

Varthana Finance Private Limited
CIN: U65923KA1984PTC096528

Reg Office: Varasiddhi, 3rd Floor, No. 5BC-110 Service Road, 3rd Block, HRBR Layout, Bengaluru, Karnataka, India 560 043

Financial Results for the Quarter and Year ended 31 March 2025

(All amounts in ₹ lakhs unless otherwise stated)

SI No	Particulars	Quarter	Quarter	Quarter	Year	Year
		year ended 31 March 2025	year ended 31 December 2024	year ended 31 March 2024	ended 31 March 2025	ended 31 March 2024
		Unaudited (refer note 3 & 11)	Unaudited (refer note 3)	Unaudited (refer note 3 & 11)	Audited	Audited
1	Revenue from operations					
	Interest income	8,171	7,423	4,877	28,340	18,638
	Fees and commission income	369	342	487	1,104	945
	Net gain on fair value changes	74	151	262	669	708
	Net gain on security receipts	174	-	-	174	-
	Net gain on derecognition of financial instruments under amortised cost category #	866	-	4,659	866	4,659
	Bad debt recoveries	307	181	544	1,121	2,806
	Other operating income	48	54	153	274	621
	Total Revenue from operations	10,009	8,151	10,982	32,548	28,377
2	Other income	5	6	44	21	50
3	Total revenue (1+2)	10,014	8,157	11,026	32,569	28,427
4	Expenses					
	Finance costs	4,636	4,375	3,068	16,411	9,576
	Impairment on financial instruments	247	788	3,346	1,858	5,248
	Employee benefit expense	1,972	1,891	1,514	7,493	6,392
	Depreciation and amortisation expense	146	133	130	501	470
	Other expenses	842	750	856	3,139	2,551
	Total expenses	7,843	7,937	8,914	29,402	24,237
5	Profit before tax for the period/ year (3-4)	2,171	220	2,112	3,167	4,190
6	Tax expense					
	Current tax	381	156	501	945	230
	Deferred tax expense/ (credit)	169	(101)	90	(144)	867
	Total tax expenses	550	55	591	801	1,097
7	Profit after tax for the period/ year (5-6)	1,621	165	1,521	2,366	3,093
8	Other comprehensive income					
	(i) Items that will not be reclassified to profit or loss	3	31	(12)	(17)	(12)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(1)	(8)	3	4	3
	(iii) Items that will be reclassified to profit or loss	(307)	174	(178)	(290)	(216)
	(iv) Income tax relating to items that will be reclassified to profit or loss	77	(44)	45	73	54
	Total other comprehensive income, net of tax	(228)	153	(142)	(230)	(171)
9	Earnings per share (not annualised)					
	Basic ₹)	581.74	59.36	545.75	849.02	1,109.67
	Diluted ₹)	581.67	59.35	545.68	848.91	1,109.53

See accompanying notes to the financial results

Net gain on derecognition of financial instruments under amortised cost category includes Rs. 866 lakhs of Direct assignment upfront income for 31 March 2025 and Rs. 4,659 lakhs of net gain due to ARC transactions for 31 March 2024.

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Financial Results for the Quarter and Year ended 31 March 2025

Notes 1

Statement of assets and liabilities as at 31 March 2025

(All amounts in ₹ lakhs unless otherwise stated)

SI No	Particulars	As at 31 March 2025	As at 31 March 2024
	ASSETS		
1	Financial Assets		
(a)	Cash and cash equivalents	26.741	27.220
(b)	Bank balances other than (a) above	12.465	2.716
(c)	Loans	1.80.557	1.22.143
(d)	Investments	6.029	7.875
(e)	Other financial assets	954	104
		2.26.746	1.60.058
2	Non-financial assets		
(a)	Current tax assets (net)	406	164
(b)	Deferred tax assets (net)	2,385	2,164
(c)	Property, plant and equipment	538	505
(d)	Intangible assets	718	411
(e)	Intangible assets under development	47	264
(f)	Other non-financial assets	1,142	717
		5.236	4.225
	Total assets	2.31.982	1.64.283
	LIABILITIES AND EQUITY		
	LIABILITIES		
1	Financial liabilities		
(a)	Trade payables		
	-Total outstanding dues of micro enterprises and small enterprises	2	101
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	607	553
(b)	Derivative financial instruments	23	477
(c)	Debt securities	38,012	22,859
(d)	Borrowings (other than debt securities)	1,34,680	83,712
(e)	Other financial liabilities	1,103	1,375
		1.74.427	1,09.077
2	Non-financial liabilities		
(a)	Current tax liabilities (net)	-	90
(b)	Provisions	643	531
(c)	Other current liabilities	1,004	835
		1.647	1,456
3	Equity		
(a)	Equity share capital	38	38
(b)	Other equity	55,870	53,712
	Total equity	55.908	53,750
	Total liabilities and equity	2.31.982	1.64.283

