

# Building Bridges, Unlocking Opportunities:

Technology-Enabled Microfinance  
for Women Entrepreneurs



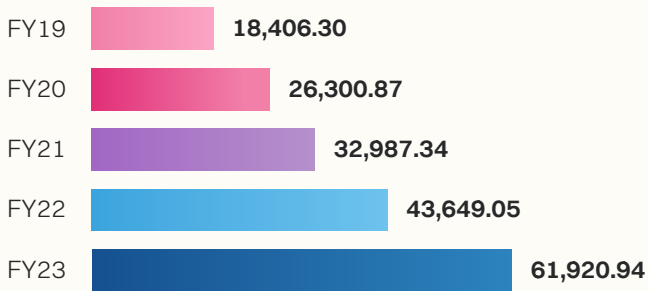


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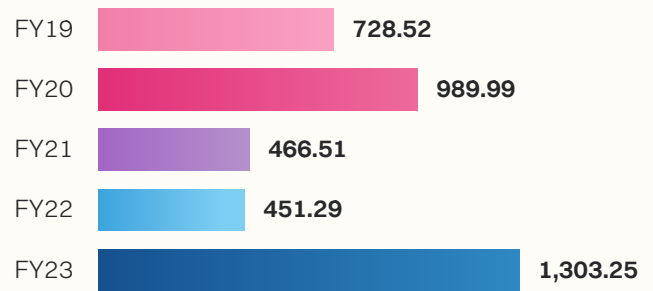
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# Report Card

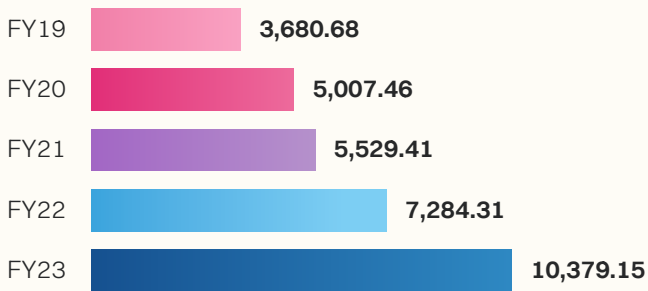
## AUM (in Millions)



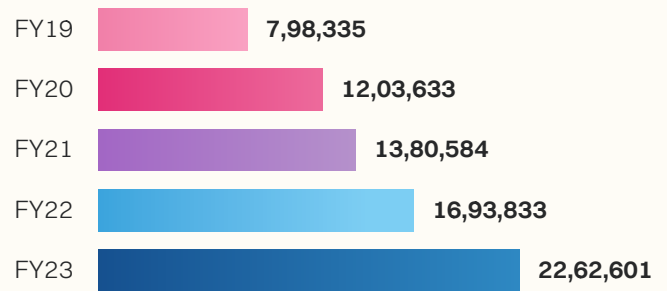
## PAT (in Millions)



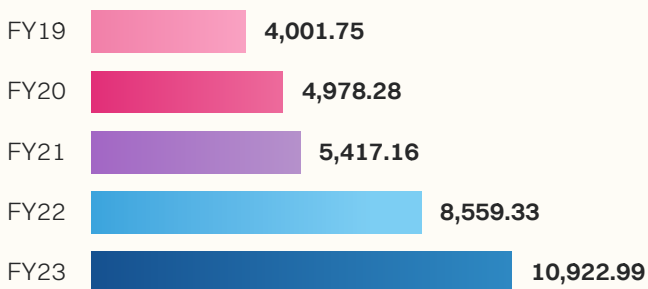
## GROWTH IN REVENUE (₹ in Millions)



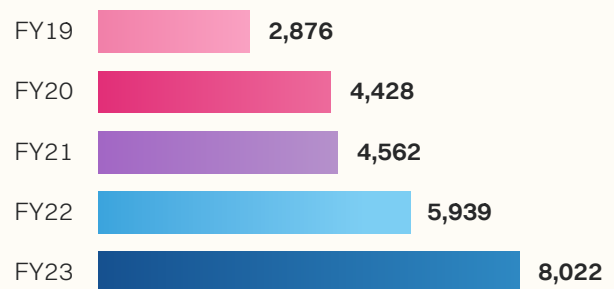
## CUSTOMER ACCOUNTS



## NET WORTH (₹ in Millions)



## NO. OF EMPLOYEES



# 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. Siva Vadivelalagan, 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

Varma & Varma

## INVESTORS

- Muthoot Finance Ltd
- Maj Invest Financial Inclusion Fund II K/S
- Affirma Capital
  - » Arum Holdings Ltd
  - » Augusta Investments Zero Pte 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
- DBS Bank India Limited
- DCB Bank Limited
- 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
- Indian Bank
- Indian Overseas Bank
- Karnataka Bank
- Kotak Mahindra Bank Limited
- Maanaveeya Development & Finance Private Limited
- Muthoot Vehicle and Asset Finance Limited
- Nabkisan Finance Limited
- 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

# Corporate Information

## CREDIT BUREAU

- CRIF
  - Equifax
  - Experian
  - CIBIL
- 

## ASSOCIATES

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

## DEBENTURE TRUSTEES

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

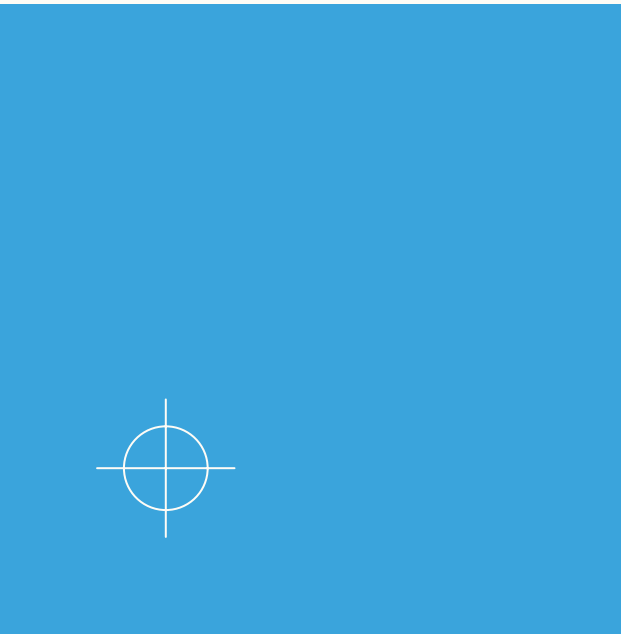


## Vision

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.

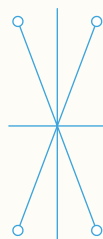


## Goal

To provide digital financial inclusion to microentrepreneurs.

## Values

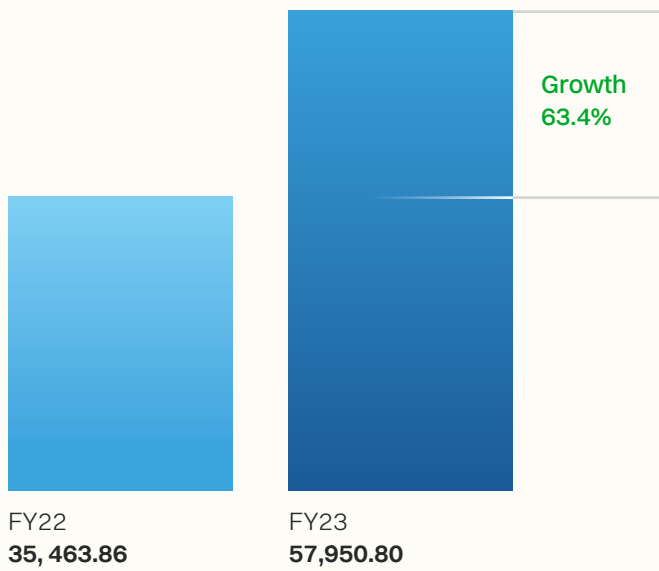
Integrity  
Professionalism  
Accountability  
Transparency  
Teamwork  
Empathy  
Passion



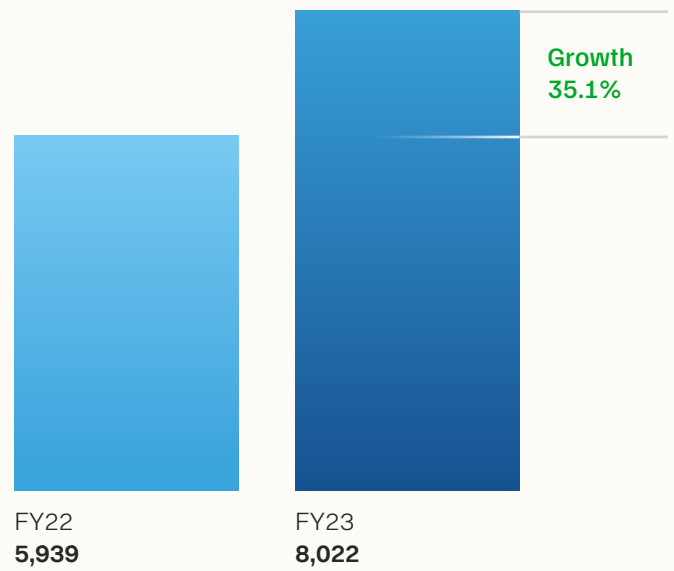


# Corporate Highlights

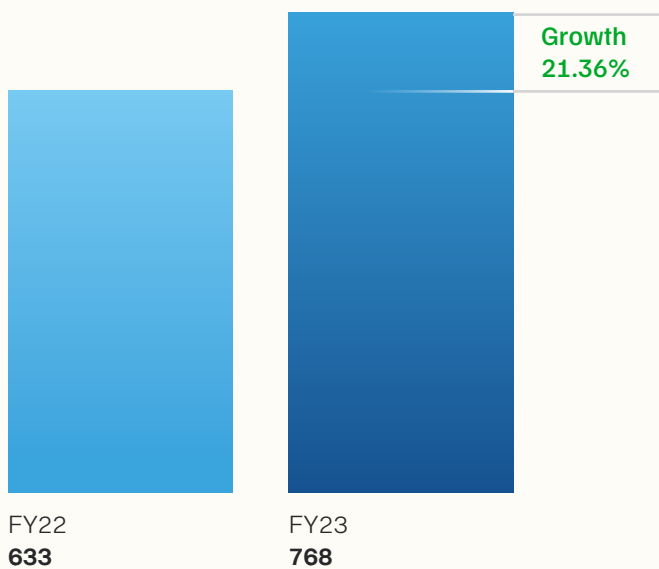
## DISBURSEMENT (in Millions)



