# NBFC FinSight

*Credit to Credibility...*

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DSB LawGroup

***Empowering SME's and going beyond..***

A New Era in Fraud Risk Governance

RBI's Masterstroke for Regulated Entities

# A New Era in Fraud Risk Governance: RBI's Masterstroke for Regulated Entities

On July 15, 2024, the Reserve Bank of India (RBI) took a decisive step toward fortifying the financial ecosystem by issuing a revised and expanded set of Master Directions on Fraud Risk Management effective January 2025. These directions, applicable to a wide spectrum of regulated entities—including commercial banks, co-operative banks, NBFCs, housing finance companies, regional rural banks, and others—reflect the regulator's sharpened focus on institutional resilience, accountability, and transparency in fraud prevention and response.

In an age where financial frauds have grown more complex and sophisticated, RBI's updated framework aims to reinforce the very foundations of fraud governance. The new directions mandate Board-level oversight through the formulation and adoption of a Fraud Risk Management Policy. Additionally, every entity must now constitute a Special Committee of the Board for Monitoring and Follow-up of Fraud Cases (SCBMF), ensuring that fraud oversight is not relegated to mere operational reviews but handled with strategic foresight.

In a commendable move, the revised framework aligns itself with the principles of natural justice, mandating that before declaring any account fraudulent, the borrower must be issued a show-cause notice and granted a minimum of 21 days to respond. This provision echoes the spirit of the Supreme Court's judgment of March 2023, which underscored the right to a fair hearing before reputational damage is inflicted.

The Directions also give a major push to technology-driven vigilance.

Regulated entities must integrate Early Warning Systems (EWS) into their Core Financial Solution (CFS) for real-time monitoring, enabling proactive detection and red-flagging of suspicious accounts.

This ensures that action is not reactive but preventive, aligning with global best practices.

Further, the revised norms require entities to report frauds of ₹1 lakh and above to law enforcement agencies (LEAs)without delay. For high-value exposures (₹5 crore and above), legal audits of title documents have now been made compulsory—a strong deterrent against property-related frauds and documentation lapses.

These reforms are not merely regulatory checkboxes—they are structural enablers that place integrity at the core of the lending and compliance framework. While the Directions are effective immediately, entities have been provided a window of six months to implement the EWS framework, reflecting a balance between urgency and operational preparedness.

In conclusion, the RBI's revised Master Directions mark a watershed moment in India's regulatory landscape. By integrating strong governance, principles of fairness, and technology-led surveillance, they establish a robust and forward-looking fraud risk framework. It is now incumbent upon every regulated entity to embrace these measures not only as a compliance obligation but as a commitment to ethical finance.

*Let us collectively rise to the occasion and ensure that India's financial institutions remain vigilant, transparent, and resilient.*

# Fraud Risk Management Compliance Checklist

- Has the Board approved a formal Fraud Risk Management Policy?
- Has a Special Committee of the Board for Monitoring and Fraud Cases (SCBMF) been constituted?
- Is there a documented mechanism for periodic review of frauds and root cause analysis?
- Are all frauds involving ₹1 lakh or more reported promptly to Law Enforcement Agencies (LEAs)?
- Are periodic legal audits of title documents conducted for all loans of ₹5 crore and above?
- Is there a central fraud monitoring cell or officer responsible for compliance Are show-cause notices issued before classifying any account as fraud?
- Is a minimum 21-day response window provided to concerned parties?
- Are borrower replies evaluated objectively and documented?


**Warm regards,**

**Dinesh Gupta**
**Chief Editor- *NBFC* FinSight**


### 1. USE OF PRAVAAH PORTAL BY NBFCs - dated April 28, 2025

The Reserve Bank of India, through its circular RBI/2025-26/34 dated April 28, 2025, has mandated that all regulated entities—including Scheduled Commercial Banks, Co-operative Banks, All-India Financial Institutions, Non-Banking Financial Companies (including Housing Finance Companies), Primary Dealers, Non-bank Payment System Operators, and Credit Information Companies - must submit all applications for authorisations, licenses, and regulatory approvals exclusively through the PRAVAAH portal starting from May 1, 2025. PRAVAAH (Platform for Regulatory Application, Validation And Authorisation) is a secure, centralised, web-based platform launched by the RBI on May 28, 2024, designed to streamline the process of regulatory submissions and improve transparency. While nearly 4,000 applications have already been processed through the portal, the RBI noted that some entities continue to submit requests outside this system. To ensure consistency, the RBI has now made it compulsory to use PRAVAAH, and detailed instructions, user manuals, FAQs, and tutorial videos are available on the portal itself to support users. The PRAVAAH portal can be accessed at https://pravaah.rbi.org.in.

