

***INDUSTRY INTERNSHIP REPORT ON***  
***VARTHANA FINANCE PRIVATE LIMITED***

by

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**AICTE ENROLLMENT NO. 1-43680750026**

For partial fulfillment of the requirements of the first-year curriculum of the two years full time  
AICTE PGDM Program

**Submitted to**



R I M S

**RAMAIAH INSTITUTE OF MANAGEMENT STUDIES**

**Gokula, Bangalore**

## **CERTIFICATE FROM THE GUIDE**

This is to certify that the organization study report on “VARTHANA FINANCE PRIVATE LTD” by **Prakash Satish Hegde, (1-43680750026)** carried out in partial fulfilment for the award of degree of **POST GRADUATE DIPLOMA IN MANAGEMENT** at Ramaiah Institute of Management Studies, Bangalore has been prepared under my guidance and direction. This study report is an original work and has not been submitted earlier to any University/Institute as per my knowledge and belief.

**PLACE: BANGALORE**

**DATE:**

**Signature:**

**Guide Name: Pavithra S**



# VARTHANA FINANCE PRIVATE LIMITED

13 November 2024

## Certificate of Internship

This is to certify that Prakash Satish Hegde has successfully completed his internship with Varthana Finance Private Ltd. from **10 September 2024 to 13 November 2024**.

During this tenure, he has completed the internship successfully under **Learning & Administration Team**. During the period of his internship program, he was found punctual and hard working.

We wish him all the best for future endeavors.

For Varthana Finance Private Limited,



**S N Bindu**

Senior Manager - Team Transformation

### Registered Office:

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## **ACKNOWLEDGEMENT**

I would like to thank the founder trustees Dr. M.R Pattabiram and Mrs. Anitha Pattabiram for providing the infrastructure and the facilities to complete my internship. I would also like to thank Dr.Swapna, Principal of RIMS for being a constant source of inspiration. My thanks are due to Prof.Pavitra S, Assistant professor at RIMS and Mr.Aaron (Team transformation at varthana finance private ltd) for their guidance during the period of my Internship.

**Signature of the Student:**

**Date:**

## EXECUTIVE SUMMARY

Varthana Finance Private Ltd. is a prominent financial services provider that is dedicated to empowering educational institutions across India. The company specializes in offering customized financial solutions, primarily through loans aimed at enhancing school infrastructure, teacher training, and overall educational development. By supporting schools in improving their facilities, Varthana strives to contribute to the quality of education in India, which is fundamental to the nation's future growth.

An internship at Varthana Finance offers a unique opportunity for students and young professionals to gain in-depth exposure to the intersection of finance and education. Interns are provided with a hands-on experience in various departments, including financial analysis, market research, and client relationship management. The experience enables interns to work closely with seasoned professionals in the fields of finance and education, contributing to the company's mission of facilitating better educational environments for students across the country.

During the internship, interns are involved in a wide range of tasks. They conduct financial assessments, assist in evaluating loan applications, and help monitor the progress of funded projects. They are also encouraged to engage in market research to understand industry trends and the specific financial needs of educational institutions. Moreover, interns gain valuable exposure to the company's loan disbursement processes, helping to streamline the operations and ensure effective management of resources. This experience provides a thorough understanding of the financial products tailored to the education sector.

Varthana Finance's internship program places a strong emphasis on professional development. Interns are mentored by experienced managers and industry experts, gaining insights into strategic decision-making and the overall operations of a financial services company. The program also fosters skill development in areas such as communication, data analysis, and problem-solving. Interns are encouraged to bring fresh ideas to the table, contributing to ongoing projects and learning through real-time challenges and collaborative problem-solving.

This internship not only equips participants with a comprehensive understanding of the finance sector but also exposes them to the unique challenges and opportunities present in financing educational institutions. Interns leave the program with enhanced knowledge of how finance can be leveraged to improve the education sector and a clearer vision of their future career paths in finance and education-related fields.

In conclusion, an internship at Varthana Finance offers a valuable platform for learning, skill development, and career exploration in the rapidly evolving fields of financial services and education financing. It is a perfect opportunity for individuals eager to make a tangible impact on the future of education while gaining exposure to critical financial practices.

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## **1.INTRODUCTION**

### **Why internship is required?**

An internship is required because it plays a crucial role in bridging the gap between academic learning and real-world application. While classroom education provides theoretical knowledge, an internship allows students and recent graduates to gain hands-on experience in their chosen field. Here are some key reasons why internships are required:

Participating in internships has the most significant impact on a student's ability to secure a job and increase their starting salary. Internships provide students with valuable work experience while still in school, offering real-world experience in the field they are considering for a career. Employers consider applicable work experience as the most crucial factor when evaluating job applicants. As a result, it is imperative to understand what internships are all about and why they are essential.

Internships are an important part of any business degree program. They give you real world experience and knowledge that augments what you learn in the classroom and provide valuable insight to the career you want to pursue. Even more importantly, they can help you build connections and sometimes even lead to that first job!

#### **Gain Important Experience**

Many top companies expect new hires to have internship experience. So, in some instances, the internship isn't just a nice to have, it's a must. Entry-level positions are increasingly competitive, and without a strong resume, it's difficult to find a job after graduation without some experience. Internships give you that real-world introduction to business that can complement your degree and can set you apart from other job candidates. When you highlight them on your resume, be sure to detail specific projects you completed, the skills you applied during the internship, and success metrics for everything that you did. Most interns report being very satisfied with their experience, making it a win for you, both personally and professionally.