## NO. OF EMPLOYEES

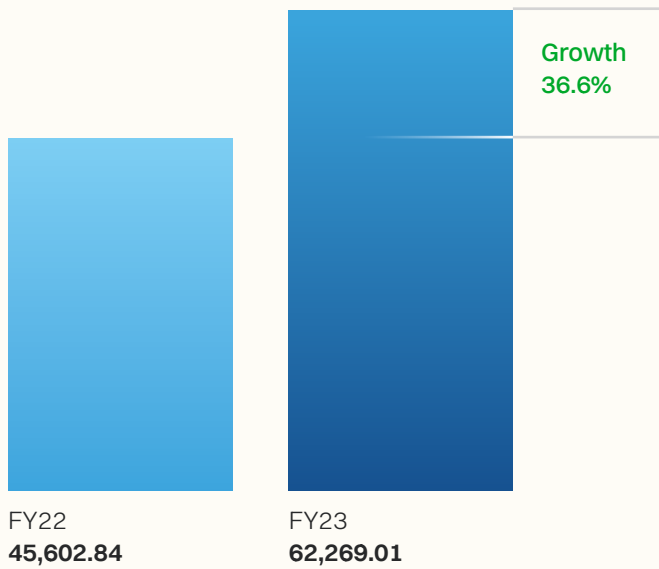


## BRANCHES



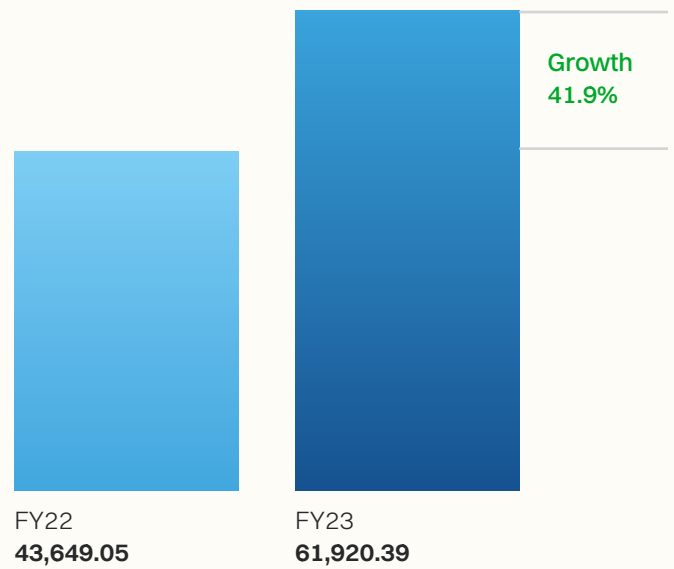


### BALANCE SHEET SIZE (in Millions)



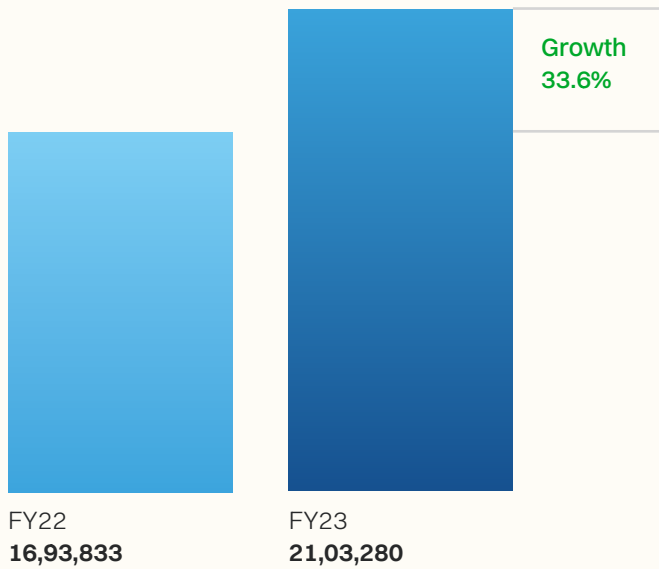
Source: Financial Statement

### AUM (in Millions)



Source: Financial Statement

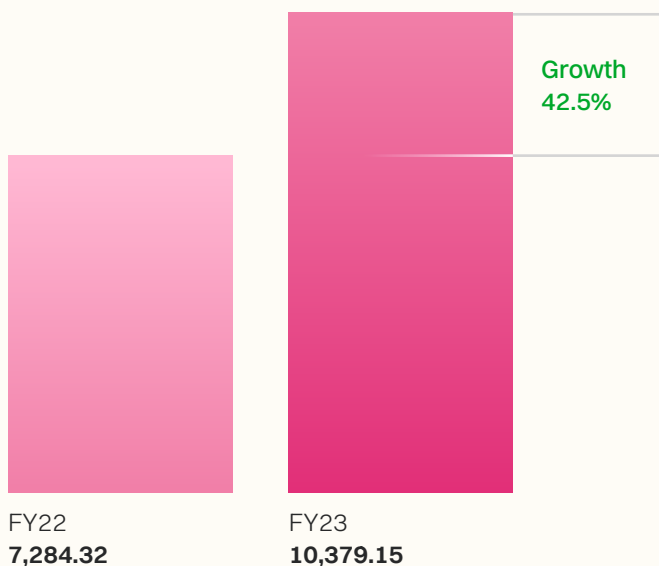
### CUSTOMER ACCOUNTS



Source: Branch-Wise MIS

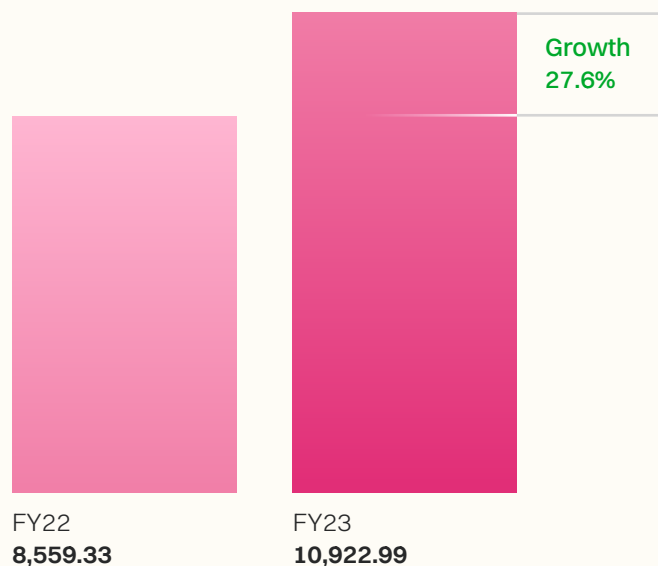
# Financial Highlights

## TOTAL REVENUE (₹ in Millions)



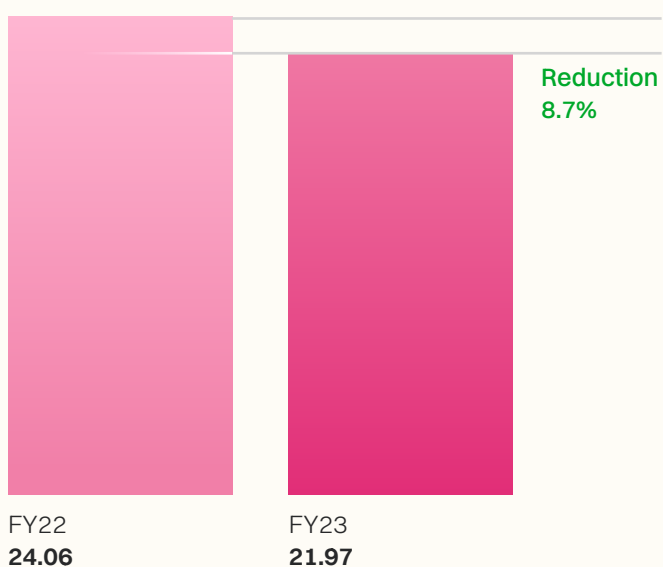
Source: Financial Statement

## NET WORTH (₹ in Millions)



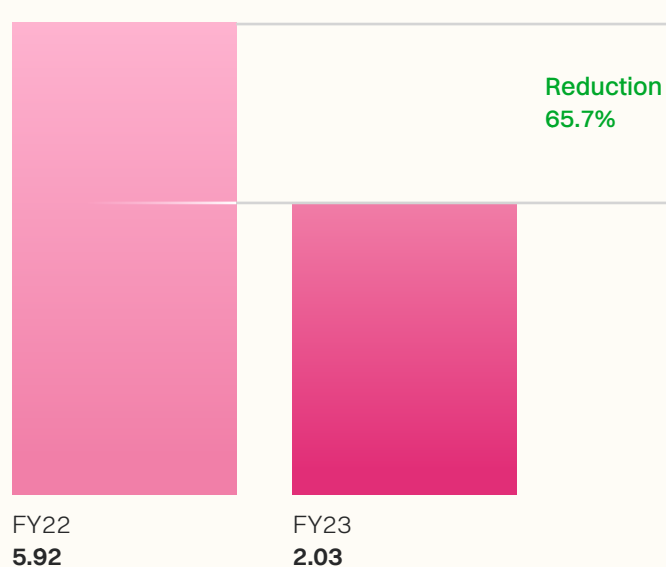
Source: Financial Statement

## CRAR (%)



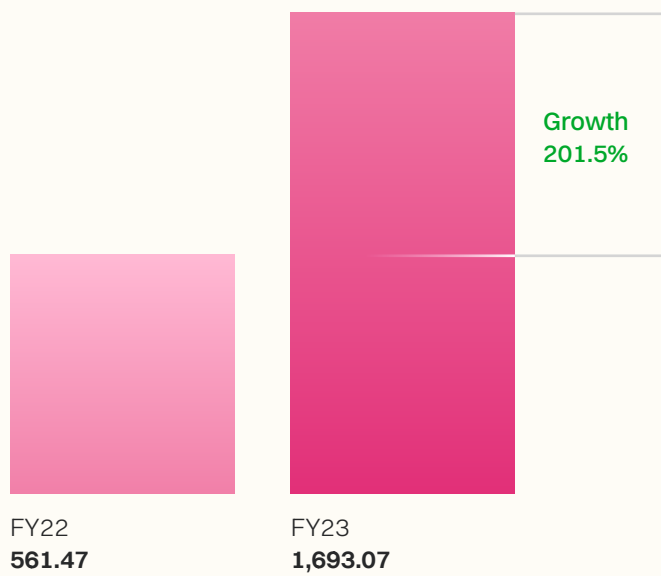
Source: Financial Statement

## EXPECTED CREDIT LOSS (%)



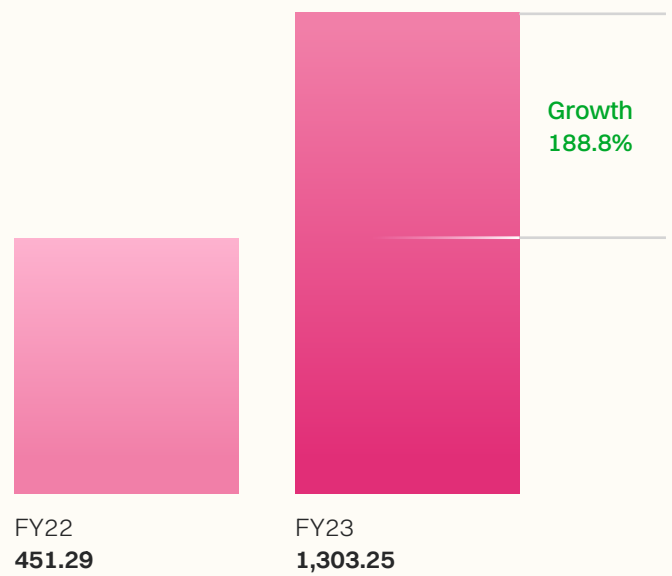
Source: Financial Statement

### PBT (in Millions)



Source: Financial Statement

### PAT (in Millions)

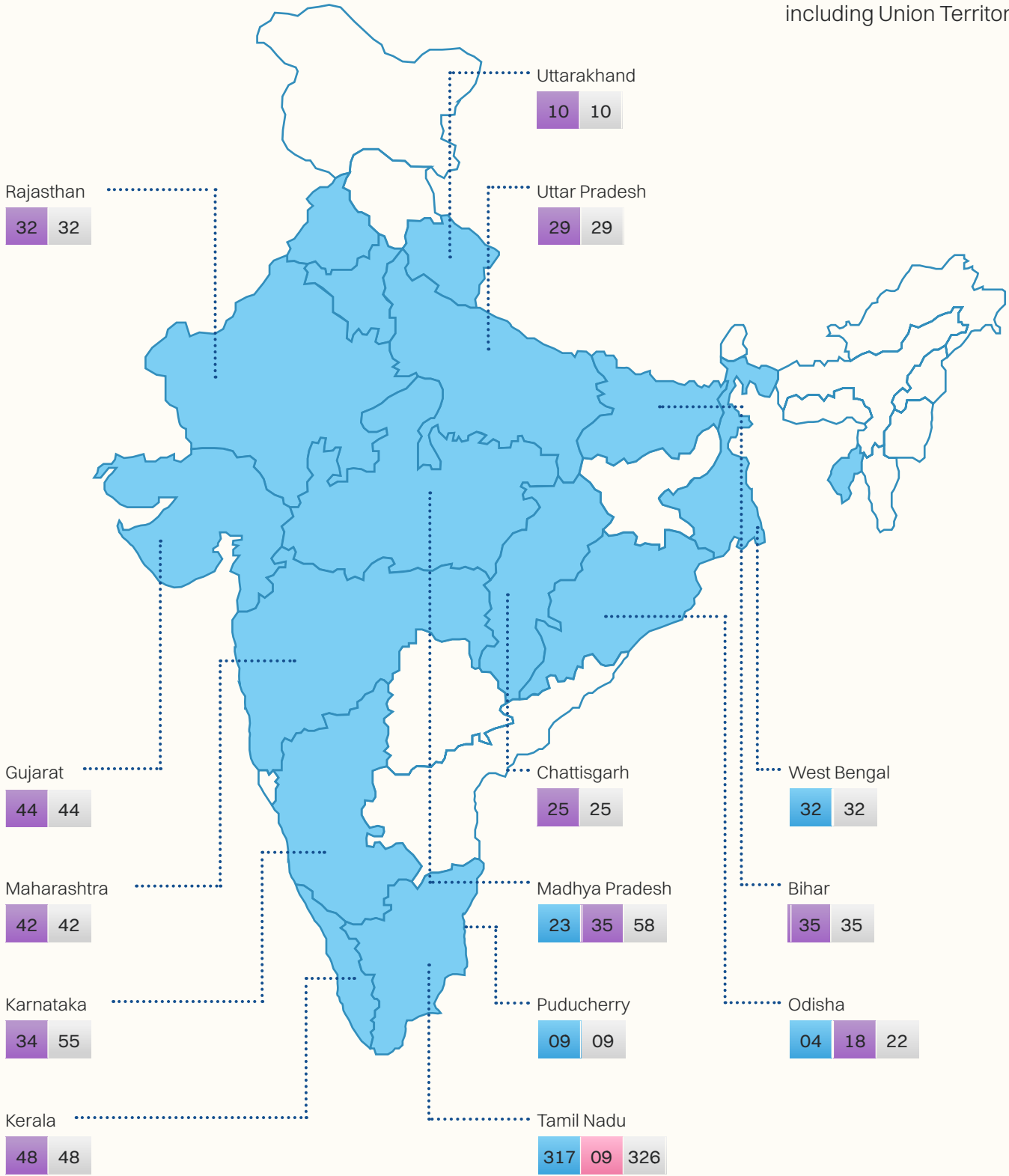


Source: Financial Statement



# Geographical Outreach

We are present in 18 states including Union Territories



01 - Corporate Office

SHG	Pragati		
⋮	⋮		
406	09	352	767
⋮	⋮		
		MSME	Total

## Message from the Managing Director



### DEAR STAKEHOLDERS,

Greetings from Belstar Microfinance Ltd. 2022-23 has been a year of celebration marked with significant achievements and positive outcomes. I am delighted to share with you the accomplishments and progress we have made in the past year, 2022-23 in this Annual Report.

I am proud to announce that Belstar has crossed an Asset Under Management (AUM) of ₹6192.04 crores as at March 31, 2023, a testament to our consistent growth and expanding reach. Through our dedicated efforts, we have empowered the lives of 2.1 million women across 18 states and 1 Union Territory. This milestone showcases our commitment to financial inclusion and our mission to uplift the underprivileged sections of society.

Financially, we have achieved commendable results. Our Profit Before Tax (PBT) stands at ₹169.31 crores, and our Profit After Tax (PAT) at ₹130.33 crores. These figures reflect our financial strength and the effectiveness of our business strategies. Our outreach has deepened, impacting 3.5 million clients across 18 states through our extensive network of 767 branches. Our synergy and collaboration with Hand in Hand India has played a pivotal role in creating millions of jobs for women borrowers at the bottom of the pyramid. By combining our resources and expertise, we have contributed to sustainable livelihoods and economic empowerment.

Technology has played a crucial role in our success. The migration to our new software, Br.Net, has been successfully completed, resulting in improved operational efficiency and streamlined processes. The agility of this application has empowered us to respond promptly to customer needs and deliver

superior services. We are embracing technology to enhance our digital capabilities, with a focus on digital collections and digital lending, aiming to reach the 50% mark in digital collections this year.

Belstar recognizes the transformative potential of Artificial Intelligence (AI), Machine Learning (ML), and Data Analytics. Accordingly, we are investing in these technologies to drive innovation and enhance decision-making processes. Through AI and ML algorithms, we envisage to improve on our risk assessment, credit processes, and customer engagement. Data analytics provides valuable insights into customer behaviour, enabling us to offer tailored financial solutions and personalized services.

Our commitment to community and customer connect sets us apart from other microfinance institutions. In collaboration with Hand in Hand India, we have conducted skill training and enterprise development programs for women entrepreneurs, our primary clientele. By equipping them with knowledge and skills, we have empowered them to grow their businesses profitably. Furthermore, we have actively connected our clients to various government schemes, maximizing their benefits and uplifting their families. Our emphasis on the self-help group model has resulted in a strong customer base with social collateral and a high-quality loan portfolio.

At Belstar, we recognize that our staff is our greatest asset. We have taken several steps to strengthen our human resources and foster a culture of growth and excellence. Digital HR initiatives, including data-driven performance appraisals, have made our processes robust and transparent. Through collaborations with Hand in Hand Academy, we have prioritized learning and development for our

## Message from the Managing Director

staff, ensuring a high-quality workforce and reduced attrition rates.

I would like to express my gratitude to the leadership team, senior management, and the entire staff for their positive attitude, commitment, and teamwork throughout this challenging year. I extend my heartfelt thanks to our esteemed Chairman, Board of Directors, Independent Directors, and Committee members for their unwavering support and guidance. I am also grateful to MD Muthoot for his relentless support and strategic guidance.

