		1,64,283	1,13,012
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	477	-
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		101	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		553	279
Debt securities	16	22,859	15,280
Borrowings (other than debt securities)	17	83,712	45,027
Other financial liabilities	19	1,375	10,913
		1,09,077	71,499
Non-financial liabilities			
Current tax liabilities (net)	20	90	-
Provisions	21	531	456
Other non financial liabilities	22	835	796
		1,456	1,252
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,696	5,606
Other equity	25	48,016	34,817
		53,750	40,261
Total liabilities and equity		1,64,283	1,13,012

Summary of material accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 15 May 2024

Braiesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

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Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Balance Sheet as at 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	12,718	9,188
Bank balances other than cash and cash equivalents	5	2,291	2,723
Derivative financial instruments	6	394	-
Loans	7	89,863	85,823
Investments	8	2,505	2,607
Other financial assets	9	94	313
		1,07,866	1,00,654
Non-financial assets			
Current tax assets (net)	10	738	386
Deferred tax assets (net)	11	2,974	3,260
Property, plant and equipment	12	433	225
Other intangible assets	13	420	78
Other non-financial assets	14	583	261
		5,146	4,210
Total assets		1,13,012	1,04,865
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	-	152
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		279	35
Debt securities	16	15,280	11,109
Borrowings (other than debt securities)	17	45,027	42,896
Other financial liabilities	19	10,913	10,949
		71,499	65,141
Non-financial liabilities			
Current tax liabilities (net)	20	-	38
Provisions	21	456	408
Other non financial liabilities	22	796	236
		1,252	682
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,606	5,606
Other equity	25	34,617	33,398
		40,261	39,042
Total liabilities and equity		1,13,012	1,04,865

Summary of significant accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 17 May 2023

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Balance Sheet as at 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	9,188	9,883
Bank balances other than cash and cash equivalents	5	2,723	1,962
Derivative financial instruments	6	-	-
Loans	7	85,823	98,001
Investments	8	2,607	3,116
Other financial assets	9	313	82
		1,00,654	1,13,044
Non-financial assets			
Current tax assets (net)	10	386	170
Deferred tax assets (net)	11	3,260	2,524
Property, plant and equipment	12	225	249
Other intangible assets	13	79	107
Other non-financial assets	14	261	343
		4,211	3,393
Total assets		1,04,865	1,16,437
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	18	152	998
Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		35	512
Debt securities	16	11,109	18,484
Borrowings (other than debt securities)	17	42,896	56,775
Other financial liabilities	19	10,949	436
		65,141	**77,205**
Non-financial liabilities			
Current tax liabilities (net)	20	38	-
Provisions	21	408	330
Other non financial liabilities	22	236	235
		682	**565**
Equity			
Equity share capital	23	38	38
Instruments entirely equity in nature	24	5,606	5,606
Other equity	25	33,398	33,023
		39,042	**38,667**
Total liabilities and equity		1,04,865	1,16,437

Summary of significant accounting policies
The accompanying notes form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No

003990S/S200018

Seethalakshmi M
Partner
Membership No: 208

Place: Bangalore
Date: 18 May 2022

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn.No: 003990S/S200018

For and on behalf of the Board of Directors
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Director
DIN: 02189873
Steven Edwin Hardorave
Place: Bengaluru
Date: 18 May 2022

Director
DIN: 03
Brajesh Kumar Mishra
292429
Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 18 May 2022

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Income Statements for the last 3 years

Varthana Finance Private Limited
Statement of Profit and Loss for the year ended 31 March 2024
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
Income			
Revenue from Operations			
Interest income	26	18,672	15,928
Fees and commission income	26	945	596
Loans	27	708	225
Net gain on derecognition of financial instruments under amortised cost category	26	4,659	-
Bad debt recoveries	26	2,806	1,596
Total revenue from operations		27,790	18,345
Other income	28	637	361
Total income		28,427	18,706
Expenses			
Finance costs	29	9,576	6,383
Impairment on financial instruments	30	5,248	3,226
Employee benefit expenses	31	6,392	5,931
Depreciation, amortization and impairment	32	470	259
Other expenses	33	2,551	2,175
Total expenses		24,237	17,976
Profit before tax		4,190	730
Tax expense			
Current tax	34	230	2
Deferred tax	34	867	184
Profit for the year		3,093	544
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		(12)	9
Income tax relating to the above item		3	(2)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivative financial instruments		(216)	397
Income tax relating to the above item		54	(100)
Other comprehensive income for the year, net of tax		(170)	304
Total comprehensive income for the year		2,922	848
Earnings per equity share			
Basic and Diluted (₹)	35	1,110	220
Diluted (₹)	35	1,110	220

