



Belstar

Microfinance Limited

A Subsidiary of Muthoot Finance Limited

**Creating livelihoods...
transforming lives**

**ANNUAL REPORT
2021 - 22**

Belstar

Microfinance Limited



Annual Report 2021-22

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Corporate Information

BOARD OF DIRECTORS

- **Dr. Kalpanaa Sankar**, Managing Director
- **Mr. K B Balakumaran**, Wholetime Director
- **Mr. K. R. Bijimon**, Investor Director
- **Mr. George Alexander**, Investor Director
- **Mr. George M Jacob**, Investor Director
- **Mr. David Arturo Paradiso**, Investor Director
- **Mr. Vijay Nallan Chakravarthi**, Investor Director
- **Mr. A. Subramanian**, Independent Director
- **Mr. V A George**, Independent Director
- **Mr. K. Venkataraman**, Independent Director
- **Mr. Chinnasamy Ganesan**, Independent Director

CHIEF FINANCIAL OFFICER

- Mr. L. Muralidharan

COMPANY SECRETARY

- Mr. Sunil Kumar Sahu

STATUTORY AUDITORS

- M/s. Varma & Varma, Chartered Accountants

INVESTORS

- Muthoot Finance Ltd
- Hand in Hand Consulting Services Pvt Ltd
- Sarvam Financial Inclusion Trust
- Maj Invest Financial Inclusion Fund II K/S
- Arum Holdings Ltd

BANKERS & FINANCIERS

- Aditya Birla Finance Limited
- Axis Bank Limited
- Bajaj Finance limited
- Bandhan Bank Limited
- Bank of Bahrain and Kuwait B.S.C
- Bank of Baroda
- CSB Bank Limited
- DBS Bank India Limited
- DCB Bank Ltd
- Dhanalaxmi Bank Limited
- Equitas Small Finance Bank
- HDFC Bank Limited
- Hero Fincorp Limited
- Hongkong And Shanghai Banking Corporation Limited (HSBC)
- ICICI Bank Limited
- IDBI Bank Limited
- IDFC First Bank Limited

BANKERS & FINANCIERS

- Indian Bank
- Indian Overseas Bank
- Indusind Bank Limited
- Karnataka Bank
- Karur Vysya Bank Limited
- Kotak Mahindra Bank Limited
- Maanaveeya Development & Finance Private Limited
- Micro Units Development & Refinance Agency Limited (MUDRA)
- Muthoot Vehicle and Asset Finance Limited
- Nabkisan Finance Limited
- Nabsamruddhi Finance Limited
- National Bank For Agriculture and Rural Development (NABARD)
- Punjab National Bank
- RBL Bank Limited
- SBM Bank (India) Limited
- Small Industries Development Bank of India (SIDBI)
- Standard Chartered Bank
- State Bank of India
- Tata Capital Financial Services Limited
- The Federal Bank Limited
- UCO Bank
- Ujjivan Small Finance Bank Limited
- Union Bank of India
- Utkarsh Small Finance Bank
- Woori Bank
- Yes Bank Limited

CREDIT BUREAU

- CRIF
- Equifax
- Experian
- CIBIL

ASSOCIATES

- MFIN
- AKMI
- UPMA
- AMFI-WB
- KAMFI

DEBENTURE TRUSTEES

- IDBI Trusteeship Services Ltd
- Vistra ITCL (India) Ltd



VISION

To be a socially responsible Microfinance institution working towards entrepreneurship and economic empowerment of women and achieving double bottom line (Economic and Social Empowerment)

MISSION

To further impact over 3.5 million women through affordable credit and entrepreneurship by 2025.

GOAL

To provide digital financial inclusion to microentrepreneurs.

VALUES

Integrity, Professionalism, Accountability, Transparency, Teamwork.

A Million Jobs A Million Smiles

Awards and Recognition

Belstar Microfinance Limited was selected for "Certificate of Appreciation" in the category - SME – Women Entrepreneur of the Year of 'SME-Empowering India awards 2021'. The certificate was awarded by Director, Quality Council of India Under Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry Government of India and received on behalf of Belstar. This is yet another feather in Belstar's journey towards empowering rural women!

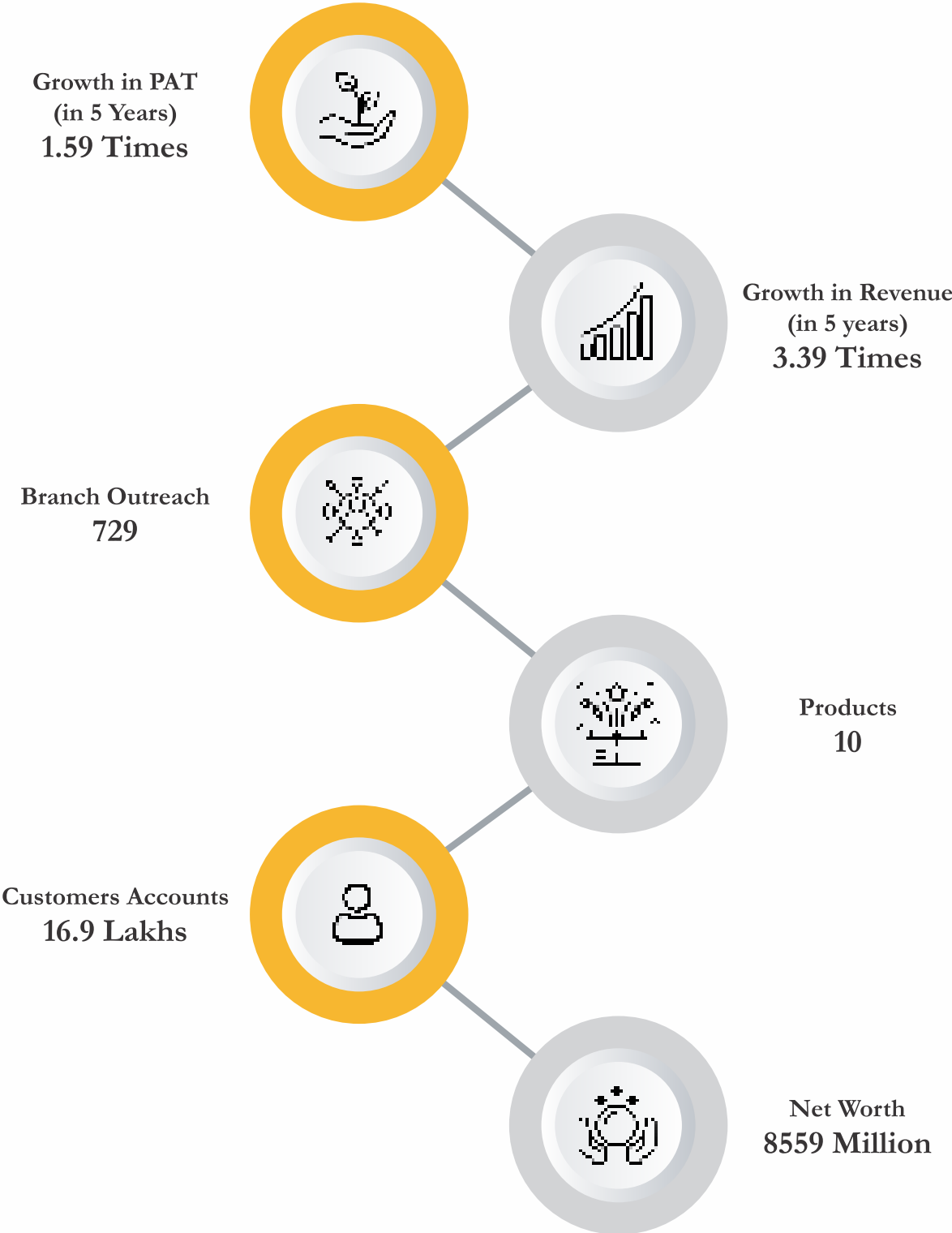


Client Protection Practise

The social rating agency MFR assigned Belstar Microfinance Ltd., the Gold level achievement in terms of client protection. The GOLD level is the highest level of achievement and signifies that Belstar meets the most rigorous standards of client protection found in the Universal Standards for Social Performance Management. This also signifies Belstar continuously strives for improving its systems, practices and services by aligning to a set of standardized and globally accepted standards and keeping clients at the center of the decision-making process. Belstar is committed to client protection and responsible practices.

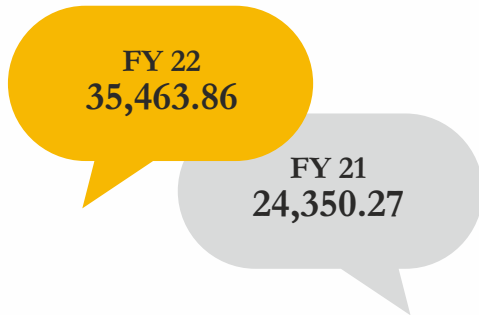


Competitive Advantages

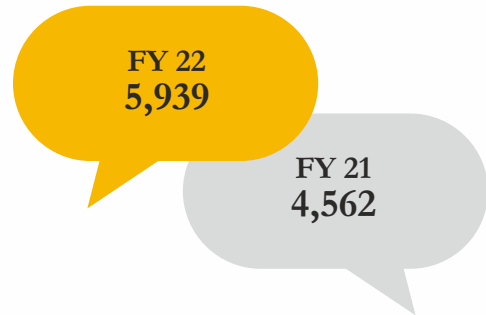


Corporate Highlights

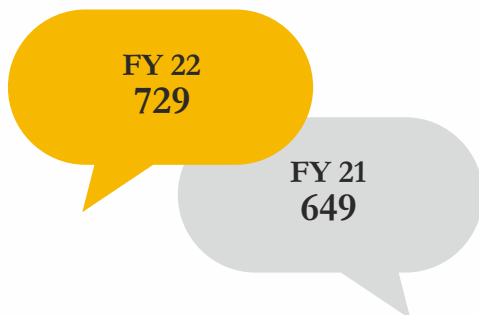
Disbursement (₹ In Mn)



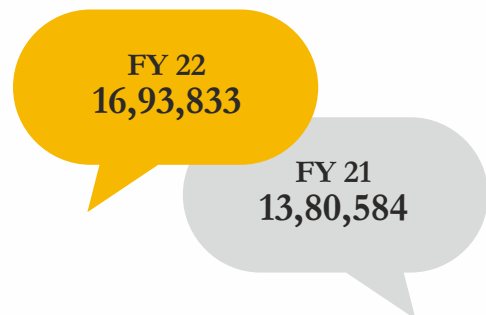
Employees (No's)



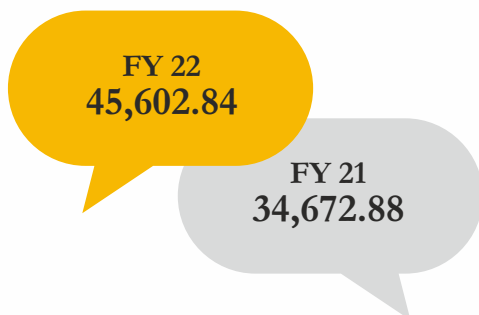
Branches (No's)



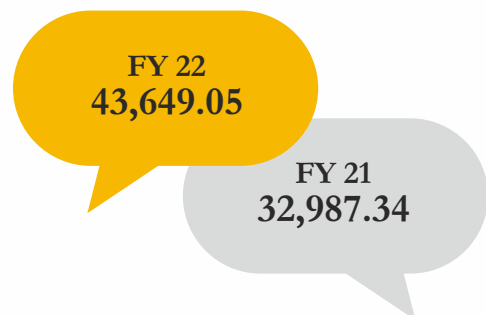
Customer Accounts (No's)



Balance Sheet Size (₹ In Mn)

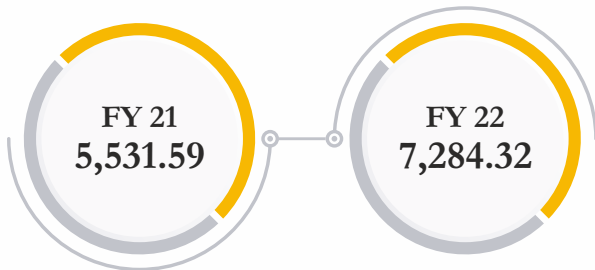


Loan Assets (₹ In Mn)

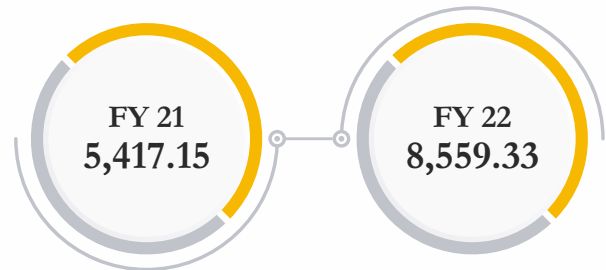


Financial Highlights

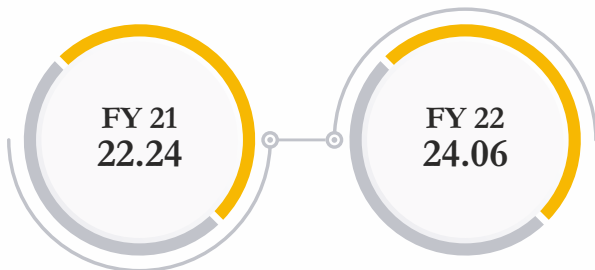
Total Revenue (₹ In Mn)



Net Worth (₹ In Mn)



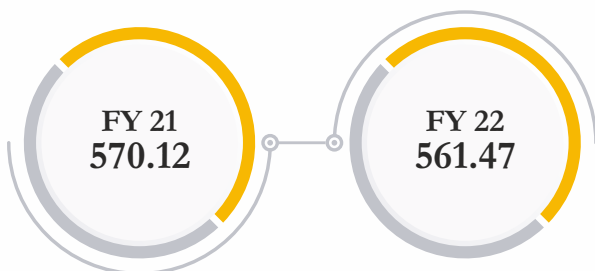
CRAR (%)



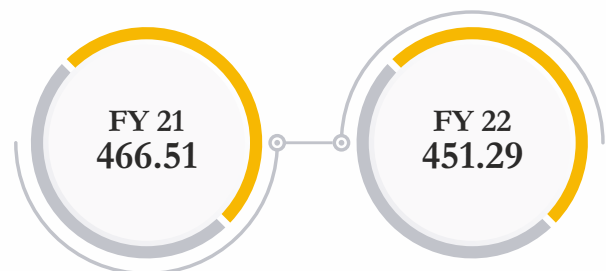
Expected Credit Loss (%)



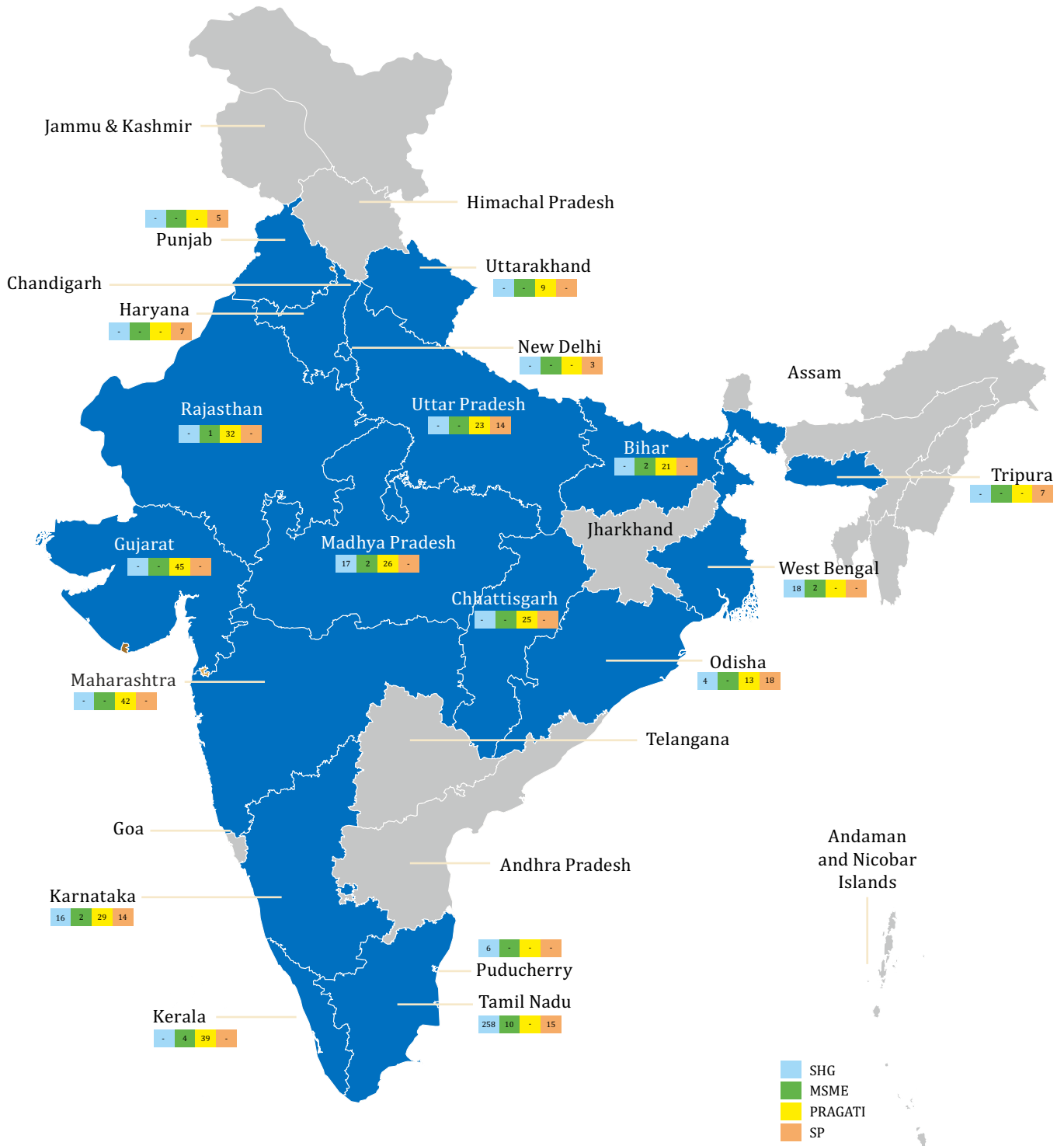
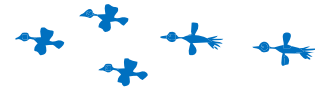
PBT (₹ In Mn)



PAT (₹ In Mn)



Geographical Presence Spreading the wings



Message from the Managing Director



Dear Shareholders,

It is our pleasure to present to you Belstar Microfinance's Annual Report for FY 2021-22. The year began with the second wave of Covid19 impacting many of our customers adversely and the pains of economic disruption within a year but has ended on a positive note. The company has soared, reaching an AUM of INR 4365 crores, a 32 % increase from end of March 2021. Our PBT and PAT are at INR 56 crores and INR 45 crores, respectively.

Our outreach has deepened, impacting 1.69 mn clients spread across 18 states and 729 branches.

A significant highlight and milestone for the year was the onboarding of a new equity partner. Belstar onboarded Affirma Capital, a private equity firm that invests in emerging markets with an infusion of INR 335 crores into the company. Along with the contribution from our existing promoters, Muthoot Finance and MAJ Invest, the entire round closed with a cumulative INR 385 crores. The equity raise has been pivotal in improving the CAR from 22% to 25.18% and has given us access to additional debt. The infusion underscores the confidence of the investors and market in Belstar's business model and strategy and we are well on the way to reach an AuM of INR 8000 crores by leveraging the same. In these truly turbulent times, this investment exhibits the confidence in the company and the industry.

As always, our customers come first, and we remain a committed, socially responsible MFI. This year, we were awarded the Gold Certification in Client Protection from Social Rating Agency, MFR in January 2022. Belstar is now listed in the Social Performance Task Force's website, a proud moment for all of us. Our steadfast commitment to our clients and excellent parentage of Muthoot Finance Ltd has ensured that we retained our upgraded rating of AA-/Stable from CRISIL and the highest COCA rating of M1C1 from CARE Advisory for yet another year. These factors have positioned Belstar as a leader in the industry. Aside from this, Belstar received a 'Certificate of Appreciation' from the Small and Medium Enterprises Department, Govt of India in the Empowering India Awards 2021. With the second wave of Covid19 posing new challenges, our focus was on maintaining a high-quality loan book, ensuring minimal Covid19 losses and boosting team morale. Through meticulous tracking, data analysis and ramping up of the collections team, we have ensured minimum losses and write off. We are constantly trying to use technology to improve the quality of the loan book by identifying the correct clients. Aside from the regular work, the team has performed exceptionally through different due diligences for the capital raise, churning out data in short periods of time to meet the expectations of all the shareholders. The treasury department's consistent performance has brought down the cost of funds. We have diversified into Market Linked Debentures and shall explore retail NCDs and ECBs in the coming quarters. Our excellent track record and relationship with bankers has supported in DA transactions which have added to the profitability of the company. With a majority of the industry reporting high losses and write off, Belstar maintained decent growth even during the crisis and bounced back to normalcy.

Community and customer connect sets Belstar apart. In close coordination with Hand in Hand India, we have conducted skill training and enterprise development training courses for women entrepreneurs, our target clientele. This has enabled them to grow their businesses profitably. Aside from financial empowerment of our clients, we have linked them to Government schemes including insurance, street vendor assistance etc so that they can maximise the benefits and uplift their families. Keeping our focus on the self help group model has helped us retain a strong customer base with social collateral and high portfolio quality.

Our staff have been a pillar of strength through the year. We have encouraged all the staff to take both doses of the Covid19 vaccination protecting employees, their families and clients. The HR initiatives too have gone digital, and performance appraisals have all been driven by data making it very robust. We are leveraging the outreach and support from Hand in Hand Academy for learning and development of various cadres of staff across Belstar. This has ensured retention of high quality manpower and reduced attrition. I thank the leadership team, senior management and the entire staff for their positive attitude, commitment and teamwork during this challenging year. I sincerely thank our Chairman, our esteemed Board of Directors, Independent Directors and the various Committee members for their time, unflinching support and guidance through the year that has been pivotal in tiding over this crisis. I thank MD Muthoot for his relentless support and strategic guidance.

The new financial year brings with it new challenges. Our investment in technology, preparedness for new RBI framework, strengthening of the Pragati vertical, leveraging of technology for customer retention and new product development and transition to a new IT application will be the major thrust areas during the current year. On a personal note, I enhanced my skills with a course on (Environment, Social and Governance) ESG run by Competent Boards during the year. The preparation of a sustainability report is going to be key in the coming years to shape the company and Board's focus. This will especially help during listing and is a priority for Belstar. We are confident that we will reach new heights with our trusted clientele, dedicated team and guidance of our experienced Board.

Board of Directors

Dr. Kalpanaa Sankar, Managing Director

Dr. Kalpanaa Sankar has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, gender differentiated impact and monitoring tools. She was the Monitoring and Evaluation Officer for IFAD and was Consultant with UNOPS, UNDP, Christian Aid and Wetlands International. She has also been Consultant with the South African government and supported poverty reduction, job creation and microfinance programmes in Afghanistan and Brazil.

Dr. Kalpanaa Sankar has authored publications on child labour, microfinance and self-help groups. She is the co-founder and Managing Trustee of Hand in Hand India.

Dr. Kalpanaa Sankar has an Executive MBA from TRIUM, where she was the first recipient of a scholarship to pursue the programme. TRIUM is an alliance among NYU Stern School of Business, London School of Economics and Political Science and HEC School of Management, Paris.

Dr. Kalpanaa Sankar is the recipient of the “Princess Sabeeka Bint Ibrahim AI- Khalifa Global Award for Women Empowerment under the Individuals Champions category”, an award given in partnership with the Kingdom of Bahrain and UN Women in New York in 2019. She has also received the “Nari Shakti Puraskar-2016” for the contribution to the empowerment of vulnerable and marginalized women from the Hon’ble President of India and Ministry of Women & Child. Under her leadership, her organization, Hand in Hand India has won the ‘Pradhan Mantri Bal Kalyan Puraskar’ for its dedicated work towards child welfare and education.



B. Balakumaran, Executive Director

Mr. Balakumaran has served in Indian Bank, a nationalised bank for 21 years in various capacities such as Rural Development Officer, Officer in-charge of Gramodaya Kendra, Project Manager - IBSUM and Branch Manager. He has independently managed the Agricultural Credit Desk at the Regional Office of Indian Bank. He brings with him a blend of skill and field experience in rural banking, SHG Movement and Microfinance, specifically in the areas of group formation, credit appraisal, credit linkage of SHGs, monitoring and portfolio quality. He holds a Bachelors in Agriculture and started his career as an Agricultural Officer in the extension wing of the Tamil Nadu State Agricultural Department. He worked at Belstar for more than 12 years in Operation department and retired as Business Head in April 2021.



K. R. Bijimon, Investor Director

K.R. Bijimon is a Fellow Member of the Institute of Chartered Accountants of India, New Delhi, Associate of Indian Institute of Banking and Finance Mumbai and Fellow Member of Certified Management Accountants, Institute of Srilanka. He holds LLB degree from MG University and MBA from Cochin University. He has over 26 years of experience in the field of financial services and is employed in the Muthoot Finance Limited since inception. As Executive Director & COO of the Company he oversees credit, operations of zonal offices, internal audit, marketing, Information technology, recovery and legal and vigilance departments of the Company. He is the Chief Operating Officer for global operations of Muthoot Group (USA, UAE, UK, Nepal & Sri Lanka). He has been the driving force in Muthoot Group expanding its operations to USA, UK, Nepal and Sri Lanka. Shri. K.R. Bijimon is Director in Muthoot Group Companies viz. Muthoot Home Fin (India) Ltd., Muthoot Securities Ltd., Muthoot Commodities Ltd., Muthoot Forex Ltd., Muthoot Finserv USA INC. Asia Asset Finance PLC Sri Lanka, Belstar Microfinance Ltd, Chennai. and United Finance Ltd. Nepal. He is also a member of the Board of Governors of Muthoot Institute of Technology and Science (MITS).





George Alexander, Investor Director

Mr. George Alexander has done his Master's in Business Administration from University of North Carolina's Kenan & Flagler Business School and Bachelor's in Mechanical Engineering from University of Kerala College of Engineering. He is the Deputy Managing Director at Muthoot Finance and takes care of operations in the state of Karnataka and has the additional responsibility of monitoring the global operations of The Muthoot Group in the US. Prior to joining his family business, Mr. George had worked for ING and Kotak Mahindra Banks in India. He is the eldest son of George Alexander Muthoot, Managing Director



George M Jacob, Investor Director

A management graduate from Cass Business School (London), Mr. George Muthoot Jacob is the Deputy Managing Director at the Muthoot group and manages Legal, Corporate Affairs & Marketing of the Group. He also holds an LLM in international Economic Law from the University of Warwick, Coventry, United Kingdom. He completed his bachelor's degree in law from the National University of Advanced Legal Studies, Kochi. He renders his expertise in the field of legal, compliance, and corporate governance, internal audit, risk management, marketing and sales of the Company. He is the eldest son of Shri George Jacob Muthoot, Chairman, The Muthoot Group



David Arturo Paradiso, Investor Director

David Paradiso has over 13 years of international experience managing finance operations, private equity and venture capital in the US and Latin America at Ernst & Young, Dell Corporation, start-ups and NGOs. Currently leads Maj Invest's India office managing investments in the Financial Inclusion sector. David holds an MBA focused on finance, international business and private equity from Brigham Young University (US) and Strategic Leadership on Inclusive Finance from Harvard University.



Vijay Nallan Chakravarthi, Investor Director

Mr. Vijay Nallan Chakravarthi is a Non-Executive Director of our Company. He is Managing Director in the India team for Affirma Capital and is based in Mumbai. Vijay has over 20 years of relevant experience in private equity, strategy consulting and operations management. Vijay is involved in several of the firm's investments including Northern Arc, Varun Beverages, Fortis Healthcare, TBO, Café Coffee Day and Devadarshini. Prior to Affirma Capital, Vijay was with Standard Chartered Private Equity (SCPE) and has a strong track record of investing and generating profitable exits. Prior to SCPE, Vijay worked in private equity, strategy consulting and operations management. Vijay's roles have included Vice President at Bain Capital, Project Leader at The Boston Consulting Group, and Six Sigma Black Belt and Operations Leader at General Electric Company. Vijay has an MBA from the Kellogg School of Management, Northwestern University, MS from The Ohio State University and Bachelor of Engineering from University of Madras.

A. Subramanian, Independent Director

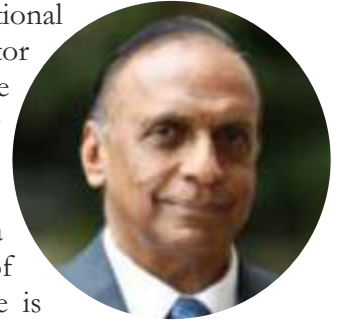
He is former Executive Director of Indian Bank. Before elevation as Executive Director, he was General Manager in Oriental Bank of Commerce in charge of Treasury, International Banking, Investor Relations and HR. He has four decades of banking experience both in administrative offices as well as in the field, covering all facets of banking.

Mr. Subramanian has participated in several international seminars and has convened meetings with investors of the bank, in India and outside India. While in service he was an active member of Accounts and Taxation Committee of Indian Banks Association since 2004.



V A George, Independent Director

Mr. V.A. George is a Mechanical Engineering Graduate with a Post Graduate Diploma in Management. He holds a Board Director Diploma with Distinction from International Institute for Management Development, Switzerland and also a Corporate Director Certificate from Harvard Business School. He is a Certified Director in Corporate Governance from INSEAD, Paris. He was the past Chairman of Equipment Leasing Association of India and a guest faculty at Reserve Bank of India Staff College. Out of his four decades of experience in the Corporate world (both in public and private sectors), more than 25 years have been in senior management positions. He is a Certified Associate of the Indian Institute of Banking and Finance. He is a Fellow of All India Management Association and Institute of Directors. Mr. V.A. George is currently the Executive Chairman of Thejo Engineering Limited.



K. Venkataraman, Independent Director

Mr Krishnamoorthy Venkataraman has more than 40 years of experience in commercial banking, retail banking, international banking and foreign exchange, credit analysis and credit risk management. He was Managing Director and Chief Executive Officer of Karur Vysya Bank until August 2017, leading a massive transformational growth of the bank for over six years. Prior to this he was associated with SBI Global Factors Ltd as Managing Director and Chief Executive Officer. He was with State Bank of India for over three decades working in various capacities upto the rank of Chief General Manager and in various assignments including a stint in Japan as Vice-President (Credit and Operations) handling loan syndications, treasury and funding, asset liability management and investment banking. He is a Fellow of Indian Institute of Banking and Finance and was a member of Governing Council of the Institute. He has also worked with Foreign Exchange Dealers Association of India (FEDAI) as Chairman. He was Member, Commission on Banking Techniques and Practice, International Chamber of Commerce, Paris and Member, Executive Committee, International Chamber of Commerce, India. He also served as Group Head of India, Indo-Bangladesh Joint Commission-Banking Sub-Group and as Member, Indo-Russian Banking Sub-Group. He is also serving as part-time Non-executive Chairman of Coastal Local Area Bank.





Chinnasamy Ganesan, Independent Director

Mr Chinnasamy Ganesan brings with him more than 32 years of experience in the area of audit. He handled Indian and multi-national clients in automotive, auto ancillary, IT/ ITES, BPOs, KPOs, telecom, industrial markets, consumer markets, pharma/ healthcare, transport/ logistics, shipping management, BSRE, oil and gas, plantation, banking, financial services and insurance sector. He was the lead partner for many Indian and multi-national companies and carried out audits, advisory on international financial reporting, taxation, due diligence and other assurance services. Started his practice as a chartered accountant in 1988, Chinnasamy Ganesan was in personal practice till 2005. He then served as a Director in Audit with Lovelock & Lewes (network firm of PwC) for 6 years and served as Audit partner of BSR & Co. LLP (network firm of KPMG) for 6 years.

- He is presently one of the Senior Partner of M/s CNGSN & Associates LLP, Chartered Accountants, Chennai (a 10 partner firm with staff strength of 120+) and is the Head of Audit and Assurance Practice of the firm
- An advising several chartered accountant/ consultancy firms on financial reporting and company law matters.

Investors Profile



Muthoot Finance

Muthoot Finance Limited is the largest gold loan NBFC in India in terms of loan portfolio. With over 4600 branches, Muthoot Finance has the largest branch network among gold loan NBFCs in India. Muthoot Finance Limited was promoted by incorporated Late M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of “The Muthoot Group”, which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc.

Muthoot Finance is a “Systemically Important Non-Deposit Taking NBFC” (NBFC-ND-SI) headquartered in the south Indian state of Kerala. Muthoot Finance's operating history has evolved over a period of 83 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887.



About Arum Holdings and Affirma Capital

Affirma Capital is an independent emerging market private equity firm owned and operated by the former senior leadership of Standard Chartered Private Equity. It currently manages over US\$3.5 billion in assets for leading global limited partners and sovereign wealth funds. Affirma Capital has offices in Singapore, Shanghai, Johannesburg, Dubai, Mumbai, and Seoul.

Affirma Capital helps build and nurture national and regional champions by investing in companies backed by strong management teams and founders. Throughout its 19-year history of investing in emerging markets, it has deployed over US\$6 billion in 100+ companies across Asia, Africa and the Middle East, and has returned over US\$6 billion in cash proceeds to its investors at highly attractive rates of return.

Arum Holdings Ltd is an affiliate entity of Affirma Capital.

MAJ INVEST

Maj Invest Financial Inclusion Fund II K/S

Maj Invest is a Danish asset management company with about USD 18 billion under management, providing services in asset management and private equity. With headquarters in Copenhagen, Denmark, the company employs more than 108 highly skilled professionals worldwide. Maj Invest was founded more than 17 years ago and is fully owned by management and employees. The financial inclusion business area is one of the several business areas of Maj Invest and operates on Maj Invest's regulated institutional platform with its own dedicated team supported by the legal, financial and administrative departments. The financial inclusion team of eleven people is based in Copenhagen and in regional offices in Lima, Peru and Mumbai, India. Maj Invest Financial Inclusion Fund II K/S (Fund II), was established in 2015 and has invested in seven companies around the globe.



Sarvam Financial Inclusion Trust

Being the apex body of all Mutual Benefit Trusts (MBTs), Sarvam Financial Inclusion Trust (SFIT) has pooled resources from all MBTs and has invested in the equity of BIFPL. SFIT has adequate corporate governance and an independent Board of Trustees with representation from SHGs.