Looking ahead, as a part of the B20 Task Force for Financial Inclusion for Economic Empowerment, Belstar remains optimistic about the future of the microfinance sector. With regulators and bankers introducing innovative mechanisms to reach the last mile, we are eager to pilot new initiatives in the MSME space, such as co-lending. Additionally, we are closely monitoring our technology roadmap and striving to transition to digital on-lending to enhance productivity and efficiency.

In conclusion, Belstar Microfinance Ltd. has achieved significant growth, leveraging improved technology, strengthening community and customer connect, and empowering our dedicated workforce. I am confident that our collective efforts will continue to drive positive change and sustainable development in the microfinance sector.

*Thank you for your continued support and belief in our mission.*

**- Dr. Kalpanaa Sankar**  
Managing Director



## Board of Directors

### DR. KALPANA SANKAR

#### Managing Director

As the Managing Director of Belstar Microfinance Limited, she has helped build a leading microfinance institution with a social conscience and greater purpose. Dr. Kalpana Sankar has been involved in the self-help group movement for 21 years and has specialized in participatory assessment, and 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 a consultant with the South African government and supported poverty reduction, job creation and microfinance programmes in Afghanistan and Brazil. She has authored publications on child labour, microfinance and self-help groups.

Dr. Kalpana Sankar, who is also the co-founder and Managing Trustee of Hand in Hand India has been a key figure of the non-profit since 2004. She 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. She 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 her contribution to the empowerment of vulnerable and marginalized women from the Hon'ble President of India and Ministry of Women & Child. Under her committed leadership, her organization, Hand in Hand India has won the 'Pradhan Mantri Bal Kalyan Puraskar' for its dedicated work towards child welfare and education.

### MR. K.B. BALAKUMARAN

#### Executive Director

Mr. Balakumaran has worked in the Indian Bank for 21 years, as Rural Development Officer, Officer in-charge of Gramodaya Kendra, Project Manager - IBSUM and Branch Manager. He has also independently managed the Agricultural Credit Desk at the Regional Office at 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 is currently a director at the company.

### **MR. K.R. BIJIMON**

#### Investor Director

Mr. 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 26years 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).

### **MR. GEORGE ALEXANDER**

#### Investor Director

Mr. George M. 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.



**MR. 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.

**MR. SIVA VADIVELALAGAN****Investor Director**

Mr. Siva joined as a nominee director from Maj Invest in 2023. He is responsible for advising Maj Invest's investments in Asia. His portfolio companies in Maj Invest include SAVE Solutions, Berar Finance Limited, Finova Capital and FlexiLoans. With over eleven years of experience in corporate finance, investment management, operations, and financial inclusion, he has worked extensively with funds that invest in fintech and financial services companies. He has worked in several countries across the Asia-Pacific region, including India, China, Indonesia, among others. Prior to being Investment Principal at Maj Invest, he had successful stints at Triple Jump BV (Netherlands), Incofin (Belgium) and Deloitte (India). He completed bachelor's degree in Economics from Shri Ram College of Commerce and Executive Management Program from Harvard Business School.





**MR. 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.

**MR. A. SUBRAMANIAN****Independent Director**

He is former Executive Director of Indian Bank. Before this, Mr. A Subramanian was the General Manager of Oriental Bank of Commerce in charge of Treasury, international banking, investor relations and HR. He has four decades of banking experience both in the administrative side and in the field. He has vast knowledge on all the facets of banking and because of his many foreign travels for attending various seminars and meeting the investors of the bank. While in service he was an active member of the Accounts and Taxation Committee of Indian Banks Association since 2004.



**MR. 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.

**MR. K. VENKATARAMAN****Independent Director**

Mr. Krishnamoorthy Venkataraman has more than 40 impressive years of experience in the fields of 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 its massive transformational growth for over six years. Before that, he was associated with SBI Global Factors Ltd as Managing Director and Chief Executive Officer. He was with the State Bank of India for over three decades working in various capacities till he became Chief General Manager and various assignments that include a term in Japan as Vice-President (Credit and Operations) for handling loan syndications, treasury and funding, asset-liability management and investment banking. He is part of the Indian Institute of Banking and Finance and was a member of the governing council at the institute. He has also worked with Foreign Exchange Dealers Association of India (FEDAI) as Chairman. He was a member of the Commission on Banking Techniques and Practice, International Chamber of Commerce, Paris and member of the executive committee, International



Chamber of Commerce, India. He also served as group head of India, Indo-Bangladesh Joint Commission-Banking Sub-Group and as a member of the Indo-Russian Banking Sub-Group. He is also serving as part-time non-executive Chairman of Coastal Local Area Bank.

**MR. CHINNASAMY GANESAN**

## Independent Director

Mr. Chinnasamy Ganesan brings with him more than 32 years of experience in the area of audit. He has handled Indian and multinational clients in automotive, auto ancillary, IT or 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 multinational companies and carried out audits, advisory on international financial reporting, taxation, due diligence and other assurance services. Having begun his practice as a CA in 1988, Chinnasamy Ganesan was practicing personally till 2005. He then served as a Director in Audit with Lovelock & Lewes for 6 years and served as audit partner of BSR & Co. LLP for 6 years.

He is presently one of the Senior Partners of M/s CNGSN & Associates LLP, Chartered Accountants, Chennai and is the Head of Audit and Assurance Practice of the firm. He also advises several chartered accountant and consultancy firms on financial reporting and company law matters.



Ganesan specialises in Financial Reporting (including IFRS, Ind AS, and US GAAP), Company law matters and audit. He assisted 68+ companies on the transition to Ind AS (IFRS in India) till date. He has presented 875+ papers at various seminars, workshops and conferences both in India and overseas on these specialised subjects. He has also authored the books, 'A Quick Referencer on IFRS with model Q&A', 'The Revised Schedule VI Ready Reckoner', 'Ind AS Quick Referencer' and 'Ready Reckoner for financial statements under Schedule III to the Companies Act 2013'.



## Investors Profile



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.

## 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



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.

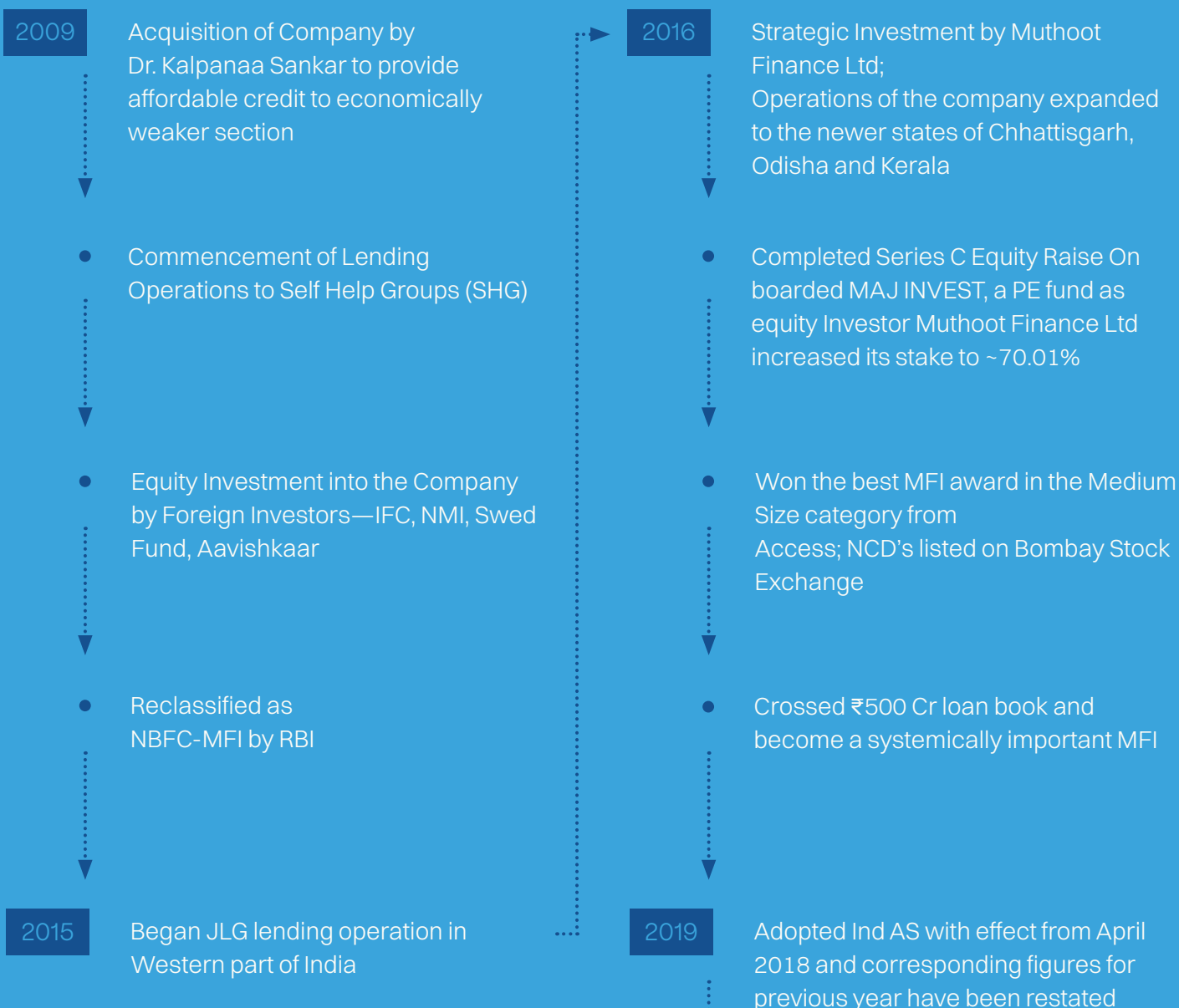
Affirma Capital helps build and nurture national and regional champions by investing in companies backed by strong management teams and founders. Throughout its 19-year history of investing in emerging markets, it has deployed over US\$6 billion in 100+ companies across Asia, Africa and the Middle East,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

Arum Holdings Ltd and Augusta Investments Zero Pte Ltd are affiliate entity of Affirma Capital.

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.

Key Milestones:

# Achievements in Fourteen Years



# Key Milestones: Achievements in Fourteen Years



\* in September 2022 ( FY 2023)



# Products and Services

We are pleased to announce the introduction of Festival Loans to our existing enterprise loan borrowers, starting from September 2022. In FY23, we have disbursed approximately 7,500 festival loans, providing timely financial assistance to our customers during festive occasions such as Diwali, Christmas, Ramzan, and Holi. We have received an encouraging response from our customers for this new loan product, highlighting its importance in meeting their financial needs during festive seasons.

## OPERATIONAL POLICIES:

All our products are governed by product-level policies and Standard Operating Procedures (SOPs) approved by the Board. These policies and procedures ensure consistency, transparency, and adherence to regulatory requirements. Additionally, we maintain strict control over client concentration by limiting non-qualifying books to less than 25% of our overall assets. This approach allows us to maintain a strong focus on micro-lending and ensures our commitment to empowering micro-enterprises.

## LOAN PRODUCTS:

### Micro Enterprise Loans (MEL):

The Micro Enterprise Loan is designed to support business enterprises and income enhancement activities, including the purchase of fixed assets and additional machinery. It also serves as additional working capital. The tenure for MEL ranges from a minimum of 12 weeks to a maximum of 24 months, with loan amounts ranging from ₹20,000/- to ₹70,000/-.

### Business Enhancement Loans (BEL):

The Business Enhancement Loan aims to support business enterprises in improving their existing infrastructure and scaling up their operations by increasing manpower. It also provides additional

working capital. The tenure for BEL is 24 months, with loan amounts ranging from ₹30,000/- to ₹40,000/-.

### Education Loans:

Belstar offers education loans to support primary education expenses. The tenure for these loans is 12 months, and loan amounts range from ₹20,000/- to ₹25,000/-.

### Emergency Loans:

We understand the importance of addressing our customers' short-term cash flow constraints and emergencies. Hence, we offer short-term emergency loans to provide timely financial assistance when it is most needed.

### Small Enterprise Loans (SEL):

The Small Enterprise Loan is designed to support small business enterprises in meeting their initial capital expenditure and additional working capital requirements. The tenure for SEL ranges from a minimum of 24 months to a maximum of 36 months, with loan amounts ranging from ₹75,000/- to ₹2,00,000/-.

## CUSTOMER SERVICES:

At Belstar, we believe that effective communication is the foundation of a successful business. With a customer-centric approach, we strive to make customer communication seamless and convenient, allowing our clients to easily reach out to us. By proactively engaging with our customers across all touchpoints, we aim to deliver a delightful experience. One key aspect is connecting with them before they encounter any crisis situations.