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Notes 2

Particulars	Cash Flow Statement for the year ended 31 March 2025	
	Year ended 31 March 2025	Year ended 31 March 2024
Cash flow from operating activities		
Profit before tax	3,167	4,190
Adjustment for:		
Interest income	(28,340)	(18,638)
Depreciation and amortisation expenses	501	470
Employee stock option plan expense	21	87
Impairment on financial instruments	1,858	5,248
Gain on redemption of investment in SR	(174)	-
Profit on sale of investments in mutual funds	(669)	(708)
Net gain on derecognition of financial instruments under amortised cost category	(866)	561
Provision for employee benefits	185	142
Finance Cost	16,411	9,576
Net gain on amortisation of processing fees and financial assets	593	1,432
Interest accrued on non-performing assets	76	157
	(7,237)	2,517
Cash flow from interest on loans	27,199	18,825
Cash outflow towards finance cost	(14,760)	(8,727)
Operating profit before working capital changes	5,202	12,615
Changes in working capital:		
Increase/(decrease) in other financial liabilities	(273)	942
Increase/(decrease) in other non financial liabilities	79	(40)
Increase/ (decrease) in other payables	(45)	375
(Increase)/ decrease in loans and advances	(59,204)	(39,099)
(Increase)/ decrease in Investment in security receipts	1,548	(6,073)
(Increase)/ decrease in other financial assets	17	(10)
(Increase)/ decrease in other non financial assets	(425)	(134)
(Increase)/ decrease in margin money deposit (net)	(9,749)	(374)
Cash Used from operations	(62,850)	(31,798)
Income taxes paid (net of refunds)	(1,276)	432
Net cash flow used from operating activities (A)	(64,126)	(31,366)
Cash flows from investing activities		
Purchase of Property, plant and equipment	(628)	(800)
Sale proceeds from Property, plant and equipment	4	4
Purchase of investment	(1,27,683)	(1,05,790)
Proceeds from sale of investments in mutual funds	1,28,352	1,06,702
Net cash flow generated from investing activities (B)	45	116
Cash flows from financing activities		
Lease payments	(219)	(215)
Long-term borrowings availed	1,22,489	92,857
Long-term borrowings Repaid	(58,668)	(46,838)
Net cash flow generated from/ (used in) financing activities (C)	63,602	45,804
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(479)	14,554
Cash and cash equivalents at the beginning of the year	27,220	12,718
Cash and cash equivalents at the end of the year	26,741	27,272
Components of cash and cash equivalents		
Cash in hand ₹ 19,829 (2024: ₹ 17,138)	0	0
Balances with banks in current and deposit accounts	26,741	27,272
Total cash and cash equivalents	26,741	27,272

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Financial Results for the Quarter and Year ended 31 March 2025

Notes

3 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 13 May 2025 and 14 May 2025 respectively and are subjected to audit by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

4 These financial results have been prepared in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations, 2015') and the recognition and measurement principles as laid down under Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") of the Indian Accounting Standards (Ind-AS) as notified under Section 133 of the the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015. Further, guidance/clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

5 Disclosure as per the format prescribed as per the notification no. RBI/2021-22/32DOR STR REC 12/21 04.048/2021-22 dated 05 May 2021 on "Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" having exposure less than or equal to ₹25 crores for the year ended 31 March 2025.

Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March 2024(A)	Of (A), aggregate debt that has moved to standard normal advance during the year ended 31 March 2025	Of (A), amount written off during the year ended 31 March 2025	Of (A) amount paid by the borrowers during the year ended 31 March 2025	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March 2025
4,139	321	181	989	2,646

6 The Company is primarily engaged in the business of financing and as such no separate information is required to be furnished in terms of Ind AS 108 "Operating segments" specified under section 133 of the Companies Act, 2013.

7 The Company has refined its methodology for computing probability of default by segregating its school loan book into pre-covid and post-covid disbursals and applied Macro economic factors. In the opinion of the Management, the said change correctly reflects the portfolio performance and provides improved estimates of expected defaults. The said change resulted into reduction in provision by Rs.350 lakhs during the year ended period 31 March 2025.