### 2. TREATMENT OF RIGHT-OF-USE (ROU) ASSET FOR NOF BY NBFCs-dated March 21, 2025

The Reserve Bank of India, through its circular RBI/2024-2025/128 dated March 21, 2025, has clarified the treatment of Right-of-Use (ROU) assets under Ind AS 116 – Leases for the purpose of computing regulatory capital, including Owned Fund, Common Equity Tier 1 (CET1) capital, and Tier 1 capital. The circular states that regulated entities such as NBFCs (including Housing Finance Companies) and Asset Reconstruction Companies that follow Indian Accounting Standards (Ind AS) are not required to deduct ROU assets from regulatory capital, provided the leased asset is a tangible one. Instead, such ROU assets should be risk-weighted at 100%, consistent with the historical treatment of owned tangible fixed assets. This clarification applies with immediate effect and has been incorporated into the relevant RBI Master Directions. The move aims to align regulatory capital computation with accounting standards while preserving consistency in risk assessment. Regulated entities are advised to update their internal policies, capital computation models, and regulatory reporting practices in line with this clarification.

Key Highlights

Revision of Risk Weight on Banks for Microfinance Loans

NOC from RBI for Change of Name of NBFC

RBI's New CIBIL Score Rules 2025

## 3. REVISION OF RISK WEIGHT ON BANKS FOR MICROFINANCE LOANS - dated February 25, 2025,

The Reserve Bank of India, through its circular RBI/2024-25/119 dated February 25, 2025, has revised the applicable risk weights for microfinance loans extended by banks. It has clarified that microfinance loans in the nature of consumer credit will now attract a risk weight of 100%, distinguishing them from other consumer credit exposures which are subject to a higher risk weight of 125% as per the earlier November 2023 circular. In contrast, microfinance loans that are not classified as consumer credit and meet all four qualifying criteria under Para 5.9.3 of the Basel III Master Circular may be treated under the Regulatory Retail Portfolio (RRP), attracting a lower risk weight of 75%, provided the bank has a clear policy framework and standard operating procedures in place. However, for Regional Rural Banks (RRBs) and Local Area Banks (LABs), all microfinance loans—irrespective of their classification—will uniformly attract a 100% risk weight. These changes are effective immediately and apply to both existing and new microfinance loan exposures. The circular has been issued under the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949.


## 4. NOC FROM RBI FOR CHANGE OF NAME OF NBFC

Reserve Bank of India has recently prescribed list of documents for obtaining NOC for change of name by NBFCS. Preferably only one name should be proposed to RBI as NOC will be given only for one name.

## RBI's New CIBIL Score Rules, 2025

**Credit Score Update – Every 15 Days**
Banks and NBFCs must update customers' credit data every 15 days. *Benefit:* Better accuracy and more frequent reflection of financial behavior.

**Mandatory Disclosure of Loan Rejection Reasons**
Every customer is entitled to full and clear specific feedback on why their loan was rejected.

**One Free CIBIL Report Every Year**
Every customer is entitled to one full credit report free of charge annually.

**Advance Notice Before Declaring Defaulter**
After a loan delay, before declaring a defaulter, lenders must provide advance notice.

**Complaint Resolution Within 30 Days**
All credit report-related complaints must be resolved within 30 days. Penalty for delay: ₹100 per day.

**Who Benefits the Most?**
- Customers with a CIBIL score below 600
- Those with errors in their credit reports

A Complete Guide to RBI Registration for New NBFCs

Introduction

About NBFC

A Complete Guide for NBFC Registration with RBI

# A Complete Guide to RBI Registration for New NBFCs

*- By CS Shikha Sethi Gupta, ACS, CMA, LL.B. - DSB Law Group, Jaipur*

**Introduction**: In a country as diverse and geographically expansive as India, ensuring that financial services reach the remotest corners remains a significant challenge. While traditional banks have historically played a key role, Non-Banking Financial Companies (NBFCs) have emerged as critical drivers of financial inclusion, particularly for underserved and excluded segments of society. Their flexibility, outreach, and customer-centric models have made them indispensable players in India's financial ecosystem.

This article offers a comprehensive guide to the registration process of a new NBFC with the Reserve Bank of India (RBI), drawing from existing regulatory literature, and outlines how NBFCs contribute to inclusive economic growth.

**About NBFCs**

A **Non-Banking Financial Company (NBFC)** is:

- A **financial institution** which is a **company**, or
- A **non-banking institution that is a company** whose principal business is **receiving deposits or lending**, or
- Any other **non-banking institution** as may be specified by the **RBI** with the approval of the Central Government.

