

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 2026

(All amounts in ₹ lakhs unless otherwise stated)

SI No	Particulars	Quarter ended			Year ended	
		31 March 2026	31 December 2025	31 March 2025	31 March 2026	31 March 2025
		(Unaudited) (refer note 13)	(Unaudited)	(Unaudited) (refer note 13)	(Audited)	(Audited)
1	Revenue from operations					
	Interest income	8,465	8,714	8,171	34,559	28,340
	Fees and commission income	612	706	369	2,036	1,104
	Net gain on fair value changes	248	200	74	713	669
	Net gain on security receipts	85	256	174	380	174
	Net gain / (loss) on derecognition of financial instruments under amortised cost category #	(325)	309	866	775	866
	Bad debt recoveries	254	326	307	1,005	1,121
	Other operating income	135	69	48	350	274
	Total Revenue from operations	9,474	10,580	10,009	39,818	32,548
2	Other income	4	4	5	13	21
3	Total revenue (1+2)	9,478	10,584	10,014	39,831	32,569
4	Expenses					
	Finance costs	5,025	5,260	4,636	21,188	16,411
	Impairment on financial instruments	276	1,376	247	4,135	1,858
	Employee benefit expense	1,796	2,078	1,972	8,014	7,493
	Depreciation and amortisation expense	141	159	146	570	501
	Other expenses	833	856	842	3,296	3,139
	Total expenses	8,071	9,729	7,843	37,203	29,402
5	Profit before tax for the period/ year (3-4)	1,407	855	2,171	2,628	3,167
6	Exceptional item (Refer Note 8)	-	146	-	146	-
7	Profit before tax for the period / year (5-6)	1,407	709	2,171	2,482	3,167
8	Tax expense					
	Current tax	70	133	377	208	941
	Deferred tax expense/ (credit)	302	45	169	434	(144)
	Tax adjustment of earlier years	(26)	1	4	(25)	4
	Total tax expenses	346	179	550	617	801
9	Profit after tax for the period/ year (7-8)	1,061	530	1,621	1,865	2,366
10	Other comprehensive income					
	(i) Items that will not be reclassified to profit or loss	34	21	3	27	(17)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(8)	(5)	(1)	(7)	4
	(iii) Items that will be reclassified to profit or loss	1,368	(33)	(307)	1,391	(290)
	(iv) Income tax relating to items that will be reclassified to profit or loss	(344)	8	77	(350)	73
	Total other comprehensive income, net of tax	1,050	(9)	(228)	1,061	(230)
11	Total comprehensive income for the year	2,111	521	1,393	2,926	2,136
12	Paid-up Equity Share Capital (Face Value of Rs.100 each)	38	38	38	38	38
13	Other equity				58,980	55,870
14	Earnings per share (not annualised)					
	Basic (₹)	381.42	190.40	581.74	669.50	849.02
	Diluted (₹)	381.42	190.40	581.67	669.50	848.91

See accompanying notes to the financial results

Net gain on derecognition of financial instruments under amortised cost category represents Rs. 775 lakhs of Direct assignment upfront income (net of reversal of Rs. 753 lakhs on account of prepayment of loans) for year ended 31 March 2026 and Rs. 866 lakhs for year ended 31 March 2025.

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Financial Results for the Quarter and Year ended 31 March 2026

