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# **VARTHANA FINANCE PRIVATE LIMITED**

# **Annual Report FY 2023**




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Varthana Finance Private Ltd (VFPL) (formerly known as Thirumeni Finance Pvt Ltd), is a non-deposit accepting non-banking finance company headquartered in Bangalore. VFPL was founded by, Steve Hardgrave and Brajesh Mishra, two finance professionals who have spent their careers extending financial services to underserved segments. The founders acquired Thirumeni Finance Private Limited, an RBI-regulated loan company in May 2012. After securing a seed investment and a core team, VFPL was launched in Bangalore, in 2013.

The NBFC began its school financing operations under the brand name Varthana in January 2013. VFPL provides term loans to schools serving India’s low- and middle-income population, i.e. provides loans to private schools for improvement, capacity expansion and growth. The loans provided by the Company to schools enable them to expand their delivery capabilities by improving their infrastructure facilities – such as setting up of computer labs/facilities, science laboratories, construction of additional floors/wings within the existing school premises, adding toilets/basic amenities, providing finance for implementation of new teaching methodologies like digital classrooms, experiential learning and other similar facilities, leading to a qualitative and quantitative improvement in their delivery model. The Company also provides beyond loans services such as School Transformation Program (STP) and other relevant educational solutions to their customers which helps build confidence and stickiness amongst our borrower base. In June 2018, the company started a pilot on student loans for undergraduate courses.



**Our Vision**  
**To transform affordable education in India**



**Our Mission**  
**To impact 10 million students by 2025**



**Steve Hardgrave**  
 Co-Founder & CEO

**Brajesh Mishra**  
 Co-Founder & COO

## Our Core Values



**Do the Right Thing:** Prioritize ethics, integrity, accountability, and transparency in all we do. Take ownership, play by the rules, and learn from mistakes.



**Unlock Potential:** Continuously strive to unlock the full potential in ourselves and others by embracing challenges, learning, mentoring, and taking initiatives.



**Serve Others:** Focus on helping customers and colleagues by being selfless, fostering relationships, and handling conflicts with respect and honesty.



**Have Fun:** Celebrate small and big wins, enjoy overcoming challenges, and seek adventure through innovative thinking.

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:

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
<b>Net profit carried to balance sheet</b>	<b>544</b>	<b>252</b>

## 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.

### 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

Options granted: <b>5,495</b>	Options vested: <b>2,578</b>	Options exercised: <b>Nil</b>	The total number of shares arising as a result of exercise of option: <b>Nil</b>
Options lapsed: <b>1160</b>	The exercise price: <b>33,304</b>	Variation of terms of options: <b>Vesting schedule was accelerated by one year</b>	
Money realized by exercise of options: <b>Nil</b>		Total number of options in force: <b>6,895</b>	

## 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.

**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



<p><b>*Mr. Ashish Garg</b> Resigned as a Nominee Director with effect from October 18, 2022.</p>	<p><b>*Mr. Ashish Agrawal</b> Resigned as a Nominee Director with effect from November 09, 2022.</p>
<p><b>*Ms. Anuradha Ramachandran</b> Resigned as a Nominee Director with effect from November 04, 2022.</p>	<p><b>*Mr. Ankit Singhal</b> Appointed as a Nominee Director with effect from November 09, 2022.</p>
<p><b>*Ms. Divya Venkatavaraghavan</b> Appointed as a Nominee Director with effect from November 09, 2022.</p>	<p><b>*Ms. Treasa Mathew</b> Appointed as a Nominee Director with effect from November 09, 2022.</p>

## 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

The steps taken or impact on conservation of energy	Since the company is not engaged in any manufacturing activity, the particulars are not applicable.
The steps taken by the company for utilizing alternate sources of energy	
The capital investment on energy conservation equipment's	

**(B) Technology absorption**

The efforts made towards technology absorption	Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.
The benefits derived like product improvement, cost reduction, product development or import substitution	
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	
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.

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.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 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 2022-2023.

## **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.

## Overview

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.

## Opportunities and Threats

### Opportunities

One of the very few dedicated lenders to affordable private schools in India

Understanding of niche segment helps in offering product relevant to the customer segment with simplified and prompt loan appraisal and disbursements

Unique approach to support schools in their academic activities and teacher training and support activities

Opportunities available in terms of student loans for the students graduating from the target customer base

### Threats

Disruption caused by the Covid-19 pandemic across various sectors and particularly for the affordable private schools

Increased competition from larger NBFCs with a higher credit rating and lower cost of capital.

Ensuring sufficient liquidity to tide over the uncertain times and cost attached with the additional liquidity buffer

Maintaining portfolio quality

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.

## 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:

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

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.

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.

The directors had prepared the annual accounts on a going concern basis.

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.

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.

### **Acknowledgement**

*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: 17/05/2023

Place: Bangalore

PKF SRIDHAR & SANTHANAM LLP

Chartered Accountants

### 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.



### 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 are 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 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;

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:**

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.

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.

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.

In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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.

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".

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:

- The Company does not have any pending litigations as at 31 March 2023 which would impact its financial position
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 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.
- 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
- 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
- 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.

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.