NBFCs are **regulated under the RBI Act, 1934** (Chapter III-B), but they differ from banks in that they **cannot accept demand deposits** and are not part of the **payment and settlement system**.

**Why NBFCs Matter for Financial Inclusion**

NBFCs play a pivotal role in democratizing access to financial services:

- They serve **unbanked and underbanked populations**, especially in rural and semi-urban areas.
- They provide credit to **micro and small enterprises**, **first-time borrowers**, and **low-income households**.
- NBFCs offer **tailored products** with simplified documentation, making finance accessible to informal sector participants.

In short, NBFCs extend the last-mile delivery of credit, promoting inclusive growth, generating employment, and supporting entrepreneurship in sectors often overlooked by mainstream banks.

Requirement of Registration as NBFC

No company can commence or carry on the business of an NBFC unless:

1. It obtains a Certificate of Registration (CoR) from the RBI.
2. It maintains the minimum Net Owned Funds (NOF) threshold prescribed for its type.

**Minimum NOF Requirement Based on NBFC Type:**

| NBFC Type | Minimum NOF Required |
|---|---|
| NBFC-ICC / NBFC-MFI / Factor | ₹10 Crores |
| NBFC-P2P / NBFC-AA | ₹2 Crores |
| NBFCs with no public funds & no customer interface | ₹2 Crores |
| NBFC-IFC / IDF-NBFC | ₹300 Crore |

**A Complete Guide for NBFC Registration with RBI**

**Step 1: Incorporate a Company**

- Register a private or public limited company under the Companies Act, 2013.
- Include financial business activities in the company's object clause.

**Step 2: Prepare Required Documents**

**Primary Documents:**

- Certificate of Incorporation & Commencement of Business
- Memorandum and Articles of Association (MoA & AoA)
- PAN, TAN, GST Certificate
- Fair Practice Code (as per RBI guidelines)
- Audited Financials (last 2 years, if available)
- KYC and business profiles of all directors and shareholders
- Banker's Certificate (no lien) and Fixed Deposit certificate for NOF
- Net worth and credit rating reports of directors

**Additional Documents:**

- Educational qualifications and experience profiles of directors
- Income Tax Returns (ITRs) of company and directors
- 3–5 year business plan including financial projections
- Details of capital sources and shareholding pattern
- Statutory Auditor's Certificate affirming no public deposit or NBFC activity (prior to registration)
- Declarations and undertakings in RBI-prescribed format

**Step 3: Submit Application on PRAVAAH Portal**

- Go to RBI's PRAVAAH portal
- Create a new application under "New NBFC Registration"
- Upload all documents in prescribed formats
- Submit application and receive an Application Reference Number
- A TAT of 45 days is normally given by RBI for the disposal of the application

**Step 4: RBI Review and Clarifications**

- RBI scrutinizes the application and may:
- Request additional documents
- Conduct background checks
- Require clarification on the business model

**Step 5: Certificate of Registration (CoR)**

- Upon satisfaction, the RBI issues a Certificate of Registration under Section 45-IA of the RBI Act, 1934.
- Only after receiving this certificate can the company commence NBFC operations.

**Board Resolutions & Committees**

The company may pass board resolutions and provide following information/ documents for:

- Authorizing NBFC registration application
- Declaring non-acceptance of public deposits without RBI approval
- Commencing NBFC activity only post CoR issuance

**Other Key Documents to be Submitted**

- Capital funds and management summary
- Technology and process flow architecture
- Product/scheme notes and draft loan policy
- Details of board committees and borrowing structures


**Conclusion**

NBFCs are more than financial intermediaries—they are enablers of empowerment, especially in Bharat's heartlands. By bridging the credit gap for underserved communities, they play a vital role in driving inclusive growth. For any entrepreneur or investor, understanding the RBI registration process is not just a regulatory step but a strategic move toward building a compliant and impactful financial institution. With clear direction and strong governance, NBFCs can shape a future where finance reaches every corner of India.

# Practical Aspects of CERSAI: The Imperative for Loan Registration by NBFCs

*- By CS Pooja Jindal, M.Com, ACS – DSB Law Group, Delhi*

## Introduction

In an evolving credit ecosystem where transparency, risk mitigation, and borrower authentication are paramount, CERSAI- the Central Registry of Securitization Asset Reconstruction and Security Interest of India- emerges as a cornerstone of secured lending practices in India. Envisioned under Section 20 of the SARFAESI Act, 2002, CERSAI is a centralized, government-backed platform to record security interests created over movable and immovable assets.