Our call center, operated by a dedicated team within our service department, handles incoming and outgoing customer phone calls. Our representatives

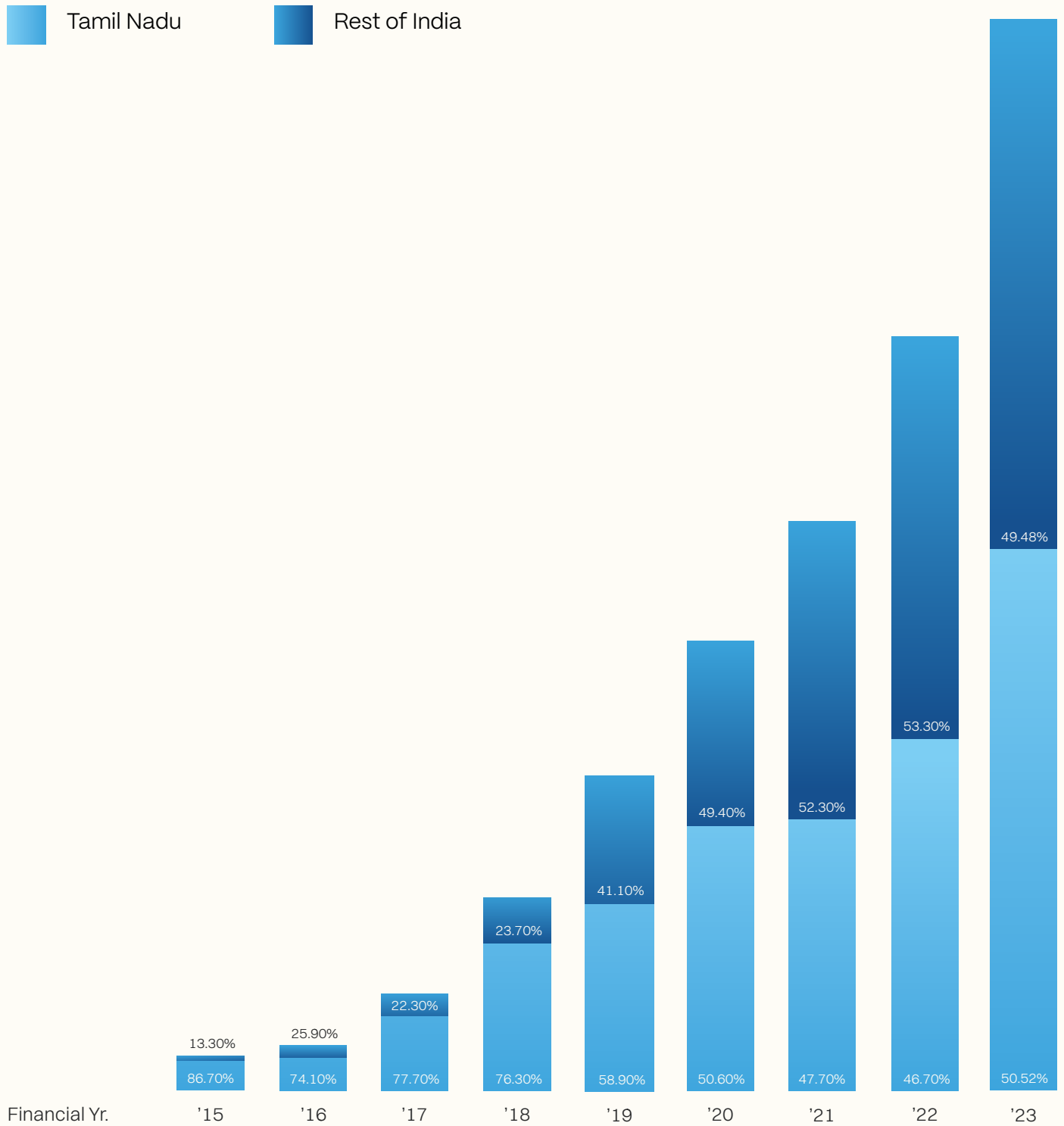


manage each call efficiently, ensuring open cases and transactions are well-tracked. In customer service, call centers can be both proactive (outbound) and reactive (inbound). This means we can reach out to customers with service offers or reminders, providing proactive assistance and enhancing the overall customer experience.

We are committed to offering a diverse range of loan products that cater to the unique needs of our customers, empowering them to grow and achieve their business and personal aspirations.