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

UDIN: 23208545BGVAJD4766

Place of Signature:

Date: May 17, 2023

**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.**

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

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

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.

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.

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.

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.

The Company does not have any tangible inventory. Accordingly, the hence provisions of clause 3(ii) of the Order are not applicable.

Based on our audit procedures & according to the information and explanation given to us, the Company have 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.

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:

- The Company's principal business is to give loans, and hence reporting under clause 3(iii) (a) of the Order is not applicable.
- 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.

- 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.
- 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.
- The Company's principal business is to give loans, and hence reporting under clause 3(ii) (e) of the Order is not applicable.
- 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.

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.

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.

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.

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

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.

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

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.

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.

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.

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.

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.

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.

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)

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.

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

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.

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).

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.

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.

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.

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.

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

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.

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.

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**

Partner  
Membership No. 208545  
UDIN: 23208545BGVAJD4766

Place of Signature:

Date: May 17, 2023



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 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

UDIN: 23208545BGVAJD4766

Place of Signature:

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 Financial assets	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents	12,718	9,188
Bank balances other than cash and cash equivalents	2,291	2,723
Derivative financial instruments	394	-
Loans	89,863	85,823
Investments	2,505	2,607
Other financial assets	94	313
<b>Total</b>	<b>1,07,866</b>	<b>1,00,654</b>

Non-financial assets	As at 31 March 2023	As at 31 March 2022
Current tax assets (net)	736	9,188
Deferred tax assets (net)	2,974	2,723
Property, plant and equipment	433	-
Other intangible assets	420	85,823
Other non-financial assets	583	2,607
<b>Total</b>	<b>5,146</b>	<b>4,210</b>

<b>Total Assets</b>	<b>1,13,012</b>	<b>1,04,865</b>
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**LIABILITIES AND EQUITY**

Financial liabilities	As at 31 March 2023	As at 31 March 2022
Derivative financial instruments	-	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	35
Debt securities	15,280	11,109
Borrowings (other than debt securities)	45,027	42,896
Other financial liabilities	10,913	10,949
<b>Total</b>	<b>71,499</b>	<b>65,141</b>

Non-financial liabilities	As at 31 March 2023	As at 31 March 2022
Current tax liabilities (net)	-	38
Provisions	456	408
Other non financial liabilities	796	236
<b>Total</b>	<b>1,252</b>	<b>682</b>

Equity	As at 31 March 2023	As at 31 March 2022
Equity share capital	38	38
Instruments entirely equity in nature	5,606	5,606
Other equity	34,617	33,398
<b>Total</b>	<b>40,261</b>	<b>39,042</b>

<b>Total liabilities and equity</b>	<b>1,13,012</b>	<b>1,04,865</b>
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For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

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

**Seethalakshmi M - Partner**

Membership No: 208545  
Place: Bengaluru  
Date: 17 May 2023

**Steven Hardgrave - Director**

DIN: 02189073  
Place: Orange County, California  
Date: 17 May 2023

**Brajesh 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)**

Income	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations	-	-
Interest income	15,928	18,319
Fees and commission income	596	317
Net gain on fair value changes	225	198
Other operating income	1,596	177
Total revenue from operations	18,345	19,011
Other income	361	62
<b>Total income</b>	<b>18,706</b>	<b>19,073</b>

Expenses	Year ended 31 March 2023	Year ended 31 March 2022
Finance costs	6,383	-
Impairment on financial instruments	3,228	18,319
Employee benefit expenses	5,931	317
Depreciation, amortization and impairment	259	198
Other expenses	2,175	177
<b>Total expenses</b>	<b>17,976</b>	<b>18,731</b>

<b>Profit before tax</b>	<b>730</b>	<b>342</b>
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Tax expense	Year ended 31 March 2023	Year ended 31 March 2022
Current tax	2	868
Deferred tax	184	(778)
<b>Profit for the year</b>	<b>544</b>	<b>252</b>

## Other comprehensive income

Items that will not be reclassified to profit or loss	Year ended 31 March 2023	Year ended 31 March 2022
Re-measurement gain/ (loss) on the defined benefit plan	9	27
Income tax relating to the above item	(2)	(4)

Items that may be reclassified to profit or loss	Year ended 31 March 2023	Year ended 31 March 2022
Fair value gain/ (loss) on derivate financial instruments	397	148
Income tax relating to the above item	(100)	(37)
<b>Other comprehensive income for the year, net of tax</b>	<b>304</b>	<b>124</b>

<b>Total comprehensive income for the year</b>	<b>848</b>	<b>376</b>
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Earnings per equity share	Year ended 31 March 2023	Year ended 31 March 2022
Basic and Diluted	220	102
Diluted	220	102

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

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

**Seethalakshmi M - Partner**

Membership No: 208545  
Place: Bengaluru  
Date: 17 May 2023

**Steven Hardgrave - Director**

DIN: 02189073  
Place: Orange County, California  
Date: 17 May 2023

**Brajesh Mishra - Director**

DIN: 02292429  
Place: Bengaluru  
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**Pragati Mour -  
Company Secretary**

Place: Bengaluru  
Date: 17 May 2023

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