With increasing focus on digital governance and financial integrity, Non-Banking Financial Companies (NBFCs) are now integral to the CERSAI ecosystem. Timely and accurate registration of security interests by NBFCs is no longer just a compliance activity- it's a strategic necessity to ensure enforceability, priority, and fraud prevention.

## What is CERSAI?

CERSAI is an online central repository that captures details of security interests- including mortgages, charges, pledges, and assignments- created by lenders over various assets. Its primary objective is to:

- Prevent frauds like multiple financing against the same asset
- Promote data transparency
- Enable swift enforcement of security interest under the SARFAESI Act.

The registry applies not only to banks and financial institutions, but also to NBFCs, co-operative banks, and even individual lenders.

## Functions of CERSAI: Why NBFCs Must Register Loans

**1. Registration of Mortgages & Charges-** CERSAI allows NBFCs to record mortgages (equitable or legal) and other charges on property or assets, securing their interest against the possibility of double financing or fraudulent disposal by the borrower.

**2. Central Registry Access-** A unified portal helps lenders identify pre-existing charges on a property before sanctioning a loan. This minimizes lending risk.

**3. Information Services-** NBFCs can verify existing encumbrances or security interests on proposed collateral, allowing informed decisions and reducing operational and legal exposure.

## What Needs to Be Registered?

NBFCs must register security interests across asset categories, as defined under SARFAESI and CERSAI guidelines:

**1. Immovable Properties**

- Land, buildings, flats, leasehold rights
- Any structure attached to the land

**2. Movable Properties**

- Vehicles, plant & machinery
- Inventory, stock, receivables
- Book debts, equipment, hypothecated gold

**3. Intangible Assets**

- Intellectual property rights (patents, copyrights)
- Licenses, permits, pledged deposits

**4. Assignment of Receivables**

- Factoring arrangements and pledged payment rights

## Who Needs to Register?

- Banks
- All NBFCs (irrespective of scale)
- Housing finance companies
- Financial institutions
- Any lender accepting collateral

NBFCs, particularly those engaged in vehicle finance, SME lending, microfinance, and supply chain finance, must register charges with CERSAI to:

- Protect legal rights over collateral
- Avoid loss of priority during recovery
- Access SARFAESI enforcement route without court intervention

**What Is Exempt from Registration?**

As per Section 31 of the SARFAESI Act, certain transactions are exempt:

- Loans under ₹1 lakh
- Security interest on agricultural land
- Amounts due <20% of principal + interest
- Pledges under Section 172 of the Indian Contract Act
- Charges on aircraft or vessels
- Possessory liens (e.g., unpaid seller's lien)
- Loans below prescribed thresholds (e.g., ₹5 lakh), subject to notification

**Benefits of CERSAI for NBFCs**

1. Prevents Multiple Lending
– CERSAI ensures that an asset isn't pledged simultaneously to multiple lenders.
2. Easy Online Verification
– NBFCs can verify prior charges before extending loans.
3. Enforcement Without Courts
– Registered security interests under CERSAI are enforceable under SARFAESI without requiring court orders.
4. Priority Over Government Dues
– Lenders with registered charges enjoy priority over statutory dues (as per Supreme Court rulings).
5. Transparency in Lending Ecosystem
– Helps regulators, lenders, and other stakeholders ensure the integrity of collateral-based lending.

**CERSAI 2.0: Enhancing Efficiency**

The launch of CERSAI 2.0 has:

- Simplified the registration, modification, and satisfaction process
- Enabled asset-based and debtor-based searches
- Improved data accuracy and real-time verification
- Added modules for assignment of receivables, security interest on intangible assets, and central KYC records

Practical Challenges Faced by NBFCs

- Lack of training on operational modules of CERSAI
- Inconsistent registration timelines due to manual handling
- Misclassification of asset types during registration
- Errors in modification or satisfaction filings


**Recommendations for NBFCs**

1. Train Loan Officers: Ensure front-end and compliance teams are well-versed in CERSAI registration protocols.
2. Automate CERSAI Interface: Integrate CERSAI API with loan origination systems for seamless data capture and timely filings.
3. Conduct Internal Audits: Periodic reviews of registered, modified, and satisfied entries prevent errors and regulatory breaches.
4. Register Immediately After Creation: Delay in registration can cost the NBFC its security interest priority.
5. Use Asset and Debtor Searches Before Sanctioning Loans: This avoids lending against already encumbered assets.

**Conclusion**

The establishment of CERSAI is a landmark regulatory initiative that protects lenders and borrowers alike by bringing transparency, enforceability, and risk mitigation to the forefront of secured lending. For NBFCs, loan registration with CERSAI is no longer optional—it is foundational to sound risk management, legal enforcement, and operational credibility.