Summary of material accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02186073

Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer

Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of Profit and Loss for the year ended 31 March 2023
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Revenue from operations			
Interest income	26	15,928	18,319
Fees and commission income	26	596	317
Net gain on fair value changes	27	225	198
Other operating income	26	1,596	177
Total revenue from operations		18,345	19,011
Other income	28	361	62
Total income		18,706	19,073
Expenses			
Finance costs	29	6,383	7,963
Impairment on financial instruments	30	3,228	4,107
Employee benefit expenses	31	5,931	5,053
Depreciation, amortization and impairment	32	259	195
Other expenses	33	2,175	1,414
Total expenses		17,976	18,731
Profit before tax		730	342
			8,499
Tax expense			
Current tax	34	2	868
Deferred tax	34	184	(778)
Profit for the year		544	252
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		9	17
Income tax relating to the above item		(2)	(4)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivate financial instruments		397	148
Income tax relating to the above item		(100)	(37)
Other comprehensive income for the year, net of tax		304	124
Total comprehensive income for the year		848	376
Earnings per equity share			
Basic and Diluted	35	220	102
Diluted	35	220	102

Summary of significant accounting policies (Note 1 to 3)
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations			
Interest income	26	18,319	19,939
Fees and commission income	26	317	204
Net gain on fair value changes	27	198	316
Other operating income	26	177	654
Total revenue from operations		19,011	21,113
Other income	28	62	47
Total income		19,073	21,160
		18,813	20,797
Expenses			
Finance costs	29	7,963	10,356
Impairment on financial instruments	30	4,107	6,225
Employee benefits expenses	31	5,053	4,042
Depreciation, amortization and impairment	32	195	220
Other expenses	33	1,414	1,234
Total expenses		18,731	22,077
Profit/ (loss) before tax		342	(917)
Tax expense			
Current tax	34	868	702
Deferred tax	34	(778)	(850)
Profit/ (loss) for the year		252	(769)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/ (loss) on the defined benefit plan		17	21
Income tax relating to the above item		(4)	(5)
Items that may be reclassified to profit or loss			
Fair value gain/ (loss) on derivate financial instruments		148	(1,174)
Income tax relating to the above item		(37)	295
Other comprehensive income/ (loss) for the year, net of tax		124	(863)
Total comprehensive income/ (loss) for the year		376	(1,632)
Earnings per equity share			
Basic and Diluted	35	102	(311)
Diluted	35	102	(311)

Summary of significant accounting policies
The accompanying notes form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208543

Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

Cash flow statements for the last 3 years

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
Cash Flow Statement for the year ended 31 March 2024
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2024	Year ended 31 March 2023
Cash flow from operating activities		
Profit before tax	4,190	730
Adjustment for:		
Depreciation and amortisation expenses	470	259
Employee stock option plan expense	87	372
Impairment on financial instruments	5,248	3,228
Profit on sale of investments in mutual funds	(708)	(225)
Net gain on derecognition of financial instruments under amortised cost category	561	-
Provision for employee benefits	142	131
Net gain on amortisation of processing fees and financial assets	1,432	583
Interest accrued on non-performing assets	157	15
Operating profit before working capital changes	**11,579**	**5,093**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	942	(36)
Increase/(decrease) in other non financial liabilities	(40)	486
Increase/ (decrease) in other payables	375	244
(Increase)/ decrease in loans and advances	(38,911)	(7,506)
(Increase)/ decrease in investment in security receipts	(6,073)	102
(Increase)/ decrease in other financial assets	(10)	219
(Increase)/ decrease in other non financial assets	(134)	(322)
(Increase)/ decrease in margin money deposit (net)	(374)	432
Cash Used from operations	**(32,646)**	**(1,289)**
Income taxes paid (net of refunds)	432	(389)
Net cash flow used from operating activities (A)	**(32,214)**	**(1,679)**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(797)	(810)
Purchase of investment	(1,05,790)	(68,857)
Proceeds from sale of investments in mutual funds	1,06,702	69,082
Net cash flow generated from investing activities (B)	**115**	**(585)**
Cash flows from financing activities		
Lease payments	(215)	(183)
Long-term borrowings (net)	39,289	1,805
Proceeds from issuance of Non Convertible Debentures ('NCDs)	17,345	5,790
Repayment of Non Convertible Debentures ('NCDs')	(9,766)	(1,619)
Net cash flow generated from/ (used in) financing activities (C)	**46,653**	**5,792**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**14,554**	**3,529**
Cash and cash equivalents at the beginning of the year	12,718	9,189
Cash and cash equivalents at the end of the year	**27,272**	**12,718**
Components of cash and cash equivalents		
Cash in hand ₹ 17,136 (2023: ₹ 12,382)	0	0
Balances with banks in current and deposit accounts	27,272	12,718
Total cash and cash equivalents	**27,272**	**12,718**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place:Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02282429

Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumoni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	730	342
Adjustment for:		
Depreciation and amortisation expenses	259	195
Employee stock option plan expense	372	1
Impairment on financial instruments	3,228	4,107
Profit on sale of investments in mutual funds	(225)	(198)
Provision for employee benefits	131	137
Net gain on amortisation of processing fees and financial assets	583	(111)
Interest accrued on non-performing assets	15	(385)
Operating profit before working capital changes	**5,093**	**4,088**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	(36)	10,512
Increase/(decrease) in other non financial liabilities	486	(40)
Increase/ (decrease) in other payables	244	(477)
(Increase)/ decrease in loans and advances	(7,506)	8,632
(Increase)/ decrease in investment in security receipts	102	509
(Increase)/ decrease in other financial assets	219	(232)
(Increase)/ decrease in other non financial assets	(322)	83
(Increase)/ decrease in margin money deposit (net)	432	(761)
Cash generated from operations	**(1,289)**	**22,314**
Income taxes paid (net of refunds)	(389)	(1,046)
Net cash flow generated from operating activities (A)	**(1,679)**	**21,268**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(810)	(142)
Purchase of investment in mutual funds	(68,857)	(48,852)
Proceeds from sale of investments in mutual funds	69,082	49,050
Net cash flow generated from investing activities (B)	**(585)**	**56**
Cash flows from financing activities		
Lease payments	(183)	(104)
Long-term borrowings (net)	1,805	(14,538)
Proceeds from issuance of Non Convertible Debentures ('NCDs)	5,790	2,700
Repayment of Non Convertible Debentures ('NCDs')	(1,619)	(10,075)
Net cash flow generated from/ (used in) financing activities (C)	**5,792**	**(22,017)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**3,529**	**(693)**
Cash and cash equivalents at the beginning of the year	9,188	9,883
Cash and cash equivalents at the end of the year	**12,718**	**9,189**
Components of cash and cash equivalents		
Cash in hand ₹ 12,382 (2022: ₹ 13,271)	0	0
Balances with banks in current and deposit accounts	12,718	9,188
Total cash and cash equivalents	**12,718**	**9,188**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumoni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2022
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit / (loss) before tax	342	(917)
Adjustment for:		
Depreciation and amortisation expenses	195	220
Employee stock option plan expense	1	(13)
Impairment on financial instruments	4,107	6,225
Profit on sale of investments in mutual funds	(198)	(316)
Provision for employee benefits	137	119
Net gain on amortisation of processing fees and financial assets	(111)	(180)
Interest accrued on non-performing assets	(385)	227
Operating profit before working capital changes	**4,088**	**5,365**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	10,512	224
Increase/(decrease) in other non financial liabilities	(40)	(160)
Increase/ (decrease) in other payables	(477)	281
(Increase)/ decrease in loans and advances	8,632	2,682
(Increase)/ decrease in investment in security receipts	509	(3,116)
(Increase)/ decrease in other financial assets	(232)	(13)
(Increase)/ decrease in other non financial assets	83	(103)
(Increase)/ decrease in margin money deposit (net)	(761)	(592)
Cash generated from operations	**22,314**	**4,559**
Income taxes paid (net of refunds)	(1,046)	(405)
Net cash flow generated from operating activities (A)	**21,268**	**4,154**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(142)	(217)
Purchase of investment in mutual funds	(48,852)	(47,095)
Proceeds from sale of investments in mutual funds	49,050	47,412
Net cash flow generated from investing activities (B)	**56**	**100**
Cash flows from financing activities		
Lease payments	(104)	-
Long-term borrowings (net)	(14,538)	(2,689)
Proceeds from issuance of Non Convertible Debentures ('NCDs and ECB')	2,700	14,597
Repayment of Non Convertible Debentures ('NCDs')	(10,075)	(16,857)
Net cash flow generated from/ (used in) financing activities (C)	**(22,017)**	**(4,949)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**(693)**	**(695)**
Cash and cash equivalents at the beginning of the year	9,883	10,578
Cash and cash equivalents at the end of the year	**9,189**	**9,883**
Components of cash and cash equivalents		
Cash in hand [₹ 13,271 (2021: ₹ 18,802)]	0	0
Balances with banks in current and deposit accounts	9,188	9,883
Total cash and cash equivalents	**9,188**	**9,883**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bangalore
Date: 18 May 2022