Hand in Hand Consulting Services Private Limited

Hand in Hand Consulting Services Private Limited (HIHCSPL) is the Consultancy arm of Hand in Hand India. It is a company incorporated under the Companies Act 1956, with its registered office at Kancheepuram, Tamil Nadu, India.

Key Milestones : Achievements in Thirteen Years



Acquisition of Company by Dr Kalpanaa Sankar to provide affordable credit to economically weaker section



Commencement of Lending Operations to Self Help Groups (SHG)



Reclassified as NBFC-MFI by RBI



Began JLG lending operation in Western part of India



Equity Investment into the Company by Foreign Investors-IFC, NMI, Swed Fund, Aavishkaar



Strategic Investment by Muthoot Finance Ltd Operations of the company expanded to the newer states of Chhattisgarh, Odisha and Kerala



Completed Series C Equity Raise On boarded MAJ INVEST, a PE fund as equity Investor Muthoot increased its stake to ~70.01%



Won the best MFI award in the Medium Size category from Access; NCD's listed on Bombay Stock Exchange



Crossed Rs.500 Cr Loan book and become a systemically important MFI



Adopted Ind AS with effect from April 2018 and corresponding figures for previous year have been restated



Company class has been changed to Public Limited followed by name change to Belstar Microfinance Ltd



Shows great resilience from Covid-19 as AUM is at circa Rs. 3300 cr, with presence in 19 States & UTs. Branch expansion in New Delhi



Achieved 4000 Cr. AUM Raised equity capital of Rs. 275 Cr. Affirma Capital came in as strategic investor Issued MLD SME –Entrepreneur of the year award -2021

Lending Helping Hand: CSR

Advancing Women Empowerment Process through Women Headed Organisation



The purpose of this Report is to provide the Belstar Board and other stakeholders with a summary of the Belstar CSR projects status. Hand in Hand India, a CSR implementation partner of Belstar Microfinance Limited, is working with low-income households to restore livelihoods and help them recover from the economic shock of Covid-19 for a period of 10 months. The project duration was between June 2021 and March 2022.

The CSR projects adopt a multipronged approach in their intervention; this includes enhancing the skillset, knowledge, and capabilities of women borrowers; equip the targeted women with financial, digital literacy, and marketable skills. These interventions have a direct bearing on the 7 SDGs of no poverty, zero hunger, good health and well-being, gender equality, decent work and economic growth, reduced inequalities, and partnerships for the goals.

Economic empowerment of women has been studied extensively amongst rural communities and it has been found to be one of the most powerful initiatives that can transform not just the woman, but her household as well. We have found the same to be true in the current project as well.

With improved economic status, the quality of life is expected to improve in other areas as well - people would have access to better food, nutrition and better quality of education and would in most cases make use of it.

The interventions that were planned and executed comprise training on:

1. Financial prudence with a focus on inculcating discipline for repayment of loans,
2. Improving digital knowledge,
3. Coaching on business,
4. Enterprise creation in the financial sector such as business correspondents,
5. Linking with social security schemes, and
6. Upscaling innovative concepts piloted by the SHG pillar of Hand in Hand India.

These interventions are mediated through Women Headed Organizations that have been established in the past to take forward the vision of Belstar and Hand in Hand India. This project has been implemented in 7 States (Tamil Nadu, Karnataka, Maharashtra, MP, Gujarat, Rajasthan, Punjab). Each State has identified and finalized locations to execute the planned interventions in consultation with Belstar Team.

State wise objectives

1. **Gujarat** - Enhancing Livelihood of Self-Help Group (SHG) Women in the 3 Selected Panchayats, Sanand, Gujarat – SHG Formation, financial and digital literacy, Kitchen Garden and Skill Training
2. **Karnataka** - Enabling Women entrepreneurs through financial and digital literacy along with providing business enhancement training for creating sustainable business with the support of Women Headed Organizations for 10,000 women – Financial Discipline, Business Coaching and ICT Support for Entrepreneurship
3. **Madhya Pradesh** - Promoting Gender Equality through Financial Inclusion, Enterprise Development and Community Welfare for 20,000 women – CLN/BLN – Business Coaching
4. **Maharashtra** – Empower Women through Financial and Digital Literacy, Skilling and Finally Creating Sustainable Family Based and Group Enterprises for 10,000 women – Skill Training and FBE/ME and Group Based Enterprises
5. **Rajasthan** - To promote gender equality among women through financial inclusion, entrepreneurship and community development for 12,000 women - Digital Entrepreneurship
6. **Tamil Nadu** - Transforming Family-based Enterprises to Micro Enterprises through Business development training & webinars for 4500 members – Leveraging schemes and hand holding support conduct sustainable businesses
7. **Punjab** - Promoting Women Empowerment through Social Mobilization, Financial Inclusion and Livelihoods Promotion in Bhatinda district, Punjab for 2,000 women



Managing Director of Muthoot Finance.Ltd, Mr. George Alexander Muthoot visits Hand in Hand India's skill training project, a CSR initiative of Belstar.



Investor Director of Belstar, Mr. George M Jacob, visits CSR initiative of empowering women in Cochin.

Gujarat

S. No.	Deliverable	Cumulative Proposed	March '22 Proposed	March '22 Achieved	Cumulative Achieved
1	SHG Formation	50	10	6	38
2	Module Training	30	10	9	31
3	Kitchen Garden creation	200	60	0	95
4	Bank Account Opening	50	10	3	22
5	Records Printing	50	0	0	50
6	Skills Training	12	4	1	5

Highlights:

1. Gujarat Govt. Scheme linkage on Providing Hawker Umbrella to 20 SHG members selling vegetables and Perishable food items
2. 10 applications submitted for Household toilet construction scheme under Gujarat Government at Pipan village

Karnataka

S. No.	Key Deliverables	Yearly target June '21 - Mar '22	Cumulative Achievement from June '21
1	Financial and Digital Literacy trainings - 5,000	5,000	3987
2	Sensitize on significance of repayment discipline - 10,000	10,000	3904
3	Business Coaching Training - 2,500	2,500	1527
4	Creating Family Based enterprises - 85	85	85
5	Creating 15 Group Based Enterprises - Benefiting 75 to 100 women/men	15	12
6	Digital Marketing/Market Linkages/ Participate Business conclave – 1000 women	1000	694
7	Skill Trainings - 500 women skilling and upskilling	500	413
8	ICT Kiosk cum Resource Centre - 1 (Services for minimum 500 persons)	1	-
9	Formation of Cluster Level Networks (CLN) - 15 (Each CLN 9 to 13 members) and Block Level Networks (BLN)-1 (with 30 to 40 Members)	15	-

Highlights:

Project at Karnataka is enabling women entrepreneurs through financial and digital literacy along with providing business development training for creating sustainable businesses. Important deliverables of the project are Digital and Financial Literacy training, Skill training and Business coaching for Women to support their existing businesses or create enterprises and facilitate for Belstar microfinance loan.

Madhya Pradesh

S. No.	Deliverable	Annual Target July 2021 - June 2022	Achievement March 2022
1	Trg. On Financial literacy	20000	15052
2	Trg. Digital financial Literacy	5000	3751
3	Establishment of Digital platform	60	46
4	Establishment of Digital inclusion support center.	3	3
5	Enterprises Motivation Training	7500	5532
6	Business Coaching (Trade Specific Training/Skill Training)	500	423
7	Strengthening CLNs and connecting with Belstar.	60	49
8	Capacity Building (Business Development Training)	3000	2289
9	Office Bearer Training	300	233
10	Training of BLN executive member	70	56
11	Linkages develop with market	429 beneficiaries in apparel sector	
12	Digital App like (OK credit, Khatabook) introduced	684 Beneficiaries started	

Maharashtra

S. No.	Key Deliverables	Yearly target June '21- March '22	Cumulative Achievement from June '21 - March '22	Variance
1	Financial and Digital Literacy Training	5000 Members	5384	+348
2	Sensitization sessions on Loan Repayment Discipline	10000 Members	6856	3144
3	Business Development Training	2500 Members	2916	+416
4	Creating Family Based enterprises	85 FBEs	83	2
5	Creating Group Based Enterprises	15 GBEs – (Benefiting 75 to 100 Women)	8	7
6	Women Business Group for selling the groceries	1 – (Benefiting 10 to 20 Women)	0	1
7	Starting fees based Skill Trainings Centre	1 – (Min. 500 Women for skill training and creating/strengthening 100 Jobs/Enterprises)	1	0
8	Multipurpose Internet Centre	1 (Creating 2 jobs & access to services to poor people (Min. 500))	1	0
9	Formation of Cluster Level Network (Minimum 13 members each) &	20 – (Each CLN 9 13 Women members)	12	8
	Formation of Block Level Network (Minimum 13 members each)	1 - (with 30 to 40 members)	0	1

Highlights:

In reporting period, Facilitation made to **57 members** with 3 Panchayats to gets benefits of different government schemes. Mobilization process is still going on in all Panchayat area.

Social Scheme support:

1. **Total 3 villagers for PMSBY (Panrdhan Mantri Surksha Bima Yojana)** of INR. 12 from **Malwandi Dhore Panchayat** in reporting period.
2. **Same above 3 villagers** also got benefit of **PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana)** of INR. 330 from **Malawandi Dhore Panchayat** in reporting period.
3. **Sukanya Samridhhi Schemes** had been facilitated with **25 members** from **Sangise Panchayat**.
4. **E- Shram cards** supported to **20 members** from **Sangise Panchayat**.
5. **PAN cards** supported with **6 members** in **Sangise Panchayat**.

Rajasthan

S. No.	Key Deliverables	Target	Achievements	
		Year 2 (Jul 21 to Mar 22)	Cumulative Status till March 22	Variance
1	Baseline & Market Assessment report	1	1	-
2	Project Orientation and Training of Team	2	2	-
3	Training of JLG members on enterprise motivation.	1000	1006	+6
4	Training on Business management in partnership with Resource agency	500	505	+5
5	Training on Digital Financial Literacy	5000	5010	+10
6	Skills up gradation training	400	409	+9
7	Establishment of Skills Facilitation centres	2	2	0
8	Organizing Monthly Customer Connect / Campaign in 50 Clusters for BELSTAR Customers	9	9	0
9	Mentoring and follow up support for promotion of entrepreneurship	1000	1022	+22d
10	Establishment of Digital Inclusion support centres	2	2	0
11	Facilitation of digital entrepreneurship services (Digital payments, credit, insurance, registration, digital marketing, etc.) to women entrepreneurs.	1000	1020	+20
12	Establishment of Digital Platforms and Digital Networks for facilitating digital related services and awareness to the JLG Members and other Community Members.	50	50	0
13	Facilitated digital services (Credit, insurance, payments, remittance, pension, social security schemes etc.)	12000	5776	6224

Highlights:

Many govt. institutions like Krishi Vigyan Kendra (KVK) and Agriculture College, Veterinary College other NGOs linked with our project and they are very interested to work with HiH India and Belstar to support for increase the livelihood of our JLG members.

Tamil Nadu

S. No.	Key Deliverables	Yearly target June '21- Mar '22	Cumulative Achievement June '21- Mar'22	% Achievement
1	Entrepreneurs' enrolment to support their business	2000	3980	100+%
2	Enterprises handholding support	400	456	100+%
3	Enterprises Google Assessment to understand the requirements and provide support	8000	7600	95%
4	Business Development Training	5000	6307	100+%
5	Online Webinars	36	50	100+%

Highlights:

1. **24 nos of Rs 25,000 Belstar loan amount disbursed** and received an incentive of INR 14 thousand incentive for the staff.
2. We **supported 9 SHG women** from various districts to provide gift bags that include (soaps, mats, country sugar, sweet, and scented lamp oil) for Women's Day Celebration. Through this, they **gained an income of INR 67,708**.
3. Facilitated SHG women entrepreneurs to put up 16 stalls at Head Office, Kanchipuram and at HIH Academy, Kaliyanoor. A total profit of INR 5270/- gained through transaction of products worth INR 23,801/-
4. 40 women entrepreneurs underwent the Business Development Training conducted at Sivagangai. As an impact of the training, members were able to frame their own budget, inculcate time management habits and gained insight on on-time loan repayment and the importance of savings for developing their businesses. Mr. Arun Thomas explained about Mushroom cultivation and marketing strategies to the members.
5. Ms. Nithya, Fashion Designer shared valuable inputs at the Business Development Training held at Virudhunagar. A total of 38 entrepreneurs participated in the event and benefitted.

Supporting Malnourished Children During Covid–19 Pandemic

Project duration: April to June 2021

States: Bihar and Jharkhand

Introduction

Belstar Microfinance Limited (BML) and Hand in Hand India has initiated the food support program for the children of far-flung area in Koderma and Nawada districts of Jharkhand and Bihar respectively. The project focused on 30 villages where malnourished children are concentrated and poverty level is very high. About 40% children are severely malnourished due to poverty and lack of intake of nutritious food. Frequent lockdowns induced by covid-19 are also making deep impact on the safety net of food security for poor vulnerable children due to closure of Anganwadis and Schools. To address this issue, BML has extended their support to provide Food ration kits to 250 Malnourished children and 500 poor vulnerable children studying in Child Learning Centers (CLC) run by Hand in Hand India in the states of Bihar and Jharkhand. Through this project enables us to secure their nutrition during these difficult times.

Progress Matrix:

Number of villages 30

Total food ration kits to be distributed **750**

CLC children **500**

Malnourished children and women **250**

Distribution completed as on 30th June 2021 **750**

Key highlights

- Selection of 30 villages in Bihar and Jharkhand
- Selection of beneficiaries
- Selection of Vendor
- Branding
- Distribution of Food ration kits to 750 malnourished and needy children



Tracking, Tracing and Identification of Malnourished children from 30 villages of Bihar and Jharkahnd



Supported 750 children from 30 villages and also counseled the mothers of the Malnourished children



Media coverage- Distribution of Food ration kits to Malnourished children of Bihar and Jharkhand

बच्चों के लिए शिक्षा के साथ पौष्टिक आहार भी जरूरी : शालिनी

बाल श्रम उन्मूलन दिवस पर पाठशाला में फूड न्यूट्रिशन किट का वितरण

प्रतिनिधि, कोडरगा बाजार

हम सभी को बाल अधिकार के बारे में समझने और उस अनुरूप कार्य को जरूरत है. सभी बच्चों के बारे में अभी से शिक्षा करना चाहिए. बच्चों के बेहतर भविष्य के लिए उन्हें मार्गदर्शन देने की जरूरत है. पर शिक्षा के साथ ही बच्चों को पौष्टिक भोजन देना भी जरूरी है. परिवार को बाल श्रम उन्मूलन दिवस पर प्रोत्साहित करने के पहले शिक्षा मंत्रालय विद्यालय परिसर में आयोजित फूड न्यूट्रिशन किट वितरण कार्यक्रम को संबोधित करते हुए जिला परिषद की प्रधान शालिनी गुप्ता ने ये बातें कहीं. कार्यक्रम में कुपेक्षित बच्चों के लिए न्यूट्रिशन किट का वितरण किया. सो सभी 750 किट में भरे खान को हरी



वितरण करती निगरान.

झंडी दिखा कर जिन प्रधान ने खाना किया, जिसमें पांच किलो चावल, एक किलो मसूर दाल, दो किलो चने, एक किलो सूजे, एक किलो चना, 50 ग्राम सोयाबीन, 500 ग्राम पोषण पाउडर, सख किलो दहीया, 250 ग्राम बादाम, 250 ग्राम कaju, एक किलो आउंड नट, 250 ग्राम किशमिस, 500 ग्राम मिल्क पाउडर और विटमिन है. सभी चीजें पर्यटन यात्रा में तीन माह के लिए उपलब्ध थे. यह खान भूम-भूम कर कुपेक्षित व असुरक्षितों के बीच फूड

किट उपलब्ध करवेंगा. उन्होंने लोगों से कॉविड का टीका अवश्य लेने को कहा. पीके पर स्थानीय मुखिया सिफेंदर मान्य और सोता देवी ने भी अपने विचार रखे. पीके पर सामाजिक कार्यकर्ता संजीव समीर, आजसू के जिला उपाध्यक्ष विकास कुमार, ईड इन ईड इंडिया के रवि रजत, जिलोक कर्ण, रूपेश कुमार, सविता देवी, रजयार, सविता, सचिन खानून, छात्रधारी, याशिर अंसारी, सुधीर, बसंत, कौशल्य, गायत्री सतिन अन्य मौजूद थे.

Belstar CSR project Health Help Desk, Chengalpattu Government Medical College & Hospital Chengalpattu, Tamilnadu

May I Help You!



Under the funding of Belstar Microfinance, Hand in Hand India has set up a Health Help Desk at Chengalpattu Government Hospital today on 28th May 2021. The Help desk was inaugurated by Dr.Muthuraman, Dean of Chengalpattu GH in the presence of Hospital officials and HiH India team.

Serving the district's 25+ lakh population and beyond, the Chengalpattu Hospital is located within the 240 acre sprawling campus, with 12 broad speciality and superspeciality departments, with a plethora of services. With 3000-3500 patients visiting the OPD section daily typically (and now, even more with the onslaught of the pandemic) and average bed occupancy rate of 600-700 per month on regular days (Source: <https://www.cmccpt.ac.in/>).

On a daily basis, there are hundreds of patients who need support and assistance to reach the concerned departments, locate the exact facility and do not know where to go, upon entering the expansive, bustling campus. This service will reach out to hundreds of such vulnerable community people visiting the premises during times of agony.

During FY 2021 to 2022, our team has supported 281779 patrons at CGMCH, Chengalpattu.

Key highlights

- Supporting vulnerable people visiting GH to receive timely treatment
- Creating awareness on Covid-19 and Vaccination
- Supporting hospital with Covid related activities
- Creating Awareness on Government Health Helpline 104
- Creating awareness on Immunization

Case studies

Name: Ramalingam - 70 years old

Our help desk volunteer saw Ms. Kanniyammal, a 60 years old woman crying at OP department, GH, Chengalpattu. Our health help desk counselor approached her for any help if needed. She explained that her husband was admitted for some Urology problems 2 days back and she do not know what to do now. Our staff took her to General surgery department and doctors advised to take USG scan. Since the scan has to be taken with empty stomach, the hospital staff asked to come back before fasting. The help desk staff explained them clearly to come prepared for surgery while coming for scan. Both Ms.Kanniyammal and her husband thanked us for timely support!

Ms. Manju Priya W/o. Mr. Ajithkumar, Age: 23

She is seven month's pregnant and came to helpdesk along with her husband. Both looked anxious and explained that she couldn't feel baby's movement since last night. The team advised to take more water and took her to ANC OP department. Both were very anxious and worried sick. Doctor checked her immediately and stated that baby movement was normal and advised to take more healthy food and water. She took some rest at our Help Desk before returning back to home.



Insurance – A Safety Net

Financial Year 2021-22 has been a year unlike any other, with the pandemic that ravaged the country (and world). In this backdrop, the role of life insurance has been more pivotal than at any other time. The support of life insurance cover provided by Belstar Microfinance for all clients and their spouse was critical in tiding the family through emotional and financial difficulties this year. In some cases, it has enabled the family to continue their enterprises, hence sustaining their income levels.

In 2021-22, Belstar took services from various service providers to ensure safety net for the borrowers. During the year 15,173 claim incidents were reported and 13,992 claims were settled through. While Belstar is providing the safety net to our borrowers since inception, we targeted automation of claim process in 21-22. This helped the clients in multiple ways, especially during the pandemic. This includes:

- Quick filing, reviewing and resolving claims
- Reduced manual data entry, thus reducing the risk of clerical errors
- Superior and consistent customer experience
- Reduced turn around time by 10 days

Belstar educates all its customers on the benefits and claim process involved before the loan disbursement. Apart from the above, we carry out regular financial literacy campaigns to bring clarity on the Insurance claim benefits and process. Alongwith that, the insurance team (in HO) is on constant vigil to support the clients, with the safety net that enables them to lead normal lives.

This results in less work for the employees and quicker response time and claims payments for customers – a win-win.

Further, as a part of documenting the benefits of life insurance for the members who receive it and their nominees, Belstar has been actively capturing case studies of the beneficiaries. Across 14 states, 832 case studies have been documented through the year with close to 67% of the cases covering nominee's death benefits to the clients proving the importance of covering the nominee as well.



Insurance claim amount supports in keeping afloat

Mrs. Lakshmi is a Policy holder of Exide Life Insurance. She is a member of Sri Vinayagar SHG of Marakkanam branch. She took a Loan of Rs.70,000/- from Belstar Microfinance Ltd for her husband's livestock business. Her nominee Baskar passed away on 07-06-2021 due to Covid – 19. She received Rs.75,000/- as a part of her insurance amount, as a safety net to take care of her family's requirements. Her family consists of 2 daughter and both are studying in college. She earns Rs.400/-per day. She is maintaining Livestock (Cows) and she has informed that the insurance claim amount has been a great help to the family.

Hospicash Allowance Insurance: A boon to tide over tough times

Belstar Microfinance in partnership with Muthoot Securities is also providing Hospicash policy support since 2019. Hospicash is an allowance cover that provides cash benefit in case the insured gets hospitalized. It is calculated based on the number of days the insured is hospitalized and the premium amount paid. The benefits are double in case the insured is admitted in the ICU. This policy is highly beneficial to clients at the bottom of the pyramid as several of them lose their daily income while hospitalized and especially so during the pandemic.

The policy is competitively priced and can be extended to cover the entire family. The claim settlement process is also highly simplified with the entire process being online. Reasons for admission range from anything such as fever, knee pain to complex issues such as brain hemorrhages. A total of 290635 Hospicash policies have been sold in 2021-22 by Belstar to clients across 14 states. A total of 1561 claims have been lodged. Belstar clients value this product as it helps them to earn some income even while out of work. It is a flexible policy that can also be taken by family members – making it comprehensive and accessible with an easy claim methodology too.

Further, as a part of documenting the benefits of Hospicash Allowance Policy for the members who receive it and themselves and their family members, Belstar has been actively capturing case studies of the beneficiaries. Across 14 states, 263 case studies have been documented through the year and the benefits to the clients proving the importance of Hospicash allowance policy.



Hospicash Insurance claim amount supports in keeping a float

The Policy holder Mrs. Sanjukta Behera is from Chandabalai Branch at Jaypouir Region. She took the Hospicash 15 days covering policy. After 11 months the customer was hospitalized owing to a major accident. Post hospital discharge, she submitted her documents- without any questions asked. Her claim amount of INR 11,000 was credited in her bank account. The credited amount helped her to avoid any financial strain due to this unforeseen health scare.



One Phone Call, that's all it took

Better communication builds better business, Customer-centric business should focus on making customer communication seamless by allowing clients to reach out. Thus, engaging them proactively across all customer touch points will deliver a wonderful experience. The key factor is connecting them before they reach us during crisis situations. A call center is a functional team within the service department that fields incoming and outgoing customer phone calls. They operate by representatives who manage each call and keep track of open cases and transactions. In customer service, call centers can be initiative-taking (outbound) or reactive (inbound). This means that they can either reach out to the customers with service offers or reminders, or they can offer traditional support by responding to incoming calls. Below are the different types of Call center.

Virtual

Call centres use software that distributes call to agents who are working in remote-locations

Outbound

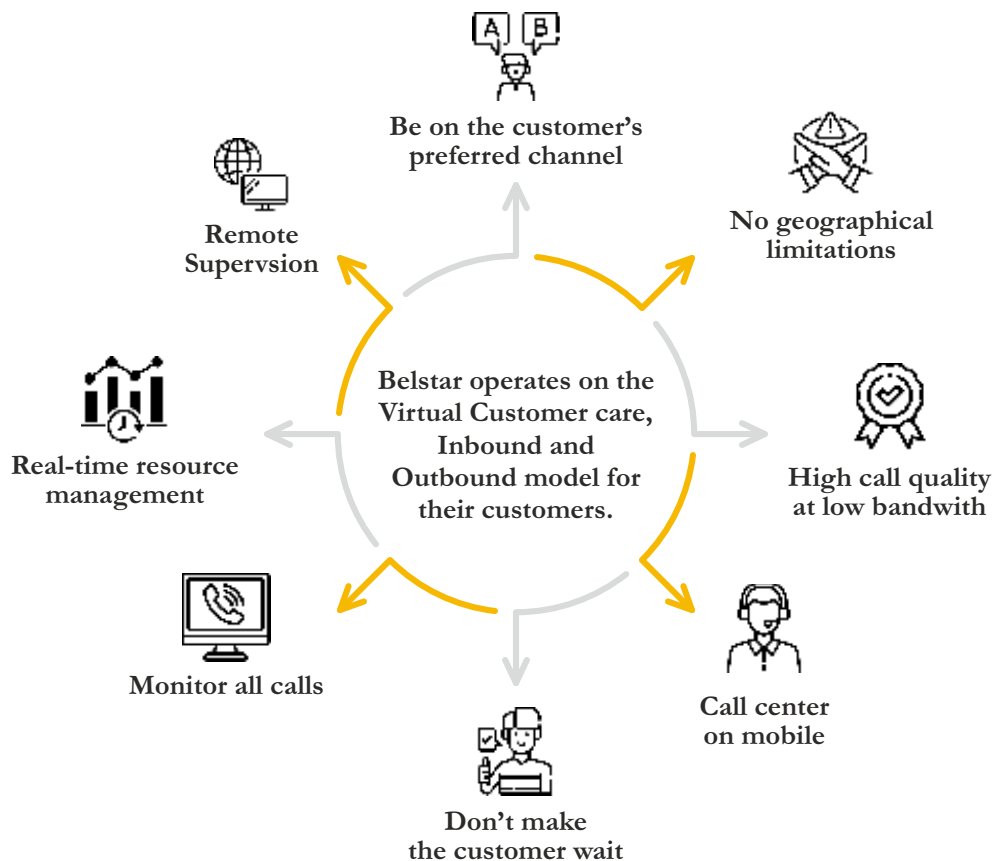
Pleasant than the inbound call centres, where we connect to communicate and take customer happy

Inbound

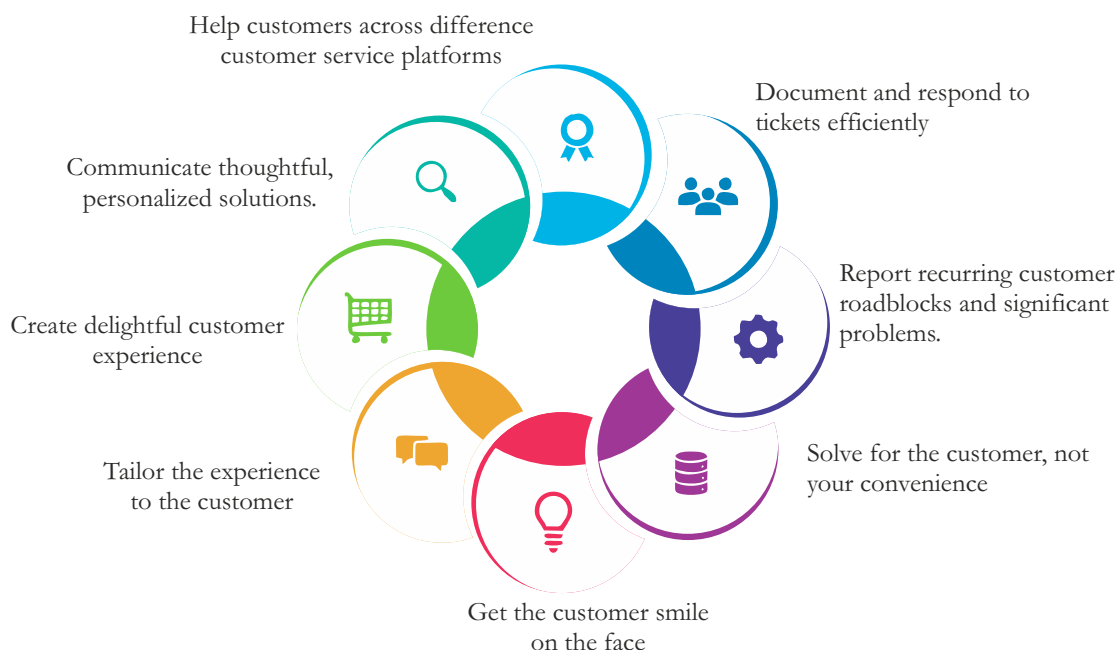
Calls that come in could be unfiltered meaning angry, emotional, or extremely confused customers

Automated

Interactive voice technology for common inquires like finding a business location



Call Centre Customer Service Duties



Collection Performance Apr 2021 – Mar 2022

Report	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Manpower	14	14	57	46	44	28	28	28	28	29	29	29
Collection via CC in CR	0.28	0.37	0.72	1.10	2.59	0.97	0.65	1.01	1.67	0.57	1.31	1.76
Average/Caller in Lac	2.00	2.66	1.26	2.38	5.88	3.45	2.32	3.60	5.96	1.95	4.52	6.07

Exclusive Collection Calling Performance to Reduce PAR:

Status - Performance	Sep-21		Oct-21		Nov-21		Dec-21		Jan-22		Feb-22		Mar-22	
	Out Source	In-House	Out Source	In-House	Out Source	In-House	Out Source	In-House	Out Source	In-House	Out Source	In-House	Out Source	In-House
(a) No. of callers	23	5	23	5	23	5	23	5	23	6	23	6	23	6
(c) Total no. of accounts allocated	45617	17523	46881	16283	184830	34665	192864	37183	187703	27753	216531	46303	235391	47824
(d) Total no. of calls made (unique / repeat)	122322	30343	124796	35343	66168	15785	79852	13835	78542	12098	86612	18521	94156	19130
(e) Unique Connect	26911	7282	27455	8764	21716	5025	37268	6989	22215	4103	24251	6297	26364	6504
(f) Connect %	22%	24%	22%	23%	33%	32%	47%	51%	28%	34%	28%	34%	28%	34%
(g) Caller Productivity (average) - No. of calls made / caller	201	203	204	204	365	333	373	315	443	328	438	226	430	240
(h) Total Calls Connected on Average/ Day	75	73	74	78	81	81	84	91	90	80	90	61	97	67
(j) Payment Alert Identified					622	49	2263	982	1433	491	2212	343	1834	233
(k) Wrong No identification	3097	1041	4003	2622	5466	2210	5879	1199	8698	1150	4004	1388	5373	1632
(l) Collection made / Caller (Only on PTP)	3,36,861	3,81,503	1,97,879	3,91,216	3,54,912	3,80,979	5,95,185	5,97,642	1,99,702	1,77,558	4,91,570	3,01,818	6,23,421	5,42,323

KPIs Customer Service

Customer Experience

First contact resolution
Customer Satisfaction Score
Customer Effort Score (CES)
Net Promoter Scores (NPS)

Agent Productivity

Average Handling Time
Agent Utilization Rate
Average Speed of Answer



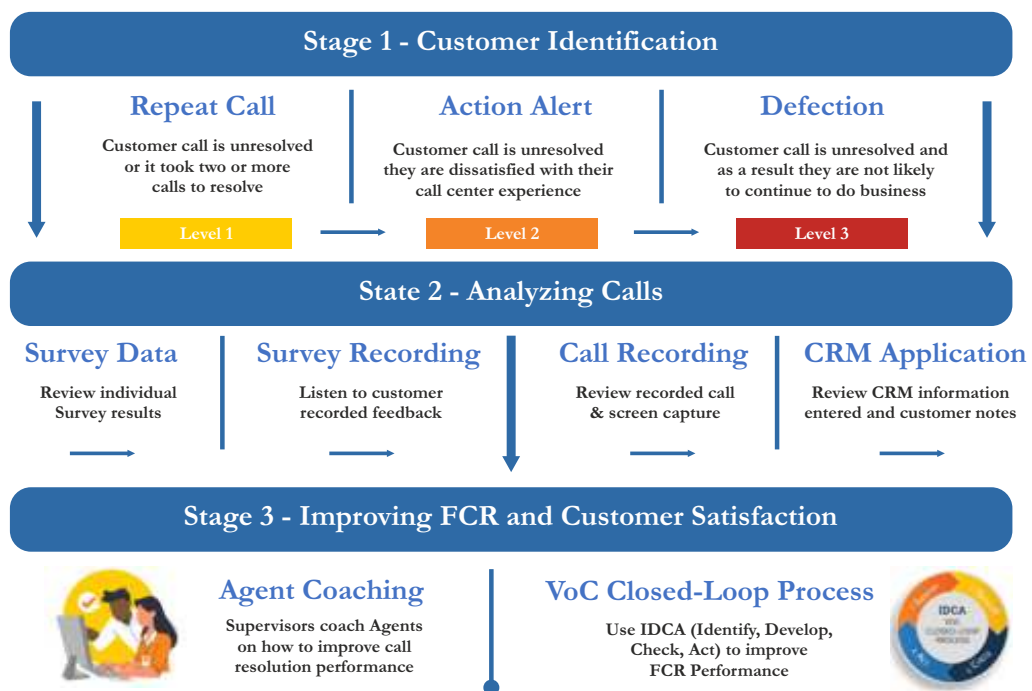
Call Initiation

First Response Time (FRT)
Percentage of Calls Blocked
Average Call Abandonment Rate
Active Waiting Calls

Call Center Operations

Calls Handled
Cost Per Call (CPC)
Call Arrival Rate
Peak Hour Traffic
Average Call Lengths
Average Age of Query
Call-back Messaging
Repeat Calls

Way Forward for future:



* - Manual Outgoing are performed to close loop with the customers and calling the unique abandon customers.

Toll Free Calls to 1800-102-7049 is very critical to get the pulse of the customers from field in case of any emergency. We had only 3% of the calls under complaints PAN India operations. The most important aspect of the call is to close loop with the customers and make them happy, which was successful and helped customers have trust in Toll Free line.

Outbound Agent Performance Dashboard

Month	Base	Total Answered	Total Agent Present Count	No. of working days	Calls Per Agent	Answered Calls Per Agent
Apr-20	35642	17645	292	16	122	60
May-20	189814	26188	498	24	381	53
Jun-20	109783	7820	532	26	206	15
Jul-20	218608	76377	570	25	384	134
Aug-20	235699	72710	546	24	432	133
Sep-20	290421	85010	594	26	489	143
Oct-20	276436	84010	548	25	504	153
Nov-20	266126	79016	516	24	516	153
Dec-20	296489	73400	546	26	543	134
Jan-21	251110	60712	501	24	501	121
Feb-21	245365	58152	487	24	504	119
Mar-21	268389	59805	535	27	502	112

* - Feb 2021 and March 2021 OD customer calls were made for collections.