#### **Get Your Foot in the Door**

Many companies will use interns as the primary recruiting pool for hiring. In fact, 68% of interns are offered a full-time job upon internship completion, and of those, more than 81% accept the offer. Also, since 2016, employers report consistent yearly increases in intern hiring projections. The experience you gain during an internship and the connections you make serve as a trial for companies to assess fit and production before they hire you. On the flip side, internships can also give you a chance to try out a company before you make a full-time commitment to them.

#### **Grow Your Professional Network**

Internships help you meet and work with professionals you can't meet in the classroom. These early career connections can offer career guidance, advice, introductions, and mentorship. When it comes time to apply for jobs, they can also act as references. That's why it's critical that during your internship, you develop a reputation as a responsible, hardworking team member, so that your connections feel good about helping you or vouching for you in the future.

### Improve Your Academic Performance

Long-term benefits aside, internships can also lead to more immediate academic improvements. Internship participation is linked to higher GPA, graduation rates, and the potential to graduate on-time, or even early.

### Develop Key Skills

Internships allow you to take what you learn in the classroom and apply it in the real world to improve your skillset. Through hands-on experience and work with real companies, you can develop useful and highly sought-after soft skills that will increase your performance, and stand out to future employers:

Communication

Problem Solving

Management

Teamwork

Internships introduce you to available roles and functions within the greater world of business. During your time at a company, you may discover a job function that you didn't even know existed that could turn into your dream job. Additionally, if you're unsure of what you want to do after college, internships can give you experience in a range of roles and allow you to observe others first-hand. Experience plus observation can help you make your decision.

One of the reasons why internships are highly valued is because they allow you to delve into your potential and career aspirations. Engaging in internship research gives you the chance to discover which job suits you best and also provides industry experience. As you gain knowledge about your chosen career, it brings clarity. Helps you define your goals. This is why internships are considered one of the best opportunities for students.

There is no simple answer to this question, as the reasons for pursuing (or offering) an internship vary dramatically from one person to the next. For students, it's a chance to gain real-world experience beyond classrooms. While class projects and observations help, nothing beats the fast-paced work environment. Employers view internships as a recruitment goldmine, allowing them to spot and shape talented individuals. It's a low-risk commitment for a few months. If impressed, employers can extend the commitment, streamlining recruitment and onboarding processes for dedicated, hardworking individuals.



## Scope and Objectives of an Internship

### Scope of an Internship

The scope of an internship refers to the range of activities, responsibilities, and learning opportunities provided to the intern during the course of the internship. It outlines what the intern will be involved in and what they can expect to gain. The scope can vary depending on the organization, industry, and internship role, but generally includes the following:

- **Job-Related Tasks:** Interns are typically given tasks related to the industry or field they are training in. This can include assisting with research, handling client communications, preparing reports, or working on specific projects that support the organization's goals.
- **Skill Development:** Internships aim to help interns develop both technical and soft skills. This includes learning how to use specific tools or technologies, improving communication and teamwork, and gaining a deeper understanding of professional behavior.
- **Exposure to Work Environment:** Interns are introduced to the organizational culture, office environment, and the workflows within a company. They often have opportunities to attend meetings, collaborate with team members, and observe professionals in action.
- **Mentorship and Guidance:** Interns are typically paired with mentors or supervisors who provide guidance, feedback, and support. This helps them navigate the professional setting, learn from experienced professionals, and grow in their role.
- **Networking Opportunities:** Interns can engage with professionals, colleagues, and other interns within the organization, creating valuable connections for their future careers.
- **Professional Development Activities:** Depending on the organization, the internship may include workshops, training sessions, or other activities aimed at enhancing the intern's skills and preparing them for their future career.

### ➤ Objectives of an Internship

The objectives of an internship are the goals both the intern and the organization seek to achieve. These objectives ensure that the internship is mutually beneficial and provides meaningful learning experiences. The key objectives typically include:

- **Gain Practical Experience:** The primary objective is for the intern to gain hands-on experience in a professional setting. This experience helps bridge the gap between theoretical knowledge and real-world application, making the intern more job-ready.

- **Skill Enhancement:** Internships aim to develop both hard (technical) and soft (interpersonal) skills. Interns should improve specific competencies related to their field, such as project management, coding, data analysis, or content creation. Soft skills such as communication, teamwork, and problem-solving are also essential components of the learning experience.
- **Understand Industry Practices:** Interns are exposed to the industry's best practices, current trends, and challenges. This understanding helps them grasp how companies operate within the larger context of their field and what skills are in demand.
- **Increase Career Opportunities:** One of the main objectives is to enhance the intern's career prospects by providing relevant experience and building a professional network. Successful internships can lead to full-time employment opportunities within the same organization or elsewhere.
- **Explore Career Interests:** Internships help individuals clarify their career interests. By working in a specific role or industry, interns can decide whether this career path aligns with their long-term goals and passion.
- **Build a Professional Network:** An internship provides interns the opportunity to connect with professionals, mentors, colleagues, and industry peers. Building a network during an internship can lead to valuable career opportunities and guidance in the future.
- **Contribute to the Organization's Success:** Interns are expected to add value to the organization by completing tasks, providing fresh perspectives, and contributing to projects. This objective benefits both the intern (through experience) and the organization (through the intern's contributions).
- **Personal Growth and Confidence Building:** Internships provide a chance for personal development by teaching interns how to adapt to the professional environment, manage responsibilities, and perform under pressure, thereby boosting confidence.
- **Receive Feedback and Evaluation:** Interns should receive constructive feedback from their supervisors to identify areas for improvement, recognize their strengths, and set goals for future career development.