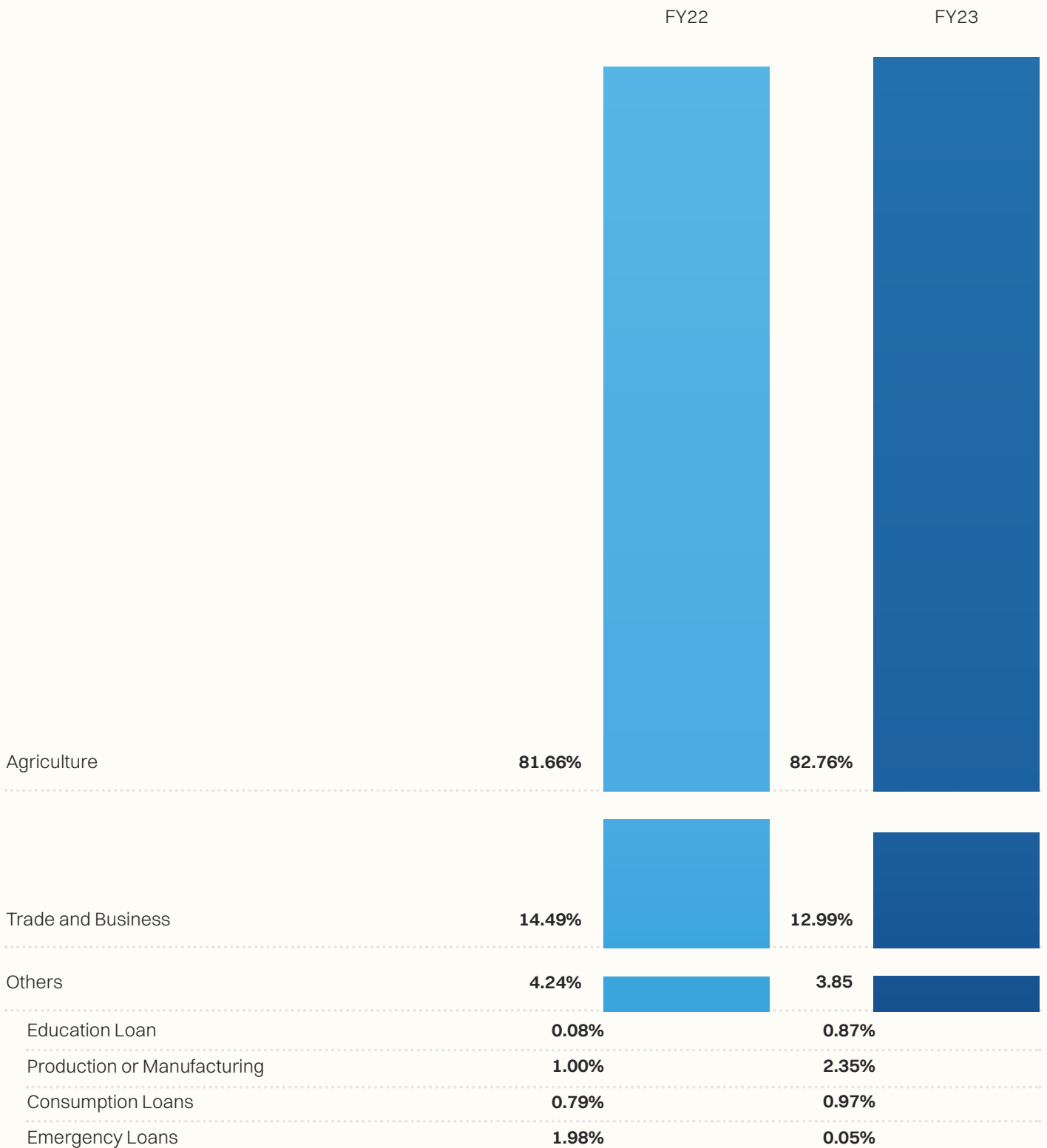


# Geographical Diversification



# Portfolio Highlights

## ACTIVITY-WISE DISTRIBUTION OF LOAN

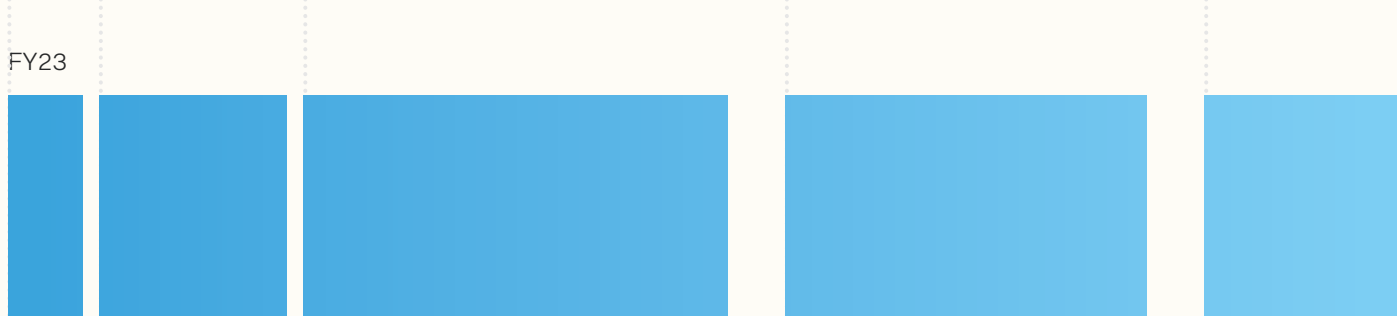


### AGE-WISE DISTRIBUTION OF BORROWERS

FY22



FY23



18-25  
Years

26-30  
Years

31-40  
Years

41-50  
Years

>50  
Years

### BORROWER BASE

FY22



FY23



90.44%  
Rural

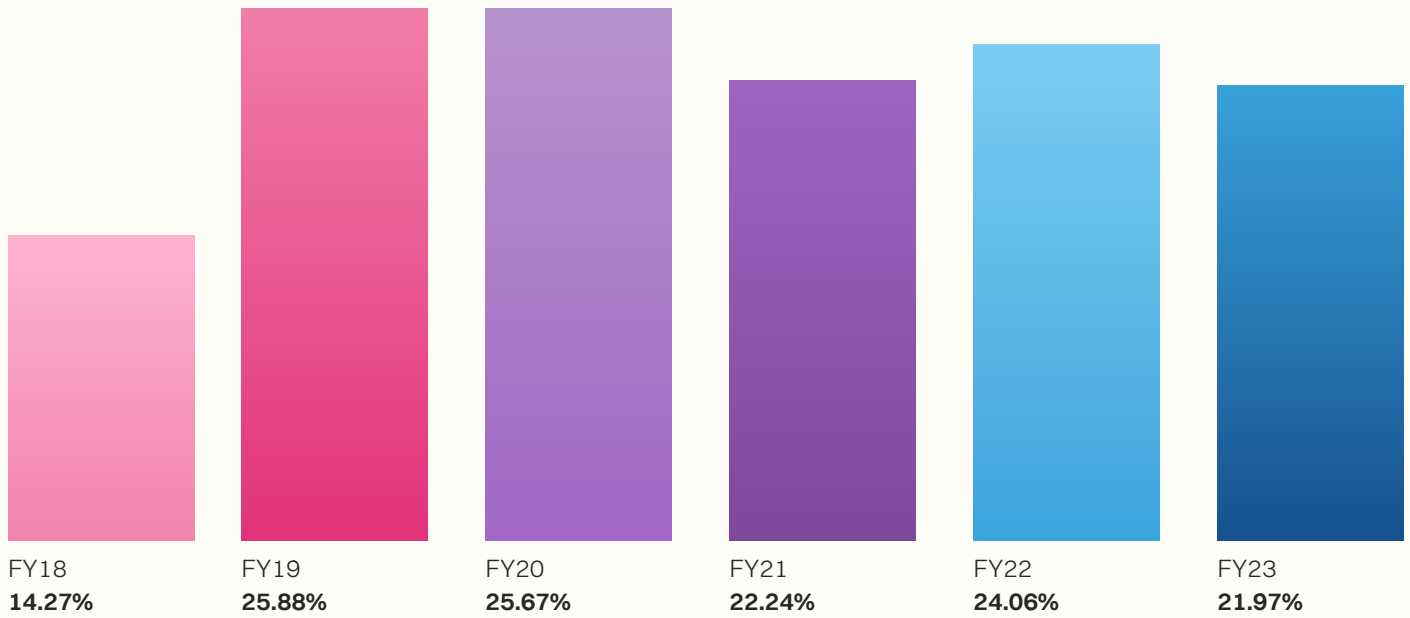
83.19%  
Rural

9.56%  
Semi-Urban

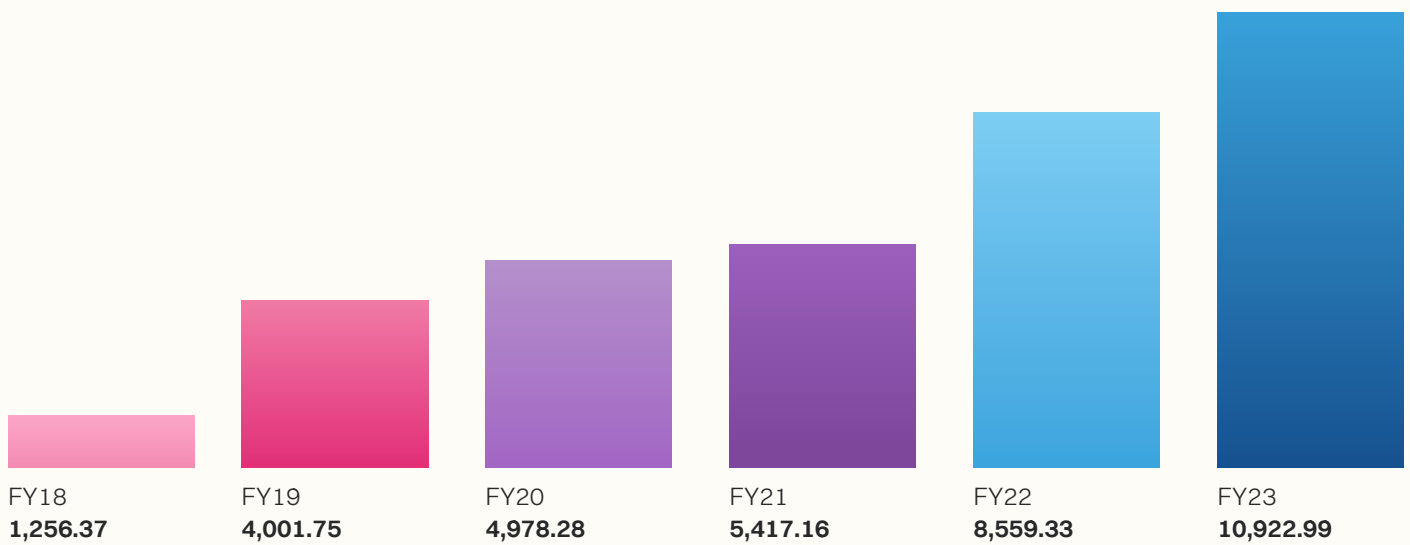
16.81%  
Semi-Urban

# Finance Dashboard

## CRAR %



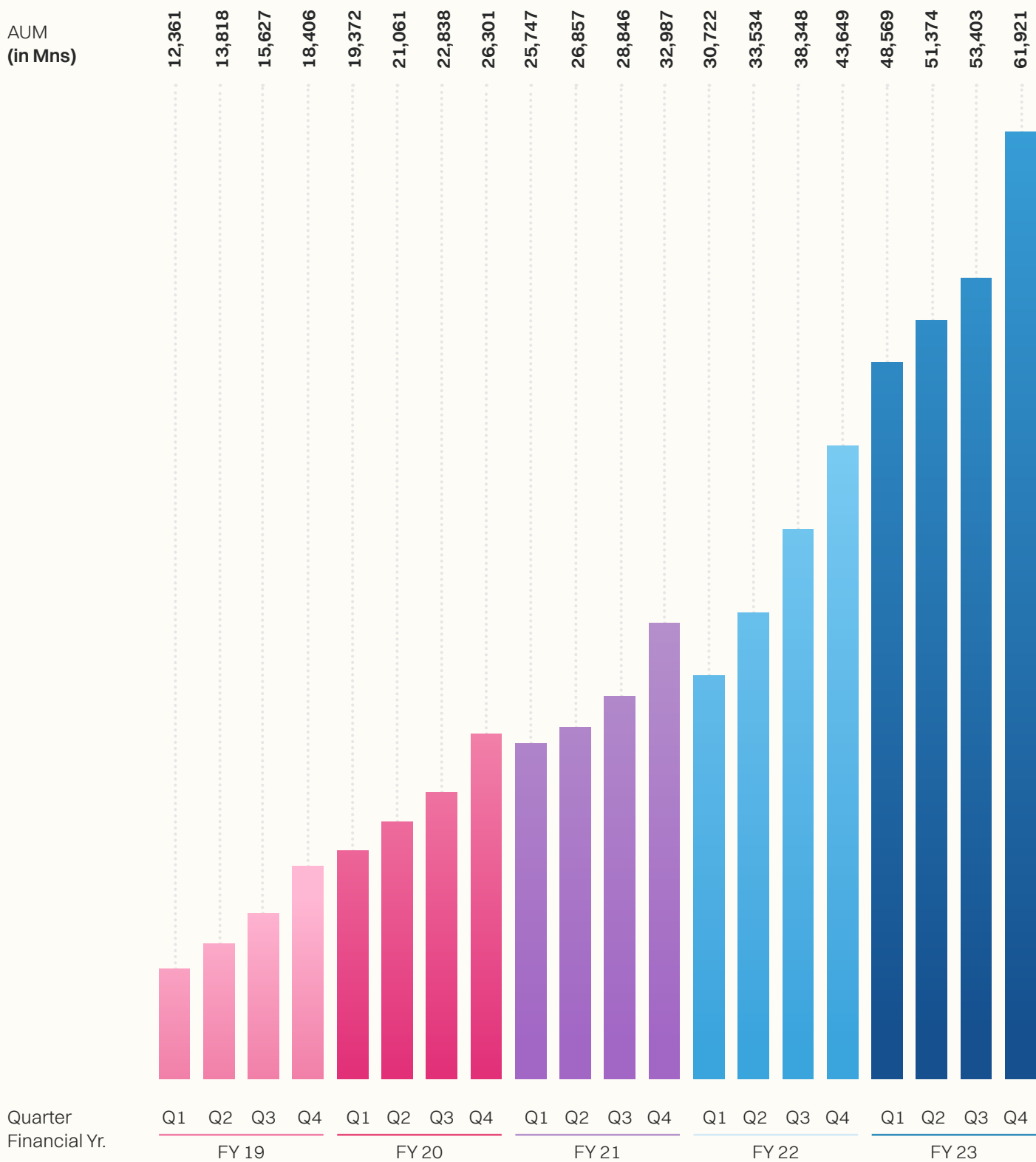
## NETWORTH (₹ in Millions)





# Finance & Operations

## AUM GROWTH OVER THE YEARS (₹ in Millions)



## CSR Initiatives

Belstar Microfinance Ltd. in collaboration with Hand in Hand India, a leading NGO in the country, is taking significant steps to promote women entrepreneurship, financial inclusion, and better health services within the community. Through the CSR funding provided by Belstar Microfinance Limited, we are actively engaged in empowering women and fostering their economic independence across multiple states in India.

With a particular focus on three states in North India, namely Madhya Pradesh, Bihar, and Punjab, our joint initiative aims to empower over 15,000 women. Hand in Hand India is playing a pivotal role in providing these women with access to social mobilization, integrated training, skilling programs, financial inclusion services, credit support, and market linkages. By offering comprehensive support and resources, we are paving the way for women to embark on entrepreneurial endeavors, enabling them to become financially self-reliant and empowered members of their communities.

Moreover, Hand in Hand India, with the support of our CSR funding, is also facilitating the provision of quality healthcare services to underprivileged individuals. Help Desks have been established at government hospitals in Rajasthan and Madhya Pradesh, ensuring that vulnerable members of society have access to the healthcare they need. By improving access to medical assistance and resources, we are striving to enhance the overall well-being of these communities.

In addition to the three aforementioned states, our CSR initiative is also actively promoting women's entrepreneurship, financial inclusion, and empowerment in Tamil Nadu, Karnataka, and Maharashtra. Through a structured process that encompasses social mobilization, integrated training, skill development, financial inclusion, and credit support, we are creating an enabling environment for women to establish and grow their enterprises. By providing

the necessary tools, resources, and market linkages, we aim to unleash the full potential of women entrepreneurs and contribute to the economic growth of these regions.

At Belstar we firmly believe in the power of social responsibility and actively support initiatives that address crucial social issues. Our collaboration with Hand in Hand India is a testament to our commitment to promoting women's empowerment, financial inclusion, and better health services within the communities we serve. By leveraging our CSR funding, resources, and expertise, we strive to make a lasting and positive impact on the lives of women and underprivileged individuals across India.

**OVERVIEW OF PROGRESS 2022-2023**

S.No.	States	M.P		Punjab		Bihar		Tamil Nadu		Karnataka		Maharashtra	
		Total Target	Achievement	Total Target	Achievement	Total Target	Achievement	Total Target	Achievement	Total Target	Achievement	Total Target	Achievement
1	Baseline Study	1	1	0	0	1	1						
2	Formation of SHGs(Punjab)			200	201								
3	Training of Members on Enterprise Development	2000	1969	NA	NA	3000	3020						
4	Training on Business Management in Partnership with Resource Agency	500	488	NA	NA	500	511						
5	Training on Digital Financial Literacy	2000	1989	2000	2014	1000	1010			3000	5444	5000	5138
6	Skills Up-gradation Training	500	491	NA	NA	300	306					500	505
7	Enterprises Motivation Training	6000	5964	NA	NA	1500	1559						
8	Strengthening CLNs & Connecting with Belstar	60	60	NA	NA								
9	Training of BLN Executive Members	70	71	NA	NA								
10	Office Bearer Training	300	306	NA	NA	1	1			5000	5444		
11	Facilitation of Digital Entrepreneurship Services	1000	993	NA	NA			1500	866	1000	1098		
12	Establishment of Digital Platforms	30	31	NA	NA	NA	NA			85	97		





## CSR PROJECTS | KEY HIGHLIGHTS: JUNE 2022–MARCH 2023

<b>Project-1</b>	<b>Promoting Gender Equality through Financial Inclusion, Entrepreneurship and Community Development in Madhya Pradesh</b>
Location	Dhar, Dewas and Indore districts in MP
Key Activities	<ol style="list-style-type: none"> <li>639 members installed Belstar Samrithi App and 414 members installed other app like phone pay</li> <li>395 members started digital payment systems for business purposes.</li> <li>Support in OD activities and collected OD payment of 531 members approx. 3500000 amount.</li> <li>491-member undergone Enterprise Up-gradation training in Apparel and Beauty Wellness trade</li> <li>Support 3000 members for the enterprise's development through access to loan</li> <li>Connected 3678 Belstar member with CLN.</li> <li>31 Digital Platform created among the communities</li> </ol>
Budget	₹15,87,000
<b>Project-2</b>	<b>Promoting Gender Equality through Financial Inclusion, Entrepreneurship and Community Development in Bihar</b>
Location	Madubani (Rahika & Benipatti), Bihar, India
Key Activities	<ol style="list-style-type: none"> <li>3012-member accessed Belstar Samrithii App.</li> <li>Promoting digital payments among 3209 entrepreneur members, members reached out for 85% to 97% OTR.</li> <li>Supported OD payment of 367 members</li> <li>504 members accessed to social security schemes, i.e. PMSBY, Ayushman Card, Labor card, PMJJY, Sukanya, Janani Suraksha Yojana</li> <li>Provided skills training to the 506 members on Sikki Daliya, Makhana, Madhubani Painting and Papad Making</li> <li>Supported 3020 members for the enterprise's development through access to credit facilities.</li> <li>Provided digital and financial literacy training among the 1010 members</li> </ol>
Budget	₹20,49,000
<b>Project-3</b>	<b>Promoting Gender Equality through Financial Inclusion, Entrepreneurship and Community Development in Punjab</b>
Location	Mohali : Kharar and Majri (Kurali), Punjab, India
Key Activities	<ul style="list-style-type: none"> <li>Enrolled 2014 members in Self Help Groups</li> <li>412 Members have completed their skill trainings in Jute bag making, Apparel, Food processing and Phulkari Making in this Year till March 31<sup>st</sup> 2023</li> <li>7 Enterprises have been started till march 31<sup>st</sup> 2023, under the Belstar Credit Plus Program in SAS nagar Mohali.</li> </ul>
Budget	₹20,50,000

**Project 4**                      **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 namely CLN/BLN for gaining strength of collective bargaining and marketing their products—Karnataka**

Location	Honnali and Channagiri towns of Devanagiri District, Karnataka, India
Key Activities	<ul style="list-style-type: none"> <li>• 37 members installed Belstar Samrithi App</li> <li>• 20 members started digital payment systems for business purposes.</li> <li>• Support in OD activities and collected OD payment of 150 members</li> <li>• Support 1038 members for the enterprise's development through access to credit facilities.</li> <li>• Belstar Credit plus staff has conducted/coordinated 107 batches of Awareness on Social Security Schemes and covered 3914 members at Devanagere District.</li> <li>• 175 members accessed to social security schemes, i.e. PMSBY, Ayushman Card, Labor card, PMJJY, Janani Suraksha Yojana etc</li> <li>• 21 Members started their skill training in this quarter and started earning</li> </ul>
Budget (Rs)	₹12,10,000/-

**Project-5**                      **Transforming 2000 Family-based Enterprises to Micro Enterprises—Tamil Nadu**

Location	Tiruvannamalai, Ranipet and Tiruvallur districts of TN
Key Activities	<ul style="list-style-type: none"> <li>• Conducted Business Development Training for 2,078 women Entrepreneurs; 866 entrepreneurs have been trained directly and 1,212 members have been trained virtually on Business Development Concepts during the project period.</li> <li>• The external expertise from highly reputed institutions such as IIT - Madras and the trained internal experts have trained the women on the following core business development topics: - Vision Building, Market Assessment, SWOT Analysis, Basic Accounts, Business Plan, Budgeting, Time Management, Marketing, Product Promotion, Digital Marketing, Statutory Compliances, Communication skills, Characteristics of Entrepreneurs, Business Ideas, Overcoming Challenges.</li> <li>• Virtual Trainings were focused with concepts such as, Beauty and Wellness, Physical &amp; Mental Health, Saree Draping, Sewing Machine Servicing. Participants from different locations have participated in the training and have learnt from the expert trainers.</li> <li>• 36 trained women have started an additional enterprise and earning additional income. The additional enterprises created are Fancy store, Garment Sale, Wire Basket, Electrical Shop, Vegetables Store, Milch Animal, Provisional Store, Tailoring, Photocopy centre, Tea shop, Tupperware Products, Tiffin Shop, Millet Products Sale, Catering Services, Flour making, DTP centres and Farming. Among the 36 members, 16 members were supported with ₹17,50,000 loan through Belstar and they have started an additional enterprise.</li> </ul>

- On a four-day training held at AKM Mini-Hall, Tiruvallur, a total of 64 women entrepreneurs from various SHG groups across Tiruvallur district participated along with their family members. Mrs. Santhi, Head of KVK at Tiruvallur district, inaugurated the training. Mrs. Vijayarani DIC Deputy director, and Mr. Meenakshi Sundaram, Deputy COO Belstar, Mr. Vijayakumar, Senior Vice President and Mr. Joseph Raj, Chief General Manager participated in the Valedictory Function, rendered the special address and awarded gifts and certificates to the entrepreneurs. The entrepreneurs during the experience sharing session happily exclaimed that such trainings have helped them manage their business successfully. Out of 100+ entrepreneurs, 10 successful entrepreneurs were selected and awarded with certificates and mementos.
- Mr. Selvadurai, the BDT trainer had visited the trained entrepreneurs at their enterprises to assess possibilities for marketing support to the entrepreneurs.
- Mr. Elangovan and Ms. Amala, two entrepreneurs actively participated in the Business Development Training conducted by Hand in Hand India. On the celebration of Independence Day, HiH has provided business order for purchase of sticks worth of ₹48,000/- on which, the member had also provided job opportunities for 15 other members.
- The trained members after the training have started planning their daily time using the pie chart exercise, which has resulted effective time management for the entrepreneurs to spend time for their business, family and for themselves.
- Ms. Latha, after the completion Business Development Training, was called by the Railway Business development unit for “One Station, One Product” programme and had placed a stall at Tiruvallur Railway Station. Within just 15 days she earned ₹3,000 profit. Now she has been empowered as a trainer for many of the training programmes.
- In view of supporting the entrepreneurs 30 seconds short promotional videos for the enterprises of interested women entrepreneurs were designed and circulated on digital platforms.
- With the association of KVK, skill training support was connected to the 222 required entrepreneurs to equip themselves with necessary technical skill to start an additional enterprise. Trainings on Millet & Groundnut Value Addition, Cookies and Food Products making were provided the required entrepreneurs. HiH India’s association was appreciated by Tamil Nadu Agriculture University – Indian Counsel of Agriculture & Research – KVK with a certificate.
- 63 members who have completed the training have purchased sewing machines to earn additional income.
- The training inputs on digital marketing have resulted in utilization of online payment methods among the entrepreneurs. Even the training fee was collected through G-Pay, Paytm or Phone pay.

The trained members were connected to the district WhatsApp groups to have a platform to promote their enterprise and products.