Post moving to the new technological platform the average calls per agent have increased drastically, reaching 120+ calls answered per agent, where on average we would have 500 numbers getting dialled against the manual option of only 180 – 200 per day. This helped in productivity increase and reaching out to more customers.

Call Centre - Collection Revenue - PTP



* - PTP Collection only in customers who had given timeline and made payment are updated.

During Pandemic, collection was key for the organisation and pushing collection via call centre was critical. On an average the team had generated close to ₹4 – 5 Crores p.m. collections and the process helped the customers to make the payment on time and maintain their track record. This also helped us to understand the customers difficulties and take suitable measures.

Case Studies

Tamil Nadu – Ms. Ranganayagi

Improved lifestyle with increasing profits!

In a hope to build a career for her and to improve her livelihood condition, Ms. Ranganayagi availed a credit support from Belstar Microfinance. With the money borrowed she purchased 2 milching cows for agricultural and dairy purposes. This number increased to 4 cows after the family saw a considerable increase in their income and savings. Ms. Ranganayagi started from scratch with no capital and is now earning INR 15,000 per month. She cares for the cow and the land with the support of her husband who owns the land they graze in. She has taken multiple loans to improve her enterprise and it has been noted by the team that with every loan cycle her income has also increased incredibly. Ranganayagi's secret mantra to success is the sheer passion and determination to improve her family's lifestyle and earnings.



Uttar Pradesh – Ms. Malti

Taking an upper hand in life!

When Ms. Malti took the loan from Belstar, she had two goals on her mind; first to improve her livelihood and second to support the education of her son. Hence to ensure both these wishes are fulfilled she invested and started a seed store/nursery in her village. Malti manages the shop and handles the customer sales whereas her husband supports in managing the accounts and finances of the enterprise. Malti's income has seen a drastic transformation from INR 0 to INR 15,000 per month, for before this shop all she was entitled to were the household chores. The increased income also ensured quality education for her son whose education earlier depended on the grace of Malti's father-in-law.



Case Studies

Kerala – Ms. Suni

The multi-business venture!

The unsteady income earned by her husband did not sustain her child's education or the household expenses of Ms. Suni. Hence determined to take matters into her own hands, Suni started investing her time and skills in rope making. But she also wanted to explore more and ventured into cloth sales. To sustain the business she needed financial support, which is when she turned to Belstar for credit support. With the credit, she built her enterprise, bought raw materials, and stored them in the cow shed due to non-availability of space. Slowly but steadily the business started to kick-off earning her a profit. The financial situation back home was resolved; thanks to Suni's managerial skills. With the increasing income, she started to market her business out in the local communities with the hope to gain more contracts and customers. Suni now earns INR 6,500 per month which is surely set to increase with time and her business acumen.



Madhya Pradesh – Ms. Shehnaaz Khan

Entrepreneur, Employer, and a Trainer

Ms. Sheshnaaz runs a family business along with her husband. She is the creative mind of the business with her husband managing the accounts and the finance. Shehnaaz does stonework for party wear, bridal and other Indian clothing. Shehnaaz started this business to increase her income generation and to improve her livelihood. Then, little did she expect to be an employer to 5 more women in the village, thus improving their livelihoods as well. Aside from being an entrepreneur and an employer Shehnaaz is also a trainer having trained many women in the skill she possesses. Shehnaaz has also partnered with numerous fashion designers who often utilise her and her teams' expertise in the stonework. She now earns INR 40,000 to INR 50,000 per month and does not need to depend on her children for financial matters.



Case Studies

Punjab – Ms. Karamjit

The financial up scaling

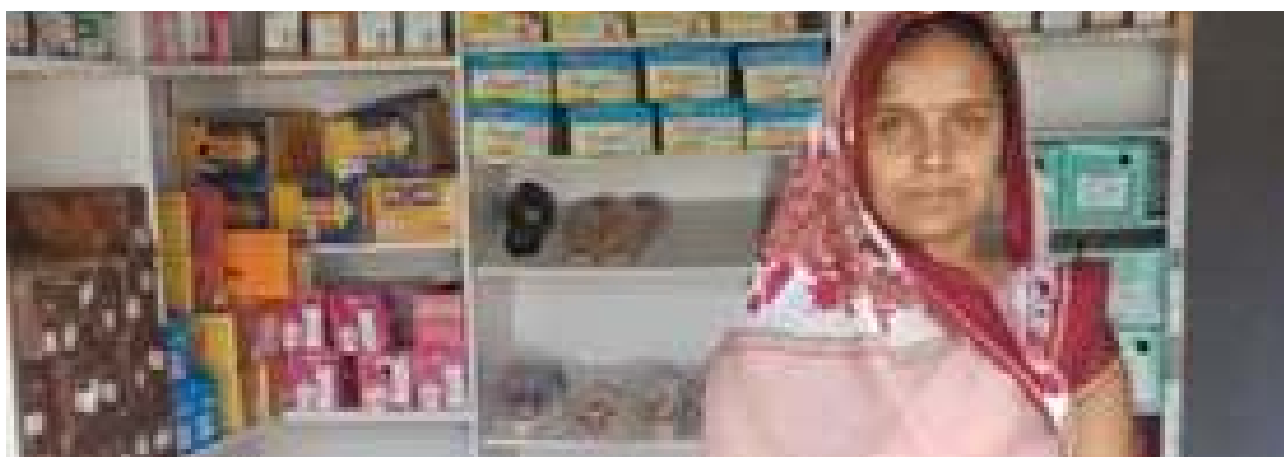
Ms. Karamjit discovered Belstar and took a loan during a crucial point in her life. It was a time when making ends meet was getting unbearable and she needed financial support. With the loan acquired she bought 2 cows and started her dairy business with them. She worked hard day and night to uphold this business and attain a good profit. Thanks to her hard the business did pick up and she was not only able to attain a respectable financial stature but buy 2 more cows. The dairy business and the milk sales have been earning Karamjit INR 20,000 per month. Starting from scratch with no income to now running her own little business, she sure has come a long way ahead.



Bihar – Ms. Asha Devi

Taking matters into own hands and soaring high!

With her husband being the sole breadwinner of the family and a driver he would often be away from the house for days together, Ms. Asha Devi was then left at home to care for the household and her children with the limited income of her husband. Hence to overcome their financial burden, Asha took it upon herself to step up and start her own business. This is when she reached out to Belstar for credit support. With the loan amount received she started a small footwear store in her village. The business took time to pick up the pace but eventually she earned good income and in no time a great profit too. The shop provides the family with an additional income of INR 10,000 per month. Asha has big plans for her business; she hopes to get more capital and expand the footwear store and enrich many more lives by providing employment.



Case Studies

Rajasthan – Ms. Prema Devi

Living life on her own terms!

Determined to be independent even after her son started working; Ms. Prema Devi availed the loan from Belstar. She wanted to create an identity for herself and not depend on anyone else. She started a small fruit shop and used her husband's help to procure fruits from the market. Prema's business started to kick off slowly once the store opened and now she earns INR 35,000 per month. She is now rather satisfied to be managing and running her household with her own hard-earned money.



Our entrepreneurs in Odisha behind the weaving loom



Management Discussion Analysis

Management Discussion

Regulatory Environment

In March 2022, The Reserve Bank of India came up with a new regulatory framework for microfinance lenders. This new framework provides a common definition of microfinance for all the regulated entities. This has direct implications on all the micro-lending institutions, thereby minimising regulatory arbitrage and encouraging healthier participation in the microfinance sector. The simplification of the regulatory framework for microfinance and the broad-based move from prescriptive to principle-based regulation reflects the growing maturity of this sector and the RBI's confidence in the existing participants in this sector. Belstar being a regulated entity would ensure the compliance of the new framework from the new Financial Year.

The Microfinance Industry

The impact of the Covid-19 global pandemic continued to haunt the world, especially in the first quarter of the FY 21-22. The country experienced considerable losses in terms of mankind and resources, that resulted in the decline in economy particularly in the 2nd wave of the Covid-19 pandemic. Amongst all those affected, retail microfinance customers were severely impacted. In the past, the resilience of the microfinance industry was tested by many shock-inducing events like natural calamities, demonetization, political activism etc. Covid-19 too is another event which affected the microfinance institutions and its clients. But the resilience of the customer segment that the industry caters to, once again, shone through. The customers with the timely support of the Government, the RBI and the industry have started rebuilding their livelihoods and the credit discipline is getting reinstated.

The Indian microfinance industry consists of Non-Banking Financial Companies - Micro Finance Institutions (NBFC-MFIs) (members of 'Microfinance Institutions Network' - MFIN) and other lenders under the category of Banks, Small Finance Banks (SFBs), NBFCs and non-profit MFIs. As of March 31, 2022, the industry's total gross loan portfolio was 2,854,410 million, having witnessed 10.04% YoY growth, with 58.0 million unique borrowers. The NBFC-MFI segment accounted for 35.2% of the microfinance lending, with Banks at 40.0%, SFBs at 16.9%, and NBFCs/Others at 7.9%. As on Mar-22 the industry consisted of 202 lending institutions – 84 NBFC-MFIs, 12 Banks, 9 SFBs, 58 NBFCs and 39 others. The NBFC-MFI segment is governed by Reserve Bank of India (RBI) and two industry self-regulatory organisations (MFIN and Sa-Dhan).



Overview of Financial Year 2021-22 for Belstar

Belstar comparatively had a slow start for the FY, because of lock-down in several parts of the country owing to second wave. But disbursements picked up significantly in Q2, Q3 and Q4.

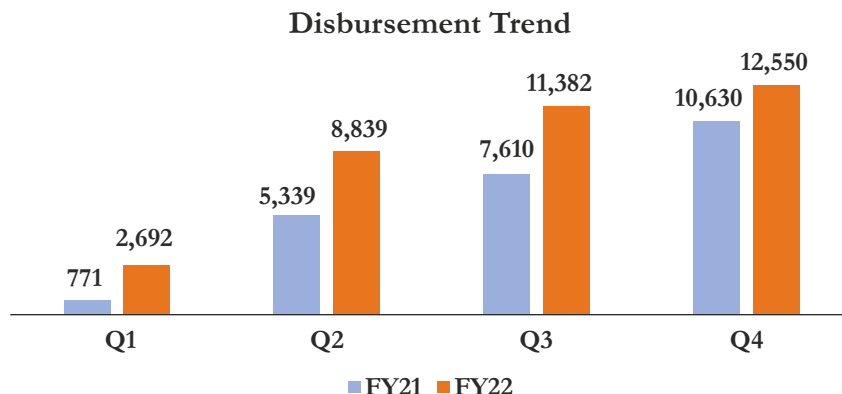


Figure 1: DB Trend from FY21 to Fy22

Belstar’s loan assets size grew by 32.32% from the previous year to 3365 cr. and has now spread to 18 states with 729 branches. Active borrowers are now 16.94 lakhs grown at a phenomenal rate of 23% even during the pandemic, making Belstar as its preferred Financial Service Provider (FSP).

Belstar with its well-thought through geographic diversification strategy is consolidating its position in non-TN states (53%), from the traditional stronghold of Tamil Nadu. Belstar’s strategy for geographic diversification to control the adverse impact of local issues has proven to be handy, especially in Covid-19 period. The company has deliberately kept a rural skew in the branch expansion, and we expect that the rural incomes would remain resilient in the ongoing crisis which would help the company going forward.

Social Performance Management

MicroFinanza Rating (MFR) assigned **A- grade** to Belstar, based on the Social Rating scale adopted by MFR. The rating has improved from the previous social rating done by MFR. This signifies Social Rating blends the key principles of social performance as defined by leading global level initiatives to provide an MFI with a comprehensive assessment of its social performance. The assessment covers Social Performance Management System, Client Protection and Social Responsibility, Outreach results and quality of the services offered by the MFI. The process uses the MFI’s internal reports, internal and external studies, as well as field level data available with the MFI.



Opportunities

While the microfinance industry has grown rapidly over past several years, it still continues to remain largely underpenetrated in deep rural areas. Hence, expansion of customer base across existing and new rural areas continues to remain a medium to long term opportunity for the MFI industry. In addition with the new RBI framework to be implemented by all Financial Service Providers, product diversification to suit customers needs and demands would be the key in the coming financial year and beyond. Similarly, there is a significant opportunity to offer products to graduated clients especially post relaxed RBI norms on non-qualifying asset.

This can be achieved by analysing the large pool of data available from existing customer base, along with credit bureau data, customer behaviour and vintage to offer suitable credit products. MFI players have huge opportunity to leverage the last-mile access to the large customer base, leveraging the smart phone penetration and data availability in remotest locations of the country. Belstar would like to utilise this opportunity to adopt machine learning and artificial intelligence to offer more customised services and products to rural low-income households over coming years

Threats

Increasing occurrence of natural disasters year after year across several parts of the country has been affecting the livelihood and economic activities of the people at the bottom of the pyramid. Given the climate change impacts, we see this threat continuing in the coming years. The possible way of mitigating this risk is to ensure diversification at district level so that the overall exposure to such natural disasters can be contained and its impact can be effectively managed. Further, in such instances it is important for the MFI players to continue providing financial support to the affected borrowers and communities which can help them build resilience and rebound back to normalcy.

Way Forward

Belstar has established a robust and proactive risk management framework for managing internal and external risks. At the Board level we have a Board Risk Management Committee for overseeing the Risk Management efforts of the organisation. At the management level we have risk committee to oversee specific areas of risks like credit risk, operational risk, liquidity risk and market risk. Structured repos are presented to the management and the Board risk committees

Customer centricity lies in the core of Belstar business strategy. We will further build on the strategy to develop customer centric products to acquire new-to-credit and early-stage customers through microfinance, retain graduated customers through individual unsecured business loans, followed by offering secured products complementary to the target segment to support their growing business needs and asset ownership aspirations. On the back of our deep rural presence and a solid understanding of the customer's mindset and financing requirements, we have identified products complementary to our target customer segment. We shall run extensive pilots over the coming quarters before scaling up on the identified products. Belstar has already made necessary technology investments to support these new products and shall leverage our existing retail finance branch network and employee base to offer these products to our existing as well as new customers. Belstar would also explore partnerships with various fintech startups to offer technology enabled products, backed by data analytics and customer profiling.

Belstar is poised to ride on the wave of instability backed by its strong parent The Muthoot Group and its strong institutional processes built over the years.

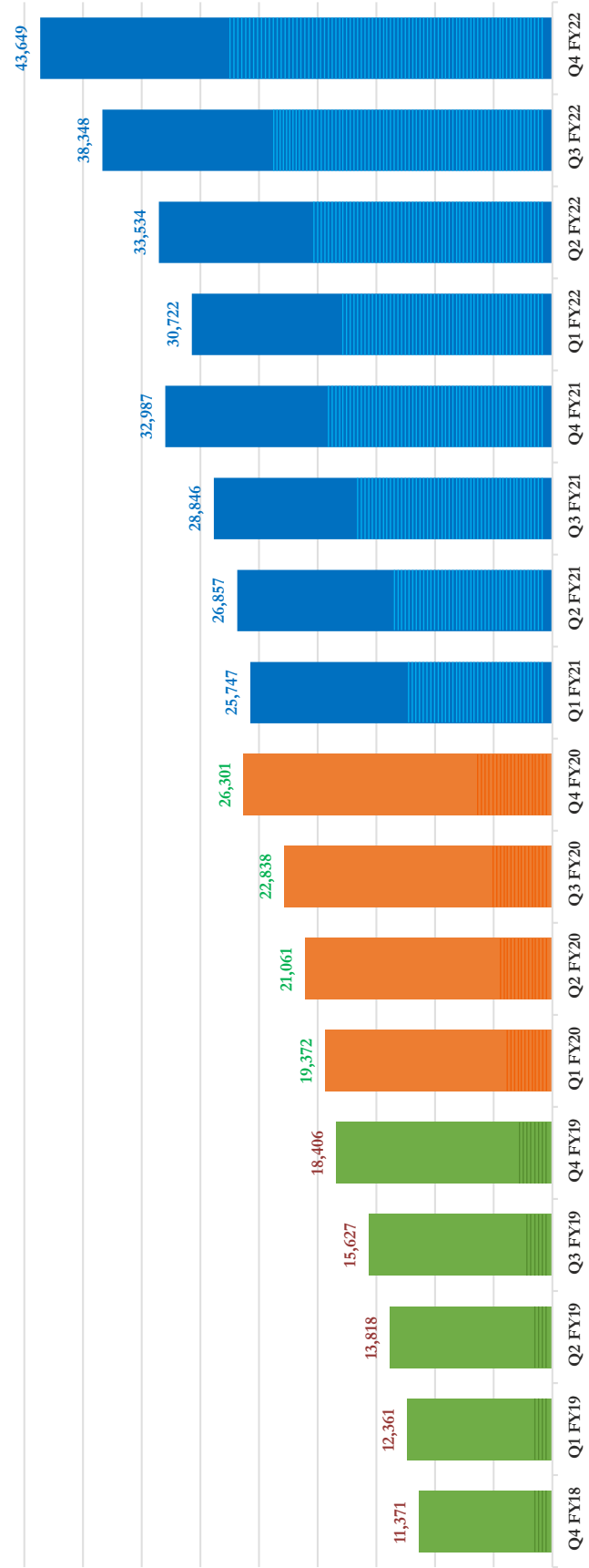


Comparative Assessment of NBFC - MFI v/s Belstar

Particulars	NBFC - MFI				Belstar			
		FY 21-22	FY 20-21	YOY Change %		FY 21-22	FY 20-21	YOY Change %
No. of Active Borrowers	Crs	2.7	2.6	3.8%	Crs	0.17	0.14	21.4%
Total Disbursements	Crs	83,354	57,524	44.9%	Crs	3,546	2,435	45.6%
No. of Branches	Count	16890	14,530	16.2%	Count	729	649	12.3%
Total Staff	Count	142811	1,18,653	20.4%	Count	5,939	4,562	30.2%
AUM - Crs	Crs	1,00,407	80,549	24.7%	Crs	4,365	3,299	32.3%

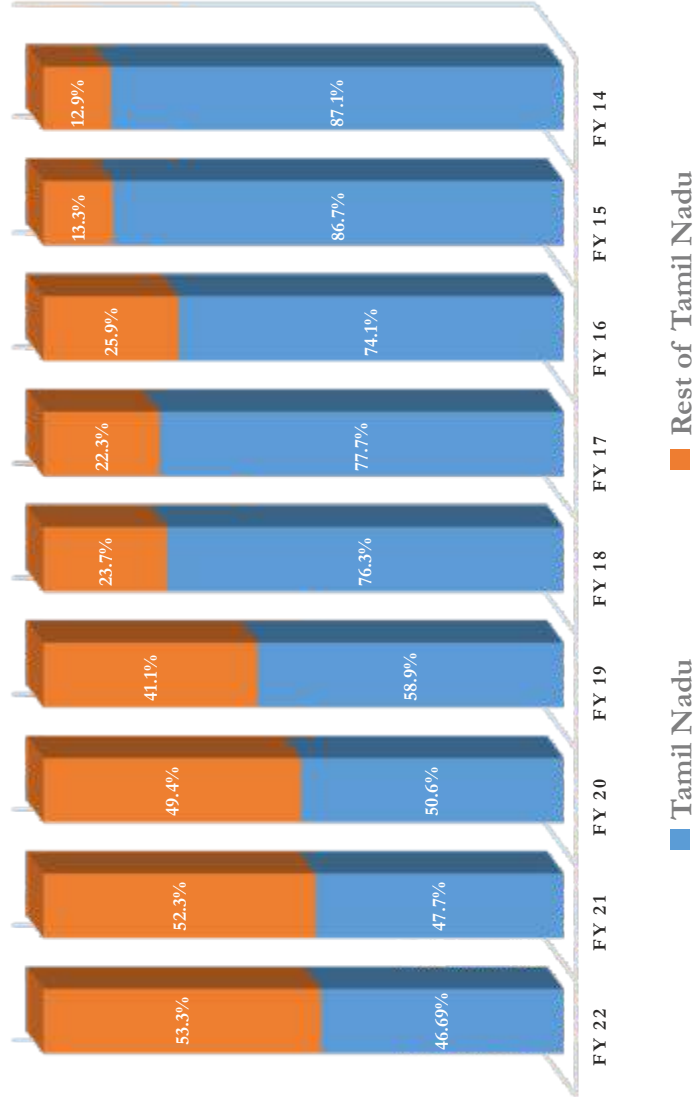
Financial and Operation

AUM GROWTH OVER THE YEARS (₹ IN MILLION)



Geographical Diversification

PORTFOLIO MIX

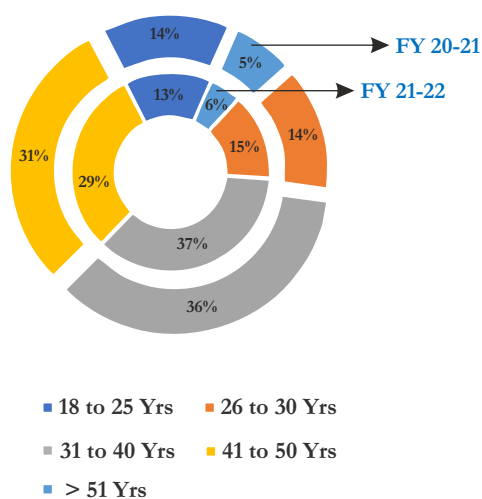


Company has increased its portfolio concentration in Rest of Tamil Nadu from 12.9% to 53.3% over 9 Years

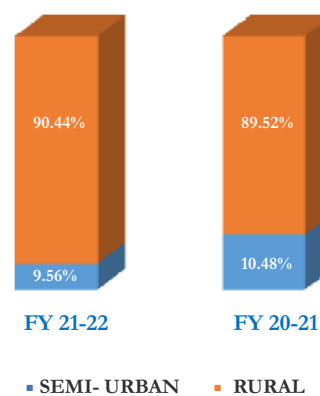
Portfolio Highlights

INDUSTRY	FY 21-22	FY 20-21	FY 19-20
AGRICULTURE AND ALLIED	57.07%	59.75%	60.25%
SERVICES	22.53%	22.75%	21.14%
TRADE AND BUSINESS	14.77%	13.10%	13.92%
EDUCATION LOAN	0.08%	1.04%	0.59%
PRODUCTION OR MANUFACTURING	0.84%	1.09%	2.58%
CONSUMER GOODS	0.59%	0.49%	0.29%
EMERGENCY LOANS	1.98%	0.24%	0.00%
SMALL ENTERPRISE LOAN	2.14%	1.54%	1.24%
TOTAL	100.00%	100.00%	100.00%

AGE WISE DISTRIBUTION OF BORROWERS

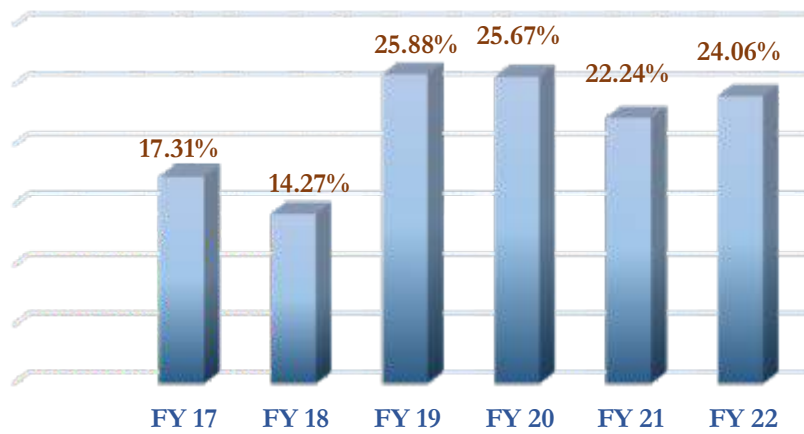


BORROWER BASE



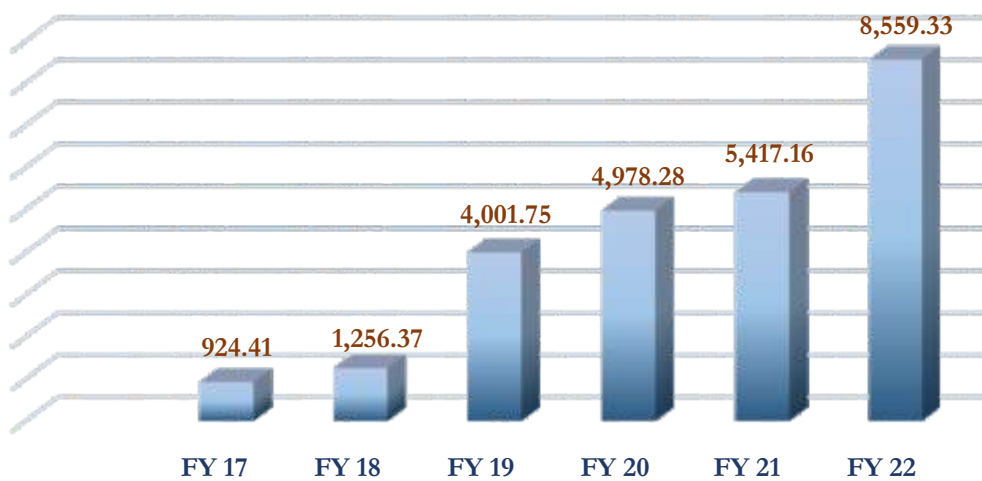
Financial Dash Board

CRAR in %

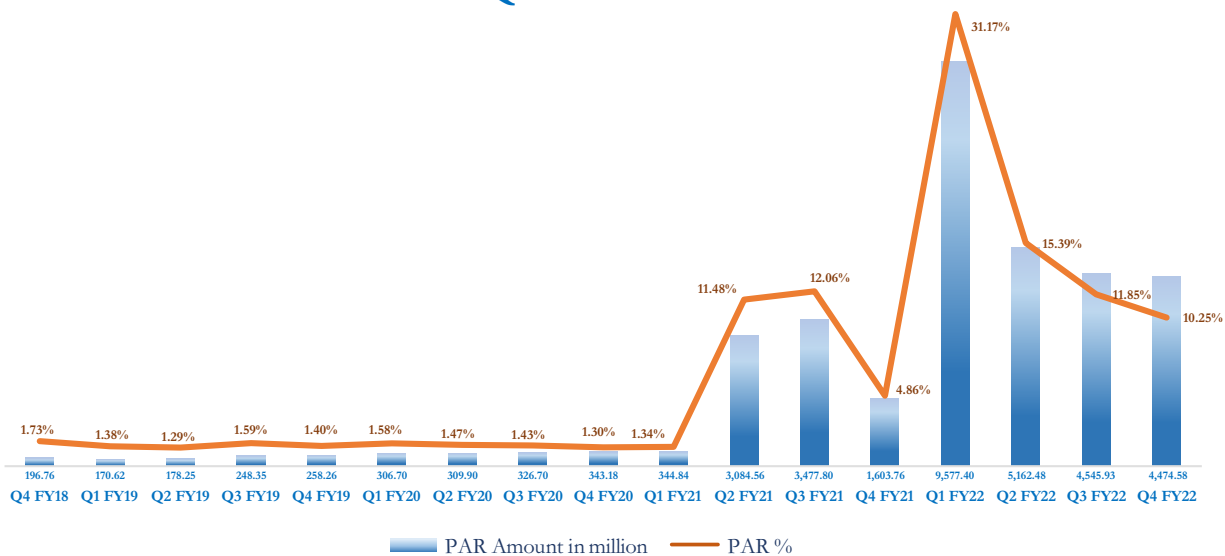


Note: FY 2019, 20, 21 & 22 figures are as per Ind AS, FY 2018 & 17 figures has been recast as per Ind AS

Net Worth (Rs. in mn)



DELINQUENCY MANAGEMENT



Financial and Operational Performance

(Rs. In millions)

Particulars	FY 22	FY 21
Total Income	7,284.32	5,531.59
Net Interest Income	3,691.11	2,932.50
Assets Under Management	43,649.05	32,987.34
Securitization / Direct assignment done during the year	7,232.86	3,514.97
Net worth	8,559.33	5,417.15
Profit after tax	451.29	466.51
Capital Adequacy Ratio	24.06%	22.24%
Return on total assets	1.12%	1.56%
Debt equity ratio	4.16	5.16
Net Interest margin	4360.10	3171.70
Interest coverage ratio	1.19	1.24
Net profit margin	6.20%	8.43%
Return on Net Worth	6.46%	8.98%
Stage 3 assets	2,144.99	783.18
Net stage 3	525.75	165.50
Return on equity	6.26%	8.88%

Belstar Microfinance Limited, a subsidiary of Muthoot Finance Limited had during the Financial year entered into a definitive binding Term Sheet and Shareholders agreement to the extent of Rs 385 crs and raised equity capital of Rs. 275 crores from new investor Affirma Capital through Arum Holdings Limited and existing investors Muthoot Finance and Maj Invest before March 31, 2022.

Affirma Capital a Singapore-based private equity firm manages over \$3.6 billion in assets for global limited partners and sovereign wealth funds. It is owned and operated by the former senior leadership of Standard Chartered PE. In its earlier avatar as Standard Chartered Private Equity, the fund started investing in India in 2004, according to VCCEdge. It invested in several mid to late-stage companies across a range of industries including pharmaceuticals, infrastructure, and banking. Their previous investments in India include Northern Arc Capital, Mahindra and Mahindra Financial Services, Prodapt Solutions, Travel Boutique Online, Craftsman Automation, Tirupati Medicare and GMR Airports.

This process of overall equity raise resulted in more than 26% change in the shareholding and was subject to the prior approval from the Reserve Bank of India which was obtained by the Company on February 08, 2022.

Out of Rs 275 crs, Arum Holdings subscribed for Rs 225 crs and Muthoot Finance and MAJ Invest putting Rs 28 crs and Rs 22 crs each.

Post the above equity infusion, Muthoot Finance Limited continues to be the majority shareholder with 60.69% of shareholding, Affirma Capital(Arum Holdings Limited) holding of 14.51%, Maj Invest Financial Inclusion Fund II K/S holdings 10.51% and Promoters holding of 14.29% in the Company.

As a result of the equity infusion, the CRAR of the Company is 24.06 % as at March 31,2022 and the Management of the Company feels that the current capital raise along with the future Profits of the Company will help the Company meets its AUM growth over the next two years and help leverage necessary funding from the Banks and Financial Institutions to spur the growth.

Further this funding will help Belstar to grow its loan book and accomplish its vision of becoming a socially responsible microfinance institution working towards entrepreneurship and economic empowerment of women.

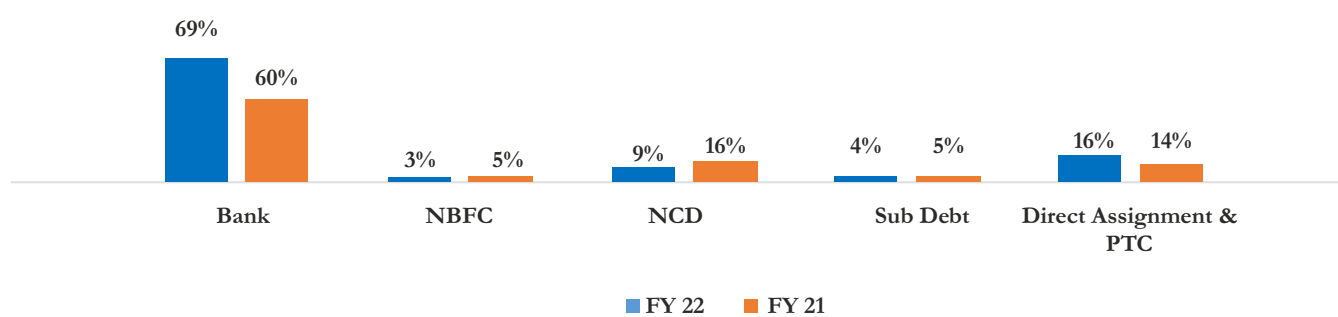
Furthermore during the month of June 2022, the company has raised the second tranche of Rs 110 crs (out of the original Rs 385 crs raise) comprising of Rs 35 crs from Arum Holdings Limited and Rs 75 crs from Augusta Investment Zero Pte Ltd

Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up share capital of the Company stands at INR **48,84,40,550`** (Rupees Forty-Eight Crores Eighty Four Lakhs Forty Thousand Five Hundred Fifty Only) comprising of **4,88,44,055** (Four Crores Eighty Eight Lakh Forty Four Thousand Fifty Five Only) Equity Shares of INR 10 each as on June 30 , 2022 and Muthoot Finance Limited continues to be the holding entity with 56.97 % of shareholding in the Company .

Diversified Funding Mix

The Company has a well-diversified base consisting of 36 banks, 3 financial institutions, 8 NBFCs, and 1 insurance companies on a consolidated basis as on March 31, 2022.

The Company's treasury department secures funds from multiple sources, including banks, financial institutions and capital markets and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The Company continuously seek to diversify its sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of the loan portfolio, which also qualifies for priority sector lending, it also engages in securitization and assignment transactions.



(Rs. In millions)

Sources	FY 22		FY 21	
	Amount	%	Amount	%
Bank	28,926	69%	19,490	60%
NBFC	1,193	3%	1,537	5%
NCD	3,808	9%	5,285	16%
Sub Debt	1,644	4%	1,638	5%
Direct Alignment & PTC	6,543	16%	4,401	14%
Total	42,113	100%	32,352	100%

FY 2021–22 – A Glance



New Hires FY21-22-3614



20% of Women Workforce



Total Staff - As on Mar, 22 - 5939



Average Man - Days per Staff -
4 Man - Days



Young Workforce
Age 31-49 Yrs - 51.70%
Age <30 Yrs - 46.6%



60% of eligible field
Staff receiving incentives



Attrition
FY 19-20 - 31.24%
FY 20-21 - 23.16%
FY 21-22 - 31.73%

In FY 21-22, there was an overall increase in the loan disbursements across the organisation propelling growth in the portfolio size. HR as an enabler, enhanced the business growth by placing our foot soldiers. As on 31st March 2022, the total staff strength stands at 5939.

The number of new hires for the FY 21-22 alone is at 3614.

Ensuring Health and Wellbeing

Belstar has wide range of employee benefits, some of them like Marriage Leave, Wedding Gift, Paternity leave are unique in the industry. In addition to the benefits, Town Hall Meetings, Employee Engagement Activities, Birthday celebrations at the workplace are some of the best practices. The company facilitates accommodation for the field staff in select regions on need basis.