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02186073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VIII: AUDITED CASH FLOW STATEMENT FOR THE THREE YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF OFFER LETTER

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2022
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit / (loss) before tax	342	(917)
Adjustment for:		
Depreciation and amortisation expenses	195	220
Employee stock option plan expense	1	(13)
Impairment on financial instruments	4,107	6,225
Profit on sale of investments in mutual funds	(198)	(316)
Provision for employee benefits	137	119
Net gain on amortisation of processing fees and financial assets	(111)	(180)
Interest accrued on non-performing assets	(385)	227
Operating profit before working capital changes	**4,088**	**5,365**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	10,512	224
Increase/(decrease) in other non financial liabilities	(40)	(169)
Increase/ (decrease) in other payables	(477)	281
(Increase)/ decrease in loans and advances	8,632	2,682
(Increase)/ decrease in investment in security receipts	509	(3,116)
(Increase)/ decrease in other financial assets	(232)	(13)
(Increase)/ decrease in other non financial assets	83	(103)
(Increase)/ decrease in margin money deposit (net)	(761)	(592)
Cash generated from operations	**22,314**	**4,559**
Income taxes paid (net of refunds)	(1,046)	(405)
Net cash flow generated from operating activities (A)	**21,268**	**4,154**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(142)	(217)
Purchase of investment in mutual funds	(48,852)	(47,095)
Proceeds from sale of investments in mutual funds	49,050	47,412
Net cash flow generated from investing activities (B)	**56**	**100**
Cash flows from financing activities		
Lease payments	(104)	-
Long-term borrowings (net)	(14,538)	(2,689)
Proceeds from issuance of Non Convertible Debentures ('NCDs and ECB')	2,700	14,597
Repayment of Non Convertible Debentures ('NCDs')	(10,075)	(16,857)
Net cash flow generated from/ (used in) financing activities (C)	**(22,017)**	**(4,949)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**(693)**	**(695)**
Cash and cash equivalents at the beginning of the year	9,883	10,578
Cash and cash equivalents at the end of the year	**9,189**	**9,883**
Components of cash and cash equivalents		
Cash in hand [₹ 13,271 (2021: ₹ 18,802)]	0	0
Balances with banks in current and deposit accounts	9,188	9,883
Total cash and cash equivalents	**9,188**	**9,883**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