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Budget

₹10,00,000/-

## Project-6 Financial inclusion training and nurturing CLNs for SHGs—Tamilnadu

Location	13 districts of TN
Key Activities	<ul style="list-style-type: none"> <li>• Capacitated 55 Nos. of Knowledge Volunteers &amp; Staff of 12 Regions for developing CLNs and conducting Trainings on CLN Management, Financial Inclusion and Digital Literacy (2 Modules)</li> <li>• Nurtured 154 new CLNs with the association of 21,122 Women belonging to 1,447 SHGs and Strengthened 133 Old CLNs through capacity building and leadership trainings. As a result...             <ul style="list-style-type: none"> <li>» 546 Nos. of CLNs and their Representatives were participated in the Special Grama Sabha Meeting on 26<sup>th</sup> January 2023 in their location and submitted their plea to District Admin. for fulfilling the basic needs of their village.</li> <li>» Organized 3 PRI Members' Training for 181 elected Panchayat Representatives</li> <li>» 485 CLNs have been oriented on advantages of BELSTAR Loan, loan products, merits of OTR &amp; Digital payment and de-merits of OD</li> <li>» 3 Nos. of General Medical Camps were organized by the CLNs of Kancheepouram and Ranipet Districts with the support of Savitha Medical College, Chennai for the benefit of 423 women and their family members.</li> <li>» Organized one Tuberculosis awareness camp with the support of Government Hospital, Virudhunagar for 150 members.</li> <li>» Organized 4 veterinary camps and provided treatment and mineral mixtures for 2,150+ animals in Villupuram district</li> <li>» Nurtured 179 Nos. of Livelihood Advancement Groups for amplifying sustainable income and sectorial livelihood activities</li> <li>» Trained 27,362 Women in Financial Literacy (1<sup>st</sup> and 2<sup>nd</sup> Modules) and created knowledge on household vision and budget, social security schemes, smart savings practice and Flagship Govt. welfare schemes. As a result, the following Nos. of SHG members and their families have been enrolled / benefited.                 <ul style="list-style-type: none"> <li>- PMSBY - ₹20- 32,765 members</li> <li>- PMJJBY - ₹436/- 21,784 members</li> <li>- Atal Pension Yojana 1,214 members</li> <li>- Death claim 3 members</li> <li>- 2,054 members have got Chief Minister's Comprehensive Medical Insurance card</li> <li>- 1,679 members have accessed Labour Welfare card for availing benefits offered by the State and Central Government</li> <li>- 106 members have got Uzhavar Pathukappu Attai</li> <li>- 1,182 members have opened Selva Magal Savings Account for their girl child's future</li> </ul> </li> </ul> </li> <li>• Provided Digital Literacy Training for 19,411 women and inculcated knowledge on Digital payments, Livelihood / business promotion and Women protection related digital applications and websites of various Govt. Welfare Schemes through 842 Nos. of Trainings</li> </ul>

- Nurtured 64 Nos. of Digital SHGs with 1,280 women (having smart phone on their own) for providing back-up for their respective CLNs towards inclusive empowerment. As an outcome...
  - » 7,548 SHG Members have been trained and motivated to make Digital payment through Gpay / Samridhi App / Bank App.
  - » 2,127 Women have got eSharm Card with the support of Digital SHGs

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Budget ₹10,00,000

**Project-7 Providing Quality Health services for the Underprivileged through Help Desk and Battery-Operated Car Service at Chengalpattu Government Medical College and Hospital—Tamilnadu**

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Location Chengalpattu GH, Tamilnadu

Key Activities Health Help Desk

- Assisted 456648 patrons visiting Chengalpattu GH

Battery Car Services

- Assisted 27872 patrons visiting Chengalpattu GH

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Budget ₹14,61,900/-

**Project-8 Supporting Vulnerable People Affected by Heavy Rains and Flood through Medical camps and Relief Supplies in Kerala**

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Location Palakkad district, Kerala

Key Activities

- Distributed food ration kits to 750 vulnerable people affected by flood during the rainy season

Medical camps:

- A total of 5 special medical camps were organized to benefit 474 people in Palakkad district Kerala. Details are given in the below table.
- 12 persons undergone cataract surgery and resumed their vision again
- A total of 85 spectacles distributed to the beneficiaries
- General Random Blood Sugar (GRBS) test for 234 people among which 60 people identified with high sugar referred for further tests

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Expenditure ₹12,50,149/-



<b>Project-9</b>	<b>Providing Quality Health services for the Underprivileged through Help Desks at Government Hospitals in Rajasthan and Madhya Pradesh</b>
Location	DHAR in MP and Sirohi and Jodhpur in Rajasthan
Key Activities	<p>Madhya Pradesh Help Desk</p> <ol style="list-style-type: none"> <li>1. Created awareness on Ayushman Bharat benefitting 6302 people.</li> <li>2. Supported in 16 Eye Camp in which 816 people benefited.</li> <li>3. Supported in Multi Speciality Camp (pediatric, gynecology, general physician, dermatology, NCD, CVD and ophthalmology), 589 people benefited.</li> <li>4. Organised 7 camps in the hospital for Ayushman Bharat Yojna</li> </ol> <p>Rajasthan Help Desk</p> <ol style="list-style-type: none"> <li>1. Total 87409 number of patients/people have been assisted under the Health Help Desk in Rajasthan (Sirohi- 64904 and Luni - 22505)</li> <li>2. Supported vulnerable poor people to reach the proper destination for treatment</li> <li>3. Guidance of general public to Covid-19 vaccination ward at the hospitals</li> <li>4. Supported people in documentation and form filling of Birth &amp; Death certificate</li> </ol>
Budget	₹10,68,000

<b>Project 10</b>	<b>Sustainable Skill and Entrepreneurship Development for Rural Youth with special emphasis on Applied Learning methodologies, Entrepreneurship and Job Creation—Tamilnadu</b>
Location	Tamil Nadu
Key Activities	3 Hackathons, Skill Programs - Tally Prime
Expenditure	₹14,41,911.00

<b>Project-11</b>	<b>Upholding Child Rights &amp; Preventing Child labor Through Social Mobilization, Capacity building and Scholarship Support for Higher Education-5 Panchayat in Uthiramerur Block of Kanchipuram District, Tamil Nadu</b>
Location	5 Panchayats in Uthiramerur Block of Kanchipuram District, Tamil Nadu
Key Activities	<ul style="list-style-type: none"> <li>• Obtaining Government Approval</li> <li>• Stakeholder's meetings</li> <li>• Baseline survey in all 5 Panchayats</li> <li>• Participation in Grama Sabha meetings</li> <li>• Awareness Rally by School children</li> <li>• Village-level Awareness meetings</li> <li>• Regular School &amp; OoSC children Enrollment</li> <li>• Training For School Management Committee (SMC) members</li> <li>• Support to Govt school with teachers</li> <li>• Cluster level Awareness meetings and trainings</li> <li>• Training on Child rights &amp; Protection</li> </ul>

- Training on STEM
- Debate Competition
- Commemoration of Special days
- End line Survey
- Participation in Hand in Hand India- Alumni Meet program

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Expenditure ₹10,00,220.00

### Case: Enhancing Access to Quality Healthcare for Underprivileged Communities: Help Desks in Government Hospitals of Tamil Nadu, Madhya Pradesh, and Rajasthan

Accessing necessary healthcare services can be a challenging task for individuals visiting government hospitals, especially for those from rural areas who may struggle with the hospital's layout and available services. This predicament often results in wasted time, lost wages, and discourages individuals from seeking essential medical attention. Such issues disproportionately affect vulnerable populations, including daily wage earners, farmers, laborers, and other underprivileged groups who rely on government hospitals for their healthcare needs.

To address this pressing issue, Belstar Microfinance Limited has generously provided corporate social responsibility (CSR) funding to Hand in Hand India. The objective is to establish four Help Desks in government hospitals located in Chengalpattu, Tamil Nadu, Dhar, Madhya Pradesh, and Sirohi & Luni, Rajasthan. These hospitals cater to thousands of individuals from surrounding districts, many of whom live in poverty. Staffed by a team of trained social work professionals and frontline health workers, these Help Desks offer vital assistance and support to patients, visitors, and the general public, enabling them to navigate the complex hospital system effectively. By offering much-needed guidance and support to those seeking medical attention, the Help Desks play a pivotal role in improving healthcare access and outcomes for vulnerable populations. They serve as a shining example of how targeted investments in healthcare infrastructure and community resources can profoundly impact the lives of those in greatest need.

#### Tamil Nadu

1. Assisted 27872 patrons visiting Chengalpattu GH through Battery Car Services
2. Assisted 456648 patrons visiting Chengalpattu GH through Helpdesks

#### Madhya Pradesh and Rajasthan

##### Health Desk

S.No	Progress Indicators	M.P	Rajasthan	
			Sirohi	Jodhpur
1	Number of persons assisted	34128	64904	22505
2	No. of persons sensitized on Insurance	19927	1361	5108
3	No. of person sensitized on Immunization	4931	1985	4305
4	No. of people sensitized on Government Health Helpline	11024	2597	3475
5	No. of people sensitized on Covid-19 vaccination	2983	1000	865
6	No. of people get COVID-19 Test results	2645	833	229
7	No. of people supported to get Covid-19 vaccination	3102	1000	245
		78740	73680	36732

## Insurance: A Safety Net for Clients

Financial Year 2022-23 witnessed the invaluable support of life insurance coverage provided by Belstar Microfinance to all clients and their spouses. This coverage played a crucial role in helping families navigate through both emotional and financial hardships. In some cases, it enabled families to sustain their businesses, thereby ensuring a steady income. Throughout the year, Belstar collaborated with various service providers to establish a robust safety net for borrowers. We received a total of 14,567 claim incidents during this period, out of which 13,465 claims were successfully settled. While Belstar has been providing a safety net for our borrowers since its inception, our focus in FY23 was to achieve end-to-end automation of the claim process. This initiative resulted in a 10-day reduction in turnaround time.

Belstar places great importance on educating its customers about the benefits and processes involved in making insurance claims, even before loan disbursement. Additionally, we conduct regular financial literacy campaigns to enhance understanding of insurance claim benefits and procedures. Our dedicated insurance team at the headquarters remains vigilant in supporting our clients, ensuring they can lead normal lives with the safety net we provide. This approach not only lightens the workload for our employees but also enables quicker response times and claims payments for our customers, creating a win-win situation. To further highlight the advantages of life insurance for our members and their nominees, Belstar actively captures case studies of beneficiaries.

One such beneficiary is Ms. Lizzy, a member of Elakolloor 1 SHG of Koodal. She received a loan of ₹40,000.00/- from Belstar Microfinance Ltd for her business. Unfortunately, her nominee passed away on May 15, 2022, due to a heart attack. However, Ms. Lizzy received an insurance sum assured amount of ₹45,000.00/- from Kotak Life Insurance, which she utilized entirely for her

business. Ms. Lizzy has three children, with one son and one daughter currently employed and another child still studying. She runs a tailoring business and earns ₹300.00/- per day. According to her, the insurance claim amount has been incredibly helpful to her family as it allowed her to continue her business, ensuring a sustained income throughout her life.

### HOSPICASH ALLOWANCE INSURANCE:

#### A Lifeline During Difficult Times

Belstar Microfinance, in collaboration with Muthoot Securities, has been providing Hospicash policy support since 2019. Hospicash is an allowance cover that offers cash benefits to the insured in case of hospitalization. The cash benefit is calculated based on the number of days the insured spends in the hospital and the premium amount paid. If the insured is admitted to the ICU, the benefits are doubled. This policy is particularly beneficial for clients at the bottom of the economic pyramid, as many of them face a loss of daily income during hospitalization, especially in the midst of the pandemic. The policy is competitively priced and can be extended to cover the entire family. The claim settlement process is simplified and conducted entirely online. Reasons for admission range from common ailments like fever and knee pain to more complex issues such as brain hemorrhages.

In the fiscal year 2022-23, Belstar sold a total of 500,710 Hospicash policies to clients across 19 states. During this period, 2,581 claims were lodged. Our clients highly value this product as it enables them to earn some income even when they are unable to work. The policy is flexible and can be availed by family members as well, making it comprehensive and accessible with an easy claim process. Belstar actively captures case studies of beneficiaries to showcase the benefits of the Hospicash Allowance Policy for both the insured members and their families.

One such policyholder is Mrs. Lad Kunwer from the Alot Branch in Ratlam Region. She opted for the Hospicash - 10 Days coverage. After eight months, Mrs. Kunwer was admitted to the hospital for fever. She promptly submitted all the treatment documents, including the discharge summary, to Belstar Microfinance Ltd, Alot Branch, to claim her Hospicash benefits on October 17, 2022. The entire document submission process was completed within 17 days, and an insurance amount of ₹9,000.00/- was credited to her bank account. Mrs. Kunwer utilized this amount for further treatment and purchasing medicines. We take pride in offering a diverse range of products and services to our valued customers.





# Human Capital

## Nurturing a Values-Driven Culture: Reinforcing Core Values and Embracing Empathy and Passion



In pursuit of fostering a robust corporate culture, Belstar remains steadfast in its commitment to nurturing a values-driven organization. Recently, our senior leaders embarked on a journey to revisit and fortify the company's core values, recognizing their crucial role in driving our collective success. The core values of Belstar - Professionalism, Accountability, Transparency, Teamwork, and Integrity - have always formed the foundation of our organization. During this introspective process, our Senior Leaders also acknowledged the significance of incorporating two additional values that would further enrich our organizational culture. These values are Empathy and Passion.

Empathy, as one of the newly introduced values, underscores our unwavering commitment to understanding and empathizing with the needs, challenges, and experiences of our employees, customers, and stakeholders. The Belstar Senior Leadership team firmly believes that by cultivating empathy, we can create an inclusive and supportive environment where individuals feel valued, heard, and respected.

Passion, the other newly embraced value, encapsulates the enthusiasm, dedication, and unwavering commitment that our team brings to their work. By fostering a culture of passion, our Senior Leadership aims to inspire employees to surpass expectations, pursue their goals with fervor, and view challenges as opportunities for personal and professional growth. Passion serves as the driving force behind our collective efforts to make a positive impact on the lives of our customers and the communities we serve.

Belstar firmly believes that by embracing professionalism, accountability, transparency, teamwork, integrity, empathy, and passion, we are positioned to navigate the dynamic business landscape, forge strong relationships, and achieve sustainable success. Our commitment to these values underscores the dedication of our Senior Leadership Team to upholding the highest standards of ethical conduct, fostering a positive work environment, and consistently delivering exceptional results for our customers and stakeholders.





Belstar's HR Team recognizes the pivotal role of employee productivity in driving organizational success. To enhance productivity across the workforce, we have implemented several initiatives aimed at empowering and elevating employee performance.

### **Comprehensive Training Programs:**

Belstar's HR Team has provided comprehensive training programs to our sales officers, both existing and newly joined. These programs include "Observation Training" for existing sales officers and "Demonstration Training" for newcomers. The goal of these programs is to improve processes, enhance product knowledge, and enhance customer interactions, ultimately leading to more efficient and effective sales teams.

### **Twin Track Mentoring Scheme:**

To facilitate the integration of newly joined sales officers into Belstar's organizational culture, our HR Team introduced the Twin Track Mentoring Scheme. Through mentorship and guidance from line managers, cross-functional mentors, and regional training managers, we help sales officers acclimate to their roles, improve their performance, and align with our organizational values.

### **Automation of HR Sub-Processes:**

In our pursuit of operational efficiency and improved employee experience, Belstar's HR Team has successfully implemented automation in several HR processes. One notable achievement is the introduction of a mobile-based HRMS application. This application allows field staff to access their personal information, such as leave balances, application statuses, and payslips/tax slips, directly on their mobile devices. This shift has eliminated the need for dependency on branch support staff, empowering employees and resulting in positive changes in staff behaviour.

We have also automated the attendance regularization process organization-wide. Strict adherence to cut-off times for attendance has helped streamline and regulate attendance tracking. Late entries or

## **Driving Productivity Excellence: Initiatives to Empower and Elevate Employee Performance**



half-day leaves are no longer considered unless supported by a supervisor through the regularization process. This automation has improved attendance management and ensured fairness in attendance tracking.