As India's financial ecosystem matures, the role of NBFCs will expand further—and so must their adherence to regulatory best practices like CERSAI. With the tools and systems now available (including CERSAI 2.0), NBFCs must proactively strengthen their charge registration protocols to avoid legal vulnerabilities and build trust across the lending value chain.

Terms & conditions link: https://www.cersai.org.in/CERSAI/tnc.prg

PRESS RELEASE- NBFCs

# Midland Microfin Limited Secures ₹113 Crore Capital Infusion from ICICI Bank and Existing Shareholders

Jalandhar, April 25, 2025 – Midland Microfin Limited (MML), a leading non-banking financial company (NBFC) specializing in microfinance, is pleased to announce a successful capital raise of ₹113.10 crore through the final call of its Rights Issue dated March 29, 2025. This infusion comes from a combination of equity and compulsorily convertible preference shares (CCPS), with participation from existing shareholders and ICICI Bank. The issue price of the Share is Rs. 160/- per share which includes a premium of Rs.150/- per Share

This strategic capital enhancement underscores investor confidence in MML's robust business model and its commitment to financial inclusion. The funds will bolster the company's capital adequacy, support expansion plans, and enhance its ability to serve underserved communities across India.

**Key Highlights:**

**Capital Infusion:** ₹113.01 crore through equity and CCPS

**Investors:** Existing shareholders and ICICI Bank

**Purpose:** Strengthen capital base, support growth, and expand outreach

As of March 31, 2025, MML's tangible net worth stood at ₹617 Crores (₹488 crore last year), reflecting a significant increase of 26.43%. The company's capital adequacy ratio (CAR) remains robust at 31.21% (28.34% last year) with Debt Equity ratio of 3.34 times.

MML has demonstrated consistent growth, with its Total Asset reaching ₹2755 crore as of March 31, 2025. The company operates through a network of 517 branches ( as against 436 last year) across 12 states and 2 union territories, serving over 9.45 lakh borrowers.

**About Midland Microfin Limited:**

Established in 2011, Midland Microfin Limited is an NBFC-MFI committed to providing microcredit to women borrowers through the Joint Liability Group (JLG) model. Promoted by Mr. Amardeep Singh Samra, MML has a strong presence in northern India and continues to expand its footprint to promote financial inclusion and empower women entrepreneurs.

CREDIFIN LTD.

Capital Infusion

Financial Performance

PRESS RELEASE- NBFCs

# Credifin Limited Secures ₹213.6 Crore to Accelerate Growth and Reports Strong FY 2024–25 Performance

Jalandhar/New Delhi, April 2025 – Credifin Limited (formerly PHF Leasing Limited), a leading non-banking financial company (NBFC) specializing in secured MSME mortgage loans and electric vehicle financing, has successfully raised ₹213.6 crore (USD 24.9 million) through a strategic blend of equity and debt, while also reporting robust financial results for FY 2024–25.

**Capital Infusion to Fuel Expansion**

In April 2024, Credifin secured ₹213.6 crore via approximately 6.7% equity and 93.3% debt to accelerate its growth in the financial services sector. The funds will be directed towards expanding its secured mortgage loan portfolio and electric vehicle financing solutions, with a focus on underserved communities across India.

The debt portion was sourced from a mix of existing and new lenders. New financial partners include Northern Arc Capital, ESAF Small Finance Bank, ICICI Bank, Kissandhan Agri Financial Services, Electronica Finance Limited, and Maanaveeya Development & Finance. Existing lenders such as State Bank of India, AU Small Finance Bank, Cholamandalam Investment and Finance Company, SMC Moneywise, Vivriti Capital, MAS Financial Services, Shriram Transport Finance, Unicom Fincorp, and SK Finance reaffirmed their support.

**Financial Performance for FY 2024–25**

Credifin demonstrated significant growth across key financial metrics for the year ending March 31, 2025:

**Total Revenue**: ₹6,337.87 lakh, up 82.82% from ₹3,466.70 lakh in FY 2023–24
**Profit Before Tax (PBT):** ₹610.18 lakh, a 77.44% increase
**Profit After Tax (PAT):** ₹513.85 lakh, up 32.16%
Assets Under Management (AUM): ₹35,077 lakh, marking 65.24% year-on-year growth

**Q4 FY 2024–25 Performance Highlights:**

**Revenue:** ₹1,962.55 lakh (up 79.86% YoY)
**PAT:** ₹167.39 lakh (up 80.92% YoY)

**Operational Excellence and Digital Transformation**

Credifin has expanded its reach to over 200 locations across 13 states and union territories, supported by a 1,700-member dealer network and more than 700 employees. The company continues to enhance customer experience and operational efficiency, with over 80% of collections now conducted digitally.