In summary, the scope of an internship includes hands-on experience, skill development, exposure to industry practices, and networking, while the objectives focus on enhancing career readiness, building a professional network, exploring career interests, and contributing to the organization's success. Both interns and employers benefit from internships when these goals are aligned and met.

## **2.INDUSTRY PROFILE**

### **Finance Industry Profile: Student Loans and School Loans**

In today's world, the cost of education is skyrocketing, making it increasingly difficult for many families to afford quality education without financial assistance. As tuition fees continue to soar, the reliance on student loans has reached unprecedented levels. Navigating the financial burden of higher education has become a critical challenge, making access to affordable and responsible lending options more important than ever.

Amidst this backdrop, Varthana Finance has emerged as a leading provider of student loans for the affordable segment, dedicated to supporting students in achieving their educational dreams. Committed to responsible lending, Varthana Finance offers innovative financial solutions tailored to meet the diverse needs of students. Prioritizing transparency, affordability, and accessibility ensures that students and their families receive the support they need to invest in a brighter future.

#### **The Economic Benefits of Student Loans**

##### **1. Increased Earning Potential**

In India, the economic benefits of obtaining a higher education are evident in the substantial increase in earning potential for graduates. According to data from the Ministry of Human Resource Development (MHRD) and various economic surveys, individuals with a college degree earn significantly more than those with only a high school education. On average, a person with a bachelor's degree can earn up to 70% more than someone without one. This increased earning potential translates into a significant return on investment (ROI) for student loans.

For instance, the National Sample Survey Office (NSSO) reports that the average monthly earnings for a graduate in India are approximately ₹25,000, compared to ₹15,000 for those with only a higher secondary education. Over a working lifetime, this difference can amount to millions of rupees, and investing in higher education through student loans is a financially sound decision.

##### **2. Lifelong Benefits**

Higher education in India also brings lifelong benefits that extend beyond immediate financial gains. College graduates enjoy better job security, as higher education reduces the risk of unemployment. The Periodic Labour Force Survey (PLFS) indicates that the unemployment rate for graduates is significantly lower than for those with only a high school diploma. Higher education opens up opportunities for career advancement and entry into specialized fields that require advanced knowledge and skills.

Moreover, the benefits of higher education include improved quality of life, better health outcomes, and greater social mobility. Studies are more likely to participate in community activities, have better health, and achieve higher levels of personal and professional satisfaction.

##### **3. Sharing the Burden**

Student loans play a critical role in helping families manage the cost of higher education. Student loans provide a viable solution by spreading the cost over some time, thus easing the immediate financial burden.

#### a. Managing Education Costs:

Student loans provide a practical solution for families to manage the high costs of education. By spreading the expense over a longer period, families can avoid depleting their savings or retirement funds. This financial strategy allows them to maintain a balanced approach to their overall financial health.

#### b. Investing in Retirement Savings:

Instead of using retirement savings to pay for education, families can rely on student loans. By keeping retirement savings intact, families can secure their financial future while still supporting their child's education.

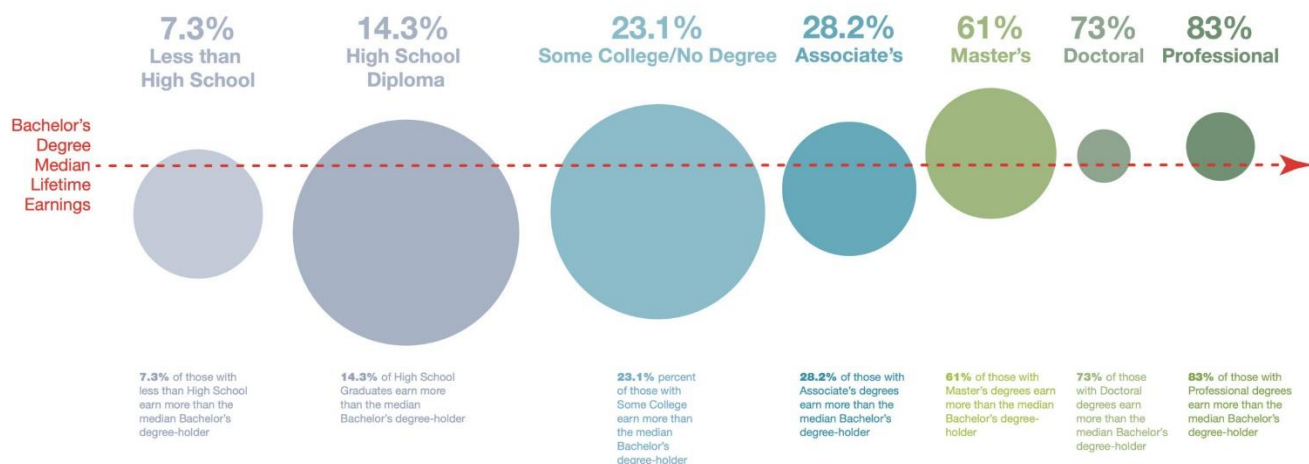
#### c. Future Education Investments:

Student loans also enable families to plan for the future education of other children. By not exhausting their savings on one child's education, parents can ensure they have resources available for the educational needs of their other children.