Furthermore, we have automated the exit clearance process using technology. By streamlining the process and triggering online clearance fifteen days before an employee's last working date, we have facilitated smooth communication among stakeholders. This automation includes portfolio scanning and reconciling any outstanding amounts for field staff. With increased transparency and reduced manual effort, Belstar's HR Team has witnessed a progressive reduction in the turnaround time for exit clearances.

## Nurturing Talent and Fostering Retention: Strategies to Address Field-Staff Attrition

Belstar understands the importance of work-life balance in employee satisfaction and retention. To promote this balance, we have implemented the Branch-based Collections approach, a unique model in the Microfinance Industry.

Employee engagement is another key focus area for us. We believe that engaged employees contribute to better business outcomes. Throughout the year, our HR Team organizes various engagement activities across zones/regions, including branch visits, fun-based events, and cricket tournaments. These initiatives foster team bonding, improve collaboration, and create a positive work environment.

### Recognition and Rewards:

Belstar values the achievements and contributions of its field staff and believes in acknowledging and celebrating their accomplishments. During periodic Regional Review Meetings, exceptional performers among the field staff are highlighted and recognized for their outstanding performance. To address the challenge of field-staff attrition, the Belstar HR Team has implemented measures aimed at retention. The Twin Track Mentoring Scheme has shown positive results, with sales officers under mentorship reporting lower attrition rates compared to those without mentorship. Additionally, Belstar conducted house visits by Branch Managers/Branch Officers, localized sourcing of candidates, and provided additional allowances in specific areas to enhance retention.

**Grievance Redressal:** Belstar is committed to ensuring a transparent and efficient grievance redressal process. To facilitate this, the HR Team launched the HR Helpdesk, a dedicated platform for employees to raise their concerns. Grievances raised through the HR Helpdesk are promptly addressed and escalated to the relevant HO HR/RHR SPOC for tracking and resolution. The HR Helpdesk provides employees with a platform to voice their concerns and ensures timely resolution of grievances.



# Training and Development

At Belstar Microfinance Limited, we prioritize the training and development of our staff as it is crucial to their professional growth and overall success. In the fiscal year 2022-23, we conducted a comprehensive range of training interventions for employees at various levels and roles.

For new joiners, we implemented a structured onboarding process consisting of a 2-day Common Induction program and a 1-day Role-based Induction program. These initiatives ensure that new employees are equipped with the necessary knowledge and understanding of the organization.

Continuing education is provided to all employees, including new joiners, through refresher training on products and processes. We focused on essential areas such as Cybersecurity, Prevention of Sexual Harassment (POSH), and Credit Information Bureau Limited (CIBIL) training to enhance employee awareness and compliance.

We also introduced Observation and Demonstration training to refine the skills of our field sales officers, both experienced and newly joined. This targeted training approach helps them improve their sales techniques, product knowledge, and customer interaction.

In addition to these established training interventions, we launched new programs to foster leadership development within Belstar. Regional Managers underwent a 3-day RM Leadership training program, equipping them with the necessary skills and knowledge to effectively lead their teams in the field. Branch Managers participated in BM Leadership training, focusing on branch management, team management, and customer handling.

To bridge the transition from campus to corporate, we implemented the Campus to Corporate program, hiring deserving candidates from management colleges through campus selections. These individuals underwent an intensive 15-day

## Fostering Growth through Training and Development: Empowering Our Employees for Success

training program for roles as Branch Managers and Branch Accountants.

To streamline and enhance our learning initiatives, we introduced "BML Shiksha," our official Learning Management System (LMS). Through this platform, we completed 5463 certifications for new joiners, ensuring a comprehensive understanding of the company, products, and processes. Additionally, certifications for POSH and Cybersecurity were conducted for 447 and 870 employees, respectively, utilizing the LMS.

Looking ahead to the fiscal year 2023-24, we have exciting training programs lined up. This includes senior management workshops and certifications, a leadership program tailored for Zonal Managers, sessions focusing on Belstar Values and Culture embedding for all employees, the implementation of an Assessment Center for Regional Managers, and specialized training interventions for employees who have been promoted within the organization. By investing in the continuous learning and development of our employees, we aim to foster a culture of growth and excellence. We believe that by equipping our employees with the necessary skills and knowledge, they will be well-prepared to navigate challenges.



## Internal Audit – Inside Intelligence

Internal Audit plays a crucial role in providing independent assurance to the management regarding the effective operation of an organization's governance standards and internal control processes. Our department conducts periodic and surprise audits of all branches, including service provider branches, and even conducts field visits to customers. We also ensure that effective controls are in place according to the Standard Operating Procedures for corporate functions such as Finance, Treasury, Human Resources, Credit Operations, Secretarial compliance, Administration, and Information Technology.

Belstar's Internal Audit team is dedicated to ensuring that business operations are carried out efficiently, adhering to the company's policies, and ensuring compliance. Our focus goes beyond simply identifying and highlighting issues; we also work collaboratively with functions to rectify mistakes, enhance controls, and enforce due diligence across all areas.

At the start of each financial year, we roll out and approve the audit plan for Risk-Based Corporate Audit and Branch Internal Audit. The risk-based audit aims to evaluate the effectiveness and adequacy of internal control systems, compliance with internal processes, accounting policies and procedures, as well as adherence to applicable laws and regulations. Based on our findings, process owners take corrective actions in their respective areas. Significant audit observations and their corrective actions are highlighted and discussed in the Audit Committee on a quarterly basis.

To evaluate compliance, our department maintains an internal control framework and conducts various audit processes, including:

- a. Quarterly Risk-Based Internal Audit of all Branches (including Service Providers)
- b. Audit of Corporate Office functions
- c. Audit of specific activities within larger functions
- d. Portfolio-level audit using data analysis to identify deviations across multiple checkpoints

All branches undergo two audits per quarter conducted by our Internal Audit team. The branch audit function consists of zonal/state audit teams working in the field, monitored by regional managers at the Head Office. Additionally, we have a dedicated team to handle corporate audits. To facilitate robust audit processes and minimize manual intervention, we utilize a tool called ETHICS, which aids in sampling tests and generates audit reports.

Audit ratings are categorized as High, Medium, or Low based on risk and probability of occurrence. These ratings are cascaded to respective teams at different levels for compliance. Our audit team also raises periodic audit alerts, enabling the management to promptly identify and understand the root causes of issues in the field, particularly those with financial implications. The findings and closure status of audits are presented monthly to the management team and quarterly to the Audit Committee.

Our internal audit function has unrestricted access to the company's records, physical properties, and personnel associated with any engagement. Furthermore, we have direct access to the Audit Committee, which comprises Directors and Independent Directors. We keep the Audit Committee updated on significant internal audit observations, compliance with statutes, and the

effectiveness of control systems.

With the introduction of revised MFI regulations in March 2022, we realigned our audit process and parameters where necessary during the year. The upcoming year holds immense potential for our audit function to ensure the implementation of best practices through improved IT-enabled controls and data analytics. We are committed to continuously enhancing our processes to deliver value and contribute to the overall success of Belstar.





## Risk Department and Service Quality

Belstar Risk Department has implemented a robust Risk Management framework to identify, measure, and mitigate business risks and opportunities. This framework is crucial in managing market, credit, and operational risks, while also quantifying their potential impact at a company level. Given the nature of our business, it has become an imperative measure of our performance for stakeholders such as investors, shareholders, and regulators, and has thus become an integral part of Belstar's operations.

Our Risk Management Structure is formed based on the following pillars:

- A. Identification of various risks across all lines of business and functions, including processes and policies.
- B. Assessment of these risks by assigning probabilities and impact levels to each risk, prioritizing the importance of mitigation and controls.
- C. Mitigation of risks through regular reviews of control adequacy and checks to ensure optimal results.
- D. Measurement and monitoring of risks through the establishment of key risk indicators with defined thresholds for all critical risks.
- E. Adequate review mechanisms in place to continually monitor and control risks.

Belstar's risk department focuses on key risks faced by the organization, including credit risk, liquidity risk, interest rate risk, operational risk, reputational risk, and regulatory risk. We have established a well-defined risk reporting and monitoring framework that takes into account the external market environment characterized by extensive changes in regulations, interest rates, economic growth, commodity trends, uncertain health environments, and geopolitical

disturbances. Our integrated approach has led to the formulation of a structured risk management framework.

Belstar's risk management approach revolves around the following categories:

Credit risk, Operational risk, Fraud risk, Systems risk, and Monitoring risk.

The distinct approach of our risk department is influenced by the following factors:

1. Our risk management guardrails are customized and inductive, driven by granular intelligence of every business segment in which we operate.
2. We employ early warning indicators, enabling proactive investigation and response rather than reactive measures.
3. Our approach emphasizes the effective use of data analytics, ensuring that our risk management decisions are based on proven facts rather than instinct.

Belstar has a well-defined Fraud Risk Management framework and a dedicated committee responsible for overseeing fraud-related matters. We have established an independent Field Risk Team to identify, assess, monitor, and manage risks using a detailed framework and processes, internal controls, information technology, and fraud monitoring mechanisms. These efforts are guided by the Board-approved Integrated Risk Management Policy.

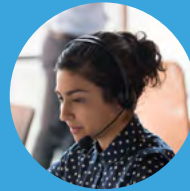
Belstar's overall risk governance is structured around three lines of defense, ensuring the effectiveness of our risk management framework and the presence of monitoring and assurance functions within the organization.

- A. The first line of defense involves identifying risk champions in each functional and business unit, who take ownership, responsibility, and accountability for directly assessing, controlling, and mitigating risks.
- B. The risk management team, guided by the risk management committee, constitutes the second line of defense. Our risk management division has implemented a comprehensive risk management framework across the business and provides thorough analysis and reports on risk exposures to create awareness throughout the company. The Risk Management Committee of the board convenes a minimum of four times a year to review the risk management policy, implementation of the risk management framework, monitoring of critical risks, and various other initiatives as per a structured annual plan.
- C. The third line of defense consists of internal auditors, consultants, and statutory auditors who provide assurance to the Audit Committee and senior management regarding the effectiveness of internal governance and risk processes.

By adhering to this risk governance structure, we ensure that Belstar effectively manages risks, maintains transparency, and enhances stakeholder confidence in our risk management practices.

# Information Technology

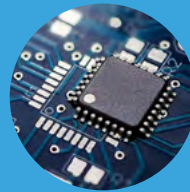
## Bringing financial and women empowerment through thriving technology



Customer-centric approach focusing on delivering high-quality, timely, financial services



Next-gen technology to offer better customer experience on all omni channels



Digitization and automation across organisation to improve efficiency, reduce TAT, and offer world-class service

We firmly believe that technology has become an integral part of both individuals and businesses. Our continuous efforts to improve and upgrade our technologies have greatly optimized our processes, enhanced efficiency, and increased productivity. As a result, we are able to provide timely financial solutions to our customers, meeting their needs effectively.

We recognize the evolving landscape of customer expectations and the importance of delivering exceptional customer experiences. Therefore, we have embraced industry best practices in our development life-cycle. Our significant investments in technology reflect our commitment to delivering high-quality technology services, thereby improving our overall customer service.

In line with our ambitious three-year business growth plan, we identified the need for a new, modern, and agile Core Financial Services Solution (CFSS). This implementation was prioritized at the highest level of leadership, and a top-rated industry-standard CFSS was selected to support our business goals and growth aspirations.

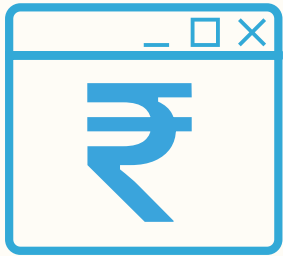
The IT team enthusiastically embraced the challenge of migrating 2.4 million customers, 3 million active and non-active loans, and the complete historical

transaction data. We are proud to announce that this migration was successfully completed within a record-breaking seven-month time frame. The newly integrated Core Financial Services Solution (CFSS) comprises three major modules: Loan Origination, Loan Management, and Collections.

To enhance operational efficiency and flexibility for our field employees, we have introduced a Bring Your Own Device (BYOD) policy. This policy has proven beneficial for both the organization and our employees, reducing the need to handle multiple devices and streamlining operational aspects.

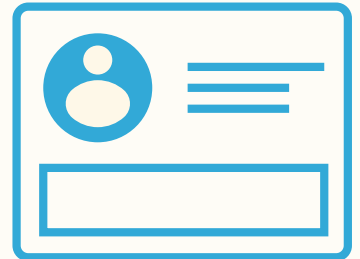
Overall, these initiatives demonstrate our commitment to leveraging technology for continuous improvement, ensuring optimal customer service, and positioning ourselves for sustained growth in the ever-changing financial landscape.

# FY 22-23 IT Achievements



# 99.5%

Digital Disbursement



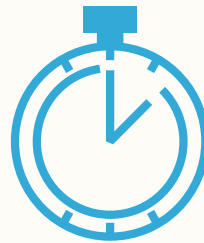
State of the art

# CFSS

Deployment

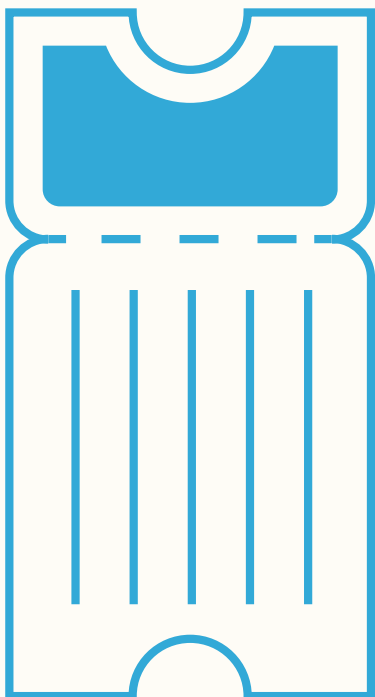
# 50%

TAT Improvement



# 25%

Higher Ticket Size



# ₹1,250 Crore

is collected in Digital Collections



# 50 Lakh

Customers Onboarded Digitally

## Key Technology Initiatives Delivered in FY 22–23

Initiative	Benefits achieved
Implementation of Core Financial Services Solution (CFSS)	<p>The new CFSS deployment brought the following key improvements.</p> <ul style="list-style-type: none"> <li>100 % Digital Workflow through system</li> <li>Reduced TAT by 50% from sourcing to disbursement</li> <li>Robust &amp; highly scalable</li> </ul>
Digital disbursement	<p>Achieved 99.5% digital disbursement through adequate technological tools including Penny drop checks and name matching</p>
BYOD deployment	<p>Introduction of BYOD policy helped the field employees to reduce the no of devices carried</p> <ul style="list-style-type: none"> <li>Eased operational comforts</li> <li>Optimized cost expenditure and moved to opex model</li> <li>Minimized the technological &amp; logistics support</li> </ul>
Data Analytics for field employees	<p>StarHub a Mobile App provides almost real time dashboard information to each and every field employee in relation to their own portfolio. It helps to understand their customers, trends and portfolio progress. It helped them to plan &amp; tweak their tasks accordingly.</p>
Process Improvement	<p>Optimization of existing processes assisted to reduce the customer servicing TAT. Automated data pushes to field staff for timely consumption.</p>



## Credit Plus Our Community Commitment

### Tangible socio-economic outcomes through credit-plus services towards inclusive women empowerment processes



Belstar has evolved appropriate Credit Plus interventions encompassed with several Community Connect initiatives for fostering Customer connect and building concrete relationships. The well-structured non-financial services have been delivered through strengthening CBWOs (Community Based Women Organizations - SHGs, JLGs and Cluster Level SHGs-Network) and Capacity Building Training for women on Group Dynamics & Leadership qualities and Financial & Digital Inclusion, Enterprise Motivation and Development Training, Skill Trainings, etc.,

Moreover, towards facilitating access to Govt. Schemes for SHG Women, the Team has Organized advocacy programmes with potential Stakeholders and created awareness on various Govt. welfare schemes along with procedural requirements. It has provided back-up for building smooth linkages and networking with potential Govt. and Private Institutions. Women participating in the Credit plus program have valued their confidence and comprehended their increased self-esteem and self-efficiency. The outreach of each programme has yielded a lot of Social and Economic outcomes and Self-confidence among women towards sustainable action to the path of inclusive empowerment.