***Mr. Shalya Gupta, CEO of Credifin Limited stated:***

***“Our strategic expansion and strong financial results reflect the relentless efforts of our team and the unwavering support from our partners. This capital infusion and our digital-first approach position us to continue transforming lives through inclusive financial services, especially in Bharat’s underserved regions.”***

**About Credifin Limited**

Founded in 1998 and headquartered in Jalandhar with a corporate office in Delhi-NCR, Credifin is a non-deposit-taking NBFC registered with the Reserve Bank of India. The company offers mortgage loans against immovable property and financing for electric vehicles like e-rickshaws, e-loaders, and electric two-wheelers. With a mission to promote financial inclusion, Credifin continues to empower MSMEs and individuals across India.

Laxmi India Finance Limited

IPOs Details

Key Highlights



# Laxmi India Finance Receives SEBI Approval for Initial Public Offering (IPO)- Jaipur, April 30, 2025

Laxmi India Finance Private Limited, a leading Jaipur-based non-banking financial company (NBFC), is pleased to announce that it has received the observation letter from the Securities and Exchange Board of India (SEBI), effectively granting its approval to launch an Initial Public Offering (IPO).

The company had filed its Draft Red Herring Prospectus (DRHP) in January 2025, and SEBI granted its approval during the last week of April 2025. This marks a major milestone in Laxmi India Finance's journey as it prepares to tap into India's capital markets to support its long-term growth and lending expansion.

**IPO Details:**

- **Fresh Issue:** Up to **1.04 crore equity shares**
- **Offer for Sale (OFS): Up to 56 lakh equity shares by existing shareholders**

The net proceeds from the fresh issue will be used to:

- Augment the company's capital base to support future lending activities
- Meet the growing demand for credit in the MSME and retail lending segments
- Fund general corporate purposes

***Speaking on this development, a spokesperson for Laxmi India Finance stated:***

*"We are proud to have reached this important milestone. The SEBI approval reflects confidence in our business fundamentals and governance practices. The IPO will strengthen our balance sheet and enable us to deepen our presence in priority sectors, especially in underserved regions."*

Laxmi India Finance is among a select group of companies—alongside Veritas Finance, Ajay Poly, Jajoo Rashmi Refractories, and Regaal Resources—that recently received SEBI's nod for IPOs. This reflects the strong momentum in India's capital markets and the increasing interest of NBFCs in exploring public listings to fuel their expansion.

*The IPO launch timeline and other key dates will be announced in due course, subject to prevailing market conditions and necessary approvals.*

PRESS RELEASE- NBFCs

# Veritas Finance Receives SEBI Nod to Launch ₹2,800 Crore IPO

*Chennai, – Veritas Finance Private Limited, a leading NBFC* focused on empowering micro, small, and medium enterprises (MSMEs), is pleased to announce that it has received the necessary regulatory approval from the Securities and Exchange Board of India (SEBI) to launch its Initial Public Offering (IPO).

**The proposed IPO aims to raise ₹2,800 crore, comprising:**

A fresh issue **of ₹600 crore, and**
An Offer for Sale (OFS) **of ₹2,200 crore** by existing shareholders.

This landmark step positions Veritas Finance to significantly enhance its capital base, expand its MSME lending operations, and solidify its presence across India's underserved entrepreneurial sectors.

**Use of IPO Proceeds**
The net proceeds from the fresh issue will be utilised to:

- Strengthen the company's Tier 1 capital base
- Support business expansion and onward lending
- Enhance digital infrastructure and risk management capabilities
- Meet general corporate purposes

***Shareholders Participating in OFS***

The OFS will see partial exits from several prominent investors, including:

- **Kedaara Capital**
- **Norwest Venture Partners**
- **British International Investment (BII)**
- **Lok Capital**
- **Growth Catalyst Partners**

**Leadership Remarks**

Commenting on the development**, Mr. D. Arulmany, Managing Director & CEO, Veritas Finance, said:**

*"The SEBI approval for our IPO is a significant milestone in our journey. This public offering will enable us to further our mission of empowering India's MSME sector with accessible, responsible, and scalable financial solutions. We are committed to delivering long-term value to our customers, investors, and stakeholders."*

Veritas Finance joins a select group of companies—including Laxmi India Finance, Ajay Poly, and others—that recently received SEBI approval for public offerings, reflecting the increasing depth and maturity of India's NBFC sector.