8 The Company has received a communication from the Reserve Bank of India (RBI) regarding non factoring of Default Loss Guarantees (DLG) in ECL provisioning and the said DLG to-be credited to profit and loss account upon invocation. In response, the management has communicated to the RBI that where DLG is held in the form of cash collateral or its equivalent (Bank Guarantees), the risk is reduced to that extent and the ECL model output has to be adjusted accordingly. As on 31 March 2025 the company has adjusted Rs. 125 Lakhs of the DLG from ECL provision. As of the date of this statement, no further communication or comment has been received from the RBI in response to the Company's submission. However the company has not considered these DLG while assessing key credit risk parameters such as LGD in the the ECL model. ECL model is designed to accurately reflect customer defaults and recoveries, independent of any external guarantees.

9 In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The total impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31 March 2025 and accordingly, no amount is required to be transferred to impairment reserve.

10 With respect to some of the lenders there are few deviations as regards certain lending covenants. In the opinion of the management the same are not material / extra ordinary matters and the process to obtain the formal waiver is already undertaken.

11 The figures for the quarter ended 31 March 2025 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published figures for the nine months ended 31 December 2024 which were subject to limited review. Further, the figures for the quarter ended 31 March 2024 are the balancing figures between the audited figures in respect of the full financial year and the management certified figures for the nine months ended 31 December 2023 which were not subject to limited review / audit by the Statutory Auditor.

12 Previous period/ year figures have been regrouped/ rearranged wherever necessary to confirm to the current period/ year figures.

13 Other disclosures

(i) Pursuant to Regulation 52(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, we hereby confirm that issue proceeds of Non-Convertible Debentures (NCDs) issued by the Company and outstanding as on 31 March 2025 have been kept in Fixed deposit/ Liquid Mutual fund pending to be utilized as per the objects stated in the offer document. Further, we also confirm that there have been no deviations in the use of proceeds of issue of NCDs from the objects stated in the offer document.

(ii) Pursuant to Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, we would like to state that all secured & redeemable listed debt securities issued by the Company and outstanding as on 31 March 2025 are fully secured by first charge / pari passu charge, as the case may be, on the property and on present & future receivables, book debts, loans and other financial assets. Accordingly, the Company is maintaining asset cover of 1 x or such higher asset cover required as per the terms of offer document/Information Memorandum.



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Financial Results for the Quarter and year ended 31 March 2024

Notes

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

Additional Information	Year ended 31 March 2024	Year ended 31 March 2023
	Audited	Audited
Debt-equity Ratio (Refer note 1 below)	3.09	1.98
Net worth (Rs in Lakhs) (Refer note 2 below)	53,522	51,586
Debt Service Coverage Ratio (Refer note 3 below)	NA	NA
Interest Service Coverage Ratio (Refer note 3 below)	NA	NA
Outstanding redeemable preference shares (no.of shares)	NA	NA
Outstanding redeemable preference shares (including dividend accrued but not due) (Rs.in Millions) (Face Value of ₹ 100/- each)	NA	NA
Capital redemption reserve (Rs in Lakhs)	NIL	NIL
Debenture redemption reserve	NIL	NIL
Net profit after tax (Rs in Lakhs)	2,366	3,093
Earnings Per Share (₹) (Face Value of ₹ 100/- each)		
- Basic	849.02	1,109.67
- Diluted	848.91	1,109.53
Total debt to Total assets (%) (Refer note 4 below)	74.33%	64.65%
Net profit margin (%) (Refer note 5 below)	7.27%	10.88%
Sector specific relevant ratios :		
(a) CRAR (%)	28.53%	41.08%
(b) Gross Stage 3 asset (%)	1.94%	3.03%
(c) Net Stage 3 asset (%)	0.93%	1.06%

1. Debt- Equity Ratio = (Debt securities + Borrowings other than Debt securities) / Equity

2. Net worth = Total Equity - Deferred tax assets

3. The Company being an NBFC, this disclosure is not applicable pursuant to Regulation 52(4) of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015.

4. Total debt to Total Assets = (Debt securities + Borrowings other than Debt securities) / Total Assets

5. Net profit margin = Net Profit after tax for the period / Total Income

6. Current ratio, Long term debt to working capital, Bad Debts to account receivables ratio, Current liability ratio, Debtors turnover, Inventory turnover and Operating margin (%) are not applicable

For and on behalf of the Board of Directors of
Varthana Finance Private LimitedSteven Edwin Hardgrave
Director
DIN: 02189073Place: Bengaluru
Date: 14 May 2024

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