Employee Benefits	Full Time Employees
Marriage Leave	10 days leave is granted to the eligible full time employees
Paternity Leave	All male employees are entitled to 5 (Five) days paid paternity leave for the birth of each child up to 2 (two) children
Wedding Gift	Cash award to eligible full time employee
Compassionate Leave	Compassionate leave is granted in the event of death of any family member or natural disaster
Staff Benevolent Fund	Needy staff are considered for additional medical expenses or other benefits through this fund
Group Medical Insurance Benefits	All full-time employees are eligible for medical insurance benefits
Term Policy	All full-time employees are eligible for Term Policy
Staff Loan	All full-time employees are eligible- loan EMI shall not exceed 60% of the monthly gross
Bonus	Statutory Bonus /Performance Bonus for all full-time employees.
Funeral Expenses	Funeral expenses, amounting to rupees five thousand, are paid to all the staff in the event of death of dependents.
Vaccination Reimbursements	Reimbursements of vaccination were made for all the staff

Integrating technology

Belstar has introduced mobile based HRMS application to ensure employees receive personalised information like leave status, list of holidays, payslips, tax related communication and share greetings like work anniversary or wedding anniversary or birthday messages. The digital experience has empowered the employees to a greater extent.

In addition, accurate information metrics related to attendance and location are available for the management's decisions.

The beginning of the FY 21-22 saw the Phase II implementation of HRMS through the online Performance Appraisal. This enabled automation right from goal setting to reviewer rating. The culmination of this online appraisal process is the Compensation Review and the release of Salary Revision Letters through the HRMS

Employee Diversity and Inclusion:

Belstar provides equal employment opportunities to all qualified persons without discrimination based on age, caste, sex, race, disability, marital status or religion. The opportunities to employees are in accordance with applicable local, state, and national laws and regulations. Belstar makes reasonable job accommodations for persons with disabilities who can perform the essential functions of the position for which they are qualified and selected. As on March 31, 2022, gender diversity is at 20%, which is a benchmark in the Microfinance Industry.

All employment and promotion decisions are based solely upon individuals' qualifications, experience, prior contribution and demonstrated capacity to perform at higher or improved levels of performance and in accordance with the principle of equal employment opportunity.

Employee Upskilling:

Belstar ensures that 4 person-days of training per employee is provided. The training includes classroom sessions, instructor-led online sessions, self-learning modules, and certifications. In addition to the standard online induction or the classroom induction, the newly joined employee is required to attend a one-day role-based induction program, wherein the role-based training or functional requirements include clarity on job role, KRAs, Goals/Performance metrics, are imparted.

New employees and lateral hires were given Staff Re-Orientation Programme on the vision, mission, objectives, and organization structure of the organisation, as well as its rules and regulations, and code of conduct. Specific training sessions on digital collections; village as a business centre, revised regulatory framework for NBFCs and MFIN radar app training were imparted to the employees.

A new training program titled; 'Observation & Demonstration Training' (ODT) was started for the Field Staff.

Observation training was conducted for the existing Sales Officers, where the trainer observes the process followed by the Sales Officers on their product knowledge and customer interactions.

During FY 21-22, a total of 8108 unique online certifications were provided through the exclusive online portal BML Shiksha.

Total of 1230 training sessions were held during this financial year.

Demonstration training was facilitated for the newly joined Sales Officers by the Regional Training Managers on customer interaction, and adherence to the process.

Branch Based Micro Sessions:

Belstar commenced Branch Based Micro Sessions for all field staff. The Regional Trainers visited the branch and conducted training on products, processes, latest circular issues, new implementation etc. This helped in providing focused sessions for staff and validate their process knowledge.

21788 man-days of training for the field staff were held

Learning Management System - “BML Shiksha”

The number of unique certifications through BML Shiksha – Learning Management System crossed 8100 during the year ended 2021-22. All the new joiners were certified through the LMS portal.

The modules uploaded in BML Shiksha are SCORM compliant. The modules cannot be copied or edited by employees.



Glimpses of Training Programmes Held During the Year



Unique Twin-Track Mentoring Scheme:

The newly joined Sales Officers are put through augmented mentoring scheme. The Regional HRs facilitate the Mentor and Mentees introduction with a welcome call. In the revised scheme, the Regional Training Managers (RTMs), apart from Line and Cross function mentors, help the Sales Officers in familiarizing with the processes and align with the organizational culture.



Talent Pipeline to Address Attrition: Sales Officer Program: The Sales Officer Program was initiated during FY 2021-22 to ensure a talent pool of field staff. The candidates for above scheme are sourced and prescreened by Academy and selected candidates are further provided 45 days training. Based on the final assessment by a select panel, the candidates are appointed as Sales Trainee with Belstar and posted at specified branch.

Employee Grievances Redressal Mechanism: Belstar encourages its employees to raise their concerns to the management through an effective grievance redressal mechanism. This is facilitated through the periodic branch visits made by the Regional HRs and the Town Hall Meetings. The concerned employees are given a fair hearing while ensuring there is no victimization for raising their

Risk Department

Belstar has a robust and well-defined risk assessment and control policy that drives all its core businesses. We also have a strong risk management framework where every employee of Belstar is actively responsible for risk management. Our Risk Management strategy clearly understands various risk assessment disciplines and practices various tools and techniques for continuous monitoring. The Risk Management Committee reviews multiple risks to which the organization has exposure; this includes Credit Risk, Interest Rate Risk, Liquidity Risk, and Operational Risk.

Risk Management Policy satisfies product/business specific guidelines and works within the overall risk framework for the organization. The organization has adopted risk frameworks at various levels that govern Belstar's functioning at macro and micro levels. The risk controls at each of the above-stated levels are comprehensively covered.

(A) ORGANIZATIONAL LEVEL:

- All products are governed by product-level policies and Standard Operating procedures (SOPs) approved by the Board.
- Non Qualifying books are restricted to less than 15% of the overall assets, thereby leading to control over client concentration & ensuring Microlending focus.
- Regulatory Compliance is ensured with a strict “no tolerance” policy for any kind of intentional regulatory breaches.
- Belstar aims to ensure fair dealings devoid of any fear or favour with all stakeholders including customers, vendors, and employees.

(B) PRODUCT/BUSINESS LEVEL:

- Belstar tracks exposures against various segments to avoid concentration risk in a single segment.
- Various controls and measures are in place at the product level that helps control product level exposures.
- The business is sourced from geographically well spread-out distribution networks.
- Belstar follows a centrally managed credit underwriting process, and the head office grants approvals as a part of Board approved Product policy.

(C) TRANSACTION LEVEL:

- Strict adherence to RBI stipulated guidelines on Know Your Customer (KYC), Prevention of Money Laundering Act (PMLA) etc. whereby all our customers pass through the KYC requirements as well as clear all negative database and de-dupes.
- Belstar customers are involved in a face-to-face interaction with an authorized employee of Belstar, thereby ruling out risks of funding to any suspicious customers.

Risk Governance:

At Belstar we believe an “Effective Risk Management begins with Effective Risk Governance”.

Belstar has a well-defined and evolved risk governance structure, with an active and engaged Board of Directors supported by the Senior Management Team and Managing Director. Centralized decision-making through several senior and executive committees. Belstar's objectives and risk tolerance limits define the decision-making limits. Our strategies, policies, and limitations ensure that risks are prudently diversified. Risk mitigating activities are reviewed periodically by senior management and further at the Board. Board also annually reviews the policies.

Internal Audit – The eyes and ears of the Management

The internal audit department assures the management that an organization's governance standards and internal control processes are operating effectively. The department is responsible for conducting periodic and surprise audits of all branches (including service provider branches), including field visits to customers. The function is also responsible for ensuring effective control is in place as per Standard Operating Procedures for corporate functions like Finance, Treasury, Human Resources, Credit Operations, Secretarial compliance, Administration, and Information Technology.

Belstar's Internal Audit team plays a significant role in ensuring that the business operations are carried out efficiently as per the company's laid down policies and assuring compliance there off. The focus of the Internal Audit team is not only to identify and highlight but also to help functions rectify the mistakes, improve controls, and ensure due diligence across all functions.

At the beginning of each financial year, audit plan is rolled out and approved for Risk Based Corporate Audit & Branch Internal Audit. The risk-based audit aims to evaluate the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, accounting policies and procedures, and compliance with applicable laws and regulations. Based on the findings of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions are highlighted and discussed in the Audit Committee every quarter.

Internal audit department maintains an internal control framework to evaluate compliance through various audit processes through:

- a. Quarterly Regular Internal Audit of Branches
- b. Quarterly Short Internal Audit of Branches
- c. Quarterly Service Provider Internal Audit
- d. Corporate Office Audit (Finance, Treasury, Human Resources, Secretarial compliance, Credit Operations, Admin & IT)
- e. Management Surprise Audit
- f. Need based Adhoc Audits (eg: focusing on attrition, collections, etc)

All branches are audited twice a quarter by the Internal Audit team through one of the above audits. The branch audit function comprises zonal / state audit teams working at the field level, which the regional managers at HO monitor, and a dedicated team to handle the corporate audit. The audit activity is aided by a tool called ETHICS to facilitate robust audit processes and reduce manual intervention. The tool supports the audit function in sample testing and generating quality audit reports. The internal audit function has unrestricted access to the company's records and physical properties. The personnel associated with the internal audit function have direct access to the Audit Committee comprising of Directors and Independent Directors. The function updates the Audit Committee on significant internal audit observations, compliance with statutes, and effectiveness of control systems. Audit ratings based on findings are broadly categorized into three types based on risk and occurrence: High, Medium, and Low. These are further cascaded to different levels of business operation teams for validation and compliance.

The findings and closure status are presented to Audit Committee every quarter and monthly to the management. The audit team also raises periodical audit alerts, which has supported the management in timely identifying issues in the field and understanding the root cause of the same. The audit alerts mainly report issues and observations with financial implications needing immediate attention.

With the introduction of the revised MFI regulations in March 2022 and other new regulations, the audit function will realign its approach and methodology to meet the regulator's requirements. The coming year holds multifaceted potential for the audit function to ensure best practices are implemented through improved IT enabled audits & data analytics to identify preventive measures.

Technology – The Enabler

Technology team has initiated various major digital transformation initiatives to improve customer experience and productivity for Belstar’s customers as well employees. We have categorized our initiatives under the following major categories.

- 1. Infrastructure modernization**
 - 1.1. Cloud Infrastructure**
 - 1.2. Mobile Device Management**
 - 1.3. Branch Internet connectivity**
 - 1.4. Printer Optimization**
- 2. Data driven decision making**
- 3. Strengthening Core business applications**

1. Infrastructure modernization

1.1 Cloud Infrastructure

Belstar is an early cloud adaptor, all our servers are hosted in the leading cloud service providers. As part of the continuous improvement, Belstar has evaluated various industry leading cloud service providers and finally narrowed down to move to Google Cloud Computing. Belstar worked closely with Google and its partners to move our cloud servers into Google Cloud Platform successfully. This successful move helped us to achieve better computing performance to meet our high computing needs along with better Cyber and IT Security architecture to safeguard our information assets.

1.2 Mobile Device Management

Belstar’s focused mission to impact 3.5 million women livelihoods through credit, we continued to increase our footprint across India. To support the growing employee base and branch base, we deployed indigenous & sophisticated Zoho Mobile Device Management to handle our 6,000++ end point computing device which includes both COD (Company Owned Devices) as well as BYOD (Bring Your Own Devices). The IT Team successfully implemented the Zoho MDM for our larger workforce which spread across India. This tool offers better control of the IT Assets to our internal IT team. We are pushing various patches to our end point devices in timely manner very seamlessly.

1.3 Branch Internet connectivity

Many of Belstar’s branches are in remote villages to offer quicker credit facilities & better service our customers efficiently. However, obtaining an quality broadband internet connectivity will be challenge in some of the branch location due to the non-availability of internet service providers. We have deployed a dedicated MPLS/ILL lines to those remotely located branches to offer un-interrupted connectivity.

1.4 Printer Optimization

Printers are integral part of our effort to increase and enhance our customer experience at our branches.

Hence, it’s very critical for us to offer 99.9% uptime for our printers at the branches. Belstar partnered with the leading Printer OEM Canon for the high quality & performance printer cum scanners

2. Data driven decision making

Belstar is building a comprehensive datalake platform by integrating with all source systems to collect raw data pool and process. Using Google Big Query and Big data as a back bone, the Technology team is building a highly sophisticated Data Analytics platform to process data and provide data visualization for all business stakeholder starting from Senior Leadership to sales team.

These data helps us to analyze, forecast and predicts various trends & behaviour of our customers and helps to take data driven decision making.

3. Strengthening Core Business Applications

3.1 BR.Net

Belstar has initiated to deploy BR.Net – Integrated MFI system to replace our existing legacy LMS system to strengthen Loan Originating, Servicing and Collection system. This robust system will bring higher level of system stability and ensure Belstar’s next level of business journey.

BR.Net is an industry standard MFI will assist us in the following spectrums

- a. Digital Customer On-boarding
- b. Loan Sanction & Approval Work Flow
- c. Business Rule Engine
- d. Regular & OD Collection

3.2 Samrithi Customer Application

Belstar continuously enhancing our customer facing mobile application to provide better services at their fingertips as part of our commitment in customer centric approach. Our customers were able to make repayment for themselves and their group members from their mobile phone with ease. We are striving to make Samrithi as a stop-solution for our customers.



Director's Report

Dear Members

Belstar Microfinance Limited

Your directors have great pleasure in presenting the 34th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2022.

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial performance of the Company for the year ended March 31, 2021 is summarized below:

(₹ In millions)		
Particulars	FY 2022	FY 2021
Total Income	7284.31	5529.41
Total Expenses	6722.85	4959.29
Profit before tax	561.46	570.12
Tax Expenses	110.17	103.61
Profit after Tax	451.29	466.51
Basic Earnings Per Share (EPS) (₹)	12.01	12.43
Diluted Earnings Per Share (DPS) (₹)	12.01	12.43
Equity	456.09	375.21
Total Liability	8559.33	5417.16
Total Asset	45602.86	34672.88

2. OPERATIONAL HIGHLIGHTS

The summary of Operational highlights is as under:

Particulars	FY 2022	FY 2021
No. of States/UTs	18	19
No. of Branches	729	649
No. of Employees	5939	4562
No of Borrowers	16,93,833	13,80,584
Disbursement (million)	35,463.86	24,350.27
Gross Portfolio (in million)	43,649.05	32,987.34

The Company was able to display healthy loan portfolio growth despite facing several challenges on account of COVID-19 which impacted macro-economic environment. Gross Loan Portfolio of the company ended up at 4,3649.05Cr as at March 31, 2022 with an annual growth of 32.32%.

3. DIVIDEND

Your Directors are pleased to recommend for approval of members, a final dividend of 0.30 [i.e. 3.0%] per share on the face value of Rs. 10 each on the equity share capital of the Company, for the financial year 2021-22. The dividend, if approved by members, would involve a total cash outflow of 13.68 Million, resulting in a payout of 3.03 % of the current year's net profit of the Company.

4. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company does not have any unclaimed dividend which are due for remittance into Investor Education and Protection Fund.

5. TRANSFER TO RESERVES

As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934, an amount equivalent to 20% of the profit after tax, being 90.26 Million for the relevant financial year has been transferred to the Statutory Reserve.

6. CAPITAL INFUSION

The Company has issued and allotted 80,88,236 number of Equity Shares on preferential basis through private placement to the following members:

S.NO.	DETAILS OF SUBSCRIBER	NO. OF EQUITY SHARES
1	Muthoot Finance Ltd	8,23,530
2	Maj Invest Financial Inclusion Fund II K/S	6,47,059
3	Arum Holdings limited	66,17,647
	Total	80,88,236

Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up share capital of the Company stands at INR 45,60,87,600 (Rupees Forty-Five Crores Sixty Lakhs Eighty-Seven Thousand Six Hundred Only) comprising of 4,56,08,760 (Four Crores Fifty-Six Lakh Eight Thousand Seven Hundred And Sixty Only) Equity Shares of INR 10 each as on March 31, 2022.

During the year, the Company has also issued 1,250 number of Rated, Senior, Secured, Listed, Transferable, Redeemable Principal Protected Market Linked Non-Convertible Debentures at a face value of 10,00,000, aggregating to 1,25,00,00,000 (Indian Rupees One Hundred And Twenty Five Crores) on a private placement basis, to multiple identified Qualified Institutional Buyers (QIBs), High net-worth individuals (HNIs) and individual investors.

7. CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of the Company.

8. PUBLIC DEPOSITS

Your Company is registered with the RBI as a non-deposit taking NBFC- MFI. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non-banking financial company in conformity with the guidelines of the RBI.

9. RESOURCES MOBILIZATION

Your Company has diversified funding sources from Public Sector, Private Sector and Foreign Banks, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures (NCDs), Subordinated Debt and in the form of Direct assignment. The summary as on March 31, 2022 are as below:

S. No	Borrowings / Security type	Amount outstanding (₹ Million)
1	Term Loans Banks	28926
2	Term Loans from NBFCS	1193
3	Secured Ncds	3808
4	Sub debt	1644
5	Direct Assignment	6543
	Total	42113

10. CREDIT RATING & MICRO FINANCE GRADING

The Grading and Credit ratings obtained from the Rating Agencies during the year are as below:

Rating agency	Instrument	Rating
CRISIL	Long term Bank loan Ratings Non-Convertible Debenture	CRISIL AA-/Stable (Reaffirmed)
CARE	Non-Convertible Debenture Debt-Subordinate Debt	CARE A+; Stable(Reaffirmed)
ICRA	Debt-Subordinate Debt	ICRA A+Stable; upgraded from [ICRA] A(Stable)
CRISIL	Market Linked Debenture	CRSIL PPMLD AA -r/Stable
ACUITE	Market Linked Debenture	ACUTIE PPMLD AA/Stable
CART	MFI Grading	MFI 1
CART	Code of Conduct Assessment Grade	M1C1

11. CAPITAL ADEQUACY

The Capital Adequacy ratio for the year ended March 31, 2022 is 24.06% as against the minimum capital adequacy requirement of 15% prescribed by RBI. Tier I is at 20.96% while Tier II comprises 3.10%.

12. DIRECTOR AND KEYMANAGERIAL PERSONNEL

As on March 31, 2022, the Board of your Company consists of Eleven Directors. Their details are as follows.

Category	Name of the Director
Executive Directors	Dr. Kalpanaa Sankar B Balakumaran
Non-Executive Nominee Directors	K R Bijimon George Alexander George Muthoot Jacob David Arturo Paradiso Vijay Nallan Chakravarthi
Non-Executive Independent Directors	A Subramanian V A George K Venkataraman Chinnasamy Ganesan

The composition of the Board is in line with the requirements of the Companies Act, 2013 and the Listing Regulations. All the Directors have vast knowledge and experience in their relevant fields and the Company is benefitted immensely by their presence on the Board.

A. Changes In Directors and Key Managerial Personnel (KMP) during the FY 2021-22

- Mr. B Balakumaran was appointed as whole time Director of the company for period of three years with effect from December 01, 2021 to November 30, 2024.
- Mr. Vijay Nallan Chakravarthi was appointed as investor nominee Director wef March 29, 2022.

Other than the above, there were no other changes in the Board of Directors of the Company during the year under review.

Pursuant to the provisions of Section 203 of the Act read with the Rules made there under, Dr. Kalpanaa Sankar, Managing Director, Muralidharan Lakshmanan, Chief Financial Officer and Sunil Kumar Sahu, Company Secretary of the Company are the KMP as on March 31, 2022.

B. Directors Retiring by Rotation

Mr. George Alexander (DIN: 00018384) and Mr. David Arturo Paradiso (DIN: 08181832) Non-Executive Directors of the company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

C. Declaration By Independent Director

The Independent Directors have submitted necessary disclosures that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI Listing Regulations.

A statement by the Managing Director, confirming receipt of the above declaration from Independent Directors is annexed to this report as Annexure 1. There has been no change in any circumstances affecting their status as independent directors of the Company.

D. Policy on Board Diversity

The Policy on Board Diversity approved and adopted by the Company is as follows:

1. Diversity is ensured through consideration of a number of factors, including but not limited to skills, industry experience, background and other qualities.
2. The Company takes into account factors based on its own business model and specific needs from time to time.
3. The Nomination & Remuneration Committee leads the process of identifying and nominating candidates for appointment as Directors.
4. The benefits of diversity continue to influence succession planning and to be the key criteria for the search and nomination of Directors to the Board.
5. Board appointments are based on merit and candidates are evaluated against objective criteria, having due regard to the benefits of diversity on the Board.

E. Policy on Nomination & Remuneration of Directors, KMPs and Senior Management

The Policy on Nomination and Remuneration sets out the criteria for determining qualifications, positive attributes and independence of the Directors. It also lays down criteria for determining qualifications, positive attributes of KMPs and senior management and other matters as provided under Section 178(3) of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations.

The Nomination and Remuneration Charter of the Company as approved and adopted by the Board and the same is available on the website of the Company at <https://belstar.in/policies>.

F. Evaluation of Board, its committees, and Individual Directors

The SEBI Listing Regulations and the Companies Act, 2013 require the evaluation of the performance of the Board, its Committees and the individual directors. The Board carried out an annual evaluation of its own performance, its Committees and the individual directors based on criteria and framework adopted by the Board and in accordance with existing regulations.

G. Independent Directors Meeting

During the year, a meeting of Independent Directors was held on July 6, 2021 as required under the Companies Act, 2013 and in Compliance with requirement under Schedule IV of the Act and as per requirements of SEBI Listing Regulations and the discussed matters specified therein.

H. Meetings Of Board

The Board met 9 (Nine) times during the financial year 2021-22. All the recommendations made by the Audit Committee during the year were accepted by the Board. Details of the meetings of the Board held during the financial year 2021-22 are provided in the Corporate Governance Report, which forms part of this Board's Report.

I. Meetings Of Committees

The details of the Committees of the Board namely the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, CSR Committee, Finance Committee, IT Strategy Committee, Capital raise Committee, Credit Committee , ALM Committee, their composition, terms of reference and the activities during the year under review are elaborated in the Report on Corporate Governance which forms a part of this Board's Report.

13. PARTICULARS OF MONIES ACCEPTED FROM DIRECTOR OF THE COMPANY DURING THE FY 2021-22

During the year under review, the Company has not borrowed monies from any of its Directors.

14. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no significant material changes and commitments affecting the financial position of the Company that occurred between the end of the financial year and the date of this Report.

15. AUDITORS

Statutory Audit:

In compliance with Reserve Bank of India (“RBI”) guidelines on appointment of statutory auditor(s) by Non-Banking Financial Company (“NBFC”) vide Circular RBI/2021-22 /25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 (“RBI Guidelines”) M/s. Varma & Varma, Chennai, Chartered Accountants (Firm Reg. No. 004532S) having their office at Sreela Terrace, Level-4, Unit-D, No:105, First Main Road, Gandhinagar, Adyar, Chennai 600020 were appointed as the Statutory Auditors of the Company till conclusion of the 34th Annual General Meeting of the Company.

The Company has received a confirmation from M/s. Varma & Varma, Chartered Accountants, stating that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 & RBI Guidelines, and have confirmed that they continue to be eligible for appointment as Statutory Auditors for the Financial Years 2022-23 and 2023-24 and that the appointment if made, will be in accordance with the conditions prescribed under the Companies (Audit and Auditors) Rules 2014. They have also confirmed that they hold a valid peer review certificate .

The Board of Directors recommends the appointment of M/s. Varma & Varma, Chartered Accountants, Chennai as Statutory Auditors of the Company for a further term of two years in compliance with RBI guidelines to hold office from conclusion of this 34th Annual General Meeting till the conclusion of 36th Annual General Meeting of the Company to conduct the audit of accounts of the Company for the Financial Year 2022-23 (Second Term) and from conclusion of 35th Annual General Meeting of the Company till the conclusion of 36th Annual General Meeting of the Company to conduct the audit of accounts of the Company for the Financial Year 2023-24 (“Third Term”).

The Board has duly examined the Statutory Auditors’ Report to the Annual Accounts for the financial year ended March 31, 2022, which is self- explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts. Further, the Directors confirm that there are no qualifications, reservations, adverse remarks or disclaimers in the Independent Auditor’s Report provided by them.

Secretarial Audit:

Pursuant to the requirements of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. KSM Associates, Company Secretaries (having firm registration no. P2006TN058500), Chennai have been appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2021-2022.

There has been no qualification, reservation, adverse remark, or disclaimer given by the Secretarial Auditor in their Report for the year under review. The Secretarial Audit Report for FY 2021-2022 in FORM MR-3 is annexed to this report as “Annexure 2”.

Cost Audit:

The provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 relating to Cost Audit and maintaining cost audit records is not applicable to the Company.

Internal Audit:

Over the years, the Company has evolved a robust, proper and adequate internal audit system in keeping with the size of the Company and its business model. Audit Committee regularly reviews the status of the Audit plan and performance of the Internal Audit Department and provide directions as required. The audit plan is aimed at

evaluating the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. The audit system also takes care to see that revenue leakages and losses to the Company are prevented and our income streams are protected.

16. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

17. INTERNAL FINANCIAL CONTROLS

Internal control framework including clear delegation of authority and standard operating procedures are established and laid out across all businesses and functions. These are reviewed periodically at all levels. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company. The control system ensures that the Company's assets are safeguarded and protected.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

18. HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

Muthoot Finance Ltd continues to be the holding company as on March 31, 2022, with a shareholding of 60.69%.

During the year under review, your company does not have any subsidiary, Joint Venture or Associate Companies.

19. RELATED PARTIES TRANSACTION

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company.

The Board of Directors of your Company has formulated a policy on related party transactions, which is displayed on the website of the Company at <https://belstar.in/policies>. This policy deals with review of the related party transactions and regulates all transactions between the Company and its Related Parties.

The details of the transactions with related parties, if any, are placed before the Audit Committee and the Board for their approval on quarterly basis. Transactions with related parties, as per the requirements of IndAS, are disclosed to the notes to accounts annexed to the financial statements.

All the related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business except as stated in the Independent Auditor's Report.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as "Annexure 3".

The disclosures with respect to related party as specified in Ind AS is forming part of the financial statements in Note no. 44.

20. RISK MANAGEMENT POLICY

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

21. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

S. No	Particulars	Remarks
1	Conservation of energy (i) the steps taken or impact on conservation of energy; (ii) the steps taken for utilising alternate sources of energy; (iii) the capital investment on energy conservation equipment	The provisions of Section 134(3) (m) of the Act relating to conservation of energy and technology absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations and continuously invests in energy-efficient office equipment at all office locations.
2	Technology absorption (i) the efforts made towards technology absorption; (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- a. the details of technology imported; b. the year of import; c. whether the technology been fully absorbed; d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and (iv) the expenditure incurred on Research and Development.	

B. THE FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	₹ Millions
Total Foreign Exchange earned	Nil
Total Foreign Exchange expended	1.29

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loan or guarantee to any person or any other body corporate u/s 186 of the Companies Act, 2013.

23. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 read with Schedule VII of the Companies Act, 2013, the Company has a CSR Committee of the Board which reviews and recommends (a) the policy on Corporate Social Responsibility (CSR) including changes thereto, and (b) Oversees implementation of the CSR Projects or Programmes to be undertaken by the Company as per its CSR Policy. The CSR policy is displayed on the web site of the Company <https://belstar.in/policies>.

As per the provisions of the Act, the company is required to spend at least 2% of its average net profits made during the three immediately preceding financial years. This amount aggregated to 1.96 crores and the company spent the entire 1.96 crores towards CSR activities during financial year 2021-22.

The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules, 2014 is annexed to this report as “Annexure 4”.

24. HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS

As on March 31, 2021, the Company had 5939 employees in its rolls at various level of organizational structure. Our employees remain one of the company’s greatest assets. We, at Belstar, believe in recognizing and appreciating employees for their valuable contribution and loyalty. We offer equal opportunities to all our employees irrespective of gender to learn and grow in the organization.

The Company takes pride in the commitment, competence, and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of the employees.

Belstar believes in the potential of employees to go beyond and be the game-changing force for business transformation and success. This potential is harnessed by fostering an open and inclusive work culture that enables breakthrough performance and comprehensive development of employees through the three pillars of Leading Self, Leading Teams and Leading Business. Progressive HR policies and ongoing employee engagement initiatives, guided by our culture, have made your Company an industry benchmark for talent retention.

The Company is committed to creating a professional culture to nurture & enable people to grow in their careers alongside company’s success. Company constantly strives to strengthen our manpower in alignment with the business needs and continue to engage them through various initiatives in the field of learning & development opportunities, reward & recognition, employee engagement activities & career growth

25. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The ratio of the remuneration of each Director to the median employee’s remuneration and other details in terms of Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this report as “Annexure 5”.

26. CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance norms as stipulated in Chapter IV of SEBI Listing

Regulations. The report also contains the details as required to be provided on the composition and category of directors, number of meetings of the board, composition of the various committees, annual board evaluation, remuneration policy, criteria for board nomination and senior management appointment, whistle blower policy/vigil mechanism, disclosure of relationships between directors inter-se, state of company's affairs, etc.

A detailed report on the Company's commitment at adopting good Corporate Governance Practices is annexed to this report as "Annexure 6".

27. WHISTLE BLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has established a Vigil Mechanism/Whistle Blower policy to enable Directors, Stakeholders, including individual employees and their representative bodies to report, in good faith, unethical, unlawful or improper practices, acts or activities. The said mechanism ensures that the whistle blowers are protected against victimization/any adverse action and/ or discrimination as a result of such a reporting and provides a direct access to the Chairman of the Audit Committee in exceptional cases. The Company hereby affirms that none of its personnel have been denied access to the Audit Committee. The Policy is also available on the Company's website <https://belstar.in/policies>.

28. PARTICIPATION IN CREDIT BUREAU

In order to address the issue of multiple lending or over indebtedness and also to know the credit history of the customer, the Company became the member in all the credit bureaus namely Experian Credit Information Company of India Private Ltd, High Mark Credit Information Services Pvt. Ltd., Equifax Credit Information Services Pvt. Ltd., and Transunion CIBIL Limited and shares all the customer's data to them on regular basis.

29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has 1103 women employees in various cadres as on March 31, 2022. The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the requirement of the Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder.

With the objective of providing a safe environment, the Company has constituted Internal Committee to redress complaints received regarding sexual harassment. All employees – permanent, contractual, temporary and trainees are covered under this Policy.

Details of cases reported to Internal Complaints Committee during the financial year 2021-22 are as under:

Number of complaints pending at the beginning of the financial year 2021-2022	0
Number of complaints filed during the financial year 2021-2022	3
Number of complaints disposed of during the financial year 2021-2022	3
Number of complaints pending as on end of the financial year 2021-2022	0

30. ANNUAL RETURN

A copy of the Annual Return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website and can be accessed at <https://belstar.in/annual-returns>.

31. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status of the company and its future operations.

32. COMPLIANCE WITH RBI/ SRO/OTHER LAWS

There has been no instance of non-compliance by the Company on any matters related to Labour Laws, RBI, ROC, Income Tax and GST and other applicable Acts.

The Company is a Non-Deposit taking Systemically Important Non-Banking Financial Company – Micro Finance Institution (ND-SI-NBFC-MFI) and is registered with RBI under Section 45 IA of RBI Act, 1934 (Registration No B-07-00792). The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for a NBFCMFI and it does not carry on any activities other than those specifically permitted by RBI for NBFC-MFI.

The Company continues to be a member of the SRO- MFIN and strictly adheres to the Code of Conduct, standards, rules, and regulations as prescribed by the SRO from time to time.

33. DETAILS OF FRAUDS REPORTED

During the year under review, the Auditors of the Company have not reported any fraud as required under Section 143(12) of the Companies Act 2013 (Read with Companies (Audit and Auditors) Rules, 2014).

Reference is invited to Note 55 of Notes forming part of the financial statements contained in the Annual report regarding frauds committed by employees of the Company which are dealt with according to Reserve Bank of India guidelines and are in nature of operation related frauds due to nature of business of the Company. Company has taken or is in the process of taking disciplinary/ legal action against such employees/customers.

34. FAIR PRACTICE CODE

The Company has in place a Fair Practice Code (FPC) approved by the Board in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at <https://belstar.in/fair-practice-code>.

The Board also reviews the FPC on a regular basis to ensure levels of adequacy and appropriateness.

35. CUSTOMER GRIEVANCE

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints/grievances and ensuring that the customers are always treated fairly and without any bias. All issues raised by the customers are dealt with courteously and redressed expeditiously.

36. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms and states that:

- a) in the preparation of the Annual Financial Statements the applicable Accounting Standards have been followed along with proper explanation in relation to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the profit/loss of the company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

37. GRATITUDE & ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation and sincerely acknowledge the contribution and support from Shareholders, Customers, Debenture Holders, Debenture Trustees, Reserve Bank of India, Central and State Governments, Bankers, Financial Institutions, Registrar of Companies, Insurance partners, BSE Limited, Share Transfer Agents, Credit Rating Agencies and other Statutory and Regulatory Authorities for the kind cooperation and assistance provided to the Company. The Directors also extend their special appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance and for their continued commitment, dedication, and cooperation.

For and on behalf of the Board of Directors

Place : Chennai
Date : August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/
B Balakumaran
Wholetime Director
DIN: 09099182

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I, Dr Kalpanaa Sankar, Managing Director of the Company do hereby confirm that the Company has received from all the independent directors a certificate stating their independence as required under Section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chennai
Date : August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

ANNEXURE - II
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Belstar Microfinance Limited
CIN: U06599TN1988PLC081652
New No. 33, Old No. 14, 48th Street,
9th Avenue, Ashok Nagar, Chennai,
Tamil Nadu - 600083

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Belstar Microfinance Limited** (Previously known as Belstar Investment and Finance Private Limited and Belstar Microfinance Private Limited) (CIN: U06599TN1988PLC081652) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Belstar Microfinance Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Belstar Microfinance Limited (“the Company”) for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA'), rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;¹
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;¹
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;²
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;³
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;¹ and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;⁴
- (vi) Following other laws applicable specifically to the company:
- a) The Reserve Bank of India (RBI) Act, 1934;
 - b) The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 and other applicable Directions and rules issued by RBI from time to time.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreements entered into by the Company with Bombay Stock Exchange pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors for the year under review. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

¹ Not applicable to the Company, as the equity shares of the Company are not listed on any stock exchange.