### 4. Supporting Data and Statistics

To illustrate the economic benefits of higher education in India, consider the following chart that highlights the lifetime earning potential difference between college graduates -graduates:

The student loan and school loan segment of the finance industry plays a pivotal role in providing access to higher education and specialized training. With the rising costs of tuition, books, housing, and other educational expenses, student loans have become an essential financial product for millions of students and their families. These loans are provided by federal and private lenders and help individuals pursue academic and professional goals that might otherwise be unattainable due to financial constraints.



### 5. Key Findings:

The report "The College Payoff" by Georgetown University highlights several key findings about the value of higher education in terms of lifetime earnings. Here are some key points adapted to the Indian context:

**a. Higher Earnings with Higher Education:**

Just like in the U.S., in India, individuals with higher educational qualifications tend to earn more over their lifetimes. For example, a bachelor's degree holder in India can expect significantly higher earnings compared to someone with only a high school diploma.

**b. Variation by Field of Study:**

Earnings can vary widely depending on the field of study. In India, fields like engineering, medicine, and information technology often lead to higher-paying jobs compared to fields like arts and humanities.

**c. Impact of Occupation:**

The type of occupation also plays a crucial role in determining earnings. Professional and managerial roles typically offer higher salaries compared to clerical or manual labor jobs.

**d. Gender Disparities:**

Similar to global trends, there are gender disparities in earnings in India. Women, on average, earn less than men, even with the same level of education.

**e. Regional Differences:**

Earnings can also vary based on the region. Metropolitan areas like Mumbai, Delhi, and Bangalore tend to offer higher salaries compared to rural areas.

**f. Economic Opportunity:**

A college degree is key to economic opportunity, providing access to better job prospects and higher earnings.

Education Level	Average Lifetime Earnings (INR)
High School Diploma	1,50,00,000
Some College, No Degree	2,00,00,000
Bachelor's Degree	3,50,00,000
Master's Degree	5,00,00,000
Professional Degree (e.g., MBA, MD)	6,50,00,000

This data underscores the significant financial advantage of obtaining a college degree in India, highlighting the importance of student loans in making higher education accessible and affordable. By providing student loans, Varthana Finance helps students access these opportunities, ensuring a brighter financial future.

## **Trends in Student Loan Financing**

The student loan financing landscape is evolving rapidly, driven by the rise of alternative loan providers, technology-driven solutions, and innovative financing options like Income-Sharing Agreements. Varthana Finance is at the forefront of these trends, leveraging technology and innovative financial products to provide accessible, affordable, and flexible education financing solutions. Based on Varthana Finance's research and industry reports, here are some key trends in student loan financing:

### **1. Rise of Alternative Loan Providers**

The landscape of student loan financing is evolving with the increasing role of private lenders alongside traditional government loans. Private lenders, including fintech companies, are offering more flexible and accessible loan options. These lenders often provide faster approval processes and customized loan products, making it easier for students to secure the necessary funds for their education.

### **2. Technology-Driven Solutions**

Technology is playing a significant role in simplifying the student loan application and management process. Online platforms and mobile apps are streamlining the entire process, from application to disbursement and repayment. These platforms leverage data analytics, artificial intelligence, and machine learning to assess creditworthiness quickly and offer tailored loan products. This automation reduces the time and effort required for both students and lenders.

### **3. Focus on Income-Sharing Agreements (ISAs)**

Income-Sharing Agreements (ISAs) are emerging as an innovative financing option. Under an ISA, students receive funding for their education in exchange for a percentage of their future income for a set period. Key features of ISAs include:

**Income-Based Repayment:** Under an ISA, students agree to pay a percentage of their income for a predetermined period after graduation. This means that repayments are directly tied to the borrower's earning capacity.

**Risk Sharing:** ISAs distribute the financial risk between the student and the financier. If the student's income is lower than expected, their repayments will be correspondingly lower, reducing the financial strain.

**Alignment of Interests:** ISAs align the interests of educational institutions, students, and investors. Institutions have a vested interest in their graduates' success, as their repayments depend on it, encouraging them to provide quality education and career support.

## The Future of Student Loans in India

The future of student loans can become more sustainable and supportive of students' educational and financial goals by focusing on these developments:

### 1. Increased Regulation

As the demand for student loans continues to grow, there is a strong possibility of increased regulation to protect borrowers and ensure responsible lending practices. The Indian government and regulatory bodies may introduce stricter guidelines to enhance transparency and prevent predatory lending. These regulations could include:

**Limiting the interest rates** that lenders can charge to ensure loans remain affordable for students and their families.

**Mandating that lenders provide clear and comprehensive information** about loan terms, repayment options, and potential consequences of default.

**Implementing programs to educate borrowers** about responsible borrowing and financial planning, helping them make informed decisions about their education financing.

### 2. Focus on Affordability

Making higher education more affordable is a critical goal for reducing reliance on student loans. Potential solutions include increasing government funding for scholarships and grants, implementing income-driven repayment plans, and promoting affordable education models such as online learning. In India, initiatives like the National Scholarship Portal and various state-level scholarship programs are steps in this direction. Potential solutions include:

**Government Scholarships and Grants:** Expanding the availability of scholarships and grants to cover a larger portion of tuition costs, thereby reducing the need for student loans.