This is the Statement of Cash Flows referred to in our report of even date

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bangalore
Date: 18 May 2022

PKF SRIDHAR & SANTHANAM LLP * BANGALORE * Firm Regn.No: 003990S/S200018

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Bengaluru
Date: 18 May 2022

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 18 May 2022

Pragati Mour
Company Secretary

Place: Bengaluru
Date: 18 May 2022

VARTHANA FINANCE PVT. LTD. Bangalore 560 043

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)
Cash Flow Statement for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2023	Year ended 31 March 2022
Cash flow from operating activities		
Profit before tax	730	342
Adjustment for:		
Depreciation and amortisation expenses	259	195
Employee stock option plan expense	372	1
Impairment on financial instruments	3,228	4,107
Profit on sale of investments in mutual funds	(225)	(196)
Provision for employee benefits	131	137
Net gain on amortisation of processing fees and financial assets	583	(111)
Interest accrued on non-performing assets	15	(385)
Operating profit before working capital changes	**5,093**	**4,088**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	(36)	10,512
Increase/(decrease) in other non financial liabilities	486	(40)
Increase/ (decrease) in other payables	244	(477)
(Increase)/ decrease in loans and advances	(7,506)	8,632
(Increase)/ decrease in investment in security receipts	102	509
(Increase)/ decrease in other financial assets	219	(232)
(Increase)/ decrease in other non financial assets	(322)	83
(Increase)/ decrease in margin money deposit (net)	432	(761)
Cash generated from operations	**(1,289)**	**22,314**
Income taxes paid (net of refunds)	(389)	(1,046)
Net cash flow generated from operating activities (A)	**(1,679)**	**21,268**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(810)	(142)
Purchase of investment in mutual funds	(68,857)	(48,852)
Proceeds from sale of investments in mutual funds	69,082	49,050
Net cash flow generated from investing activities (B)	**(585)**	**56**
Cash flows from financing activities		
Lease payments	(183)	(104)
Long-term borrowings (net)	1,805	(14,538)
Proceeds from issuance of Non Convertible Debentures ('NCDs)	5,790	2,700
Repayment of Non Convertible Debentures ('NCDs')	(1,619)	(10,075)
Net cash flow generated from/ (used in) financing activities (C)	**5,792**	**(22,017)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**3,529**	**(693)**
Cash and cash equivalents at the beginning of the year	9,188	9,883
Cash and cash equivalents at the end of the year	**12,718**	**9,189**
Components of cash and cash equivalents		
Cash in hand ₹ 12,382 (2022: ₹ 13,271)	0	0
Balances with banks in current and deposit accounts	12,718	9,188
Total cash and cash equivalents	**12,718**	**9,188**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No: [illegible]

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 17 May 2023

For and on behalf of the Board of Directors of
Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Steven Edwin Hardgrave
Director
DIN: 02189073

Place: Orange County, California
Date: 17 May 2023

Brajesh Kumar Mishra
Director
DIN: 02292429

Place: Bengaluru
Date: 17 May 2023

Pragati Mour
Pragati Mour
Company Secretary

Place: Bengaluru
Date: 17 May 2023

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

Varthana Finance Private Limited
Cash Flow Statement for the year ended 31 March 2024
(All amounts in ₹ lakhs, unless stated otherwise)