² Not applicable to the Company, as the Company does not have any Employee stock option scheme

³ Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent

⁴ Not applicable to the Company, as there was no buy-back by the Company during the year.

Majority decision is carried through while the dissenting members' views, wherever there is any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except the following:

1. Issue of 8.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures up to an aggregate amount of Rs. 125.00 Crores on a Private Placement basis, during the period under review.
2. Redemption of following Debentures during the period under review:
 - Redemption of 2,250 number of 9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures.
 - Redemption of 2,000 number of 11.98% Unsecured, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures.
3. Issue and allotment of 80,88,236 number of equity shares of face value Rs. 10/- each at a price of Rs. 340/- each (including premium of Rs. 330/- per share) on preferential basis through private placement.
4. Amendment to the Articles of Association.
5. Increase in borrowing powers u/s 180(1)(c) and creation of charge / mortgage / hypothecation on assets of the Company u/s 180(1)(a), for an amount not exceeding Rs. 7,000 crores.

This Report is to be read along with Annexure A of even date which forms integral part of this Report.

For KSM Associates | Company Secretaries

Sd/

Deepa V. Ramani

Partner

FCS 5574; CP 8760

UDIN: F005574D000240666

Peer review cert no. 627/2019

Place : Chennai

Date : April 29, 2022

ANNEXURE – A

To
The Members,
Belstar Microfinance Limited
CIN: U06599TN1988PLC081652
New No. 33, Old No. 14, 48th Street,
9th Avenue, Ashok Nagar, Chennai,
Tamil Nadu - 600083

Our secretarial audit report of even date is to be read along with this letter.

- a. Maintenance of secretarial and other records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- d. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KSM Associates | Company Secretaries

Sd/

Deepa V. Ramani

Partner

FCS 5574; CP 8760

UDIN: F005574D000240666

Peer review cert no. 627/2019

Place : Chennai

Date : April 29, 2022

ANNEXURE - III FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis:

a) Name(s) of the related party and nature of relationship	Muthoot Securities Limited - Common Director
b) Nature of contracts/arrangements/transactions	Collection of Hospi Cash insurance premium
c) Duration of the contracts / arrangements/ transactions:	Ongoing, unless terminated by either of the party serving written notice
d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Belstar will collect premium amount towards the policy from the clients and transfer the whole amount collected at the end of the day to Muthoot Securities Ltd and charge commission there off
e) Amount paid as advances, if any:	Nil

For and on behalf of the Board of Directors

Place : Chennai
Date : August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/
B Balakumaran
Wholetime Director
DIN: 09099182

ANNEXURE - IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY(CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The Company presently focusses on improving financial literacy amongst rural women, health awareness and vocational skills training programmes in the states, at pan India Level. The details of CSR activities undertaken during the financial year are in line with Schedule VII. The Company has undertaken CSR activities mainly through M/s Hand in Hand India a Charitable Trust. The policy document highlights the role of the CSR committee members too. The CSR Policy of the Company is in line with Section 135 of the Companies Act, 2013, CSR Rules and Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee

Name of the Director	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. B. Balakumaran	Whole-time Director	2	2
Mr. K Venkataraman	Independent Director	2	2
Mr. K R Bijimon	Non-Executive Director	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

Composition of the CSR committee shared above and is available on the Company's website on:
<https://belstar.in/policies>

CSR Policy & CSR Projects : <https://belstar.in/csr>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

The average CSR obligation is less than ₹ 100 Million, hence this rule is not applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any)

S.No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	2020-21	0.9	NIL

6. Average net profit of the company as per section 135(5)-₹977.85Million

7. Computation of CSR Obligation -

- a) Two percent of average net profit of the company as per section 135(5) = ₹19.56 Million
- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years = NIL
Amount required to be set off for the financial year, if any = NIL
- c) Total CSR obligation for the financial year (7a+7b-7c) = ₹19.56 Million

8. Details for Spent / Unspent for Completed / Ongoing CSR Projects:

- a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ Million)	Amount Unspent (in ₹ Million)				
	Total Amount transferred to Unspent CSR Account as per section135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section135(5)		
	Amount. (in ₹ Million)	Date of transfer.	Name of the Fund	Amount (in ₹ Million)	Date of transfer
20.51	-	-	-	-	-

- (b) Details of CSR amount spent against ongoing projects for the financial year: Not applicable.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of The Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project. State. District.	(6) Amount spent for the project (Million)	(7) Mode of implementation Direct (Yes/No)	(8) Mode of implementation -Through implementing agency. Name. Registration Number.
1	Supporting Malnourished Children During Covid-19 Pandemic	(i)	No	Bihar and Jarkhand Nawada & Koderma	0.90	No	Hand in Hand India CSR00001853
2	Setting up customer service centers at the Villages.	(ii)	Yes	Tamil Nadu Kancheepuram, Chengalpattu, Vellore, Krishnagiri, Viluppuram, Pondicherry, Karaikkal, Thiruvannamalai, Tiruvallur, Cuddallur, Trichy, Thiruvarur, Salem, Coimbatore, Trichy, Namakkal, Thiruppur, Madurai, Sivaganga, Ramnad, Thirunelveli, Tuticorin, Kanyakumari	1.11	Yes	-
3	Health Help Desk	(i)	Yes	Tamil Nadu Chengalpattu	1.00	No	Hand in Hand India CSR00001853
4	To promote gender equality, among women through financial inclusion, entrepreneurship and community development	(iii)	No	Rajasthan Udaipur, Ajmer, Sirohi Madhya Pradesh Indore, Dhar, Dewas	5.00	No	Hand in Hand India CSR00001853
5	Skill training	(ii)	Yes	Tamil Nadu Kancheepuram, Tiruvallur, Ranipettai, Chengalpatt, Villupuram, Tiruvannamalai Maharashtra Pune Punjab Bhatinda Karnataka Davangare, Shimoga Gujarat Sanand	12.50	No	Hand in Hand India CSR00001853
TOTAL					20.51		

- (d) Amount spent in Administrative Overheads- NIL as the activities are done by implementing agency Hand in Hand India
- (e) Amount spent on Impact Assessment, if applicable: NIL
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹20.51 Million
- (g) Excess amount for set off, if any:

Sl.No.	Particular	Amount in (₹ Million)
(i)	Two percent of average net profit of the company as per section 135(5)	19.56
(ii)	Total amount spent for the Financial Year	19.61
(iii)	Excess amount spent for the financial year[(ii)-(i)]	0.05
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.05

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (Million)	Amount spent in the Reporting Financial Year (Million)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (Million)
				Name of the Fund	Amount (Million)	Date of transfer	
1.	2020-21	0.90	0.90	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2018-19	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

- a) Date of creation or acquisition of the capital asset(s): None
- b) Amount of CSR spent for creation or acquisition of capital asset: NIL
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): NA

Place : Chennai
Date : August 02, 2022

Sd/
B Balakumaran
Chairman -CSR Committee
DIN: 09099182

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

ANNEXURE - V

Details of Managerial Remuneration as per Companies Act, 2013

1. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

PARTICULARS	DISCLOSURES
i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Managing Director: 51: 1
ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Increase in Remuneration: Managing Director : 24% Chief Financial Officer : 41% Company Secretary : 26%
iii. The percentage increase in the median remuneration of employees in the financial year;	9%
iv. The number of permanent employees on the rolls of company as on 31 st March 2022;	5939
v. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average increase in the salaries of employees was 14.59% and the average increase in the managerial remuneration was 28.38%
vi. Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

2. Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2)& (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: A statement showing the name of every employee of the Company, who –

a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakh rupees: Nil

Dr. Kalpanaa Sankar, Managing Director

Sl. No	Particulars	Disclosure
1	Designation	Managing Director
2	Remuneration received	INR 1,15,57,500
3	Nature of employment, whether contractual or otherwise	Permanent
4	Qualification and Experience	Ph.D. in Physical Sciences and Gender Perspective of Women in Self Help Groups. Executive MBA from TRIUM (LSE, HEC Paris and NYU Stern). She is having 28 year of Experiences
5	Date of commencement of employment	11-02-2009
6	Age	58
7	The last employment held	Key Person in Tamil Nadu Women Development Corporation (Govt. Of Tamil Nadu) (Monitoring and Evaluation Officer)
8	% of equity shares held	0.09%

- b) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakh Fifty Thousand rupees per month: Nil
- c) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: Nil

For and on behalf of the Board of Directors

Place : Chennai
Date : August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/
B Balakumaran
Wholetime Director
DIN: 09099182

ANNEXURE - VI

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. Corporate Governance refers to the way by which Company is governed, can be said a unique technique by which companies are directed and managed.

Belstar Microfinance Limited ("the Company") recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government, and others. Integrity and transparency have always been a key to the Company's corporate governance practices to ensure that the company always gains and retains the trust of its stakeholders.

In India, Corporate Governance standards for Listed Companies are mandated under the Companies Act, 2013 ("CA 2013") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In addition to the above, Corporate Governance standards for Non-Banking Finance Companies (NBFCs) are also prescribed by the Reserve Bank of India.

II. BOARD OF DIRECTORS

The corporate governance practices of the company ensure that the board of directors (the board) remains informed, independent and involved in the company and that there are ongoing efforts towards better governance to mitigate "non-business" risks.

The Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The Board is committed to representing the long-term interests of the stakeholders and in providing effective governance over the company's affairs and exercise reasonable business judgment on the affairs of the company.

The Board is at the core of our corporate governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. The company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. These guidelines seek to systematize the decision-making process at the meetings of the Board and committees in an informed and efficient manner.

A. Composition of Board

The Board has been constituted in a manner as per regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies Act, 2013 (the Act). The board has a mix of executive / non-executive and independent directors, including a woman Director to ensure proper governance and management. The Board members have collective experience in diverse fields like

banking and financial services, audit, finance, risk, compliance and technology. The directors are appointed based on their qualification and experience in varied fields.

As on March 31, 2022, the Board consists of eleven (11) Directors which is combination of Two Executives (A Managing Director and a Wholetime Director) and nine (9) Non-Executive Directors out of which four (4) Directors are Independent Directors. The Chairman of the Board is a Non-Executive- Independent Director.

All Executive Directors are representing the promoters and all Non-Executive- Non-Independent Directors represent the Investors. Your Company believes that the Independent Directors bring with them the rich experience, knowledge and practices followed in other companies resulting in imbibing the best practices followed in the industry.

The day-to-day management of the affairs of your Company are handled by the Senior Management of your Company which includes Managing Director and Whole-Time Directors and functional heads, who function under overall supervision and guidance of the Board of Directors. Board of Directors of your Company plays the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision. The names, categories and other details of Directors as of March 31, 2022 are as follows-

Name of the Director	Category	Number of Directorship in listed entities*	Name of the Listed Entity/ies	Number of Board Committee membership (Out of which as Chairman)
Kalpanaa Sankar DIN:01926545	Executive- Managing Director	0	-	1
Subramanian Ananthanarayanan DIN:01777552	Non-Executive- Independent Director-Chairperson	0	-	1
Balasubramanian Balakumaran DIN: 09099182	Executive- Promotor Nominee Director	0	-	1
Vadakkakara Antony George DIN: 01493737	Non-Executive- Independent Director	2	1. Muthoot Finance Ltd 2. Thejo Engineering Ltd	2
Venkataraman Krishnamoorthy DIN: 02443410	Non-Executive- Independent Director	0	-	1
Chinnasamy Ganesan DIN: 07615862	Non-Executive- Independent Director	1	Railtel Corporation Of India Ltd	3(2)
Kuttickattu Rajappan Bijimon DIN: 00023071	Non-Executive- Investor Nominee Director	0	-	2(1)
George Alexander DIN: 00018384	Non-Executive- Investor Nominee Director	1	Muthoot Finance Ltd	1
George Muthoot Jacob DIN: 00018955	Non-Executive- Investor Nominee Director	2	1. Muthoot Finance Ltd 2. V Guard Industries Ltd	3
David Arturo Paradiso DIN: 08181832	Non-Executive- Investor Nominee Director	0	-	0
Vijay Nallan Chakravarthi DIN: 08020248	Non-Executive- Investor Nominee Director	0	-	1

* Equity Listed companies only

Chairmanships/Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committees. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

None of the Directors on the Board

- is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he/she is a Director.
- hold Directorship in more than Twenty Companies including ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies
- who are the Executive Directors serves as Independent Directors in more than 3 listed entities.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 and updated thereof from time to time, all the Fit and Proper criteria in the appointment of Directors are duly followed by the Board of Directors.

In the opinion of the board, the independent directors of the company fulfill the conditions specified in Listing Regulations and are independent of the management of the company.

All the board members, including independent directors, have opportunity and access to interact with the management.

All the Directors have disclosed their interest in other companies, directorship and membership of Committees and other positions held by them. The offices held by the directors are in compliance with the Companies Act, 2013 and the listing Regulations.

There are no inter-se relationships between the Board members other than Mr George Alexander and George Muthoot Jacob who are cousin brothers.

B. Core Skills / expertise / competencies

In terms of Listing Regulations, the following are the list of core skills / expertise / competencies identified by the board in the context of the company's business and sector for effective functioning

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. Being a company in the financial services industry, the Company's business runs across different geographical markets across the country. The Directors so appointed are drawn from diverse backgrounds and possess special skills/ knowledge about the financial services industry.

Name of the Director	Knowledge of Financial Service Industry	Strategy and Planning	Governance, Ethics and Regulatory Oversight	Audit, Risk Management, Internal Control
Kalpanaa Sankar	√	√	√	√
B Balakumaran	√	√	√	√
KR Bijimon	√	√	√	√
George Alexander	√	√	√	√
George M Jacob	√	√	√	√
David Arturo Paradiso	√	√	√	√
Vijay Chakravarthi Nallan	√	√	√	√
A Subramanian	√	√	√	√
V A George	√	√	√	√
K Venkataraman	√	√	√	√
Chinnasamy Ganesan	√	√	√	√

C. Board Meetings

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served. The Company's internal guidelines for Board / Committee meetings facilitate decision-making process at its meetings in an informed and efficient manner.

The Board periodically reviews the matters required to be placed before it and inter alia reviews and approves the quarterly financial statements, corporate strategies, business plan, annual budgets and capital expenditures. It monitors the overall performance and reviews other matters which require the board's attention.

During the Financial year 2021-22, your Board of Directors met nine (9) times on April 29, 2021, June 21, 2021, July 23, 2021, October 26, 2021, December 11, 2021, December 17, 2021, January 31, 2022, February 15, 2022, and March 29, 2022. Your Board has met at least once in a calendar quarter and the maximum gap between these Board Meetings did not exceed one hundred and twenty days. The requisite quorum was present for all the meetings. The composition and attendance of the Members in the Board meetings held during the FY 2021-22 and the AGM held on September 29, 2021 are as follows:

Name of Directors	Annual General Meeting 29/09/2021	29/04/2021	21/06/2021	23/07/2021	26/10/2021	11/12/2021	17/12/2021	31/01/2022	15/02/2022	29/03/2022	Held during the FY	Attended during the FY
Kalpanaa Sankar											9	9
Balasubramanian Balakumaran											9	9
Kuttickattu Rajappan Bijimon											9	9
George Alexander											9	8
George Muthoot Jacob											9	8
David Arturo Paradiso	No										9	4
Subramanian Ananthanarayanan											9	9
Vadakkakara Antony George	No										9	9
Krishnamoorthy Venkataraman											9	9
Chinnasamy Ganesan											9	9
Vijay Chakravarthi Nallan*	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0

Attended through video conference

Leave of absence

Physically present

* Mr. Vijay Chakravarthi Nallan was appointed as a director w.e.f March 29, 2022.

None of the Non-Executive Director hold any Equity Shares and Convertible instruments.

D. Meeting of Independent Directors

In compliance with Schedule IV to the CA 2013, the independent directors held their separate meeting on July 06, 2021, without the attendance of non-independent directors and members of Management, inter alia, to discuss the following:

1. Review the performance of non-independent directors and the board of directors as a whole;
2. Review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
3. Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

E. Familiarization programme

The Company has adopted a structured orientation of Independent Directors at the time of their joining to familiarise them with the Company, its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the members of Board of Directors on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

The Company, through its Managing Director/Senior Managerial Personnel, makes regular presentations to the Board and the business strategies operations review, quarterly and annual results, review of Internal Audit Report and Action Taken Report, statutory compliances, risk management, operations of its Subsidiaries etc. This enables the Directors to get a deeper insight into the operations of the Company and its subsidiaries. Functional Heads of various departments are required to give presentation in Board Meeting to familiarise the Board with their activities and allied matters. Company held a separate training and familiarisation programme for Independent Directors during the financial year which was conducted by experts to gain familiarisation with change in regulations especially in SEBI Listing Regulations and the Act and on allied matters including duties of Independent Directors and performance evaluation.

The details of familiarization program are available on the Company's website and can be accessed at <https://belstar.in/pdf/FPIID.pdf>

F. Information on Directors Appointment/ Re- appointment

With effect from March 29, 2022, Mr. Vijay Chakravarthi Nallan was appointed as a Director of the Company.

III. COMPOSITION OF COMMITTEES OF BOARD

As on March 31, 2022 the Board has nine (9) Committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, IT strategy Committee, Finance Committee, Capital Raise Committee and Credit Committee.

The board at the time of constitution of each committee fixes the terms of reference, reviews it and delegates powers from time to time. Each Committee of the Board is guided by its Charter, which defines the scope, powers, and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval as the case maybe. During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

The Company Secretary acts as a secretary to all the Committees of the Board. Detailed terms of reference, composition, meetings, and other information of each of the Committees of the Board are given herein below:

✦ AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of section 177 of the Companies Act, 2013, Regulation 18 of the SEBI Listing Regulations and Reserve Bank of India directions/guidelines.

All the members of the Audit Committee are financially literate and possess high expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

The Chief Financial Officer, who is responsible for the finance function, the Head of Internal Audit and there presentative of the Statutory Auditors, are regularly invited to attend meetings of the Audit Committee.

Brief Terms of Reference:

- Over sight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees or any payment to statutory auditors for any other services.
- Reviewing, with the management, the annual financial statements and Auditors Report there on before submission to the board for approval;
- Discussion with internal auditors on any significant findings and follow up there on;
- To review the functioning of the Whistle Blower mechanism.
- Approval or any subsequent modification of transactions of the Company with related parties;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year under review the Audit Committee met five (5) times : April 29, 2021, July 23, 2021, October 26, 2021, November 23, 2021, and January 31, 2022.

As on March 31, 2022, the Audit Committee comprises six (6) members and majority of which are Independent Directors and Mr. Chinnasamy Ganesan is the Chairman of the Committee. The details of the attendance of the Directors at the Audit Committee meetings are given below:

Name of Directors	Designation in the Committee	29/04/2021	23/07/2021	26/10/2021	23/11/2021	31/01/2021	Held during the FY	Attended During the FY
Chinnasamy Ganesan	Chairman						5	5
A Subramanian	Member						5	5
VA George	Member						5	5
K Venkataraman	Member						5	5
K R Bijimon	Member						5	5
B Balakumaran	Member	NA					5	4

✦ NOMINATION AND REMUNERATION COMMITTEE










The Nomination and Remuneration Committee of the Board of Directors was constituted as per requirement of Section 178(1) of the Companies Act, 2013, Regulation 19 SEBI Listing Regulations and Reserve Bank of India directions/guidelines.

Brief Description of Terms of Reference:

- Identifying persons who are qualified to become Directors and who may be appointed as KMPs or in Senior Management in accordance with Criteria as laid down and recommend to the Board, their appointment and removal;
- Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- Determine and agree with the Board the framework for broad policies for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board policies, relating to remuneration for the Directors, Key Managerial Personnel and other employees;
- Review the on-going appropriateness and relevance of the remuneration policy.

As on March 31, 2022, the Nomination and Remuneration Committee comprises three(3) members and majority of which are Independent Directors. Mr. Vadakkakara Antony George is the chairman of the Committee.

Nomination and Remuneration Committee met thrice during the year, on May 05, 2021, June 21, 2021 and December 02, 2021. The details of the attendance of the Directors at the Nomination and Remuneration Committee meetings are given below.

Name of Directors	Designation in the Committee	05/05/2021	21/06/2021	02/12/2021	Held during the FY	Attended during the FY
V A George	Chairman				3	3
A Subramanian	Member				3	3
George M Jacob	Member				3	3

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of any organisation in achieving good performance and governance depends on its ability to attract quality individuals on the board. Board of Directors of your Company aligns the remuneration of Directors with the long-term interest of the Company and its stakeholders. The non-executive Directors were paid sitting fees for the Board and Committee Meeting attended. There are no other pecuniary relationships or transactions of Non- Executive Directors with the Company.

The Managing Director and Wholetime Director of the Company were paid remuneration as per terms of their appointment. The compensation to Managing Director and Wholetime Director is within the scale approved by the board and shareholders. Nomination and Remuneration Policy of the Company is available at website of the Company at <https://belstar.in/policies>.

Remuneration of Executive Director/s:

The details of remuneration paid/payable to Managing Director/Whole Time Director of the Company for the year ended March 31, 2022 are as follows:

SI. No.	Particulars of Remuneration	Dr. Kalpanaa Sankar Managing Director (Rs.)	Mr. B Balakumaran Whole time Director (Rs.)
1	Salary as per provisions of section 17(1) of the Income-tax Act, 1961	1,15,57,500	10,00,000
2	Perquisites	-	-
3	Ex gratia	25,87,500	
	Total (A)	1,41,45,000	10,00,000
	Ceiling as per the Act	As per Limits under Schedule V of Companies Act 2013	

Remuneration of Non- Executive Directors

The Non-Executive Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the committees thereof as approved by the Board. The sitting fees as determined by the Board for attending meetings of the Board, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, CSR committee and Information Technology Strategy (IT) Strategy Committee were within the limits prescribed under the Companies Act, 2013. The details of sitting fees paid to Non - Executive Independent Directors for attending the meeting the Board and relevant Committees during the Financial Year 2021-22 are as under:

Name of the Director	Sitting Fees Paid (Rs)		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. A Subramanian	7,20,000	5,20,000	12,40,000
Mr. V A George	7,20,000	520,000	12,40,000
Mr. K Venkataraman	7,20,000	6,80,000	14,00,000
Mr. Chinnasamy Ganesan	7,20,000	4,00,000	11,20,000
Mr. KR Bijimon	7,20,000	4,80,000	12,00,000
Mr. George Alexander	6,40,000	2,00,000	8,40,000
Mr. George M Jacob	6,40,000	1,60,000	8,00,000
Mr. David Arturo Paradiso*	Nil	Nil	Nil
Mr. Vijay Chakravarthi Nallan	NA	NA	NA

* Mr. David Arturo Paradiso has negated his sitting fees for attending Board Meetings.

Criteria for Board Nomination

The nomination and remuneration committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee has formulated a charter in terms of the provisions of the Act, regulation 19(4) of the Listing Regulations and RBI Regulations applicable for non-banking finance companies, which inter alia, deals with the personal traits, competencies, experience, background and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions/ reappointment of directors.

Criteria for appointment in senior management

The nomination and remuneration committee is responsible for identifying and recommending persons who are qualified to be appointed in senior management including recommending their remuneration. The committee has formulated the charter in terms of the provisions of the Act and the Listing Regulations, which inter alia, deals with the criteria for identifying persons who are qualified to be appointed in senior management and periodical review of succession planning for board and senior management. These attributes shall be considered for nominating candidates for senior management position.

Performance Evaluation

In terms of the provisions of the Act and the Listing Regulations, the Board carries out an annual performance evaluation of its own performance, the directors individually carry out a self as well as a peer evaluation and the individual committee carry out an evaluation of the working of the committees.

The Nomination and Remuneration Committee is empowered by the Board to carry out the entire performance evaluation process. The Company has devised a process and criteria for the performance evaluation which has been recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board. The performance evaluation of the independent directors is carried out by the entire board. The performance of the chairman and then on-independent directors are carried out by the independent directors. The Chairman anchors the sessions on self, peer, committee and board effectiveness evaluations. The Chairman of the nomination and remuneration committee anchors the session on chairman evaluation.

Policy on Board diversity

The nomination and remuneration committee has devised a policy on board diversity which sets out the approach to diversity on the board of the company. The policy provides for having a truly diverse board, comprising of appropriately qualified people with a broad range of experience relevant to the business of the company.

✦ STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178(5) of the Act and Regulation 20 of the SEBI Listing Regulations, the Board has constituted Stakeholders Relationship Committee to redress the grievances of shareholders, debenture holders and other stakeholders.




Brief Terms of Reference:

The key responsibilities of the Stakeholders Relationship Committee are to consider and resolve the grievances of the security holders of the Company such as complaints related to transfer of shares/debentures/ bonds, non-receipt of interest/ declared dividends, Annual report etc.

The Stakeholders Relationship Committee of the Board of Directors was re-constituted on October 26, 2021, as per the requirement of Section 178 of the Act and SEBI Listing Regulations.

As on March 31, 2022, the Stakeholders' Relationship Committee ("SRC") comprises of three (3) members, including one (1) Independent Director and Mr. K R Bijimon is the Chairman of the Committee.

During the year under review, the SRC met once on March 29, 2022. The composition of the Committee along with Details of the attendance are given below:

S.NO	NAME OF DIRECTOR	March 29,2022
1	Chinnasamy Ganesan	
2	K R Bijimon	
3	Kalpanaa Sankar	

Status of Investor Complaints:

Pursuant to Regulation 13(3) of SEBI Listing Regulations, the status of investor complaints received and redressed during the FY 2021-22 are as follows:

S. No	Particulars	Equity	NCDs
1	Number of investor complaints pending at the beginning of the year (i.e. 01.04.2021)	0	0
2	Number of investor complaints received during the year (i.e. 01.04.2021 to 31.03.2022)	0	0
3	Number of investor complaints redressed during year (i.e. 01.04.2021 to 31.03.2022)	0	0
4	Number of investor complaints remaining unresolved at the end of the year (i.e. 31.03.2022)	0	0

✦ RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted in accordance with Reserve Bank of India directions/guidelines and as per Regulation 21 of the SEBI Listing Regulation

Brief Terms of Reference:

The role of the committee includes review of the risk management policy developed by the management, review of the annual risk management framework document and implementation of the actions planned in and periodical review of the process for systematic identification, cyber security and assessment of the business risks. Besides, the committee periodically monitors the critical risk exposures by specialised analysis and quality reviews and reports to the board, the details of any significant developments, identify and make recommendations to the board, to the extent necessary on resources and staffing required for effective risk management and the action taken to manage the exposures and carry out any other function as may be necessary to ensure that an effective risk management system is in place.

As on March 31, 2022, the Risk Management Committee comprises Four(4) members including one (1) Independent Director and Mr. K Venkataraman is the Chairman of the Committee. The Risk Management Committee met thrice during the year on July 17, 2021, October 20, 2021 and January 27, 2022. The details of the attendance of the Directors at the Risk Management Committee meetings are given below:

Name of Directors	Chairman/ Member	17/07/2021	20/10/2021	27/01/2022	Held during the tenure FY	Attended the tenure FY
K Venkataraman	Chairman				3	3
Kalpanaa Sankar	Member				3	3
George Alexander	Member				3	3
B Balakumaran	Member				3	3

✦ CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Corporate Social Responsibility Committee is constituted as per Section 135 of the Companies Act 2013. The CSR Committee monitors the overall CSR Activities of the Company.

Brief Terms of Reference:

The role of the committee includes formulation and recommendation of a corporate social responsibility (CSR) policy for the company, recommend the amount of expenditure to be incurred on the CSR activities, monitor the CSR policy of the company from time to time and institute a transparent monitoring mechanism for implementing the CSR activities and carry out any other function or activity as may be required to ensure that the CSR objectives are met.

As on March 31, 2022, the CSR Committee comprises three (3) members including one (1) Independent Director and Mr B Balakumaran is the Chairman of the Committee. The CSR Committee met twice during the year on June 09, 2021 and March 15, 2022. The details of the attendance of the Directors at the CSR Committee meetings are given below:

Name of Directors	Chairman/ Member	09/06/2021	15/03/2022	Held during the FY	Attended during the FY
B Balakumaran	Chairman			2	2
K Venkataraman	Member			2	2
KR Bijimon	Member			2	2

✦ Information Technology Strategy(IT) Strategy Committee

The IT Strategy Committee was constituted in accordance with Reserve Bank of India directions/guidelines.









Brief Terms of Reference:

The role of committee includes approving Information Technology(IT) strategy and policy documents and ensuring that the management has put an effective strategic planning process in place and ascertaining implementation processes and practices that ensure that IT delivers value to the business. Ensuring IT investments represent a balance of risks and benefits, the budgets are acceptable and monitoring the method that

management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources. Ensuring proper balance of IT investments for sustaining company's growth and becoming aware about exposure towards IT risks and controls. The committee also reviews the information security and cyber security framework, business continuity planning and disaster recovery process of the company.

The IT Strategy Committee comprises of five (5) Members including one (1) independent Director and Chief Technology officer. Mr. K Venkataraman is the chairman of the committee.

During the year under review the committee met twice on September 08, 2021 and December 18, 2021.

Name of Directors	Chairman/ Member	08/09/2021	18/12/2021	Held during the FY	Attended during the FY
K Venkataraman	Chairman			2	2
Kalpanaa Sankar	Member			2	2
George Alexander	Member			2	2
George M Jacob	Member			2	1

✦ FINANCE COMMITTEE






The Finance Committee is authorized by the Board of Directors to borrow money or avail credit facilities in any form whatsoever, up to the amount as approved by the Shareholders, to issue securities for raising debt, to invest funds of the Company, to lend money, and to fix the pricing i.e interest rate

The Finance Committee met 16 (Sixteen) times during the year: May 06, 2021, June 23, 2021, July 29, 2021, September 13, 2021, September 23, 2021, September 29, 2021, October 20, 2021, November 29, 2021, December 27, 2021, December 31, 2021, January 24, 2022, February 08, 2022, February 23, 2022, February 28, 2022, March 15, 2022, and March 23, 2022. The details of the attendance of the Directors at the Finance Committee meetings are given below.

Name of Directors	Chairman/ Member	Held during the FY	Attended during the FY
Kalpanaa Sankar	Chairperson	16	16
B Balakumaran	Member	16	16

✦ CAPITAL RAISE COMMITTEE

The Capital Raise Committee was constituted specifically to address all matters relating to Equity-raise of the Company. The Committee met once during the year on May 27, 2021. The details of the attendance of the Directors at the Capital Raise Committee meetings are given below:

Name of Directors	Chairman/ Member	27/05/2021	Held during the FY	Attended during the FY
V A George	Chairman		1	1
K Venkataraman	Member		1	1
Kalpanaa Sankar	Member		1	1
KRBijimon	Member		1	1
David Arturo Paradiso	Member		1	0

✦ CREDIT COMMITTEE

The Capital Credit Committee was constituted specifically

- To approve the Wholesale lending of the Company
- To fix the individual, interest rate and payment cycles for the wholesale lending strategies
- To approve the buyout out portfolio from the Microfinance industry

The Committee Comprises of four (4) members including two (2) Independent Directors.

S.No	Name of Director	Chairman/Member
1	Mr. K Venkataraman	Member
2	Mr. A. Subramanian	Member
3	Kalpanaa Sankar	Member
4	Mr. David Paradiso	Member

Since Company is not keen for wholesale lending , This committee meet did not met during the year under review.

✦ OTHER COMMITTEES

Other than the above-mentioned Board Committees, the company has the following non-Board level committees where Managing Director, Promoter Representative Director are members of the Committees along with other senior executives of the Company.

✦ Asset Liability Management Committee (ALCO)

The Asset Liability Committee was formed in accordance with Reserve Bank of India directions/guidelines to oversee the implementation of Asset Liability Management system and review its functioning periodically.

The Managing Director is the Chairperson and the Committee meets at least once every month. The Whole time Director, Chief Financial Officer, Dy Chief Financial Officer, Chief Risk Officer and General Manager Finance are the members of the Committee.

Brief Description of Terms of Reference:

The functions of the ALM Committee include addressing concerns regarding asset liability mismatches, interest rate risk exposure, and achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the relevant policies and regulation.

IV. GENERAL BODY MEETINGS

Details of location and time, where last three Annual General Meetings held are given below:

Financial Year	AGM	Venue	Date & Time	No. of Special Resolutions Passed
2020-21	33 rd AGM	At the Corporate Office of the Company Through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)	September 29, 2021, at 3.00 P.M	3
2019-20	32 nd AGM	At Registered Office of the Company Held through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)	September 18, 2020, at 2.45 P.M	0
2018-19	31 st AGM	Registered Office of the Company	September 23, 2019 at 2.30 P.M	6

Extraordinary General Meeting during the year:

EGM	Venue	Date & Time	No. of Special Resolutions Passed
1 st EGM	At the Corporate Office of the Company	December 29, 2021, at 3.00 P.M	1
2 nd EGM	Through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)	February 25, 2022 at 12.05 P.M	1
3 rd EGM	Through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)	March 29, 2022 at 5.15 P.M	1

V. POSTAL BALLOT

There was no voting through postal ballot during the FY 2021-22. No resolution is proposed to be conducted through the postal ballot.

VI. MEANS OF COMMUNICATION

Financial Results and Notices:

The quarterly and annual audited results of the Company are announced within 45 days of the end of respective quarter. The results are published in Business Standard and are displayed on the Company’s website.

Website:

The Company’s website provides a separate section for investors where relevant shareholders information is available. The Annual Reports and Investor Presentations of the Company are available on the website. They are user-friendly and can be downloaded at www.belstar.in.

Annual Report:

The Annual Report is circulated to the members. The Management Discussion and Analysis Report and Corporate Governance Report forms a part of the Annual Report.

Corporate Filings with Stock Exchanges:

The Company is regular in filing of various reports, certificates, intimations, etc. with the BSE. This includes filing of audited and unaudited results, Corporate Governance Report, intimation of Board Meeting/general meeting and its proceedings.

VII. GENERAL SHAREHOLDERS INFORMATION

A. Company Registration Details

The Company is a Systematically Important Non-Deposit taking NBFC MFI(NDSI-NBFC-MFI) registered with Reserve Bank of India. The Company is registered in the State of Tamil Nadu. During the year under review the class of the company changed to Public Limited Company and hence a new Corporate Identity Number (CIN)U06599TN1988PLC081652 was allotted to the Company by the Ministry of Corporate Affairs.

The quarterly and annual audited results of the Company are announced within 45 days of the end of respective quarter. The results are published in Business Standard and are displayed on the Company's website.