**Income-Share Agreements (ISAs):** Introducing ISAs, where students agree to pay a percentage of their future income for a set period in exchange for funding their education. This model aligns the cost of education with the student's ability to pay.

**Tuition Fee Regulation:** Implementing policies to regulate and cap tuition fee increases, ensuring that higher education institutions maintain affordability for students from diverse economic backgrounds.

**Public-Private Partnerships:** Encouraging collaborations between government and private sectors to develop affordable education financing solutions and increase access to quality education.

### 3. Personalized Loan Options

The future may also see lenders offering more customized loan options tailored to individual needs and future earning potential. Personalized loan products could consider factors such as:

**Flexible Repayment Plans:** Designing repayment plans that consider the borrower's financial situation, allowing for graduated repayment schedules that increase as the borrower's income grows.

**Income-Driven Repayment (IDR):** Implementing IDR plans that adjust monthly payments based on the borrower's income, ensuring that repayments remain manageable even during periods of financial hardship.

**Credit-Based Pricing:** Offering interest rates and loan terms based on the borrower's creditworthiness and future earning potential, rewarding those with strong academic and professional prospects.

**Bundled Services:** Providing additional services such as career counseling, job placement assistance, and financial literacy programs as part of the loan package to support students' long-term success.

### **Porters 5 force model Analysis**

In the ever-changing landscape of business, understanding the competitive environment is crucial for success. Developed by Harvard Business School professor Michael Porter in 1979, Porter's Five Forces Model is a widely recognized strategic tool that helps businesses assess the factors influencing industry profitability. This framework analyzes five key forces that shape competition within an industry, allowing companies to make informed strategic decisions for long-term sustainability.

Porter's Five Forces is a framework used to analyze the competitive forces in an industry and understand the dynamics that impact a company's profitability. It was developed by Michael Porter in his 1979 book *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. The five forces are:

#### **1. Threat of New Entrants: Moderate to High**

- **Barriers to Entry:** The financial services industry, particularly in the niche of education financing, has moderate barriers to entry. While Varthana Finance has established itself as a key player, new entrants can still access the market through strategic partnerships, leveraging technology, or innovative business models. However, building trust with schools and educational institutions, which is a key component of Varthana's business, might take time for new entrants.
- **Capital Requirements:** The capital required to establish a financial service company is relatively high, especially in a niche sector like education financing, which demands expertise in both finance and education.
- **Brand Loyalty:** Varthana has built significant brand recognition, which gives it an edge over newcomers. Strong customer relationships and loyalty to its specialized services help mitigate the threat from new entrants.



## 2. Bargaining Power of Suppliers: Low to Moderate

- **Suppliers in Financial Services:** The suppliers for Varthana Finance primarily consist of investors and capital providers (banks, financial institutions, and investors providing funds). In this context, the bargaining power of suppliers is relatively low because Varthana can potentially diversify its sources of funding and attract different stakeholders.
- **Specialized Suppliers:** In the education finance sector, some suppliers may offer niche services such as educational assessments or specialized loan products. The availability of alternative service providers diminishes the bargaining power of any single supplier.
- **Dependency:** Varthana is not overly dependent on any single supplier, so the influence of suppliers on the company's operations is manageable.

## 3. Bargaining Power of Customers: High

- **Customer Power:** Educational institutions (schools) are the primary customers of Varthana Finance. The bargaining power of these customers is relatively high because they have several financing options available from multiple financial service providers. They can shop around for better terms, especially as the education financing market grows in India.
- **Price Sensitivity:** Schools are typically budget-conscious, so their decision-making process is often influenced by competitive loan terms, interest rates, and repayment options. This makes them more sensitive to price and service quality.
- **Switching Costs:** The switching costs for customers are low, meaning that schools can easily transition to other financing institutions if they offer better terms or more tailored solutions.