*The IPO timeline, pricing details, and other offer terms will be announced in due course, subject to market conditions and requisite approvals.*

**About Veritas Finance:**

Established in 2015 and headquartered in Chennai, Veritas Finance is a fast-growing non-banking financial company (NBFC) catering primarily to micro and small enterprises in semi-urban and rural India. With a strong focus on financial inclusion, the company has built a robust presence in over 20 states, offering secured business loans tailored to the needs of India's entrepreneurial backbone.

## SHRIRAM FINANCE

**AUM Reachability**

# Shriram Finance Reports Strong FY 2024–25 Results; AUM Crosses ₹2.63 Lakh Crore

*Mumbai, April 25, 2025 – Shriram Finance Limited (SFL)*, India's largest retail NBFC, has announced robust financial performance for the fiscal year ended March 31, 2025. The company's **Net Interest Income (NII)** grew by **15.99%** to ₹22,835 crore, while **Profit After Tax (PAT)** stood at ₹9,761 crore, including a one-time gain of ₹1,489 crore from the stake sale in its housing subsidiary.

Excluding the one-time gain, PAT grew **15.04%** year-on-year to ₹8,271 crore. The company's **Assets Under Management (AUM)** reached ₹2,63,190 crore, marking a **17% increase** over the previous year.

The Board recommended a **final dividend of ₹3 per share**, bringing the total dividend for FY 2024–25 to ₹9.90. In addition, SFL successfully raised over **USD 300 million** through external commercial borrowings from global development institutions including ADB, JICA, and Exim Bank.

SFL continues to strengthen its position as a key lender in the commercial vehicle and MSME financing space, serving over **6.7 million customers** nationwide.

## PAHAL FINANCE

**Equity Infusion**

# Pahal Microfinance Secures ₹147 Crore in Equity Funding to Deepen Financial Inclusion

*Ahmedabad, April 3, 2025* – Pahal Financial Services Pvt. Ltd., a leading microfinance institution committed to empowering low-income households, has announced a successful **₹147 crore equity infusion,** led by **Proparco**, the private sector financing arm of the French Development Agency, and **GAWA Capital's Huruma Fund.**

The funding round includes ₹115 crore from Proparco and ₹32 crore from Huruma Fund and will be utilised to expand Pahal's geographic footprint, strengthen its technology infrastructure, and scale up outreach to underserved women entrepreneurs across India.

With over **550,000 clients served across 11 states,** Pahal continues to champion responsible lending and financial empowerment, particularly for rural women. The investment aligns with global sustainable development goals and qualifies under the 2X Challenge for women's economic empowerment.

***Kartik Mehta and Purvi Bhavsar, Co-Founders of Pahal stated:***

"This strategic investment will accelerate our mission of inclusive finance and further strengthen our impact at the grassroots level."

# NBFC Compliance Calender

## May-2025

| May-25 | Income Tax/PF /ESIC | | GST | | RBI | |
|---|---|---|---|---|---|---|
| **Dates** | **Return** | **Compliance** | **Return** | **Compliance** | **Return** | **Compliance** |
| **07-May** | Monthly TCS Payment | Taxpayers collecting TCS for the month of April 25 | | | | |
| | Monthly TDS Payment | Taxpayers collecting TDS for the month of April 25 | | | | |
| **11-May** | | | GSTR-1 Filing (Monthly): | For taxpayers with annual turnover > ₹1.5 crore or who have opted for monthly filing. | | |
| **12-May** | | | | | Prudential Norms Information (Schedule-II Return) | Housing Finance Companies (HFCs)-Reporting capital adequacy, provisioning, NOF, and asset classification |
| | | | | | ALM-II Statement | Deposit-taking & Large NBFCs-Reporting liquidity and interest rate sensitivity |
| **15-May** | TCS Return | TCS Return in Form 27EQ for Jan-Mar 2025 Quarter | | | DNBS-4B Return | Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return of Structural Liquidity & Interest Rate Sensitivity |
| | ESI Challan | Employers registered under ESI Act for the month of April 25 | | | | |
| | PF Challan (ECR) | Employers registered under EPF Act for the month of April 25 | | | | |
| **20-May** | | | GSTR-3B (Monthly) | For taxpayers with: | | |
| | | | | Annual turnover > ₹5 crore, or | | |
| | | | | Opted for monthly filing, for March 2025. | | |
| **30-May** | TDS Payment | TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for Apr 2025 | | | DNBS08 – CRILC-Main | Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return for Large Credits & SMA |
| | Issue of TCS Certificates | Form 27D for Jan to March 2025 | | | | |
| **31-May** | TDS Return filling | Q4 of FY 2024-25 (January to March 25) | | | | |