- B. Annual General Meeting** : September 09, 2022
- C. Financial Year** : April 01, 2021 to March 31, 2022
- D. Dividend Date** : The Board, at its meeting held on April 29, 2022 has recommended payment of final dividend of 3% (Rs0.30 per equity share of Face Value Rs 10), for the year ended March 31, 2022. The same will be paid within 30 days upon declaration by the shareholders at the ensuing Annual General Meeting.

E. Address of Correspondence

- **Registered Office** : Belstar Microfinance Limited
New No.33, Old No. 14, 48th Street
9th Avenue, Ashok Nagar
Chennai – 600 083
- **Corporate Office** : Belstar Microfinance Limited
M V Square, No. 4/14, Soundara Pandian Street,
Ashok Nagar, Chennai - 600 083

F. Dematerialization of Shares

100% of the shares of the Company are held in DEMAT form as on March 31, 2022 (ISIN:INE443L01011)

G. Distribution of Shareholding as on March 31, 2022

Category	No of Shares	%
Promoters and Promoter Group Holding	65,19,508	14.29
Investors	3,90,89,252	85.71
Total	4,56,08,760	100

H. Debenture Trustee Details:

1	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17. R. Kamani Marg Ballard Estate Mumbai Maharashtra – 400 001, Phone: +91 022 40807000 Name of the Contact Person: Swapneil Tiwari (Manager legal & operation)
2	Vistra ITCL (India) Limited The IL&FS Financial Center, Plot No. C–22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Tel: +91 2226593662

I. Registrar and Share Transfer Agent Details

In pursuance of Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all activities in relation to electronic mode with respect to Non-convertible debentures(NCDs) facility are maintained by our Registrar & Transfer Agent (RTA) i.e. Integrated Registry Management Services Private Limited, having SEBI Registration No. INR000000544. Details of RTA are as under:

Integrated Registry Management Services Private Limited
CIN: U74900TN2015PTC101466
2nd Floor, Kences Towers, No.1, Ramakrishna Street,
Off: North Usman Road, T.Nagar, Chennai- 600 017
Name of Contact Person: Mr. Suresh Babu K, Director
Email id: corpserv@integratedindia.in, Phone: 044-28140801

J. Stock exchange where the NCDs are listed:

Wholesale Debt Market Segment (WDM) of Bombay Stock Exchange, PhirozeJeejeeboy Towers, Dalal Street, Mumbai - 400001

K. Listing Fees and Depository Fees:

Annual Listing Fees and Annual Custody/Issuer Fee for the financial year have been paid to Stock Exchanges and Depositories, respectively.

L. Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company does not have any outstanding GDRs/ ADRs/Warrants or any Convertible instruments as on date.

M. Plant Locations:

Being a financial services company, Belstar Microfinance Limited has no plant locations.

VIII. DISCLOSURES

A. Related Party Transactions

In the opinion of the Board of Directors, there are no materially significant related party transactions made by the Company during the year under review with Promoters, Directors, Key Managerial Personnel or their relatives or other designated persons which may have a potential conflict with the interest of the Company at large.

Further, there were no material related party transactions which required approval of shareholders under SEBI Listing Regulations. The details of the related party transactions are disclosed in the notes on accounts, forming part of Financial Statements. The Company had obtained approval of the Audit Committee for all related party transactions. Further, all related party transactions entered into by the Company were on arm's length basis and are in the ordinary course of its business. Omnibus approval was obtained for the transactions of repetitive nature.

The Company has a policy on materiality and on dealing with related party transactions which has been uploaded on our website at <https://belstar.in/policies>

B. Details of non-compliance by the Company

There have been no instances of non-compliance by the Company on any matters related to Labour Law, RBI, MCA, Income Tax and GST and other applicable Acts.

C. Vigil Mechanism and Whistle Blower Policy

The company has established a whistle blower mechanism to provide an avenue to report concerns. The mechanism provides for adequate safeguards against victimization of directors /employees/ customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. During the year, no personnel have been denied access to the audit committee. The Whistle-Blower Policy which is uploaded on the website of the Company can be accessed at <https://belstar.in/policies>.

D. Compliance with Mandatory & Non-Mandatory Requirements

The Company has complied with all the mandatory and major non-mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance, to the extent applicable to the Company.

E. Adherence to Accounting Standards

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

F. Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

G. Credit Rating

The details with respect to Credit Ratings obtained by the Company are given in the Directors' Report.

H. Disclosures in relation to the Sexual Harassment of Women

Details with respect to Sexual Harassment of Women at workplace are given in the Directors' Report.

I. Fees paid to Statutory Auditors

The details of total fees paid to Statutory Auditors of the Company during the FY 2021-22 for all the services rendered by them is given below:

Particulars	Amount (Rs. in millions)
Statutory audit fees (Including Limited Review & Tax Audit)	2.34
Other certification services	0.16
Total	2.50

J. Compliance Report

A detailed compliance report is placed before the board every quarter and highlights of the report is circulated to the board along with the agenda. The company secretary submits a compliance certificate to the board on a quarterly basis. The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

K. Utilization of Funds raised Preferential issue /private placement

Moneys raised through Equity Shares as well as Issues of Secured Non-Convertible Debentures have been utilized for the purposes, as disclosed in the Prospectus/ Offer Documents, for which it was raised and there has been no deviation as on date in the utilisation of the moneys so raised.

L. Code of conduct for Directors and Senior Management Personnel

In compliance with Regulation 17(5) of the Listing Regulations, the Company has put in place a Code of Conduct for Directors and Senior Management. This code is intended to ensure that the Company operates with the highest degree of legal and ethical standards of conduct. Pursuant to Regulation 26(3) of Listing Regulations, all the members of the Board and Senior Management personnel shall affirm Compliance of the Code on an annual basis. A declaration by the Managing Director in this regard, confirming to the adherence to this Code is enclosed herewith as **Annexure -A**.

M. CEO/CFO Certification

The Managing Director and CFO have certified to the Board in accordance with SEBI LODR pertaining to the CEO/CFO Certification for the financial year ended March 31, 2022. The same is annexed as **Annexure-B** to this report.

N. Certificate from Company Secretary in Practice

M/s KSM Associates, Practicing Company Secretaries, have issued certificate as required under the Listing Regulations, confirming that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed with this report **Annexure-C**.

O. Compliance Certificate on Corporate- Governance

The certificate on compliance of corporate governance norms from M/s KSM Associates, Practicing Company Secretaries is annexed to the report **Annexure-D**.

Place : Chennai
Date : August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/
B Balakumaran
Wholetime Director
DIN: 09099182

ANNEXURE - A

Declaration regarding compliance by Board Members and Senior Management personnel with the Company's Code of Conduct

herby confirm that the Company has obtained from all the Members of the Board and Senior Management employees of the Company, affirmation that they have complied with “Code of Conduct for Board Members and Senior Management” (“Code”) of the Company for the financial year ended March 31, 2022.

Place: Chennai
Date: August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

ANNEXURE - B
CEO/CFO CERTIFICATE

The Board of Directors
Belstar Microfinance Limited
Old No.14, New No.33,
48th Street, 9th Avenue,
Ashok Nagar,
Chennai – 600 083.

This is to certify that:

- A. We have reviewed the Financial Statements for the year ended March 31, 2022, and that to the best of our knowledge and belief:
- I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements, together with the notes attached thereto, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c). We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
1. Significant changes in internal control over financial reporting during the year;
 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai
Date: August 02, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/
Mr. L. Muralidharan
Chief Financial Officer

ANNEXURE - C

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Member
Belstar Microfinance Limited
Old No.14, New No.33,
48th Street, 9th Avenue,
Ashok Nagar,
Chennai – 600 083.

We have examined the relevant registers, records, minute books, forms, returns declarations/disclosures received from the Directors and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives of Belstar Microfinance Limited (CIN: U06599TN1988PLC081652) (hereinafter called the company), for the purpose of issue of this certificate pursuant to regulation 34(3) read with para C(10)(i) of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our knowledge and based on such examination/verifications including Directors Identification Number (DIN) status at the portal www.mca.gov.in as well as information and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI)/ Ministry of Corporate Affairs or any such other statutory authority.

S.No	DIN	Name	Designation
1	01777552	Subramanian Ananthanarayanan	Independent Director & Chairman
2	01926545	Kalpanaa Sankar	Managing Director
3	00023071	Kuttickattu Rajappan Bijimon	Director
4	0149377	Vadakkakara Antony George	Independent Director
5	00018384	George Alexander	Director
6	00018955	George Muthoot Jacob	Director
7	02443410	Venkataraman Krishnamoorthy	Independent Director
8	07615862	Chinnasamy Ganesan	Independent Director
9	08020248	Vijay Chakravarthi Nallan [#]	Director
10	08181832	David Arturo Paradiso	Director
11	09099182	Balsubramanian Balakumaran [*]	Whole Time Director

[#]Appointed with effect from 29.03.2022

^{*} Appointed with effect from 29.04.2021

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification. We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KSM Associates | Company Secretaries

Sd/

Deepa V. Ramani

Partner

FCS 5574; CP 8760

UDIN:F005574D000741287

Peer review cert no. 627/2019

Place : Chennai

Date : August 02, 2022

ANNEXURE - D

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Member of
Belstar Microfinance Limited

We have examined the compliance of the conditions of Corporate Governance by Belstar Microfinance Limited (CIN: U06599TN1988PLC081652) (“the Company”) for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27 and para-C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’).

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KSM Associates | Company Secretaries

Sd/

Deepa V. Ramani

Partner

FCS 5574; CP 8760

UDIN:F005574D000741221

Peer review cert no. 627/2019

Place : Chennai
Date : August 02, 2022

Financial Statements

Independent Auditor's Report

To
The Members of Belstar Microfinance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Belstar Microfinance Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note No. 2.3 to the standalone financial statements which describes that the potential impact of the continuing COVID-19 pandemic on the Company's operations and financial results are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in

the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
<p>Expected credit losses on loan assets Refer Note No.3.6 of significant accounting policies and Note No.9 for the outstanding loan assets and Note No.50 of the Standalone Financial Statements for credit risk disclosures.</p> <p>As at March 31, 2022, the Company has reported gross loan assets of Rs. 37,780.12 millions against which an impairment loss of Rs.2,237.59 millions has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under ‘Ind AS 109 – Financial Instruments’.</p> <p>The Expected Credit Loss (‘ECL’) approach as required under Ind AS 109, Financial instruments, involves high degree of complexity requiring significant judgement of the management and the use of different modelling techniques and assumptions which could have a material impact on the accompanying financial statements.</p> <p>The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. Significant management judgement and assumptions involved in measuring ECL includes:</p> <ul style="list-style-type: none"> • Categorization of loans in Stage 1, 2 and 3 based on identification of exposures with Significant Increase in Credit Risk (SICR) since their origination and individually impaired / default exposures. • Techniques used to determine probability of default, loss given default and exposure at default. • Factoring in future economic assumptions <p>These parameters are derived from the Company’s internally developed statistical models, other historical data and trends observed in macro-economic factors.</p>	<p>Our audit focused on assessing the appropriateness of management’s judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company’s accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind-AS 109. • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Performed a critical assessment of assumptions including management’s assessment of the impact of COVID-19 on these assumptions, and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe

Considering the significance of the above matters to the overall Standalone Financial Statements, additional complexities involved in the current year on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved and also the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.

We also draw attention to Note 2.3 of the accompanying Standalone Financial Statements, which describes the potential impact of the continuing COVID-19 pandemic considering the uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on March 31, 2022, as the same is fundamental to the understanding of the users of Standalone Financial Statements.

significant assumptions used in calculation of expected credit losses are reasonable; and

- Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars.

Information Technology ('IT') Systems and controls impacting financial reporting

The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and controls to process significant transactions at numerous locations, such as loans, interest income and impairment of financial assets. Any significant gaps in the IT control environment could result in a material misstatement of the financial and accounting records.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

In view of the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.

As part of our Audit, we have carried out testing of the IT general controls, application controls and IT dependent manual controls.

We tested the design and operating effectiveness of the Company's IT access controls over the key information systems, including changes made to the IT landscape during the audit period, that are critical to financial reporting.

We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls.

Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Information Other than the Standalone Financial Statements and Auditor's Report thereon (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report of the Company for the financial year ended March 31, 2022 but does not include the standalone financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The standalone financial statements of the Company for the year ended March 31, 2021 were audited by the predecessor auditor who has expressed an unmodified opinion thereon vide report dated April 29, 2021, which has been furnished to us and relied upon by us for the purpose of our Audit.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company during the year is in accordance with the provisions of section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.45(A) to the financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.

iv.

- a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v.

- a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- b) As stated in Note No. 27 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the

For Varma & Varma
Chartered Accountants
(Firm's Registration No.004532S)

Sd/
P.R Prasanna Varma
Partner
(Membership No. 025854)
UDIN : 22025854AIJXMS4612

Place: Chennai
Date: April 29, 2022

ANNEXURE A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2022.

1.
 - a)
 - i) According to the information and explanations given to us and the records of the Company examined by us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, and Investment Property and relevant details of right-of-use assets.
 - ii) According to the information and explanations given to us and the records of the company examined by us, the Company has maintained proper records showing full particulars of intangible assets.
 - b) According to the information and explanations given to us and the records of the Company examined by us, the Company has a regular program of physical verification of its Property Plant and Equipment, Investment Property and right-of-use assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, certain Property Plant and Equipment were verified during the year and no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records of the Company examined by us, we report that the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the Company as at the balance sheet date.
 - d) According to the information and explanations given to us and the records of the Company examined by us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Hence, reporting under clause 3(i)(d) of the Order is not applicable.
 - e) According to the information and explanations given to us and the records of the Company examined by us, there are no proceedings initiated or pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
2. According to the information and explanations given to us and the records of the Company examined by us,
 - a) The Company is a Non-Banking Finance Company (NBFC), primarily engaged in financing activities and it does hold any physical inventories. Hence, reporting under clause 3(ii)(a) of the Order is not applicable.
 - b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks during the year on the basis of security of current assets. In our opinion, based on a comparison, the quarterly statements of receivables filed by the company with such banks are seen to be in agreement with the books of account of the Company. The Company has not availed working capital limit from any financial institution.

3. The Company has made investments in mutual funds during the current financial year. The Company has not provided any guarantee or security or granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnerships (LLPs) during the year. The Company has granted loans to other parties. In respect of the investments made and loans granted to other parties;
- The Company is a Systemically Important Non- Deposit taking Non-Banking Financial Company - Micro finance Institution (NDSI–NBFC-MFI) engaged in the business of providing microfinance loans to Self-Help Group (SHG) members / Joint Liability Group (JLG) members and certain other loans as well. Hence, reporting under clause 3(iii)(a) of the Order is not applicable.
 - In our opinion, the terms and conditions of the investments made and grant of loans, during the year are, prima facie, not prejudicial to the Company’s interest. The company has not provided any guarantee or given any security during the year.
 - In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest have been stipulated. Being a NBFC-MFI, there are instances of irregularities in repayment of principal amounts and receipt of interest as per stipulated terms. Having regard to the nature of business undertaken by the company, specific details of the irregularities are not reported, although particulars of overdue for more than ninety days as per books of accounts as at Balance Sheet date have been reported in Para (d) below.
 - In respect of loans granted by the Company, the total amount overdue for more than ninety days as per books of account as at the balance sheet date is as under:

(Rs. In millions)

No. of cases	Principal Amount Overdue	Interest Overdue	Total Overdue
1,43,600	Rs.1,208.02 Million	Rs.108.90 Million	Rs.1,316.92 Million

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

- The Company is a Systemically Important Non- Deposit taking Non-Banking Financial Company - Micro finance Institution (NDSI–NBFC-MFI) engaged in the business of providing microfinance loans to Self-Help Group (SHG) members / Joint Liability Group (JLG) members and certain other loans as well. Hence, reporting under clause 3(iii)(e) of the Order is not applicable.
 - The Company has not granted any loans or advances in the nature of loans to Promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013.Hence, reporting under clause 3(iii)(f) of the Order is not applicable.
4. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 of the Companies Act, 2013. The provisions of section 186 of the Act with respect of loans, guarantee and security is not applicable to the Company being a NBFC-MFI and the

investments made by the Company are in compliance with the provisions of section 186 of the Act, as applicable.

5. According to the information and explanations given to us and the records of the Company examined by us, during the year the Company has not accepted any deposits or any amounts deemed to be deposits which attracts the directives issued by the Reserve Bank of India or within the meaning of Sections 73 to 76 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Hence, reporting under clause 3(v) of the Order is not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable.
7.
 - a. As per the information and explanations furnished to us, and according to our examination of the records of the Company, the Company has been regular in depositing the undisputed statutory dues including goods and services tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company with the appropriate authorities during the year and no undisputed amounts in respect of material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues referred to in sub-clause (a) that have not been deposited on account of any dispute as at March 31, 2022 are as follows:

(Rs. In millions)

Name of the Statute	Nature of dues	Amount (Rs. In Million)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	58.52	FY 2016-17	Commissioner of Income Tax (Appeals) - Chennai
Income Tax Act, 1961	Income Tax	26.37	FY 2017-18	National Faceless Appeal Centre

*Net of amount paid under protest

8. According to the information and explanations given to us and the records of the Company examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
9. According to the information and explanations given to us and on the basis of our examination of the records of the Company:
 - a) The Company has not defaulted in repayment of loans or other borrowings or in payment of interest to any lender.

- b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
 - c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary deployment pending application of proceeds of term loans of Rs. 4,890 Million since they were raised towards the end of the year.
 - d) On an overall examination of the Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - e) The Company does not have any subsidiaries, associates or joint ventures and hence, reporting on clause 3(ix)(e) of the Order is not applicable.
 - f) The Company does not have any subsidiaries, associates or joint ventures and hence, reporting on clause 3(ix)(f) of the Order is not applicable.
10. According to the information and explanations given to us and the records of the Company examined by us,
- a) no moneys were raised by way of initial public offer or further public offer (including debt instruments) and hence, reporting on clause 3(x)(a) of the Order is not applicable.
 - b) The Company has made preferential allotment of equity shares during the month of March, 2022 and the requirements of Section 42 of the Act have been complied with The funds raised have been used for the purpose for which they were raised other than certain portion thereof which, pending application, were temporarily deployed in liquid investments as at the end of the year. The Company has not made any preferential allotment or private placement of fully or partly or optionally convertible debentures during the year.
- 11.
- a) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company, noticed or reported during the year, except for 8 instances of misappropriation of cash by employees of the Company aggregating to Rs. 2.40 Million and 1 instance of fraud in respect of buyout loan portfolio committed by the transferor amounting to Rs. 23.17 Million, reported by the management during the year, as stated in Note No. 55 to the accompanying financial statements.
 - b) No report under Section 143(12) of the Act has been filed in Form ADT-4 regarding any frauds, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - c) According to the information and explanations given to us and the records of the Company examined by us, the Company has not received whistle-blower complaints during the year and hence, reporting on clause 3(xi)(c) of the Order is not applicable.
12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in Note No.46 to the standalone financial statements as required by the applicable Ind AS.
- 14.
- a) The Company has an internal audit system, which, in our opinion is commensurate with the size and nature of its business.
 - b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
15. According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors and hence, reporting under clause 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us,
- a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
 - b) The Company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 and no business has been conducted by the Company without any valid Certificate of Registration (CoR).
 - c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
 - d) As represented to us by the management, there is no core investment company as defined in the regulations made by the Reserve Bank of India within the Group. Hence, reporting under clause 3(xvi)(d) of the Order is not applicable.
17. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
18. There has been resignation of the statutory auditors during the year. As mentioned in Form ADT-3 filed with the Ministry of Corporate Affairs, the outgoing auditors resigned in order to comply with the requirements RBI's Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021. There are no issues, objections or concerns raised by the outgoing auditors.
19. According to the information and explanations given to us and the records of the Company examined by us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets, payment of financial liabilities and other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which

causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. According to the information and explanations given to us and the records of the Company examined by us,
- a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
 - b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects as at the end of the previous financial year or at the end of current financial year requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For Varma & Varma
Chartered Accountants
(Firm's Registration No.004532S)

Sd/
P.R Prasanna Varma
Partner
(Membership No. 025854)
UDIN : 22025854AIJXMS4612

Place: Chennai
Date: April 29, 2022

ANNEXURE B' REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BELSTAR MICROFINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial control systems with reference to standalone financial statements reporting of Belstar Microfinance Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to standalone financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls systems with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements reporting.

Meaning of Internal Financial Controls with reference to Financial Statements reporting

A Company's internal financial controls system with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls system with reference to financial statements reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting

Because of the inherent limitations of internal financial controls system with reference to financial statements reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For Varma & Varma
Chartered Accountants
(Firm's Registration No.004532S)

Sd/
P.R Prasanna Varma
Partner
(Membership No. 025854)
UDIN : 22025854AIJXMS4612

Place: Chennai
Date: April 29, 2022

Balance Sheet as at March 31, 2022

(Rs. In millions)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
I Assets			
1 Financial Assets			
a) Cash and cash equivalents	6	7,218.36	4,521.23
b) Bank Balance other than (a) above	7	1,360.18	1,256.62
c) Receivables			
i) Trade Receivables	8	3.46	3.14
ii) Other Receivables		-	-
d) Loans	9	35,542.53	27,837.47
e) Other Financial assets	10	669.93	625.47
2 Non-financial Assets			
a) Deferred tax assets (Net)	40	514.59	195.84
b) Investment Property	11	1.10	1.10
c) Property, Plant and Equipment	12	47.69	35.76
d) Right-of-use assets	13	97.29	72.89
e) Intangible assets under development	14	0.49	0.55
f) Other Intangible assets	15	6.81	13.31
g) Other non financial assets	16	140.43	109.50
Total Assets		45,602.86	34,672.88
II. LIABILITIES AND EQUITY			
LIABILITIES			
1. Financial Liabilities			
a) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17A	0.56	5.73
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	17B	3.46	2.31
	18	3,807.89	5,284.95
b) Debt Securities	19	30,118.88	21,032.99
c) Borrowings (other than debt securities)	20	1,643.59	1,638.42
d) Subordinated Liabilities	21	1,089.41	1,051.27
e) Other Financial liabilities			
2. Non-financial Liabilities			
a) Current tax liabilities (net)	39	64.87	20.34
b) Provisions	22	61.54	50.97
c) Other non-financial liabilities	23	253.33	168.74
3. Equity			
a) Equity share capital	24	456.09	375.21
b) Other equity	25	8,103.24	5,041.95
Total Liabilities and Equity		45,602.86	34,672.88

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

For M/s. Varma & Varma

Chartered Accountants
Firm Regn. No. 004532S

Sd/

P.R Prasanna Varma

Partner
M.No. 025854

Place : Chennai

Date : April 29, 2022

For and on behalf of Board of Directors

Sd/

Dr. Kalpanaa Sankar

Managing Director
(DIN. 01926545)

Sd/

L. Muralidharan
Chief Financial Officer

Sd/

B. Balakumaran

Wholetime Director
(DIN. 09099182)

Sd/

Sunil Kumar Sahu
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2022

(Rs. In millions)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
(i) Interest income	28	6,768.32	5,229.37
(ii) Fee and commission income	29	37.37	28.15
(iii) Net gain on fair value changes on investments	30	7.87	13.84
(iv) Net gain on de-recognition of financial instruments under amortised cost category	31	458.73	242.68
(I) Total Revenue from operations		7,272.29	5,514.04
(II) Other Income	32	12.02	15.37
(III) Total Income (I + II)		7,284.31	5,529.41
Expenses			
(i) Finance cost	33	2,912.21	2,342.37
(ii) Fee and commission expenses	34	196.68	129.03
(iii) Impairment of financial instruments	35	1,497.50	807.55
(iv) Employee benefit expenses	36	1,556.24	1,217.65
(v) Depreciation, amortization and impairment	37	86.39	92.55
(vi) Other expenses	38	473.83	370.14
(IV) Total Expenses (IV)		6,722.85	4,959.29
(V) Profit/(loss) before tax (III - IV)		561.46	570.12
(VI) Tax Expense:			
(i) Current tax	39	422.77	261.36
(ii) Deferred tax	40	(312.60)	(150.50)
(iii) Earlier years adjustments		-	(7.25)
(VII) Profit/(loss) for the period (V-VI)		451.29	466.51
(VIII) Other Comprehensive Income			
A) Items that will not be classified to profit or loss			
(i) Remeasurement gain/ (loss) of defined benefit plans		(2.27)	2.99
(ii) Tax impact thereon		(0.02)	(0.75)
Subtotal (A)		(2.29)	2.24
B) Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		(17.89)	(9.84)
(ii) Tax impact thereon		6.18	2.48
Subtotal (B)		(11.71)	(7.36)
Other Comprehensive Income (A+B)		(14.00)	(5.12)
(IX) Total Comprehensive Income for the period (VII+VIII)		437.29	461.39
(X) Earnings per equity share (Face Value -Rs 10 per share)	41	12.01	12.43
		12.01	12.43

The accompanying notes are an integral part of the financial statements

As per our Report of even date attached

For and on behalf of the Board of Directors

For M/s. Varma & Varma

Chartered Accountants

Firm Regn. No. 004532S

Sd/

P.R Prasanna Varma

Partner

M.No. 025854

Sd/

Dr. Kalpanaa Sankar

Managing Director

(DIN. 01926545)

Sd/

L. Muralidharan

Chief Financial Officer

Sd/

B. Balakumaran

Wholetime Director

(DIN. 09099182)

Sd/

Sunil Kumar Sahu

Company Secretary

Place : Chennai

Date : April 29, 2022

Cash Flow Statement for the year ended March 31, 2022

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Operating activities		
Profit before tax	561.46	570.12
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	86.39	92.55
Impairment on financial instruments	1,497.50	807.55
Finance cost	2,912.21	2,342.37
Net gain on fair value changes	(7.87)	(13.84)
Interest income on deposits	(163.05)	(163.26)
Profit on sale of asset	-	(0.13)
Operating Profit Before Working Capital Changes	4,886.64	3,635.36
Working capital changes		
(Increase) / Decrease in Trade receivables	(0.32)	(1.54)
(Increase) / Decrease in Loans	(9,220.45)	(7,763.27)
(Increase) / Decrease in Other financial asset	(10.89)	232.30
(Increase) / Decrease in Other non financial asset	(9.73)	(0.62)
Increase / (Decrease) in Trade and Other payables	(4.03)	8.05
Increase / (Decrease) in Other liabilities	232.81	(228.43)
Increase / (Decrease) in Provision	8.32	(4.11)
Cash flows from/(used in) operating activities before tax	(4,117.65)	(4,122.26)
Interest paid on borrowings	(3,009.62)	(2,128.22)
Income tax paid	(399.42)	(266.51)
Net cash flows from/(used in) operating activities	(7,526.69)	(6,516.99)
Investing activities		
Acquisition of fixed and intangible assets	(51.31)	(34.19)
Net gain on fair value changes	7.87	13.83
Proceeds from sale of fixed assets	-	0.18
Investment in fixed deposits	(103.56)	167.17
Interest received on deposits	128.53	177.10
Net cash flows from/(used in) investing activities	(18.47)	324.09
Financing activities		
Proceeds from issue of shares	2,716.14	-
Proceeds from / (Repayment) of borrowings	7,587.22	9,065.09
Interest paid on Lease liabilities	(11.84)	(10.33)
Payment towards Lease liabilities	(37.97)	(37.40)
Dividend paid on equity shares	(11.26)	(22.51)
Net cash flows from financing activities	10,242.29	8,994.85
Net increase in cash and cash equivalents	2,697.13	2,801.95
Cash and cash equivalents at 1 st April 2021, 1st April 2020	4,521.23	1,719.28
Cash and cash equivalents at March 31, 2022 /March 31, 2021	7,218.36	4,521.23

Notes on accounts form part of final accounts
As per our Report of even date attached

For and on behalf of the Board of Directors

For M/s. Varma & Varma

Chartered Accountants
Firm Regn. No. 004532S

Sd/

P.R Prasanna Varma

Partner
M.No. 025854

Place : Chennai

Date : April 29, 2022

Sd/

Dr. Kalpanaa Sankar

Managing Director
(DIN. 01926545)

Sd/

L. Muralidharan
Chief Financial Officer

Sd/

B. Balakumaran

Wholetime Director
(DIN. 09099182)

Sd/

Sunil Kumar Sahu
Company Secretary

Statement of changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

(Rs. In millions)

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year- Share Issue	Balance at the end of the current reporting period
As at March 31, 2022					
Equity Share Capital'45,608,760' Equity Shares of Rs.10/- each	375.21	-	-	80.88	456.09

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year- Share Issue	Balance at the end of the current reporting period
As at March 31, 2021					
Equity Share Capital'37,520,524' Equity Shares of Rs.10/- each	375.21	-	-	-	375.21

B. Other Equity
(Rs. In millions)

Particulars	Reserves and Surplus							Total
	Statutory reserve (Pursuant to section 45-1C of the Reserve Bank of India Act, 1934)	Capital Redemption Reserve (CRR)	Securities Premium	General Reserve	Remeasurement gain/(loss) of defined benefit plans	Retained Earnings	Financial instruments measured at FVOCI	
As at March 31, 2022								
Balance at the beginning of the current reporting period	555.88	500.00	2,384.99	0.01	-5.02	1,594.38	11.71	5,041.95
Total Comprehensive Income for the current year	-	-	-	-	-2.29	451.29	-11.71	437.29
Dividends	-	-	-	-	-	-11.26	-	-11.26
Transfer to Statutory Reserve	90.26	-	-	-	-	-90.26	-	-
Premium on Issue of Share *	-	-	2,635.26	-	-	-	-	2,635.26
Balance at the end of the current reporting period	646.14	500.00	5,020.25	0.01	-7.32	1,944.16	0.00	8,103.24
As at March 31, 2021	462.58	500.00	2,384.99	0.01	-7.27	1,243.68	19.08	4,603.07
Total Comprehensive Income for the current year	-	-	-	-	2.24	466.51	-7.36	461.39
Dividends	-	-	-	-	-	-22.51	-	-22.51
Transfer to Statutory Reserve	93.30	-	-	-	-	-93.30	-	-
Premium on Issue of Share	-	-	-	-	-	-	-	-
Balance at the end of the Previous reporting period	555.88	500.00	2,384.99	0.01	-5.02	1,594.38	11.71	5,041.95

* Premium is net of Rs 33.86 Million being transaction cost for issue of equity shares during the year 21-22

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

For M/s. Varma & Varma

Chartered Accountants
Firm Regn. No. 004532S

Sd/

P.R Prasanna Varma

Partner
M.No. 025854

Place : Chennai

Date : April 29, 2022

For and on behalf of the Board of Directors

Sd/

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

Sd/

L. Muralidharan
Chief Financial Officer

Sd/

B. Balakumaran
Wholetime Director
(DIN. 09099182)

Sd/

Sunil Kumar Sahu
Company Secretary

Notes forming part of Financial Statements

Significant Accounting Policies

1. Corporate Information

Belstar Microfinance Limited, (the Company) is a Company incorporated under the Companies Act, 1956 having its registered office at No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083 and registered with the Reserve Bank of India as a non-banking financial company (NBFC) from March 2001. The Company is basically engaged in the business of providing loans and access to Credit to the Self-Help Group (SHG) members / Joint Liability Group (JLG) members known as “Pragati” and other loans like Education, Small Enterprise Loan (SEL) as part of financial inclusion space. The Company got classified as a NBFC -MFI effective December 11, 2013. The company is a Systemically Important Non- Deposit taking NBFC MFI (NDSI–NBFC-MFI) as at March 31, 2022

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared on going concern basis in accordance with the applicable Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (“the Act”), read with the Companies (Indian Accounting Standards Rules), 2015 (as amended from time to time) and other accounting principles generally accepted in India.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.3 Impact of Covid-19

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and corresponding slowdown in the economic activities. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets and provision held by the Company are in excess of the RBI prescribed norms. As the pandemic situation is dynamic and still evolving, the extent to which it will continue to impact the Company's results is dependent on ongoing as well as future developments, which are highly uncertain. The company will continue to monitor future economic conditions and update its assessment.

2.4 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest millions, except when otherwise indicated.

3. Significant accounting policies

3.1 Recognition of interest income

The Company computes Interest income by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

3.2 Recognition of income and expenses

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

3.2.1 Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.3 Financial instruments

3.3.1 Financial asset

Initial recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Loans are recognised when funds are transferred to the customers' account.

3.3.2 Initial and subsequent measurement

The Company classifies its financial assets into the following measurement categories:

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI).
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
4. Equity instruments measured at fair value through other comprehensive income (FVTOCI).

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Ind AS 109 classification and measurement model requires that all debt instrument financial assets that do not meet a "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as fair value through profit or loss (FVTPL). The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured at FVTPL.

Accordingly, for debt instrument financial assets that meet the SPPI test, the Company classifies its assets based on the business model under which these instruments are managed.

Debt instruments that are managed on a "held for trading" or "fair value" basis is classified as FVTPL. Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Debt instruments that are managed on a "hold to collect and for sale" basis is classified as fair value through other comprehensive income (FVOCI) for debt. These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

Debt instruments that are managed on a "hold to collect" basis will be classified as amortized cost. After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 3.6 Impairment of financial assets.

All equity instrument financial assets are classified at initial recognition as FVTPL unless an irrevocable designation is made to classify the instrument as FV-OCI for equities. The FV-OCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends are recognized in profit and loss.

3.3.3 Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- a) The Company has transferred its contractual rights to receive cash flows from the financial asset
- or
- b) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset
or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3.4.2 Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Company and/or its counterparties.

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, The Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD)- The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Collateral

In the normal course of business, the Company does not take financial or non-financial item as collateral security from the customers for the loan given.

Impairment of Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.9 Other income and expenses

All Other income and expense are recognized in the period in which they occur.

3.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

3.11 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.11.1 Depreciation

Tangible assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto Rs.5,000 is fully depreciated by the company in the year of its capitalisation.

The estimated useful lives are as follows:

Particulars	Useful life	Residual value
Furniture and fixture	10 years	2%
Office equipment	5 years	2%
Vehicles	10 years	2%
Computer	3 years	5%

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.12 Intangible assets

The Company's intangible assets consist of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprising of software are amortised on a written down value basis over a period of 3 years. The useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.13 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

The fair value of investment property is disclosed in the notes accompanying these financial statements. Fair value is determined by independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation,

had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.15 Post employment benefits

3.15.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The company has no obligation, other than the contribution payable under the scheme. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

3.15.2 Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by Life Insurance Company Limited and such other insurance company from time to time.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

3.16 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.17 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.17.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.17.2 Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

3.19 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.20 Leases

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

3.21 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other

comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement in respect of the estimation of the amount and timing of future cash flows and collateral values and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.6 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

5. Standard issued but not yet effective

Ministry of corporate affairs (“MCA”) periodically notifies new standard or amendments to the existing standards. On March 23, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022, with amendment to certain Ind AS that are applicable to the Company effective April 1, 2022, as given below.

1. Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

2. Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

- a. The amendment specifies that the ‘cost of fulfilling’ a contract (while assessing whether a contract is onerous) comprises the ‘costs that relate directly to the contract’ which can either be the incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling the contract.
- b. Further, the requirement of recognising any impairment loss before a separate provision for an onerous contract is established has also been amended to cover all assets used in fulfilling the contract and not only the assets dedicated to that contract.

3. Ind AS 109 – Financial Instruments - The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability.

The Company has evaluated the effect of the above amendments on the financial statements and the impact is not expected to be material.

Notes forming part of the Ind AS Financial Statement

6. Cash and cash equivalents

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	15.23	9.32
Balances with Banks		
- in current accounts	879.06	984.41
- Bank deposit with maturity of less than 3 months	6,324.07	3,527.50
Total	7,218.36	4,521.23

Short-term deposits are made for period varying between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

The Company has not taken any bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

7. Bank balance other than cash and cash equivalents

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Deposit with original maturity for more than three months.	166.56	-
Balances with banks to the extent held as security against the borrowings #	1,193.62	1,256.62
Total	1,360.18	1,256.62

It represents deposits maintained as cash collateral against term loans availed from banks and financial institutions and earn interest at the respective fixed deposit rates.

8. Trade Receivables

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(I) Trade Receivables		
Receivable considered good - Unsecured	3.46	3.14
Total	3.46	3.14
Provision for impairment	-	-
Total Net receivable	3.46	3.14

Trade receivables includes Rs. 2.48/- million (Previous year Rs. 3.14 million) receivable from related party refer Note 46 for more details.

Trade receivables are non-interest bearing and are generally on terms ranging from 30 days to 60 days from the date of invoice. During the year 2020-21, INR Nil {2019-20: INR Nil} was recognised as provision for expected credit losses on trade receivable .

8.1 Trade Receivable Ageing Schedule as at March 31, 2022

(Rs. In millions)

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 years	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	3.46	-	-	-	-	3.46
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

Trade Receivable Ageing Schedule as at March 31, 2021

(Rs. In millions)

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 years	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	3.14	-	-	-	-	3.14
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-

9. Loans

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
I) Receivables under financing activities	37,771.38	-	37,771.38	27,771.99	1,034.45	28,806.44
ii) Staff Loan	8.74	-	8.74	11.25	-	11.25
Total (A) - Gross	37,780.12	-	37,780.12	27,783.24	1,034.45	28,817.69
Less : Impairment loss allowance	(2,237.59)	-	(2,237.59)	(972.42)	(7.80)	(980.22)
Total (A) - Net	35,542.53	-	35,542.53	26,810.82	1,026.65	27,837.47
(B)						
I) Secured by tangible assets and intangible assets	12.06	-	12.06	0.88	-	0.88
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured	-	-	-	-	-	-
i) Receivables under financing activities	37,759.32	-	37,759.32	27,771.11	1,034.45	28,805.56
ii) Staff loan	8.74	-	8.74	11.25	-	11.25
Total (III) - Gross	37,768.06	-	37,768.06	27,782.36	1,034.45	28,816.81
Less : Impairment loss allowance	(2,237.59)	-	(2,237.59)	(972.42)	(7.80)	(980.22)
Total (III) - Net	35,530.47	-	35,530.47	26,809.94	1,026.65	27,836.59
Total (B) (I+II+III) - Net	35,542.53	-	35,542.53	26,810.82	1,026.65	27,837.47
(C)						
I) Public Sector	-	-	-	-	-	-
ii) Others	37,780.12	-	37,780.12	27,783.24	1,034.45	28,817.69
Total (C) - Gross	37,780.12	-	37,780.12	27,783.24	1,034.45	28,817.69
Less: Impairment Loss Allowance (C)	(2,237.59)	-	(2,237.59)	(972.42)	(7.80)	(980.22)
Total (C) - Net	35,542.53	-	35,542.53	26,810.82	1,026.65	27,837.47

Receivables under financing activities

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 50 and policies on ECL allowances are set out in Note 3.6.

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	33,246.69			33,246.69	27,451.34			27,451.34
Standard grade	587.50			587.50	247.76			247.76
Sub-standard grade		682.88		682.88		196.24		196.24
Past due but not impaired		1,118.05		1,118.05		139.17		139.17
Non - performing				-				-
Individually impaired			2,145.00	2,145.00			783.18	783.18
Total	33,834.19	1,800.93	2,145.00	37,780.12	27,699.10	335.41	783.18	28,817.69

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activities is, as follows:

Particulars	As at March 31, 2022			As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	27,699.10	335.41	783.18	20,966.33	55.32	235.83	21,257.48
New assets originated or purchased (net of repayment)	30,709.05	-	-	20,362.37	-	-	20,362.37
Assets derecognised or repaid (excluding write offs)	(21,389.95)	(101.09)	(27.27)	(12,405.13)	(116.34)	(83.46)	(12,604.93)
Transfers to Stage 1	79.08	(77.84)	(1.24)	4.39	(2.51)	(1.88)	-
Transfers to Stage 2	(1,698.50)	1,699.65	(1.15)	(445.91)	446.29	(0.38)	-
Transfers to Stage 3	(1,564.59)	(55.20)	1,619.79	(782.95)	(47.35)	830.30	-
Amounts written off	-	-	(228.31)	-	-	(197.23)	(197.23)
Gross carrying amount closing balance	33,834.19	1,800.93	2,145.00	27,699.10	335.41	783.18	28,817.69

Reconciliation of ECL balance is given below:

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	264.76	97.77	617.69	151.83	0.66	216.30	368.79
New assets originated or purchased	71.13	-	-	137.28	-	-	137.28
Assets derecognised or repaid (excluding write offs)	(126.47)	(32.69)	(78.74)	(61.24)	(0.39)	(20.96)	(82.59)
Transfers to Stage 1	35.04	(31.27)	(3.77)	1.83	(0.03)	(1.80)	-
Transfers to Stage 2	(46.09)	48.51	(2.42)	(17.29)	17.64	(0.35)	-
Transfers to Stage 3	(105.20)	(21.92)	127.12	(16.51)	(0.47)	16.98	-
Impact on year end ECL of exposures transferred between stages during the year	20.92	443.85	1,187.68	68.86	80.36	604.75	753.97
Amounts written off	-	-	(228.31)	-	-	(197.23)	(197.23)
ECL allowance - closing balance	114.09	504.25	1,619.25	264.76	97.77	617.69	980.22

Notes forming part of the Ind AS Financial Statement

Transferred financial assets that are not derecognised (Securitisation) in their entirety

The Company uses securitisations as a source of finance and a means of risk transfer. The Company securitised its microfinance loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them. As per the terms of the agreement, the Company is exposed to first loss amounting to 5% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(Rs. In millions)		
Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of assets transferred that are not derecognised in their entirety	-	78.58
Fair value of above assets	-	6.16
Carrying amount of associated liabilities		

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

10: Other financial assets

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good		
Security deposits	24.94	21.88
Receivable towards assignment transactions	105.22	108.78
Interest only strip	427.59	417.13
Interest accrued on fixed deposits with banks	112.18	77.68
Total	669.93	625.47

11: Investment property

(Rs. in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Gross carrying amount		
Opening gross carrying amount	1.10	1.10
Addition during the year	-	-
Disposal	-	-
Closing gross carrying amount	1.10	1.10
Accumulated depreciation		
Opening accumulated depreciation amount	-	-
Depreciation charged during the period	-	-
Closing accumulated depreciation amount	-	-
Net carrying amount	1.10	1.10

The fair value of investment property is Rs. 1.45 millions (Rs. 1.15 millions for previous year) as determined by an external independent Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

* Title deeds of immovable property are held in the name of the company.

12: Property, plant and equipment

(Rs. In millions)

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
Cost:					
At April 1, 2020	35.39	92.28	18.64	1.47	147.78
Additions	9.84	9.60	1.76	-	21.20
Disposals	0.11	0.60	-	-	0.71
At March 31, 2021	45.12	101.28	20.40	1.47	168.27
Additions	11.13	31.89	4.36	-	47.38
Disposals	-	-	-	-	-
At March 31, 2022	56.25	133.17	24.76	1.47	215.65
Accumulated depreciation					
At April 1, 2020	20.27	59.32	13.44	1.01	94.04
Disposals	0.09	0.56	-	-	0.65
Depreciation charge for the year ended 31 March, 2021	11.83	24.07	3.07	0.15	39.12
At March 31, 2021	32.01	82.83	16.51	1.16	132.51
Disposals	-	-	-	-	-
Depreciation charge for the year ended 31 March, 2022	12.50	18.62	4.23	0.11	35.46
At March 31, 2022	44.51	101.45	20.74	1.27	167.97
Net book value:					
At March 31, 2021	13.11	18.45	3.89	0.31	35.76
At March 31, 2022	11.74	31.72	4.02	0.20	47.69

13: Right of use of assets

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening carrying value	72.89	91.89
Addition during the year	64.86	22.22
Depreciation for the year	(40.46)	(41.22)
Closing Carrying value	97.29	72.89

14: Intangible assets under development

(Rs. In millions)

Intangible assets under development	As at March 31, 2022				
	Amount in intangible assets under development for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.49				0.49

(Rs. In millions)

Intangible assets under development	As at March 31, 2021				
	Amount in intangible assets under development for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.55				0.55

15: Other Intangible Assets

(Rs. In millions)

Particulars	Computer Software
Cost:	
At April 1, 2020	66.89
Additions	12.42
Disposals	-
At March 31, 2021	79.31
Additions	4.00
Disposals	-
At March 31, 2022	83.31
Accumulated amortisation	
At April 1, 2020	53.80
Amortisation charge for the year ended March 31, 2021	12.20
At March 31, 2021	66.00
Disposals	-
Amortisation charge for the year ended March 31, 2022	10.50
At March 31, 2022	76.50
Net book value:	
At March 31, 2021	13.31
At March 31, 2022	6.81

16: Other Non-financial assets

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	45.42	35.35
Insurance claim receivable	10.83	7.37
Other Receivables	84.18	66.78
Total	140.43	109.50

17 A: Trade Payables

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.56	5.73
Total	0.56	5.73

17.A.1 Trade Payable Ageing Schedule as at March 31, 2022

(Rs. In millions)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	0.48	0.08	-	-	0.56
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Trade Payable Ageing Schedule as at March 31, 2021

(Rs. In millions)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	5.44	0.29	-	-	5.73
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

17 B: Other Payables

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3.46	2.31
Total	3.46	2.31

18: Debt Securities

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
	At amortised cost	At amortised cost
Bonds/ Debentures	3,807.89	5,227.93
Secured Non-Convertible Debentures - Listed	-	57.02
Unsecured Non-Convertible Debentures -Listed	-	-
Total (A)	3,807.89	5,284.95
Debt securities in India	3,807.89	5,284.95
Debt securities outside India	-	-
Total (B)	3,807.89	5,284.95

Details of Redeemable Non-Convertible Debentures

(Rs. In millions)

Particulars	As at March 31, 2022			As at March 31, 2021					
	Loan Amount	EIR Adjustments	Balance Outstanding	Loan Amount	EIR Adjustments	Balance Outstanding	Date of redemption	Nominal value per debenture#	Total number of debentures #
Secured Non-Convertible Debentures									
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	250.00	-	250.00	25-02-2022	10,00,000.00	250.00
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	2,000.00	(3.73)	1,996.27	25-03-2022	10,00,000.00	2,000.00
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	400.00	(0.08)	399.92	400.00	(0.69)	399.31	13-05-2022	10,00,000.00	400.00
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	62.50	(0.03)	62.47	250.00	(0.59)	249.41	03-06-2022	2,50,000.00	250.00
10.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	114.29	(0.002)	114.28	342.86	(0.01)	342.84	15-09-2022	2,85,715.00	400.00
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	500.00	(0.89)	499.11	500.00	(1.65)	498.35	21-04-2023	10,00,000.00	500.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	(0.58)	249.42	250.00	(1.04)	248.96	16-05-2023	10,00,000.00	250.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	200.00	(0.48)	199.52	200.00	(0.84)	199.16	17-06-2023	10,00,000.00	200.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	700.00	(1.74)	698.26	700.00	(2.97)	697.03	30-06-2023	10,00,000.00	700.00
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	350.00	(2.24)	347.76	350.00	(3.40)	346.60	07-07-2023	10,00,000.00	350.00
8.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	1,250.00	(12.85)	1,237.15	-	-	-	28-02-2024	10,00,000.00	1,250.00
Total	3,826.79	(18.90)	3,807.89	5,242.86	(14.92)	5,227.93			
Unsecured Non-Convertible Debentures - Listed									
11.98% Unsecured, Fully Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	-	-	-	57.14	(0.12)	57.02	31-07-2021	1,00,000.00	2,000.00
Total	-	-	-	57.14	(0.12)	57.02			

Secured debentures are secured by hypothecation of Receivables under Financing activity.

Nominal value per debenture and total number of debentures are in full numbers.

19: Borrowings (other than debt securities)
(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
	At amortised cost	At amortised cost
(a) Term loan		
(i) from banks	28,925.83	19,453.44
(ii) from Financial Institution	1,193.05	1,536.98
(iii) Securitisation	-	6.16
(b) Loans repayable on demand		
(i) from banks (OD & CC)	-	36.41
Cash Credit	-	-
Total (A)	30,118.88	21,032.99
Borrowings in India	30,118.88	21,032.99
Borrowings outside India	-	-
Total (B)	30,118.88	21,032.99

- (i) Secured term loan from banks and financial institution are secured by way of specific charge on receivables created out of the proceeds of the loan. Further in respect of term loan drawn during quarter 4 of FY 2021-22 aggregating to Rs 4,890 Million, the company will assign the book debts in due course as per the sanction terms.
- (ii) Cash credit from banks is secured by hypothecation of Receivables under Financing activity.
- (iii) The company has not defaulted in the repayment of dues to its lenders.
- (iv) The quarterly returns of current assets filed by the company with banks and financial institution are in agreement with the books of accounts.

20: Subordinated Liabilities
(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
	At amortised cost	At amortised cost
Subordinated Liabilities - Debentures - Unlisted	657.33	656.79
Subordinated Liabilities - Debentures - Listed	737.29	732.86
Subordinated Liabilities - Loan	248.97	248.77
Total (A)	1,643.59	1,638.42
Subordinated Liabilities in India	1,643.59	1,638.42
Subordinated Liabilities outside India	-	-
Total (B)	1,643.59	1,638.42

Detail of Subordinated Debt

(Rs. In millions)

Particulars	As at March 31, 2022				As at March 31, 2021					
	Loan Amount	EIR Adjustments	Balance Outstanding		Loan Amount	EIR Adjustments	Balance Outstanding	Date of redemption	Nominal value per debenture#	Total number of debentures #
Subordinated Liabilities - Debentures - Unlisted										
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	70.00	-	70.00		70.00	-	70.00	31-07-2023	10,00,000.00	70.00
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	200.00	(1.67)	198.33		200.00	(2.02)	197.98	11-09-2025	10,00,000.00	200.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	240.00	(1.00)	239.00		240.00	(1.19)	238.81	03-12-2025	1,00,000.00	2,400.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	150.00	-	150.00		150.00	-	150.00	15-05-2026	1,00,000.00	1,500.00
Total	660.00	(2.67)	657.33		660.00	(3.21)	656.79	-	-	-
Subordinated Liabilities - Debentures - Listed										
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	250.00	(6.19)	243.81		250.00	(9.90)	240.10	31-05-2023	1,000.00	2,50,000.00
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	500.00	(6.52)	493.48		500	(7.24)	492.76	30-09-2027	10,00,000.00	500.00
Total	750.00	(12.71)	737.29		750.00	(17.14)	732.86	-	-	-
Subordinated Liabilities - Loan	250.00	(1.03)	248.97		250.00	(1.23)	248.77	23-12-2025	-	-
14.50% Unsecured, Subordinated Loan	250.00	(1.03)	248.97		250.00	(1.23)	248.77	-	-	-
Total	250.00	(1.03)	248.97		250.00	(1.23)	248.77	-	-	-

Nominal value per debenture and total number of debentures are in full numbers.

Terms of repayment of long term borrowings outstanding as at March 31, 2022
Maturity pattern of Debt securities

(Rs. in millions)

Type of Loan Original Maturity of loan	Secured & Unsecured NCD Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	1	399.92	-	-	-	-	-	-	-	-	-	-	1	399.92
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	1	62.47	-	-	-	-	-	-	-	-	-	-	1	62.47
	10%-12%	2	114.29	-	-	-	-	-	-	-	-	-	-	2	114.29
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	1.00	1,237.15	-	-	-	-	-	-	-	-	1.00	1,237.15
	10%-12%	-	-	6.00	1,994.06	-	-	-	-	-	-	-	-	6.00	1,994.06
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		4	576.68	7.00	3,231.21	-	-	-	-	-	-	-	-	11.00	3,807.89

Maturity pattern of term loan from Bank

(Rs. in millions)

Type of Loan Original Maturity of loan	Term Loan - Bank Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	673	11,337.10	369	4,948.38	49	580.73	-	-	-	-	-	-	1,091	16,866.21
	10%-12%	66	998.21	9	155.90	-	-	-	-	-	-	-	-	75	1,154.11
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	226	4,342.87	135	2,519.57	49	1,079.87	-	-	-	-	-	-	410	7,942.31
	10%-12%	114	980.24	89	640.44	4	140.90	-	-	-	-	-	-	207	1,761.58
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	2	250.42	-	-	-	-	-	-	-	-	-	-	2	250.42
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	5	450.29	-	-	-	-	-	-	-	-	-	-	5	450.29
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	1	500.91	-	-	-	-	-	-	-	-	-	-	1	500.91
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1,087	18,860.04	602	8,264.29	102	1,801.50	-	-	-	-	-	-	1,791	28,925.83

Maturity pattern of term loan from Financial Institution

(Rs. in millions)

Type of Original loan	Term Loan - NBFC Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	74	614.22	30,00	192.79	-	-	-	-	-	-	-	-	104	807.00
	10%-12%	13	130.32	-	-	-	-	-	-	-	-	-	-	13	130.32
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	8	134.38	5,00	121.35	-	-	-	-	-	-	-	-	13	255.73
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly repayment schedule	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		95	878.92	35	314.14	-	-	-	-	-	-	-	-	130	1,193.05

Maturity pattern of Subordinated Liabilities

(Rs. In millions)

Type of Loan	Term Loan-PTC Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	2.00	313.81	-	-	-	-	-	-	-	-	-	2	313.81
	12%-14%	-	-	-	-	1.00	198.33	-	-	-	-	-	-	1	198.33
	14%-15%	-	-	-	-	3.00	487.00	1	147.01	1	497.44	5	1,131.45	8	1,643.59
Total		-	2.00	313.81	-	4.00	685.33	1	147.01	1	497.44	8	1,643.59		

21: Other Financial liabilities**(Rs. In millions)**

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued and due on borrowings	-	-
Interest accrued but not due on borrowings	222.60	358.63
Payable towards assignment transactions	866.81	692.64
Total	1,089.41	1,051.27

22: Provisions**(Rs. In millions)**

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
- Gratuity	4.34	4.12
- Others	49.65	41.39
Provision for other losses	7.55	5.46
Total	61.54	50.97

Movement of provisions other than employee benefit during the year:
The movement in provisions during 2021-22 and 2020-21 is, as follows:

(Rs. In millions)

Particulars	Others Amount
At April 1, 2020	6.57
Arising during the year	1.22
Utilized during the year	(2.33)
At March 31, 2021	5.46
Arising during the year	2.40
Utilized during the year	(0.31)
At March 31, 2022	7.55

23: Other Non-financial liabilities**(Rs. In millions)**

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	14.61	8.62
Employees payable	57.35	38.80
Lease liabilities	106.38	80.43
Insurance premium payable	12.06	2.70
Other non financial liabilities	62.93	38.19
Total	253.33	168.74

24: Equity share capital**(Rs. In millions)**

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised:		
100,000,000 (PY 100,000,000) Equity Shares of Rs.10/- each	1,000.00	1,000.00
Issued, subscribed and fully paid up		
45,608,760 (PY 37,520,524) Equity Shares of Rs.10/- each	456.09	375.21
Total Equity	456.09	375.21

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	No. In millions	No. In millions
At April 1, 2020	37.52	375.21
Issued during the year	-	-
At March 31, 2021	37.52	375.21
Issued during the year *	8.09	80.88
At March 31, 2022	45.61	456.09

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* Pursuant to the approval of RBI vide its letter date Feb 08, 2022 and the special resolution passed by the shareholders of the company at the Extra ordinary general meeting held at Feb 25, 2022 for issue of Equity shares on a preferential basis through private placement, the Board at its meeting held on March 29, 2022 approved the allotment of 80,88,236 nos. of Equity shares of the Company of the face value of Rs. 10/- each ("Equity Shares") at a price of Rs. 340/- each (including a Premium of Rs. 330/- per share) aggregating up to Rs. 2,750.00 Mn (Rupees Two Thousand Seven Fifty Million only).

Details of Equity shareholder holding more than 5% shares in the company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. in lakhs	% holding in the class	No. in lakhs	% holding in the class
Muthoot Finance Limited (Holding Company)	27.68	60.69	26.27	70.01
Arum Holdings limited	6.62	14.51	-	-
Sarvam Financial Inclusion Trust	6.13	13.45	6.58	17.52
Maj Invest Financial Inclusion Fund II K/S	4.79	10.51	4.15	11.05

Shareholding of Promoters

Particulars	As at March 31, 2022		% Change During the year
	No. of Shares	% of total shares	
Sarvam Financial Inclusion Trust	61,34,221	13.45	-6.71
Hand In Hand Consulting Services Private Limited	3,41,237	0.75	-20.54
Kalpana Sankar	43,850	0.10	-57.29
C V Sankar	100	0.00	0.00
Bindu Dandapani	100	0.00	0.00

25: Other equity

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of	646.14	555.88
Securities Premium Account	5,020.25	2,384.99
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve	0.01	0.01
Fair value gain/(loss) on Financial Instrument -OCI	-	11.71
Remeasurement gain/ (loss) of defined benefit plans-OCI	(7.31)	(5.02)
Surplus in Statement of Profit and Loss	1,944.15	1,594.38
Total	8,103.24	5,041.95

* For detailed movement of reserves refer Statement of Changes in equity for the year ended March 31, 2022.

26: Nature and purpose of reserve

Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of shares. The premium received during the period represents the premium received towards allotment of 80,88,236 shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the provisions of the Companies Act, 2013.

Retained earnings: This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Debenture Redemption Reserve: The Company is not required to create Debenture redemption reserve in terms of the Companies (Share Capital and Debentures) Rules, 2014 read with the Companies (Share Capital and Debentures) Amendment Rules, 2019 as the Debentures of the Company are privately placed.

Capital Redemption Reserve: The Company has recognised Capital Redemption Reserve on redemption of Non-Convertible Redeemable Preference Shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the Non-Convertible Redeemable Preference Shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve account.

Statutory reserve: This reserves is created by an appropriation and is required to maintain on its balance sheet with respect to the unmatured obligations (i.e., expected future claims) of the company.

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

Other comprehensive income reserve: The Company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated in OCI reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

27: Dividend paid and proposed

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Final dividend for previous fiscal year	11.26	22.51
Interim dividend for current fiscal year	-	-

The Board of Directors recommended a final dividend of Rs.0.30/- per equity share for the financial year ended March 31, 2022. The payment is subject to the approval of the shareholders in the ensuing Annual General meeting of the Company.

28: Interest income

(Rs. In millions)

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Total
Interest on Loans						
Interest income on loan	-	6,603.31	6,603.31	242.13	4,821.91	5,064.04
Interest income from fixed deposits	-	163.05	163.05	-	163.26	163.26
Other interest income	-	1.96	1.96	-	2.07	2.07
Total	-	6,768.32	6,768.32	242.13	4,987.24	5,229.37

29: Sale of services

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Commission fees	37.37	28.15
Sale of services	37.37	28.15
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	37.37	28.15
Sale of services	37.37	28.15
Geographical markets		
India	37.37	28.15
Outside India	-	-
Total	37.37	28.15

30: Net gain on fair value changes on investments

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio	-	-
- Investments	7.87	13.84
- Derivatives	-	-
- Others	-	-
Total Net gain/(loss) on fair value changes	7.87	13.84
Fair Value changes:		
- Realised	7.87	13.84
- Unrealised	-	-
Total Net gain/(loss) on fair value changes	7.87	13.84

31: Net gain on de-recognition of financial instruments under amortised cost category

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gain on sale of loan portfolio through assignment	458.73	242.68
Total	458.73	242.68

32: Other Income

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Bad debt recovery	11.72	15.03
Other income	0.30	0.34
Total	12.02	15.37

33: Finance Cost

(Rs. In millions)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Interest Expense on Borrowings:				
Interest on borrowings	-	2,132.09	-	1,818.12
Interest on debt securities	-	528.38	-	323.48
Interest on subordinate liabilities	-	235.62	-	185.99
Interest on Lease liability	-	11.84	-	10.33
Other charges	-	4.28	-	4.45
Total	-	2,912.21	-	2,342.37

34: Fee and commission expense

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fee and commission expense	196.68	129.03
Total	196.68	129.03

35: Impairment of financial instruments

(Rs. In millions)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit OCI	On Financial liabilities measured at Amortised Cost
Loans	-	1,485.69	(2.64)	811.30
Interest Only strip	-	9.19	-	-
Other Assets	-	2.62	-	-1.11
Total	-	1,497.50	(2.64)	810.19

36: Employee Benefit Expenses

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and Wages	1,393.39	1,083.80
Contributions to Provident and Other Funds	121.03	97.14
Staff Welfare Expenses	41.82	36.71
Total	1,556.24	1,217.65

37: Depreciation, amortization and impairment

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of Tangible Assets	35.43	39.13
Amortization of Intangible Assets	10.50	12.20
Amortisation of Right to use Asset	40.46	41.22
Total	86.39	92.55

38: Other Expenses

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent	24.80	16.67
Electricity Charges	8.19	7.00
Business Promotion Expenses	5.78	5.18
Bank charges	25.73	18.33
Repairs to Buildings	19.31	15.82
Repairs to Machinery	40.81	30.47
Communication expense	31.14	29.37
Postage and courier	3.09	2.09
Printing and Stationery	16.75	13.95
Rates & Taxes	3.32	5.13
Legal & Professional Charges	47.60	43.79
Travelling and Conveyance	141.06	102.50
Insurance	25.51	21.17
Payments to Auditor	2.50	2.78
Membership and subscription	7.36	6.93
Directors' Sitting Fee	8.55	4.62
Credit Bureau expenses	8.05	5.63
Cloud charges	29.10	18.62
CSR Expenses	20.51	17.57
Loss on account of theft	1.13	0.04
Other expenses	3.54	2.48
Total	473.83	370.14

Break up of payment to auditors

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor:		
Statutory audit	1.47	1.47
Tax audit	0.22	0.22
Limited review	0.65	0.66
Certification fees	0.16	0.43
Total	2.50	2.78

Details of CSR expenditure:

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Amount required to be spent by the company during the year	19.61	18.43
b) Total of previous years shortfall *	0.86	
c) Amount spent during the period (including towards previous year's shortfall)		
- Construction/acquisition of any asset - In cash	-	-
- on purpose other than above	20.51	17.57
d) Shortfall at the end of the year	-	0.86
e) Reason for Shortfall	NA	Ref Note 1
f) Nature of CSR Activities		

- Women empowerment by enhancing the skills, Knowledge, equipping them with financial & digital literacy
- Health Helpdesk at Hospital during Covid 19 Pandemic
- Setting up of Customer Service centre at selected village to strengthen SHG, Financial Literacy etc
- Supporting Malnourished Children during Covid -19 Pandemic

Notes

1. Reason for shortfall in FY 2020-21 - In view of the Covid restrictions and further the focus of the field teams on collections and disbursement, the Company was not able to carry out the planned activities.
2. For details of Related party transactions in relation to CSR - Refer Note No. 46
3. The Company has not created any provision in respect of liability incurred by entering into a contractual obligation during the year

39: Income Tax

The components of income tax expense for the year ended March 31, 2022 and year ended March 31, 2021 are:

Particulars	(Rs. In millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	422.77	261.36
Deferred tax relating to origination and reversal of temporary differences	(312.60)	(150.50)
Early years adjustments	-	(7.25)
Income tax expense reported in statement of profit and loss	110.17	103.61
Deferred tax related to items recognised in OCI during the period:		
Tax liability due to Fair value impact on debt instruments measured at FVOCI	(6.18)	(2.48)
Tax asset on remeasurements of defined benefit plans	0.02	0.75
Income tax charged to OCI	(6.16)	(1.73)

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2022 and year ended March 31, 2021 is, as follows:

Particulars	(Rs. In millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Tax rate as per IT Act, 1961	25.17%	25.17%
Accounting profit before tax	561.47	570.12
At India's statutory income tax rate of 25.168%	141.31	143.49
Effect of expenses that are not deductible in determining taxable profit	5.89	4.45
Deductions	(43.03)	(37.08)
Effect of income that is exempt from taxation	-	-
Interest on delayed payment of advance tax	-	-
Deferred tax adjustment due to change in rate of tax	-	-
Others	6.00	(7.25)
Income tax expense reported in the statement of profit or loss	110.17	103.61

The effective income tax rate for March 31, 2022 is 19.62% (March 31, 2021 is 18.17%)

Current tax liabilities (net)**(Rs. In millions)**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax liabilities (net)	64.87	20.34
Total	64.87	20.34

40: Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Deferred tax working for the year ended March 31, 2022**(Rs. In millions)**

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 22	March 31, 22	2021-22	2021-22
Depreciation	16.62	-	6.04	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	11.13	-	8.82	-
Impairment allowance for financial assets	542.06	-	(311.27)	-
Debt financial asset measured at amortised cost	70.12	-	(6.86)	-
Financial liability measured at amortised cost (Borrowings)	-	(20.76)	(9.08)	-
Impact due to gain/loss on fair value of securitisation	-	(109.93)	0.26	-
Impact due to gain/loss on fair value of FVOCI loans	-	-	-	(6.18)
Impact due to actuarial gain/ loss on gratuity	2.46	-	-	0.02
Right-of-use asset	2.89	-	(0.50)	-
Total	645.28	(130.69)	(312.59)	(6.16)

Deferred tax working for the year ended March 31, 2021**(Rs. In millions)**

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 2021	March 31, 2021	2020-21	2020-21
Depreciation	22.66	-	(5.02)	-
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	19.95	-	0.08	-
Impairment allowance for financial assets	230.79	-	(146.76)	-
Debt financial asset measured at amortised cost	63.26	-	(16.11)	-
Financial liability measured at amortised cost (Borrowings)	-	(29.84)	10.04	-
Impact due to gain/loss on fair value of securitisation	-	(109.67)	8.02	-
Impact due to gain/loss on fair value of FVOCI loans	-	(6.18)	-	(2.48)
Impact due to actuarial gain/ loss on gratuity	2.48	-	-	0.75
Right-of-use asset	2.39	-	(0.75)	-
Total	341.53	(145.69)	(150.50)	(1.73)

41: Earnings per share

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net profit attributable to ordinary equity holders of the parent	451.29	466.51
Weighted average number of ordinary shares for basic earnings per share	37.59	37.52
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	37.59	37.52
Earnings per share		
Basic earnings per share (Rs.)	12.01	12.43
Diluted earnings per share (Rs.)	12.01	12.43

42: Retirement Benefit Plan

Defined Contribution Plan

The company makes contributions to provident fund which are defined contribution plan for qualifying employees. During the year, the Company recognised Rs. 82.71 millions (Previous Year Rs.65.65 millions) for provident fund contributions in the statement of profit and loss.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	11.89	11.63
Interest cost on benefit obligation	0.26	0.48
Past Service Cost	-	-
Total	12.15	12.11

Balance Sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Defined benefit obligation	63.65	49.44
Fair value of plan assets	59.31	45.32
Asset/(liability) recognized in the balance sheet	(4.35)	(4.12)
Experience adjustments on plan liabilities (Gain) / Loss	-	-
Experience adjustments on plan assets Gain / (Loss)	-	-

Changes in the present value of the defined benefit obligation are as follows:

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	49.44	40.38
Interest cost	3.09	2.59
Current service cost	11.89	11.63
Benefits paid	(3.05)	(3.30)
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	2.28	(1.86)
Closing defined benefit obligation	63.65	49.44

Changes in the fair value of plan assets are as follows:

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	45.32	32.87
Expected return	2.83	2.11
Contributions by employer	14.20	12.50
Benefits paid	(3.05)	(3.30)
Actuarial gains / (losses) on assets	0.01	1.14
Closing fair value of plan assets	59.31	45.32

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	6.19%	6.25%
Rate of increase in compensation levels	10%	8%
Attrition rate	32%	23%
Expected rate of return on assets	6.25%	6.41%

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and Exide life insurance (Exide). The details of investments relating to these assets are not shown by LIC and Exide. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

Particulars	As at March 31, 2022	As at March 31, 2021
Funded with LIC	55.00%	45.00%
Funded with Exide	45.00%	55.00%

Particulars	As at March 31, 2022		As at March 31, 2022	
	Discount rate impact		Future salary impact	
Assumptions Sensitivity Level decrease	0.5% increase	0.5% decrease	0.5% increase	0.5%

Particulars	As at March 31, 2021		As at March 31, 2021	
	Discount rate impact		Future salary impact	
Assumptions Sensitivity Level decrease	0.5% increase	0.5% decrease	0.5% increase	0.5%

Expected benefit payment for future years	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	14.28	9.13
Between 2 and 5 years	40.28	26.55
Between 5 and 10 years	22.62	30.04
Total expected payments	77.18	65.72

The average duration of the defined benefit obligation as at March 31, 2022 is 5 years (2021: 6 years)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

43: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(Rs. In millions)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Assets				
Financial assets				
Cash and cash equivalents	7,218.36	-	4,521.23	-
Bank Balance other than above	938.21	421.97	536.81	719.81
Trade receivables	3.46	-	3.14	-
Loans	23,191.27	12,351.26	18,390.11	9,447.36
Other financial assets	593.74	76.19	562.52	62.95
Non-financial Assets				
Deferred tax assets (net)	-	514.59	-	195.84
Investment property	-	1.10	-	1.10
Property, plant and equipment	-	47.69	-	35.76
Right of use assets	-	97.29	-	72.89
Other intangible assets	-	7.30	-	13.86
Other non financial assets	57.65	82.78	57.42	52.08
Total assets	32,002.69	13,600.17	24,071.23	10,601.65
Liabilities				
Financial Liabilities				
Trade Payables	0.56	-	5.73	-
Other Payables	3.46	-	2.31	-
Debt Securities	576.68	3,231.21	2,714.24	2,570.71
Borrowings (other than debt security)	19,738.96	10,379.92	12,881.34	8,151.65
Subordinated Liabilities	-	1,643.59	-	1,638.42
Other Financial liabilities	1,080.10	9.31	1,051.27	-
Non-financial Liabilities				
Current tax liabilities (net)	64.87	-	20.34	-
Provisions	61.54	-	50.97	-
Other non-financial liabilities	196.07	57.26	136.32	32.42
Total Liabilities	21,722.24	15,321.29	16,862.52	12,393.20
Net		8,559.33		5,417.16

44: Change in liabilities arising from financing activities

(Rs. In millions)

Particulars	As at April 01, 2021	Cash Flows	Others*	As at March 31, 2022
Debt Securities	5,284.95	(1,473.21)	(3.85)	3,807.89
Borrowings other than debt securities	21,032.99	9,060.43	25.46	30,118.88
Subordinated Liabilities	1,638.42	-	5.17	1,643.59
Total liabilities from financing activities	27,956.36	7,587.22	26.78	35,570.36

(Rs. In millions)

Particulars	As at April 01, 2020	Cash Flows	Others*	As at March 31, 2021
Debt Securities	369.90	4,928.57	(13.52)	5,284.95
Borrowings other than debt securities	17,541.68	3,536.51	(45.20)	21,032.99
Subordinated Liabilities	1,044.09	600.00	(5.67)	1,638.42
Total liabilities from financing activities	18,955.67	9,065.08	(64.39)	27,956.36

* Other includes EIR adjustments

45: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
In respect of income tax demand where the Company has filed appeal before tax authorities		
Income tax (AY 2017-18)	73.15	73.15
Income tax (AY 2018-19)	32.96	
Total	106.11	73.15

For the Assessment year 2017-18, the disputed income tax demand is on account of cash deposited during demonetization period which has been disallowed by the IT department by way of addition to income from other sources.