## 4. Threat of Substitute Products or Services: Moderate to High

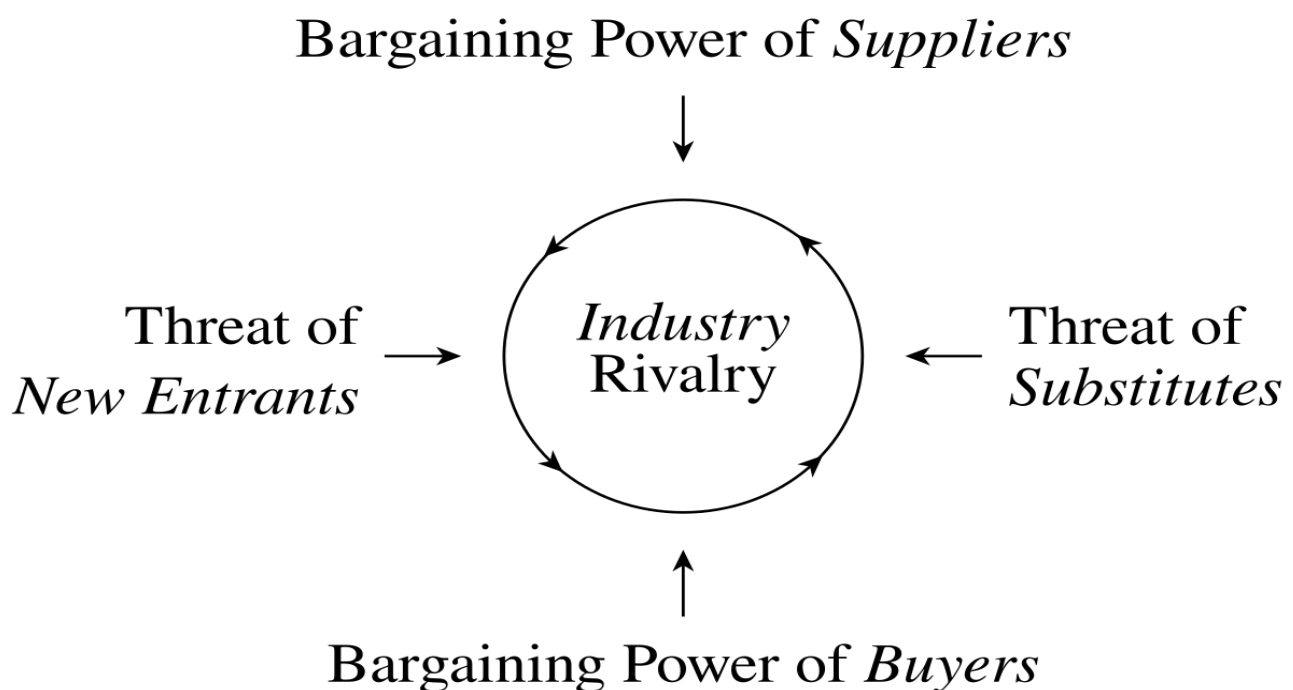
- **Alternative Financing Options:** While Varthana specializes in providing financial solutions for educational institutions, schools have other alternatives, such as government funding, private equity, or loans from traditional banks. Some of these alternatives might come with better terms or more accessible conditions, especially for larger institutions.
- **Innovative Models:** New technologies, such as crowdfunding platforms or fintech startups focused on education, could provide additional substitutes for traditional financial services like loans. These innovations may make it easier for schools to secure funding outside the conventional financing structure.
- **Non-financial Support:** Some educational institutions might also explore other means of support, such as international donors or philanthropic initiatives, which may act as substitutes for financial products.

## 5. Industry Rivalry: High

- **Number of Competitors:** The competition in the education financing sector is intense, as several companies offer similar services aimed at financing schools and educational institutions. In India, other

players like Aavishkaar, Ujjivan, and smaller fintech startups are also targeting this niche, increasing the level of rivalry.

- **Market Growth:** While the education financing sector is growing, the competition is fierce, and companies must continuously innovate their products and services to differentiate themselves. Firms like Varthana Finance need to constantly improve their offerings and maintain strong relationships with educational institutions to stay competitive.
- **Differentiation:** Varthana Finance focuses on niche services tailored to schools, which gives it some competitive advantage, but it still faces pressure from competitors offering similar products. The ability to offer customized loans, flexible repayment plans, and additional services such as teacher training or infrastructure development plays a key role in reducing the impact of rivalry.



### **3. INTRODUCTUON ABOUT THE ORGANISATION**

#### **Varthana finance private ltd, Bengaluru**

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 financials 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.

#### **▪ 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.

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.

### Board of Directors:

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

Here are some key aspects of Varthana Finance:

#### 1. Core Focus:



**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.

#### 2. Mission & Vision:

Varthana's mission is to provide financing solutions that empower schools to enhance the quality of education and to increase access to affordable education in India.

The company is focused on improving the educational landscape by providing funds for better learning environments, teacher training, and school infrastructure.



## Our Vision

**To transform affordable education in India**



## Our Mission

**To impact 10 million students by 2025**

### 3. Products and Services:

**Loans for Infrastructure:** These loans are provided for building or renovating school buildings, creating classrooms, and improving physical facilities.

**Working Capital Financing:** This helps schools with their day-to-day operational costs.

**Loans for Teacher Development:** Varthana also offers loans aimed at improving teacher training and skills.

### 4. Target Audience:

The primary beneficiaries of Varthana's services are affordable private schools in semi-urban and rural parts of India. Many of these schools struggle to access traditional financial resources due to their limited financial history or scale.

### 5. Partnerships and Backing:

Varthana has secured backing from various investors, including impact investors, and has been supported by organizations working in the education and development sectors.

In terms of partnerships, Varthana collaborates with various stakeholders in the education ecosystem to drive positive change.

## A Great Place to Work

Varthana Finance is a dynamic and innovative company that stands at the forefront of the financial services industry, dedicated to empowering individuals, businesses, and communities through reliable financial solutions. Our company is built on a foundation of integrity, collaboration, and excellence, and we strive to create an environment where employees can thrive, grow, and make a meaningful impact.

At Varthana Finance, we believe that our success is driven by the talent, creativity, and dedication of our team members. As a leading financial institution, we offer a wide range of career opportunities that allow individuals to explore and excel in various aspects of finance, from investment management and financial planning to client services and risk analysis.

## 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
Net profit carried to balance sheet	544	252

### 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

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.



**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>

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

## ➤ SWOT Analysis

### **Opportunities:**

- 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

### **Threats:**

- 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

### **Strengths:**

- **Specialization in Education Financing:** Varthana Finance has developed a strong niche by focusing exclusively on financing for educational institutions. This specialization allows the company to better understand the unique financial needs of schools, including funding for infrastructure, teacher training, and operational development. As a result, Varthana has become a trusted partner for schools looking for financial assistance.
- **Customized Loan Products:** Varthana offers tailored financial products that are specifically designed to meet the needs of educational institutions. These include flexible repayment schedules and loan terms, which are more suitable for the cash flow constraints often faced by schools. This customization helps the company build strong relationships with its clients and set itself apart from traditional financial institutions.