	Year ended 31 March 2024	Year ended 31 March 2023
Cash flow from operating activities		
Profit before tax	4,190	730
Adjustment for:		
Depreciation and amortisation expenses	470	259
Employee stock option plan expense	87	372
Impairment on financial instruments	5,248	3,228
Profit on sale of investments in mutual funds	(708)	(225)
Net gain on derecognition of financial instruments under amortised cost category	561	-
Provision for employee benefits	142	131
Net gain on amortisation of processing fees and financial assets	1,432	563
Interest accrued on non-performing assets	157	15
Operating profit before working capital changes	**11,579**	**5,093**
Changes in working capital:		
Increase/(decrease) in other financial liabilities	942	(36)
Increase/(decrease) in other non financial liabilities	(40)	486
Increase/ (decrease) in other payables	375	244
(Increase)/ decrease in loans and advances	(38,911)	(7,506)
(Increase)/ decrease in investment in security receipts	(6,073)	102
(Increase)/ decrease in other financial assets	(10)	219
(Increase)/ decrease in other non financial assets	(134)	(322)
(Increase)/ decrease in margin money deposit (net)	(374)	432
Cash Used from operations	**(32,646)**	**(1,289)**
Income taxes paid (net of refunds)	432	(389)
Net cash flow used from operating activities (A)	**(32,214)**	**(1,679)**
Cash flows from investing activities		
Purchase of Property, plant and equipment	(797)	(810)
Purchase of investment	(1,05,790)	(68,657)
Proceeds from sale of investments in mutual funds	1,06,702	69,082
Net cash flow generated from investing activities (B)	**115**	**(585)**
Cash flows from financing activities		
Lease payments	(215)	(183)
Long-term borrowings (net)	39,289	1,805
Proceeds from issuance of Non Convertible Debentures ('NCDs)	17,345	5,790
Repayment of Non Convertible Debentures ('NCDs')	(9,766)	(1,619)
Net cash flow generated from/ (used in) financing activities (C)	**46,653**	**5,792**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	**14,554**	**3,529**
Cash and cash equivalents at the beginning of the year	12,718	9,188
Cash and cash equivalents at the end of the year	**27,272**	**12,718**
Components of cash and cash equivalents		
Cash in hand ₹ 17,138 (2023: ₹ 12,382)	0	0
Balances with banks in current and deposit accounts	27,272	12,718
Total cash and cash equivalents	**27,272**	**12,718**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Statement of Cash Flows referred to in our report of even date.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.: 003990S/S200018

Seethalakshmi M
Partner
Membership No: 208545

Place: Bengaluru
Date: 15 May 2024

For and on behalf of the Board of Directors of
Varthana Finance Private Limited

Steven Edwin Hardgrave
Director
DIN: 02189073

Place:Bengaluru
Date: 15 May 2024

Talib Lokhandwala
Chief Financial Officer
Place: Bengaluru
Date: 15 May 2024

Brajesh Kumar Mishra
Director
DIN: 02202429

Place: Bengaluru
Date: 15 May 2024

Pragati Mour
Company Secretary
Place: Bengaluru
Date: 15 May 2024

Varthana Finance Pvt. Ltd. Bangalore 560 043

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IX : RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST 3 (THREE) FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE OF THIS OFFER LETTER INCLUDING WITH REGARD TO LOANS MADE OR, GUARANTEES GIVEN OR SECURITIES PROVIDED

For FY 2023-24



44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director
Mr. Anand Sudarshan	Independent Director
Mr. Ramanathan Kumar	Independent Director
Mr. Sunil Gulati (resigned w.e.f.1 September 2023)	Independent Director
Mr. Brahmanand Hegde (w.e.f. 12 September 2023)	Independent Director
Mr. Nirav Kamdhari	Non Executive Director
Mr. Ankit Singhal	Non- Executive Nominee Director
MS. Divya Venkata Raghavan	Non- Executive Nominee Director
MS. Treasa Mathew	Non- Executive Nominee Director
Mr. Talib Lokhandwala (w.e.f 1 June 2023)	Chief Financial Officer
Ms. Pragati Moor	Company Secretary

ii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel	
	31 March 2024	31 March 2023
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	86	87
Mr. Brajesh Kumar Mishra	80	91
Mr. Yogesh Ratnakar Udhoji	-	76
Mr. Talib Lokhandwala	76	-
Ms. Pragati Moor	17	14
Reimbursement of expense		
Mr. Steve Edwin Hardgrave	2	-
Mr. Brajesh Kumar Mishra	2	9
Mr. Talib Lokhandwala	3	-

iii) Balance receivable / (payable) with related parties as at the year end are as follows
There were no balance receivable/(payable) with related parties as at the 31 March 2024 and 31 March 2023.

There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Note:
The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, excluding for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.