For the Assessment year 2018-19, the disputed income tax demand is on account of disallowances of certain deductions & expenses claimed and additions of Share Premium to the income.

Future cashflows in respect of the above two demands are determinable only on receipt of judgement / decisions pending with tax authorities. The company is of the opinion that the above demand is not sustainable and expects to succeed in its appeal. As a prerequisite for filling an appeal, the company has paid under protest an amount of Rs 14.63 Million for the AY 17-18 and Rs 6.59 Million for the AY 18-19. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

(C) Lease Disclosures

Carrying value of right of use assets at the end of the reporting period by class.

(Rs. In millions)

Particulars	Amount
Balance at April 1, 2020	91.89
Addition during the year	22.22
Less: Depreciation charge for the year	(41.22)
Balance at March 31, 2021	72.89
Addition during the year	64.86
Less: Depreciation charge for the year	(40.46)
Balance at March 31, 2022	97.29

Amounts recognised in profit or loss

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	11.84	10.33
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Depreciation charged on right-of-use assets	40.46	41.22
Expenses relating to short-term leases	24.80	16.67
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-
Total	77.10	68.22

Amounts recognised in the statement of cash flows

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest paid on Lease liabilities	11.84	10.33
Payment towards Lease liabilities	37.97	37.40
Total cash outflow for leases	49.81	47.73

Movement in Lease Liabilities

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at March 31, 2021, 2020	80.43	68.22
Net Addition	52.08	39.28
Interest on lease liabilities	11.84	10.33
Payment of lease liabilities	37.97	37.40
Balance at March 31, 2022, 2021	106.38	80.43

Maturity analysis of lease liabilities

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	49.12	48.01
One to five years	57.26	32.42
More than five years	-	-
Total cash outflow for leases	106.38	80.43

46: Related Party Disclosures

Relationship

Key Management Personnel	<p>Dr. (Mrs.) Kalpanaa Sankar (Managing Director) Mr. K.B Balakumaran (Executive Director) Mr. George Alexander (Investor Director) Mr. George Muthoot Jacob (Investor Director) Mr. Kuttickattu Rajappan Bijimon (Investor Director) Mr. David Arturo Paradiso (Investor Director) Mr. Vijay Nallan Chakravarthi (Investor Director) Mr. Subramanian Ananthanarayanan (Independent Director) Mr. Vadakkakara Antony George (Independent Director) Mr. Venkataraman Krishnamoorthy (Independent Director) Mr. Chinnasamy Ganesan (Independent Director) Mr. L. Muralidharan (Chief Financial Officer) Mr. Sunil Kumar Sahu (Company Secretary)</p>
Enterprises owned or significantly influenced by key management personnel or their relatives	<p>1. Hand in Hand Consulting Services Private Ltd 2. Hand in Hand India 3. Hand in Hand Academy for Social Entrepreneurship 4. Muthoot Securities Limited 5. Muthoot Marketing Services Private Limited. 6. Muthoot Vehicle and Asset Finance Limited.</p>
Holding Company	<p>Muthoot Finance Limited</p>
Fellow Subsidiary	<p>1. Muthoot Homefin (India) Limited. 2. Muthoot Insurance Brokers Private Limited</p>
Entities holding substantial interest	<p>1. Sarvam Financial Inclusion Trust 2. Maj Invest Financial Inclusion Fund II K/S 3. Arum Holdings limited</p>
Relatives of Key Management Personnel	<p>1. Alexander George 2. George M George 3. George Alexander 4. Sara George 5. George Jacob 6. Geoge Thomas 7. CV Sankar 8. Bindu Dandapani</p>

Related Party transactions during the year:

(Rs. In millions)

Particulars	Holding Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives				Fellow Subsidiary		Entities holding substantial interest		Key Managerial Persons		Relative of Key Managerial Persons	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	
	March 31, 2022	March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	
Insurance premium collection paid	-	-	122.58	-	-	-	-	-	-	-	-	-	-	
Loan received	-	-	70.00	-	-	1,250.00	-	-	-	-	-	-	-	
Loan Repaid	-	-	-	-	16.13	1,210.96	-	-	-	-	-	-	-	
NCD's Received	-	-	200.00	-	-	-	-	-	-	-	-	-	500.00	
NCD's Repaid	-	-	65.57	-	-	100.00	-	-	-	-	-	-	-	
Issue of equity shares (including share premium)	280.00	-	-	-	-	-	2,470.00	-	-	-	-	-	-	
Services rendered	-	-	22.19	16.72	-	-	-	-	-	-	-	-	-	
Services received	-	-	0.95	3.38	-	-	-	-	-	-	-	-	-	
Dividend paid on Equity Shares	7.88	15.76	0.13	0.26	-	-	3.22	6.43	-	0.03	0.06	-	0.00	
Interest paid on NCD	-	-	36.15	13.86	8.40	23.32	-	-	-	-	-	-	41.29	
Interest paid on Loan	-	-	0.91	-	3.98	57.22	-	-	-	-	-	-	34.73	
Processing fee on account of loan availed	-	-	2.00	-	-	0.98	-	-	-	-	-	-	-	
Arranger fee	-	-	5.00	0.98	-	-	-	-	-	-	-	-	-	
Consultancy services availed for training	-	-	15.63	19.23	-	-	-	-	-	-	-	-	-	
Corporate Social Responsibility	-	-	19.40	15.00	-	-	-	-	-	-	-	-	-	
Remuneration to	-	-	-	-	-	-	-	-	-	-	-	-	-	
Executive Director's	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non Executive Director's	-	-	-	-	-	-	-	-	-	15.15	14.18	-	-	
Salary & Perquisite*	-	-	-	-	-	-	-	-	-	9.19	4.24	-	-	
Balance outstanding as at the year end:	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Payable	-	-	1.61	1.61	0.17	0.28	-	-	-	-	-	-	6.49	
Receivables	-	-	2.48	3.14	-	-	-	-	-	-	-	-	-	
Loan	-	-	70.00	-	22.91	39.04	-	-	-	-	-	-	-	
NCD's	-	-	252.00	200.00	70.00	70.00	-	-	-	-	-	-	740.00	

* Salary & Perquisite includes salary to CFO & Company Secretary

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers all Directors, Chief Financial Officer and Company Secretary as key management personnel for the purposes of IND AS 24 Related Party Disclosures.

The remuneration to the key managerial personnel does not include the provisions made for gratuity, as they are determined on an actuarial basis for the company as a whole.

47: Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

RBI has issued guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. The Regulatory capital has been computed as per above mentioned RBI notification.

(Rs. In millions)		
Regulatory Capital	As at Mar 31, 2022	As at Mar 31, 2021
Common Equity Tier1 capital	7,555.25	4,737.08
Other Tier 2 capital instruments	1,117.85	1,594.87
Total capital	8,673.10	6,331.95
Risk weighted assets	36,041	28,469
Tier I CRAR	20.96%	16.64%
Tier II CRAR	3.10%	5.60%

* Increase in Tier I capital on account of Equity raise through private placement in March, 2022.

48: Events after reporting date

There are no events after the reporting date that require disclosure in these financial statements.

49: Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as detailed below

Level 1: Quoted prices (unadjusted) for identical instruments in an active market

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

I. The following table shows an analysis if financial instruments recorded at fair value

(Rs. In millions)			
As at March 31, 2022	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
<u>Financial assets at FVOCI</u>			
Loans	-	-	-

(Rs. In millions)

As at March 31, 2021	Level 1	Level 2	Level 3
Assets measured at fair value on a recurring basis			
<u>Financial assets at FVOCI</u>			
Loans	-	-	1,034.45

Fair value technique

Loans at FVOCI

For loans at FVOCI, valuation is done using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

II. The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(Rs. In millions)

March 31, 2022	As at April 01, 2021	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at Mar 31, 2022
Financial assets at FVOCI							
Loans	1,034.45	(1,016.56)	-	-	(17.89)	-	-

(Rs. In millions)

March 31, 2021	As at 01 April 2020	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at March 31, 2021
Financial assets at FVOCI							
Loans	1,429.36	-627.20	-	-	242.13	(9.84)	1,034.45

III. Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of loans classified at level 3.

(Rs. In millions)

Particulars	Level 3 Assets March 31, 2022	Valuation Technique	Significant Unobservable Input
Loans	-	Discounted Projected cash flow	Discount/Margin Spread

(Rs. In millions)

Particulars	Level 3 Assets March 31, 2021	Valuation Technique	Significant Unobservable Input
Loans	1,034.45	Discounted Projected cash flow	Discount/Margin Spread

The Company has taken one discount rate to discount the loans. The discount rate taken in March 2021 is 20.86%.

IV. Sensitivity of fair value measurements to changes in unobservable market data

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

(Rs. In millions)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Effect in Other Comprehensive Income		Effect in Other Comprehensive Income	
	Favourable	Unfavourable	Favourable	Unfavourable
Loans	-	-	5.03	4.99

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

(Rs. In millions)

Particulars	Note	Level	Carrying Value		Fair Value		
			Mar 2022	Mar 2021	Mar 2022	Mar 2021	
Financial assets not measured at fair value							
Cash and cash equivalents	6	1	7,218.36	4,521.23	7,218.36	4,521.23	
Bank Balance other than above	7	1	1,360.18	1,256.62	1,360.18	1,256.62	
Trade receivables	8	3	3.46	3.14	3.46	3.14	
Loans	9	3	35,542.53	26,810.82	35,542.53	26,810.82	
Other Financial assets	10	3	669.93	625.47	669.93	625.47	
Total financial assets			44,794.45	33,217.28	44,794.45	33,217.28	
Financial Liabilities not measured at fair value							
Trade Payables	17 A	3	0.56	5.73	0.56	5.73	
Other Payables	17 B	3	3.46	2.31	3.46	2.31	
Debt Securities	18	1/3	3,807.89	5,284.95	3,810.64	5,284.95	
Borrowings (other than debt securities)	19	3	30,118.88	21,032.99	30,118.88	21,032.99	
Subordinated Liabilities	20	3	1,643.59	1,638.42	1,643.59	1,638.42	
Other Financial liabilities	21	3	1,089.41	1,051.27	1,089.41	1,051.27	
Financial Liabilities			36,663.79	29,015.67	36,666.54	29,015.67	

There have been no transfers between the level 1 and level 2 during the period.

The Management has assessed that the fair value of loans, cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

50: Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

I. Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a micro finance institution like Belstar, this assumes more significance since the lending that is carried out is not backed by any collaterals.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

Risk Identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of members for group formation eg. (bogus members, defaulters, etc.)
- Adverse selection of groups for undertaking lending activity (unknown members due to geographical vicinity, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
- Undue Influence of Animator/Representative on group members (misuses of savings of group, etc.)
- Sanction of higher loan amount
- Improper use of loan amount than the designated activity

- Over-concentration in any geography/branch/zone etc
- Change in the savings pattern/meeting pattern of group post availing loan (eg. failure of members to deposit minimum savings amount each month, absence of members from meetings, etc.)

Risk assessment and measurement

Belstar is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation - Adequate due diligence is carried out for selection of women borrowers who are then brought together for SHG/JLG formation. (eg. members with same level of income, only one member from family, annual per capita income, etc.)
- Adequate Training and Knowledge of SHG/JLG operations
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring of the group

Risk Monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company. Borrower Risk Ratings is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. However, the loans originated by Belstar are mostly short tenure loans (maximum loan tenure being 30 months) and the volume of such loan origination per credit officer is also high, thereby making it practically difficult to carry out a re-rating of borrowers at regular intervals. Therefore, loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to High Risk rated groups/borrowers; Early Delinquency due to fraud
- Credit monitoring -
 - Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
 - Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and Recovery - collection efficiency, Roll forward rates and roll backward rates.

Risk Mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan Origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,

- Loan monitoring - credit officers to attend group meeting, reminder of payment of emis on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances,

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

Impairment assessment

The Company is basically engaged in the business of providing loans and access to Credit to the Self Help Group (SHG) members / Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months. Moreover, Company has categorised its loan into two broad categories Micro Enterprise loans (MEL) and others.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies 3.6

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	30-60 DPD	Stage II
Past due but not impaired	60-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the company.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary.

Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant Increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

Company's financial assets measured on a collective basis

Both LTECLs and 12mECLs are calculated at individual facility level across the stages.

II. Asset Liability Management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Belstar's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book also comprises of loans of different duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Belstar to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of Belstar to (a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket, which would indicate the structural liquidity (b) the extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and (c) the residual maturity pattern of repricing of assets and liabilities which would show the

likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in Belstar.

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Others

50.1. Liquidity Risk

Liquidity is measured by our ability to accommodate decreases in purchased liabilities, and fund increases in assets. In assessing the company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds.

The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Company also enters into securitization deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short-term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month.

Liquidity ratios

Advances to borrowings ratios

Particulars	2022	2021
Year-end	103.91%	101.16%
Maximum	109.26%	104.62%
Minimum	103.91%	92.25%
Average	105.92%	101.28%

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as at March 31, 2022

(Rs. In millions)

	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	40.44	318.91	1,598.40	1,153.48	2,013.41	6,385.75	8,228.58	10,379.91	-	-	30,118.88
Debt securities	-	-	-	399.12	119.25	58.29	-	3,231.23	-	-	3,807.89
Subordinated debts	-	-	-	-	-	-	-	307.91	836.52	499.16	1,643.59
Total	40.44	318.91	1,598.40	1,552.60	2,132.66	6,444.04	8,228.58	13,919.05	836.52	499.16	35,570.36
Cash and bank balance	1,322.83	2,168.00	2,639.20	1,000.00	88.33	-	-	-	-	-	7,218.36
Deposits	-	-	2.50	251.24	9.28	74.71	600.47	406.38	15.60	-	1,360.18
Receivables	-	-	3.46	-	-	-	-	-	-	-	3.46
Loans	217.29	856.35	841.15	2,075.03	2,081.23	6,105.03	11,015.19	12,351.26	-	-	35,542.53
Total	1,540.12	3,024.35	3,486.31	3,326.27	2,178.84	6,179.74	11,615.66	12,757.64	15.60	-	44,124.53

Maturity pattern of assets and liabilities as at March 31, 2021

(Rs. In millions)

	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	289.25	244.32	616.36	728.41	1,313.74	3,160.44	6,528.92	8,114.70	36.85	-	21,032.99
Debt securities	-	-	28.52	-	54.96	145.89	2,484.87	2,570.71	-	-	5,284.95
Subordinated debts	-	-	-	-	-	-	-	304.99	685.76	647.67	1,638.42
Total	289.25	244.32	644.88	728.41	1,368.70	3,306.33	9,013.79	10,990.40	722.61	647.67	27,956.36
Cash and bank balance	-	-	4,521.23	-	-	-	-	-	-	-	4,521.23
Deposits	-	-	81.19	55.00	109.74	22.00	268.88	694.81	25.00	-	1,256.62
Receivables	-	-	3.14	-	-	-	-	-	-	-	3.14
Loans	200.10	782.60	613.47	1,633.27	1,611.94	4,773.78	8,774.94	9,447.37	-	-	27,837.47
Total	200.10	782.60	5,219.03	1,688.27	1,721.68	4,795.78	9,043.82	10,142.18	25.00	-	33,618.46

50.2. Economic Risk

The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis.

Government of India had announced various measures to support the economy during this period. The Reserve Bank of India had also announced several measures to ease the financial system stress, including enhancing system liquidity, reducing interest rates, moratorium on loan repayments for borrowers, asset classification standstill benefit to overdue accounts where a moratorium had been granted amongst others to alleviate the economic stress induced by the pandemic which had an impact across sectors that were already showing signs of a slowdown even before the outbreak.

NBFCs were adversely impacted by COVID-related stress due to their underlying business models. On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of lenders for low rated and unrated exposures. The situation was worsened by the unprecedented redemption pressure on the mutual fund industry, resulting in a spike in spreads.

The challenges for the NBFCs have moved from the liability to the asset side in terms of liquidity and asset quality with the outbreak of Covid19. The liquidity covers of NBFCs is largely dependent on collections and the ability to raise resources. The collections of NBFCs witnessed decline during the six month moratorium on the payment of instalments in respect of all term loans to their borrowers for the period from March 1, 2020 to August 31, 2020 in the previous year.

Asset quality may still pose some challenges in the coming year with the uncertainty around possible economic fallout of further waves of the pandemic (if any). However, these challenges are expected to taper as we move forward.

50.3. Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to certain types of market risk as follows:

50.3.1. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the company. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of Interest Margin

The spread or interest margin, otherwise known as “Gap”, is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2022.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax affected through the impact on floating rate borrowings, as follows:

(Rs. In millions)

Particulars	Effect on Statement of Profit and loss for the year 2021-22	Effect on Statement of Profit and loss for the year 2020-21
0.50% increase	(150.59)	(105.16)
0.50% decrease	150.59	105.16

50.3.2. Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

50.3.3. Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

III. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

51: Micro Enterprises and Small Enterprises

Based on and to the extent on information received by the Company from the Suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act) there are no amounts due to the suppliers registered under MSMED Act, 2006.

52: Expenditure in Foreign Currency

52.1. Foreign Currency Expenditure

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Professional Fees	1.29	NIL

52.2 Unhedged Foreign Currency

The Company did not have any unhedged Foreign currency exposure as at 31 March 2022 is Rs. Nil (PY Nil).

53: Segment Information

The Company is primarily engaged in the business of Micro Financing. As per the Chief Operating decision maker, all the activities of the Company revolve around the main business and there is no other relevant segment. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as per Ind AS -108 "Operating Segments".

54: Additional Disclosures pursuant to Reserve Bank of India Directions

54.1. Disclosure Pursuant to RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended)

(Rs. In millions)

S. No	Particulars	As at March 31, 2022		As at March 31, 2021	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	Liabilities :	-	-	-	-
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:	-	-	-	-
(a)	Debentures & Preference shares	-	-	-	-
	- Secured	3,807.89	-	5,227.93	-
	- Unsecured	1,394.62	-	1,446.67	-
	(Other than falling within the meaning of Public deposits)	-	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	30,118.88	-	20,990.42	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Other Loans (Nature of other Loans, CC etc.)	248.97	-	291.34	-

(Rs. in millions)

S. No	Particulars	As at March 31, 2022	As at March 31, 2021
	Assets		
2	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :		
(a)	Secured	12.06	0.88
(b)	Unsecured (including Interest accrued and Loans to staff)	37,768.06	28,816.80
3	Break up of Leased Assets and Stock on Hire and other Assets counting towards AFC activities.		
(i)	Leased Assets including Leased Rentals Accrued and Due:		
(a)	Financial Lease	-	-
(b)	Operating Lease	-	-
(ii)	Stock on hire including Hire charges under Sundry Debtors:		
(a)	Assets on Hire	-	-
(b)	Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC activities		
(a)	Loans where Assets have been Repossessed	-	-
(b)	Loans Other than (a) above	-	-
4	Breakup of investments		
	Current Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
	Long Term Investments		
I	Quoted:		
(i)	Shares : (a) Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares : (a) Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-

(Rs. In millions)

5. Borrower Group-Wise classification of Assets financed as in (2) and (3) above

S. No	Category	Net of provisions as at March 31, 2022			Net of provisions as at March 31, 2021		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties	-	-	-	-	-	-
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the Same Group	-	-	-	-	-	-
	(c) Other Related Parties	-	-	-	-	-	-
2	Other than Related Parties	12.06	35,530.47	35,542.53	0.88	27,836.59	27,837.47
	Total	12.06	35,530.47	35,542.53	0.88	27,836.59	27,837.47

(Rs. In millions)

6. Other Information		Amount outstanding as at March 31, 2022	Amount outstanding as at March 31, 2021
(i)	Gross Non-Performing Assets		
	Related Parties	-	-
	Other than Related Parties	2,145.00	783.18
(ii)	Net Non-Performing Assets		
	Related Parties	-	-
	Other than Related Parties	525.75	165.49
(iii)	Assets Acquired in Satisfaction Debt		
	Related Parties	-	-
	Other than Related Parties	-	-

*Assets classified as Stage 3 as per Ind AS Classification

7. Sector-wise NPAs

(Rs. In millions)

Particulars	Percentage of NPAs to Total Advances in that sector as at March 31, 2022	Percentage of NPAs to Total Advances in that sector as at March 31, 2021
Agriculture & allied activities	3.42%	1.34%
MSME	0.00%	0.00%
Corporate borrowers	0.00%	0.00%
Services	1.81%	0.76%
Unsecured personal loans	0.11%	0.04%
Auto loans	0.00%	0.00%
Other loans	1.31%	0.59%

8. Provisions and Contingencies

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	1,001.56	401.39
Provision made towards income tax	422.77	261.36
Provision for gratuity	12.15	12.11
Provision for standard assets#	255.81	210.04
Provision for Other Financial Asset	9.19	-
Provision for other assets	2.62	(1.11)

* Represents impairment loss allowance on stage 3 loans. (Net of reversal on account of write off)

Represents impairment loss allowance on stage 1 and stage 2 loans.

9. Movement of NPA

(Rs. In millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net NPAs to net advances (%)	1.48%	0.59%
Movement of NPAs (Gross)		
(a) Opening balance	783.18	235.83
(b) Additions during the year	1,619.79	830.30
(c) Reductions during the year	257.97	282.95
Closing balance	2,145.00	783.18
Movement of Net NPAs		
(a) Opening balance	165.49	19.53
(b) Additions during the year	304.99	208.57
(c) Reductions during the year	12.59	62.61
Closing balance	525.75	165.49
Movement of provisions for receivables under financing activities		
(a) Opening balance	617.69	216.30
(b) Provisions made during the year	1,314.80	621.73
(c) Write-off / write-back of excess provisions	245.38	220.34
Closing balance	1,619.25	617.69

54.2. Disclosure pursuant to RBI guidelines on Securitisation DNBR (PD)

CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitisation are given below

(Rs. In millions)

Particulars	As at March 31, 2022	As at March 31, 2021
No. of SPVs sponsored by the NBFC for securitisation transaction	0	1
Total amount of securitised assets as per books of the SPVs sponsored	-	6.16
Total amount of exposures retained by the NBFC to company with MRR as on the date of Balance sheet		
a) Off-Balance sheet exposures		
First loss		
Others		
b) On-Balance sheet exposures		
First Loss	-	41.00
Others	-	69.12
Amount of exposures to securitisation transactions other than MRR		
a) Off-Balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Loss	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-Balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

Details of Assignment Transactions undertaken:-

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
i) Total number of loan assets assigned during the year	3,33,828	1,47,040
ii) Book value of loan assets assigned during the year (Rs. In millions)	7,232.86	3,514.97
iii) Sale consideration received during the year (Rs. In millions)	6,326.26	3,163.54
iv) Aggregate gain / loss over net book value	-	-

54.3. Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

(Rs. In millions)

Asset classification as per RBI norms	As at March 31, 2022					
	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing asset	Stage 1	33,834.19	114.09	33,720.11	447.36	-333.27
Standard	Stage 2	1,800.93	504.25	1,296.68	125.40	378.85
Subtotal		35,635.13	618.34	35,016.79	572.76	45.58
Non-Performing asset (NPA)						
Substandard	Stage 3	2,145.00	1,619.25	525.75	1,135.09	484.16
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,145.00	1,619.25	525.75	1,135.09	484.16
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	33,834.19	114.09	33,720.11	447.36	-333.27
	Stage 2	1,800.93	504.25	1,296.68	125.40	378.85
	Stage 3	2,145.00	1,619.25	525.75	1,135.09	484.16
	Total	37,780.12	2,237.59	35,542.53	1,707.85	529.74

(Rs. In millions)

As at March 31, 2021						
	Asset classification as per IND AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing asset	Stage 1	27,699.10	264.76	27,434.34	191.17	73.59
Standard	Stage 2	335.41	97.77	237.64	3.22	94.55
Subtotal		28,034.51	362.53	27,671.98	194.39	168.14
Non-Performing asset (NPA)						
Substandard	Stage 3	783.18	617.69	165.49	269.39	348.30
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		783.18	617.69	165.49	269.39	348.30
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	27,699.10	264.76	27,434.34	191.17	73.59
	Stage 2	335.41	97.77	237.64	3.22	94.55
	Stage 3	783.18	617.69	165.49	269.39	348.30
	Total	28,817.69	980.22	27,837.47	463.78	516.44

As per guidance on implementation of Indian Accounting Standards vide RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Since the impairment allowance under IND AS 109 is higher than the provisioning required under IRACP (including standard asset provisioning), the Company has not created any Impairment Reserve.

54.4. Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014 (Rs. In Million)

S.No.	Type of Restructuring	Others			Total		
		Low Credit Risk & Significant increase in credit risk	Credit Impaired	Total	Low Credit Risk & Significant increase in credit risk	Credit Impaired	Total
	Asset Classification Details						
		No. of Borrowers	29,339.00	46,109.00	16,770.00	29,339.00	46,109.00
1	Restructured accounts as on 1st Apr 2020 (opening figures) *	Amount of Outstanding g	450.55	717.55	267.00	450.55	717.55
		Provision Thereon	45.06	71.76	26.70	45.06	71.76
2	Fresh Restructuring during the year	No. of Borrowers	73,437.00	1,66,230.00	92,793.00	73,437.00	1,66,230.00
		Amount of Outstanding g	1,880.18	4,003.60	2,123.42	1,880.18	4,003.60
		Provision Thereon	188.02	400.37	212.35	188.02	400.37
3	Upgradations restructured standard category during the year	No. of Borrowers	-	-	-	-	-
		Amount of Outstanding g	-	-	-	-	-
		Provision Thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provision g and / or additional	No. of Borrowers	-	-	-	-	-
		Amount of Outstanding g	-	-	-	-	-
		Provision Thereon	-	-	-	-	-
5	Downgradations of restructured accounts during the financial year	No. of Borrowers	18,324.00	40,920.00	22,596.00	18,324.00	40,920.00
		Amount of Outstanding g	352.48	819.73	467.25	352.48	819.73
		Provision Thereon	241.67	561.54	319.87	241.67	561.54
6	Closed Restructured accounts during the financial year	No. of Borrowers	5,020.00	26,001.00	20,981.00	5,020.00	26,001.00
		Amount of Outstanding g	62.87	366.29	303.42	62.87	366.29
		Provision Thereon	6.29	36.63	30.34	6.29	36.63
7	Restructured accounts collected during the financial year	No. of Borrowers	45,929.00	1,21,530.00	75,601.00	45,929.00	1,21,530.00
		Amount of Outstanding g	38.88	681.71	642.83	38.88	681.71
		Provision Thereon	(354.01)	(523.86)	(169.85)	(354.01)	(523.86)
8	Write off restructured accounts during the financial year	No. of Borrowers	-	-	-	-	-
		Amount of Outstanding g	-	-	-	-	-
		Provision Thereon	-	-	-	-	-
9	Restructured accounts as on 31st March 2021	No. of Borrowers	79,432.00	1,45,418.00	65,986.00	79,432.00	1,45,418.00
		Amount of Outstanding g	1,876.50	2,853.42	976.92	1,876.50	2,853.42
		Provision Thereon	339.13	397.82	58.69	339.13	397.82

* Excluding the figures the standard restructured accounts which do not attract higher provisioning or risk weight (if applicable)

54.5. Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

(I) Funding Concentration based on significant counterparty (both deposits and borrowings)

(Rs. In Million)

Number of Significant Counterparties	As at March 31, 2022		
	Amount (Rs. In Million)	% of Total deposits	% of Total Liabilities
29	31,586.29	Not Applicable	85.27%

(Rs. In Million)

Number of Significant Counterparties	As at March 31, 2021		
	Amount (Rs. In Million)	% of Total deposits	% of Total Liabilities
27	24,617.88	Not applicable	84.15%

Notes: A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI’s, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits

Not applicable. The company being a Systematically Important Non-Deposit taking Non- Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

(iii) Top 10 borrowings

(Rs. In Million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount (Rs. In Million)	% of total Borrowings	Amount (Rs. In Million)	% of total Borrowings
Top 10 Borrowings	19,421.60	54.59%	15,893.70	56.86%

(iv) Funding Concentration based on significant instrument/product*

(Rs. In Million)

Name of the instrument/product	As at March 31, 2022	% of Total Liabilities	March 31, 2021	% of Total Liabilities
Term Loans	31,762.50	81.31%	21,033.00	71.89%
Non-Convertible Debentures	3,807.90	10.28%	6,923.40	23.67%
Subordinate Debt	1,643.59	4.44%	1,638.42	5.60%

Notes: A “significant instrument/product” is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI’s, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

(v) Stock Ratios

Particulars	As at March 31, 2022		
	As a % of Total Public Funds	As a % of Total Liabilities	As a % of Total Assets
Other short Term Liabilities *	Not applicable	54.84%	44.55%

Particulars	As at March 31, 2021		
	As a % of Total Public Funds	As a % of Total Liabilities	As a % of Total Assets
Other short Term Liabilities *	Not applicable	53.31%	44.98%

*Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approved the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC (Board) are held at quarterly interval and more frequently as warranted from time to time. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month. The minutes of ALCO meetings are placed before the RMC in its next meeting for its perusal/approval/ratification.

(vi) Being an NBFC- MFI, the company's loan portfolio consists of large number of small ticket loans to individual borrowers and hence, disclosures in respect of concentration of advances (including NPA) is not considered relevant.

55: Fraud

Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated 2 March 2012:

(Rs. In Million)

Particulars	As at	
	March 31, 2022	March 31, 2021
Number of frauds reported during the year to Reserve Bank of India	9	3
Amount involved in such frauds and provided for	25.57	1.22
Total	25.57	1.22

56. Information on Net Interest Margin ('NIM')

Particulars	For the Year ended	
	March 31, 2022	March 31, 2021
Average interest (a)	19.67%	20.67%
Average effective cost of borrowing (b)	9.82%	10.96%
Net interest margin (a-b)	9.85%	9.70%

57: Exposures

- (1) The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.
- (2) The Company has no transactions / exposure in derivatives in the current and previous years.
- (3) The Company has not sold any financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year
- (4) The Company has not purchased /sold non-performing financial assets in the current and previous year.
- (5) The Company does not finance the products of the parent / holding company.
- (6) The Company is not registered with any other financial sector regulators.
- (7) No penalty has been imposed by RBI and other regulators during current and previous year.

58: Rating

Ratings assigned by credit rating agencies

Instrument	As at March 31, 2022		As at March 31, 2021	
	Rating agency	Rating/Grading	Rating agency	Rating/Grading
Long Term Bank Facilities	CRISIL	CRISIL AA-	CRISIL	CRISIL AA-
Non-Convertible Debentures	CARE	CARE A+	CARE	CARE A+
Non-Convertible Debentures	CRISIL	CRISIL AA-	CRISIL	CRISIL AA-
Subordinated Debts	ICRA	ICRA A+	CARE	CARE A+
Subordinated Debts	CARE	CARE A+	CARE	CARE A+
Market Linked Debenture	CRISIL	CRSIL PPMLD AA -r	-	-

59: Customer complaints

Disclosure pursuant to Master Direction DNBR. PD. 008/03.10.119/2016-17 issued by Reserve Bank of India

SI No.	Particular	As at March 31, 2022	As at March 31, 2021
1	No. of complaints pending as at the beginning of the year	3	-
2	No. of complaints received during the year	655	232
3	No. of complaints redressed during the year	656	229
4	No. of complaints pending as at the end of the year	2	3

60: Previous year comparatives

Previous year's figures have been regrouped / reclassified, wherever considered necessary, to conform with current year's presentation.

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

For and on behalf of the Board of Directors

For M/s. Varma & Varma
Chartered Accountants
Firm Regn. No. 004532S

Sd/
P.R Prasanna Varma
Partner
M.No. 025854

Place : Chennai
Date : April 29, 2022

Sd/
Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

Sd/
L. Muralidharan
Chief Financial Officer

Sd/
B. Balakumaran
Wholetime Director
(DIN. 09099182)

Sd/
Sunil Kumar Sahu
Company Secretary



Belstar Microfinance Limited

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