- **Reputation and Brand Recognition:** Varthana has built a solid reputation in the education financing sector, establishing itself as a reliable and trusted provider. Its brand recognition is a key strength that enables the company to attract new customers and retain existing ones. Educational institutions prefer working with a partner who understands their sector's challenges and can offer tailored solutions.
- **Strategic Partnerships:** Varthana has successfully partnered with various organizations, such as banks, government agencies, and international donors. These partnerships not only help Varthana expand its reach but also provide it with better access to funding, which in turn allows the company to offer more competitive and flexible financial products.

### **Weaknesses:**

- **Dependence on the Education Sector:** One of Varthana's key weaknesses is its heavy reliance on the education sector. While this specialization is a strength, it also limits the company's diversification. If there are any significant disruptions or challenges in the education sector (e.g., changes in government policies, economic downturns), Varthana could face risks related to demand for its financial products.
- **Limited Geographic Reach:** Although Varthana has established a presence in major urban areas, its reach in rural or less-developed regions remains relatively limited. Many schools in rural or semi-urban areas still lack access to financing options, which represents both a challenge and a missed opportunity for the company. Expanding into these regions could require significant investment in outreach, infrastructure, and relationship-building.
- **Competitive Pressure:** The education financing sector is becoming increasingly competitive, with both traditional financial institutions and fintech companies entering the space. This heightened competition may limit Varthana's ability to maintain its market share, particularly if larger or more established players offer similar services at more attractive terms.
- **Regulatory Risks:** Operating in the financial services industry exposes Varthana to regulatory risks, especially in India, where regulations surrounding education financing and financial institutions can change frequently. Compliance with evolving regulatory frameworks may lead to additional operational costs and require adjustments to existing processes, which could affect profitability.

## **4. Departmental Functions.**

Vartahana Finance Private Ltd., like most financial service companies, would likely have several key departments to manage its operations effectively. Below are some common departmental functions found in such organizations, based on general business structures for finance companies:

### **1. Human Resources (HR) Department**

**Recruitment & Staffing:** Managing the hiring process, including job postings, interviewing, and selecting candidates.

**Employee Development & Training:** Providing ongoing training to staff to enhance skills and support professional growth.

**Employee Relations:** Ensuring a positive work environment, addressing employee grievances, and managing performance evaluations.

**Compensation & Benefits:** Designing compensation packages, managing payroll, bonuses, and benefits like insurance and retirement plans.

**Compliance:** Ensuring compliance with labor laws and employment regulations.

### **2. Finance Department**

**Accounting & Bookkeeping:** Handling financial records, ledgers, and maintaining accounts. This includes accounts payable/receivable, balance sheets, and income statements.

**Financial Planning & Analysis (FP&A):** Forecasting, budgeting, and strategic financial planning to ensure long-term financial health.

**Investment Management:** Managing investments, capital raising, and possibly portfolio management, depending on the company's scope.

**Taxation:** Ensuring the company adheres to tax regulations and prepares for audits.

**Risk Management:** Identifying, analyzing, and mitigating financial risks to safeguard the company's assets.

### **3. Marketing Department**

**Branding & Advertising:** Promoting the company's products and services through various media channels.

**Market Research:** Understanding market trends, customer behavior, and competitors to help develop effective marketing strategies.

**Product Development:** Working with other departments to design new products or services that align with market needs.

Public Relations (PR): Managing the company's reputation and relationships with the public, media, and other stakeholders.

Customer Relationship Management (CRM): Building and maintaining strong relationships with clients to increase loyalty and satisfaction.

#### 4. Operations Department

Process Management: Overseeing day-to-day operations to ensure efficient workflows and business continuity.

Customer Service: Addressing customer inquiries, complaints, and providing solutions to maintain a high level of satisfaction.

Loan/Financial Product Processing: Managing the lifecycle of financial products such as loans, including origination, disbursement, and repayments.

Technology & IT Support: Ensuring the proper functioning of IT infrastructure, databases, and financial platforms.

Compliance & Regulatory Reporting: Ensuring that all company operations comply with financial regulations and reporting requirements.

#### 5. Sales Department (if applicable)

Sales Strategy & Planning: Developing sales goals, strategies, and plans to meet revenue targets.

Client Acquisition & Retention: Identifying potential clients, pitching financial products, and maintaining ongoing relationships with current clients.

Sales Support & Training: Providing the sales team with necessary tools, training, and support to succeed in their roles.

#### 6. Legal & Compliance Department

Regulatory Compliance: Ensuring the company adheres to the laws and regulations specific to the finance industry.

Contract Management: Drafting, reviewing, and managing legal agreements, contracts, and terms of service.

Litigation & Dispute Resolution: Handling any legal disputes, lawsuits, or arbitration.

#### 7. IT & Technology Department

Infrastructure Management: Maintaining servers, networks, and other IT infrastructure.

Cybersecurity: Ensuring that the company's systems and customer data are protected from cyber threats.

Software Development & Support: Developing or maintaining financial software applications, mobile apps, and digital platforms used by the company and its clients.

Data Analytics: Gathering and analyzing business data to support decision-making and strategic planning.

These departments, working together, allow a financial organization like Vartahana Finance Private Ltd. to function smoothly and ensure compliance, profitability, and customer satisfaction. Depending on the company's specific operations and scale, some departments may overlap or be further divided into specialized sub-functions.