Notes 1

Statement of assets and liabilities as at 31 March 2026

(All amounts in ₹ lakhs unless otherwise stated)			
SI No	Particulars	As at 31 March 2026 (Audited)	As at 31 March 2025 (Audited)
	ASSETS		
1	Financial Assets		
(a)	Cash and cash equivalents	22,528	26,741
(b)	Bank balances other than (a) above	2,579	12,465
(c)	Derivative financial instruments	5,469	-
(d)	Loans	1,80,834	1,80,557
(e)	Investments	6,142	6,029
(f)	Other financial assets	1,188	954
		2,18,740	2,26,746
2	Non-financial assets		
(a)	Current tax assets (net)	638	406
(b)	Deferred tax assets (net)	1,595	2,385
(c)	Property, plant and equipment	456	538
(d)	Intangible assets	460	718
(e)	Intangible assets under development	299	47
(f)	Other non-financial assets	1,644	1,142
		5,092	5,236
	Total assets	2,23,832	2,31,982
	LIABILITIES AND EQUITY		
	LIABILITIES		
1	Financial liabilities		
(a)	Trade payables		
	-Total outstanding dues of micro enterprises and small enterprises	10	2
	-Total outstanding dues of creditors other than micro enterprises and small enterprises	584	607
(b)	Derivative financial instruments	-	23
(c)	Debt securities	34,225	38,012
(d)	Borrowings (other than debt securities)	1,25,779	1,34,680
(e)	Other financial liabilities	1,581	1,103
		1,62,179	1,74,427
2	Non-financial liabilities		
(a)	Provisions	823	643
(b)	Other current liabilities	1,812	1,004
		2,635	1,647
3	Equity		
(a)	Equity share capital	38	38
(b)	Other equity	58,980	55,870
		59,018	55,908
	Total liabilities and equity	2,23,832	2,31,982

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Financial Results for the Quarter and Year ended 31 March 2026

Notes 2

Cash Flows Statement for the year ended 31 March 2026		
(All amounts in ₹ lakhs, unless stated otherwise)		
Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Cash flow from operating activities		
Profit before tax	2,482	3,167
Adjustment for:		
Interest income	(34,559)	(28,340)
Depreciation and amortisation expenses	570	501
Employee stock option plan expense	150	21
Impairment on financial instruments	4,135	1,858
Gain on redemption of investment in SR	(380)	(174)
Profit on sale of investments in mutual funds	(713)	(669)
Net gain on derecognition of financial instruments under amortised cost category	(775)	(866)
Provision for employee benefits	362	185
Finance Cost	21,188	16,411
Interest on lease liabilities	176	124
Net gain on amortisation of processing fees and financial assets	(576)	469
	(7,940)	(7,313)
Cash flow from interest on loans	31,989	27,199
Cash outflow towards finance cost	(19,345)	(14,760)
Operating profit before working capital changes	4,704	5,126
Changes in working capital:		
Increase/(decrease) in other financial liabilities	478	(273)
Increase/(decrease) in other non financial liabilities	653	79
Increase/ (decrease) in other payables	(15)	(45)
(Increase)/ decrease in loans and advances	(2,301)	(59,128)
(Increase)/ decrease in Investment in security receipts	258	1,548
(Increase)/ decrease in other financial assets	474	17
(Increase)/ decrease in other non financial assets	(502)	(425)
(Increase)/ decrease in margin money deposit (net)	10,015	(9,749)
Cash flows from operations	13,764	(62,850)
Income taxes paid (net of refunds)	(415)	(1,276)
Net cash flows from operating activities (A)	13,349	(64,126)
Cash flows from investing activities		
Purchase of Property, plant and equipment and intangible assets	(486)	(628)
Sale proceeds from Property, plant and equipment	4	4
Purchase of investment	(1,92,812)	(1,27,683)
Proceeds from sale of investments in mutual funds	1,94,505	1,28,352
Net cash flow generated from investing activities (B)	1,211	45
Cash flows from financing activities		
Issue of equity share capital (including security premium)	35	-
Lease payments	(193)	(219)
Long-term borrowings availed	69,376	1,22,489
Long-term borrowings Repaid	(87,991)	(58,668)
Net cash flow generated from/ (used in) financing activities (C)	(18,773)	63,602
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(4,213)	(479)
Cash and cash equivalents at the beginning of the year	26,741	27,220
Cash and cash equivalents at the end of the year	22,528	26,741
Components of cash and cash equivalents		
Cash in hand ₹ 15,395 (2025: ₹ 19,829)	0	0
Balances with banks in current and deposit accounts	22,528	26,741
Total cash and cash equivalents	22,528	26,741

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Financial Results for the Quarter and Year ended 31 March 2026

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 12 May 2026 and 13 May 2026 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 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 2026.