For FY 2022-23



44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director
Mr.Anand Sudarshan	Independent Director
Mr Sunil Satyapal Gulati	Independent Director
Mr Ramanathan Kumar	Independent Director
Mr Nirav Kamdhari	Non Executive Director
Mr.Ashish Garg (resinged w.e.f.16 October 2022)	Non-Executive Nominee Director
Mr.Ashish Agarwal (resinged w.e.f.9 November 2022)	Non- Executive Nominee Director
Ms.Aruradha Ramachandran (resinged w.e.f.4 November 2022)	Non Executive Director
Mr.Ankit Singhal (w.e.f. 9 November 2022)	Non- Executive Nominee Director
Ms.Divya Venkataraghavan (w.e.f. 9 November 2022)	Non- Executive Nominee Director
Ms.Treasa Mathew (w.e.f. 9 November 2022)	Non- Executive Nominee Director
Mr. Yoghesh Rathnakar Udhoji (resigned w.e.f 31 March 23)	Chief Financial Officer
Mr. Yogesh Ghai	Chief Business Officer
Ms. Pragathi Moor	Company Secretary

ii) The transactions with related parties are as follows

Nature of transaction	Key managerial personnel	
	31 March 2023	31 March 2022
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	87	101
Mr. Brajesh Kumar Mishra	91	105
Mr. Yoghesh Rathnakar Udhoji	76	-
Mr. Yogesh Ghai	160	160
Reimbursement of expense		
Mr. Brajesh Kumar Mishra	9	1

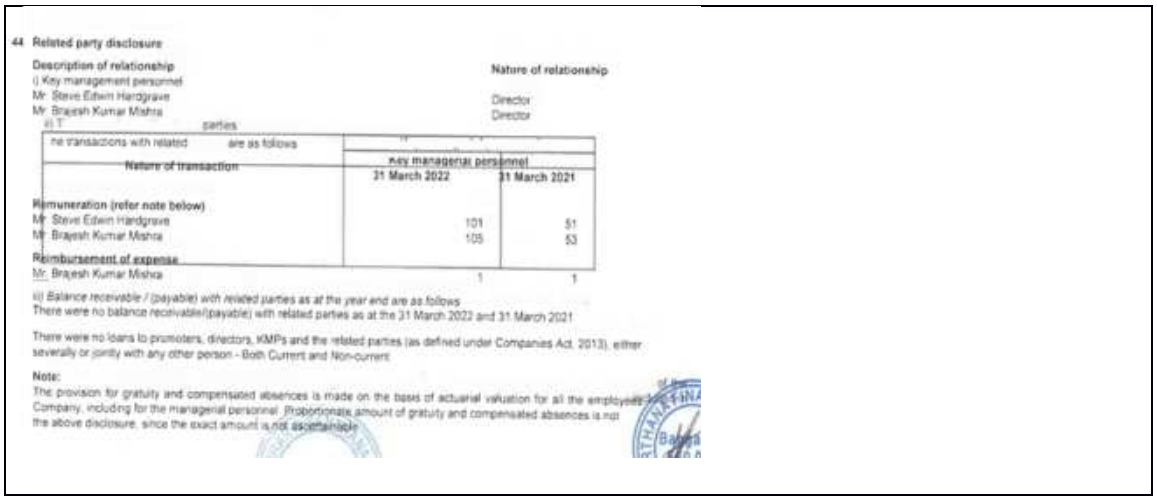
iii) Balance receivable / (payable) with related parties as at the year end are as follows
There were no balance receivable/(payable) with related parties as at the 31 March 2023 and 31 March 2022.

There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

Note:
The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.

For FY 2021-22

(This Key Information Document is neither a prospectus nor a statement in lieu of a prospectus)



44 Related party disclosure

Description of relationship	Nature of relationship
i) Key management personnel	
Mr. Steve Edwin Hardgrave	Director
Mr. Brajesh Kumar Mishra	Director

ii) T parties

he transactions with related are as follows

Nature of transaction	Key managerial personnel	
	31 March 2022	31 March 2021
Remuneration (refer note below)		
Mr. Steve Edwin Hardgrave	101	51
Mr. Brajesh Kumar Mishra	105	53
Reimbursement of expense		
Mr. Brajesh Kumar Mishra	1	1

iii) *Balance receivable / (payable) with related parties as at the year end are as follows*
There were no balance receivable/(payable) with related parties as at the 31 March 2022 and 31 March 2021

There were no loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person - Both Current and Non-current

Note:
The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not the above disclosure, since the exact amount is not ascertainable