## **5. CONCLUSION**

The internship at Varthana Finance Private Ltd. provided invaluable hands-on experience and a deeper understanding of the financial services industry, particularly in the field of education finance. Throughout the internship, I was able to explore various functions of the company, such as loan processing, client servicing, risk management, and the evaluation of financial products tailored for educational institutions.

One of the key takeaways from this experience was the company's commitment to supporting educational institutions through financial solutions that cater to their specific needs. I learned how Varthana strategically focuses on empowering schools, enabling them to enhance their infrastructure, invest in technology, and improve the overall quality of education. This focus on social impact was particularly inspiring and aligned with my personal values of contributing to societal development.

Additionally, the internship allowed me to improve my technical and soft skills. I developed proficiency in financial analysis tools, learned about the importance of risk assessment in lending, and honed my communication skills by interacting with clients and colleagues. The mentorship I received from experienced professionals in the company played a crucial role in expanding my knowledge and improving my work performance.

In conclusion, my internship at Varthana Finance Private Ltd. has been an enriching and educational experience. It has broadened my career aspirations within the finance and social impact sectors, and provided me with a solid foundation to pursue future opportunities in the industry. The exposure to a dynamic work environment and the opportunity to contribute to the company's mission has undoubtedly shaped my professional growth.

## 6. LEARNING EXPERIENCE

### Creation of Management Information Systems (MIS)

One of the key learning outcomes during my internship at Varthana Finance was the creation and maintenance of Management Information Systems (MIS). I gained hands-on experience in gathering, organizing, and presenting data related to loan applications, disbursements, and repayments. I learned how to structure reports in a way that provides meaningful insights to management, helping in decision-making and monitoring the performance of the company's financial products.

### Exposure to Non-IT Asset Management:

I was introduced to the concept of non-IT asset management, which involved tracking and maintaining physical assets such as office equipment, vehicles, and other resources owned by the company. This task provided me with an understanding of asset lifecycle management, including procurement, usage, maintenance, and disposal, ensuring that all assets were efficiently tracked and utilized in line with the company's policies.

### Advanced Use of Excel and Google Sheets:

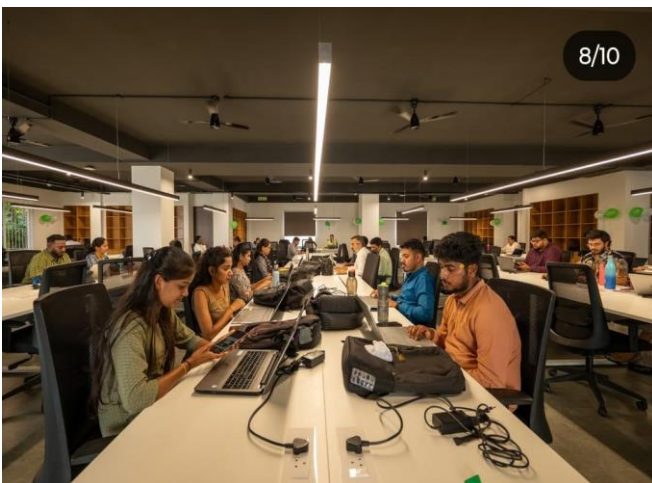
Throughout my internship, I enhanced my proficiency in using Excel and Google Sheets for data analysis and reporting. I learned to apply advanced functions such as VLOOKUP, pivot tables, conditional formatting, and data visualization tools to organize and present large datasets efficiently. These tools proved invaluable in tasks such as tracking loan disbursements, calculating financial ratios, and creating summary reports that were easy to interpret for senior management.

### Understanding of Financial Management in a Corporate Setting:

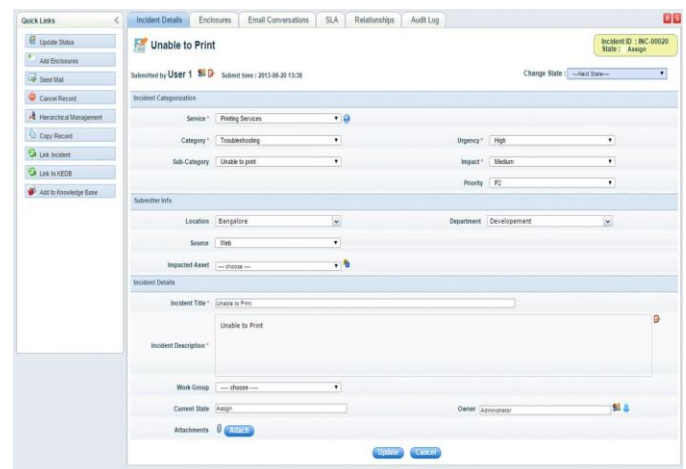
By working closely with the finance team, I developed a deeper understanding of financial management, including budgeting, forecasting, and expense management. I also learned how financial operations in a company are interlinked with other departments and how collaboration between teams ensures smooth functioning.

### Exposure to Cross-Functional Collaboration:

During the internship, I worked alongside various departments such as finance, operations, and sales, which allowed me to gain insights into different aspects of the business. I learned how effective communication and collaboration between departments contribute to the overall success of financial projects, particularly in managing loan products and assessing the company's financial needs.



Work space



Software of MIS



## References

1. company website: <https://varthana.com/>
2. linkdin: [Varthana: Posts | LinkedIn](#)
3. company financial statement

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