# NBFC Compliance Calender

## June-2025

| Jun-25 | Income Tax/PF /ESIC | | GST | | RBI | |
|---|---|---|---|---|---|---|
| **Dates** | **Return** | **Compliance** | **Return** | **Compliance** | **Return** | **Compliance** |
| **07-Jun** | Monthly TCS Payment | Taxpayers collecting TCS for the month of May 25 | | | | |
| | Monthly TDS Payment | Taxpayers collecting TDS for the month of May 25 | | | | |
| **11-Jun** | | | GSTR-1 Filing (Monthly): | For taxpayers with annual turnover > ₹1.5 crore or who have opted for monthly filing. | | |
| **15-Jun** | Advance Income tax | Advance Income tax for April to June 2025 (1st Installment) | | | DNBS-4B Return | Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return of Structural Liquidity & Interest Rate Sensitivity |
| | ESI Challan | Employers registered under ESI Act for the month of May 25 | | | | |
| | PF Challan (ECR) | Employers registered under EPF Act for the month of May 25 | | | | |
| | Form 16/16A | Issuance of TDS Certificates Form 16/16A | | | | |
| **20-Jun** | | | GSTR-3B (Monthly) | For taxpayers with: | | |
| | | | | Annual turnover > ₹5 crore, or | | |
| | | | | Opted for monthly filing | | |
| **30-Jun** | TDS Payment | TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for Apr 2025 | | | DNBS08 – CRILC-Main | Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return for Large Credits & SMA |
| | DPT3 | Form DPT3 for FY 2024-25 for Companies | | | FEMA and FDI Compliance | NBFCs with Foreign Direct Investment relating to Adherance to FEMA guidelines & Reporting Foreign investments to RBI |
| | IEC Code Renewal | Importer Exporter Code Renewal | | | FATF Compliance Certificate | Housing Finance Companies (HFCs) -reporting investments from FATF non compliant jurisdictions |
| | | | | | Statutory Auditors Certificate for HCFs | Housing Finance Companies (HFCs) -Compliance Certification for HFCs |
| | | | | | Capital Adequacy Ratio (CAR ) Reporting | All NBFCs relating to reporting minimum Capital Adequacy Compliance |

# NBFC Compliance Calender

## Compliance Required

| S No. | In addition to: | COMPLIANCE REQUIRED |
|---|---|---|
| 1 | Statutory Compliance Board Meetings | All NBFC -Quarterly meetings discussing regulatory updates-4 times a year as per Companies Act |
| 2 | FEMA Foreign Investment Reporting | NBFCs with FDI -Report any foreign direct investment (FDI) transactions to RBI on Monthly Basis as per FEMA and RBI FDI Guidelines |
| 3 | Customer Complaint Tracking | All NBFC's -Maintain records of customer grievances and resolutions as per RBI guidelines on Monthly Basis as per RBI Fair Practices Code |
| 4 | CERSAI Reporting (Central Registry of Securitization and Asset Reconstruction) | NBFCs engaged in secured lending-reporting securitization and asset reconstruction transactions on Weekly Basis as per SARFAESI Act |
| 5 | CKYC Uploads | All NBFCs onboarding new customers-Reporting new customer onboarding under Central KYC on Weekly Basis as per CKYC RBI Circular |
| 6 | FIU-IND Reporting (Suspicious Transaction Reporting – STR) | All NBFCs-Submission of suspicious transaction reports to FIU-IND on Weekly basis as per Prevention of Money Laundering Act |

# DSB Law Group Pvt. Ltd.

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Founded in 1967 by Shri K.M. Gupta, DSB Law Group has evolved from a specialized taxation practice into a full-service legal and business advisory platform. Since 1984, under the guidance of Shri Dinesh Gupta, the firm has broadened its focus to include corporate law, banking, NBFC regulations, and governance frameworks, merging legal accuracy with strategic insight.With a commitment to innovation and adaptability, DSB Law Group has consistently stayed ahead of industry trends, ensuring that clients receive forward-thinking solutions tailored to their unique needs. This evolution reflects our dedication to not only understanding the complexities of law but also the dynamic nature of business environments.

Our team of seasoned professionals combines deep legal knowledge with industry-specific expertise, allowing us to offer bespoke solutions that drive success in an ever-changing landscape. Whether navigating intricate regulatory challenges or crafting strategies for expansion, we are partners in our clients' journeys, empowering them to achieve their fullest potential.

As we continue to grow, our mission remains clear: to provide unparalleled legal services that are as diverse as the clients we serve, ensuring their continued success and prosperity in all their endeavors.
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- **Banking Regulatory Advisory**
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