(All amounts in ₹ lakhs unless otherwise stated)

Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March 2025(A)	Of (A), aggregate debt that has moved to standard normal advance during the year ended 31 March 2026	Of (A), amount written off during the year ended 31 March 2026	Of (A) amount paid by the borrowers during the year ended 31 March 2026	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March 2026
2,648	96	469	661	1,422

- 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 Disclosures pursuant to the Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions and the Reserve Bank of India (Non-Banking Financial Companies - Financial Statements: Presentation and Disclosures) Directions dated 28 November 2025 are given below:
- i) The Company has not transferred / acquired any stressed loans to / from ARCs or any other Financial Institutions during the quarter and year ended 31 March 2026.
- ii) Details of loans (not in default) transferred through assignment as given below:

Particulars	Quarter ended 31 March 2026	Year ended 31 March 2026
Number of accounts assigned through Direct Assignment	-	254
Amount of loan account assigned (Amounts in Lakhs)	-	14,256
Retention of beneficial economic interest (MRR)	-	10%
Weighted average residual maturity (in months)	-	105
Weighted average holding period (in months)	-	106
Coverage of tangible security	-	100%
Rating-wise distribution of rated loans	-	Unrated

- iii) The Company has not acquired any loan not in default through assignment during the quarter and year ended 31 March 2026.
- iv) The Company has not entered into any co-lending arrangements during the quarter and year ended 31 March 2026. Hence, no disclosure is required pertaining to co-lending arrangements.
- 8 On 21 November 2025, the Government of India notified four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published draft State Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed and disclosed the incremental impact of these changes on the basis of advice of labour consultant and the best information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such incremental impact under "Exceptional items" for the year ended 31 March 2026. The incremental impact consists of gratuity liability of Rs. 0.96 crore and compensated absences liability of Rs. 0.50 crore which primarily arises due to change in wage definition.
- The Company continues to monitor the finalisation of State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.
- 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 2026 and accordingly, no amount is required to be transferred to impairment reserve.
- 10 The Company has issued 4,500 number of Class B Partly Paid-up Equity Shares (with differential rights) of Rs. 100 each, at a consideration of Rs. 15,030. Aggregating to Rs.6,76,35,000/- on preferential basis through private placement. 5% of the aggregate amount has paid upon acceptance of the offer as application money and the balance 95% shall be paid as and when called upon by the Board in accordance with the Articles of Association of the Company.
- 11 During the year Company has granted a total of 2,035 stock options to 8 employees and 1,630 stock options to 5 employees at a strike price of Rs. 15,531 per option. Of these, the 2,035 options will vest over a three-year period with 40% vesting at the end of the first year, 30% at the end of the second year and 30% at the end of the third year, while the 1,630 options will vest after one year from the date of grant. These grants have been accounted for in accordance with the applicable Ind AS.
- 12 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 management has obtained formal waivers subsequent to the balance sheet date except in respect of two lending arrangements maturing in FY 2026-27, for which the waivers are in the process of being obtained.

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INDIA 2023

Notes

- 13 The figures for the quarter ended 31 March 2026 and 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 2025 and 31 December 2024 respectively, which were subject to limited review by the Statutory Auditor.
- 14 Previous period/ year figures have been regrouped/ rearranged wherever necessary to confirm to the current period/ year figures.
- 15 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 2026 have been utilised 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 2026 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.
- (iii) Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015

Additional information	Year ended 31 March 2026	Year ended 31 March 2025
	Audited	Audited
Debt-equity Ratio (Refer note 1 below)	2.71	3.08
Net worth (Rs.in Lakhs) (Refer note 2 below)	57,423	53,522
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)	NA	NA
Capital redemption reserve (Rs.in Lakhs)	NA	NA
Debenture redemption reserve	NA	NA
Net profit after tax (Rs.in Lakhs)	1,865	2,366
Earnings Per Share (₹) (Face Value of ₹ 100/- each)		
- Basic	669.50	849.02
- Diluted	669.50	848.91
Total debt to Total assets (%) (Refer note 4 below)	71.37%	74.33%
Net profit margin (%) (Refer note 5 below)	4.68%	7.27%
Sector specific relevant ratios :		
(a) CRAR (%)	28.32%	28.53%
(b) Gross Stage 3 asset (%)	3.14%	1.94%
(c) Net Stage 3 asset (%)	1.91%	0.93%

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 Limited

Steven Edwin Handgrave
Steven Edwin Handgrave
Vice Chairman and Director
DIN: 02189073

Place: Bengaluru
Date: 13 May 2026



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