During the FY '2022-23, Belstar has persistently innovated and executed the following 'Credit plus' interventions in Tamilnadu, Karnataka, Maharashtra, Madhya Pradesh and Rajasthan and conceded the expected upshots by connecting 3.5 lakh women with the support of experienced Staff and Social mobilization experts.

#### **Awareness building and Enrolment Campaign on Govt. subsidized Social Security Schemes:**

Social security is a human right which responds to the universal need for protection against certain life risks and social needs. It covers eventualities like Sickness, Accidents, Disability, Death and Old age. In order to move towards creating a universal social security system for all Indians, especially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government. The schemes are providing life & accident risk insurance and social security at a very affordable cost namely (a) Pradhan Mantri Suraksha Bima Yojana (PMSBY) and (b) Pradhan Mantri Jeevan Jyoti Yojana (PMJJY) and (c) Atal Pension Yojana (APY). Even though, highly beneficial Schemes – the team found the reach of awareness found very meagre at the gross-root level. The Credit plus Team has taken these as an opportunity and created awareness among 2.34 lakhs of women and facilitated the enrolment of **80,022 No.s of Women** in PMSBY, PMJJY, APY and Chief Minister's Health Insurance Schemes with the support of SHGs –Cluster Level Network. Moreover, team has facilitated **2,824 women** to access Pradhan Mantri Fasal Bima Yojana – Crop Insurance Scheme and **6,830 women** to access eSharam – Labour Welfare Card for ensuring 10 types of solid benefits through comprehensive Central and State Govt. Schemes.

### **Nurturing SHGs- Cluster Level Network for evolving Social and Economic Outcomes:**

Hand in Hand has pioneered SHGs Cluster Level Network (CLN) as the base ladder for sustainable action in the process of advancing inclusive empowerment processes. The SHGs-CLN has its own governing system and the fixed responsibilities based on the envisioned growth of their own constituent SHGs and individual SHG members. The concept of CLN has been evolved to find appropriate solutions for social, economic and political issues with the support of PRI Members and Govt. Officials. Towards sharing information and resources, finding appropriate solution for the prevailing social and economic issues through joint action and promoting linkages with Govt. and other potential resource Institutions, the team has nurtured 1005 Nos. of SHGs-CLN as common platform for **8,906 SHGs** and their **1,13,992 members**. Besides, **26,714 CLNs** Representatives have been imparted Training on Leadership, Team building and Group dynamics for providing effectual services and support to their associated Members. Among all the CLNs, 681 CLNs are regularly facilitating Customer connect meetings towards strengthening their internal and external relationship. Moreover, 838 CLNs have regularly participated in Gramasabha meetings and achieved 2 or more basic Village needs.

### **Customers connect and International Women's Day Celebration:**

Towards honouring the socio-economic, cultural and political achievements of women the Credit plus Team has facilitated the International Women's Day Celebration and Observance Programmes from 8<sup>th</sup> March to 31<sup>st</sup> March'23 for 42,286 SHG Women in the focussed 5 States. It was not only a Customer connect but also sensitized the women to think about their social and economic rights towards furthering their goals. Moreover, it has increased the affinity and loyalty among the women and solidified the long-lasting relationship with Belstar.

### **Camps and Campaigns:**

With the aim of creating awareness about preven

### **Camps and Campaigns:**

With the aim of creating awareness about preventive health care measures and supporting women to get the healthcare at the right time and seeing the doctor early enough before a small health problem turns serious, the team and the respective CLNs / SHGs has organized 186 Nos. of Medical camps for benefitting 21,430 Women and Children with the support of HiH - Health Pillar and Private Medical Institutions. Moreover, with the support of local PHCs, the team has organized 22 Nos. of free Vaccination Campaigns and provided medical advice.

### **Financial and Digital Inclusion Trainings:**

Towards facilitating women to participate in the financial system and capacitate them to better manage risk, smooth consumption in the face of shocks, or fund household expenditures like health and education, the Team has conducted Financial Literacy Trainings for 68,725 Women. Moreover, they have been imparted knowledge on Smart Savings, Wise Lending, Social Security schemes, Household Budgeting and advantages of Digital transactions for fostering economic resilience and increasing control over financial resources. Women in Digital Inclusion are inevitable and presumed more significant in the advent of the Women Empowerment process. The current internet penetration precedes the Digital Literacy to become the core part of almost everyone. Knowledge of accessing digital services such as mobile money transaction services can empower the women to start small businesses and give them greater control over their income and savings. Thus, the Team organized 1,874 Nos. of Training for 38,806 Women who can access and use smartphones. Besides providing follow-up action and digital services to the SHG women, the Team has nurtured 382 Nos. of Digital SHGs with 4,327 Nos. of Digital champions. In turn, the trained Digital Champions have imparted practical knowledge on Digital payment to 32,400 BELSTAR Customers for making their repayment through Samruti App.

## **Enterprise Motivation and Business Development Training:**

The importance of women entrepreneurs is more as she creates employment opportunities. Women get financial freedom as entrepreneurs, so their family becomes healthier, and the overall economic status improves for sustainable action. Entrepreneurship Motivation and Development Training provides women to identify appropriate livelihood opportunities and Business skills to help them establish a successful enterprise. Thus the team provided well-structured Enterprise Motivation and Development Trainings for 18,617 Nos. of budding and existing women entrepreneurs who want to start, run and grow their business and to create conducive conditions for inclusive, resilient and sustainable income generation. Moreover, the team has nurtured 524 Women Business Champions from the SHGs and capacitated them to facilitate CLN to CLN Business activities. Besides, the Team initiated business coaching for 1,828 women to run their business profitably through mobilizing external resources and following required procedural requirements.

## **Capacity building of Women through Skill Trainings:**

Skills development improves productivity, employability and earning opportunities for Women and their family members. It is considered as an important and indispensable tool for women empowerment. Hence, the team facilitated and organized Skill Trainings for 1,112 women in various trades (SMO, Aari embroidery, Screen printing, Asst. Beauty Therapy, Food products, LED light production, Basic Computer Skill and Tally Prime etc. for improving employability and income-earning opportunities to enhance sustainable livelihoods.

## Caselet

Mrs. Kotteeswari, has been a SHG member since 2017. She was not involved in any income generation activities earlier. In 2020 Ms. Kotteeswari was skilled on Beauty & Wellness and started her enterprise named "PADMA SPA". She wanted to earn an additional income, so she learnt Aari Embroidery through Enterprise supporting Team. Subsequently, with the loan support of Belstar, she had expanded her enterprise. Through the Beautician and Embroidery Skills, Mrs. Kotteeswari is earning ₹35,000 per month with an ₹20,000 profit. Before she started her enterprises, Mr. Nethaji, her husband's earning of ₹15,000 per month was the only source of family income. Now with her contribution of ₹20,000 her family's income has increased to ₹35,000. She is now contributing to her family's income more than her husband. Mrs. Kotteeswari has also employed 3 other women through at her enterprise and is now a qualified trainer.



## Towards a positive path...

Mrs. Revathy, a photographer had a small enterprise with a daily earning of ₹2,000 and monthly income of around ₹50,000. She had enquired about a MSME loan support and skill training (Digital Painting) through the Enterprise Assessment Form. Our team has addressed Mrs. Revathy's loan requirement with ₹2 lakhs of MSME loan to expand her enterprise. She had bought an Advanced Camera Lens, Photocopy Machine, and Variety of Photo Frames to expand her enterprise. With the expansion of her enterprise Mrs. Revathy is now earning a daily income of ₹4,000 and a monthly income of around ₹90,000; post the expenses she is able to earn around ₹45,000 to ₹50,000 profit per month. The hardworking woman entrepreneur is now an employer and provides ₹9,000 as a monthly salary.



The Credit Plus Team has imparted Financial Literacy Training at Perunagar of Kancheepuram District with the main content of advancing Social Security Schemes and its procedural requirements. As a follow-up, Dr. Abdulkalam CLN has organized an Awareness Programme and 100% Social Security Campaign at Perunagar with the support of Banking Correspondent of Indian Bank and facilitated enrolment processes by covering maximum Nos. of CLN members and their families. During the Campaign, the Knowledge Volunteer of Dr. Abdulkalam CLN has sensitized and enrolled Ms. Selvi and her husband Mr. Velu (Lorry driver) in the Govt. Prime Minister Suraksha Bima Yojana (Accident policy) with low premium -i.e., ₹12/- per year. Spontaneously, her husband Mr. Velu has passed away by Lorry accident. Selvi and her 2 Girl Children (studying in middle School) have suffered a lot due to insufficient income—which was not enough to meet their daily bread. In the meantime, the CLN members have visited the Bank and found the eligibility for Insurance claim.

While hearing this good news, Selvi tearfully said, “I didn't know anything about Govt. Social security Schemes - Insurance products. During Financial Literacy training, I came to know about the advantages of Govt, Insurance Scheme and its process. Since it was of very low cost (₹12/- per policy), I've consented to enroll my husband and self in the Accident policy. Now because of heavy loss in my family, we became helpless. But, with the support of my CLN members and Bank, I was able to claim the policy amount ₹2,00,000/- (Two lakhs) within 60 days. It is really a great support to me during this critical time - One side, I've settled my heavy



## Social Security led to a new life...

interest loan and escaped from the trap of a money lender and the other side, I've used this money to open a small tiffin Centre. Presently, I am able to earn sufficient money to take our daily bread and feed my Children's needs. Besides, now I am very confident that I'll definitely give a bright future to my daughters. Many thanks to Belstar Credit Plus Team for all their support and knowledge inputs..."



# Case Studies



## Kerala

Liji, a resident of Pathanapuram district, had a strong determination to establish her own business when her husband's income proved insufficient to support their household and two children. With her husband earning daily wages at a shop, Liji sought financial assistance to start a lottery business. It was during this search that she discovered Belstar Microfinance Limited and decided to apply for a loan. With the assistance of the field staff, Liji successfully obtained the loan.

Initially, Liji began her entrepreneurial journey as a roadside vendor selling lottery tickets. However, she encountered numerous challenges and faced societal taboos, particularly in Kerala where the lottery sales industry was predominantly male-dominated. Despite facing ridicule from neighbours and relatives, Liji remained persistent and continued selling lottery tickets. However, operating as a roadside vendor presented difficulties during rainy days.

After successfully completing her first loan cycle, Liji applied for the next cycle and rented a small shop. With the additional funds, she expanded her business to include stationery items along with lottery tickets. As a result, her income increased to ₹30,000 per month. Liji expresses her gratitude towards Belstar Microfinance Limited for supporting her throughout her entrepreneurial journey.

Liji's inspiring story demonstrates her determination to break barriers and pursue her dreams. Despite facing societal challenges and gender stereotypes, she overcame obstacles and achieved success in her lottery business. Her story serves as a testament to the transformative power of microfinance and the importance of providing financial support to individuals with entrepreneurial aspirations.

## Breaking Barriers, Building Dreams.



Radha's journey demonstrates the transformative power of renewable energy and how it can positively impact lives. As a member of the Adivasi community in Palakkad, Radha faced various challenges in ensuring the sustainability of her family's livelihood. However, with the assistance of Government schemes, she was able to build a small house, providing a foundation for her future.

Realizing the potential of solar power, Radha approached Belstar for a small loan to install solar panels on her house. This decision not only enabled her to meet her own energy needs but also generated surplus energy that she could supply to the Kerala Electricity Board. In return, the board compensates her with a substantial amount, turning her environmentally conscious choice into a sustainable source of income.

Radha's experience highlights the multiple benefits of embracing renewable energy sources. By harnessing the power of the sun, she has not only reduced her dependence on conventional electricity but also contributes to a cleaner and greener environment. Additionally, her entrepreneurial spirit and determination have transformed her initiative into a livelihood, empowering her and her family economically.

The case of Radha exemplifies how access to affordable loans, combined with government support for renewable energy, can energize futures and empower lives. It serves as an inspiration for others to follow suit, promoting a sustainable and prosperous future for communities and the planet as a whole.

## Energizing futures and empowering lives.



## Karnataka

Sudha Barigali's journey from a constrained upbringing to a thriving entrepreneur is an inspiring tale of determination and resilience. Despite facing numerous challenges, she managed to turn her dreams into reality through her unwavering dedication and strategic decisions. Coming from a middle-class family and getting married at a young age, Sudha's opportunities for personal growth were limited. However, her entrepreneurial spirit emerged later in life when she realized that her husband's income alone couldn't sustain their family of five. With some savings, she started a small bangle sales business, but it struggled to take off even after six years of relentless efforts.

Undeterred by initial setbacks, Sudha expanded her business by opening a shop at her home, with the support of her relatives who invested in her venture. However, she faced a new challenge of lacking sufficient funds to purchase more bangles for her shop, which was running at a loss. To overcome this hurdle, she approached Belstar for a loan of ₹35,000, which she invested entirely in her business.

The loan allowed Sudha to replenish her store with abundant stocks of bangles and perfumes. As a result, her revamped shop started generating a monthly profit of ₹10,000 to 15,000. With this newfound success, Sudha could not only support her family but also afford to enroll her children in reputable schools.

Building on her accomplishments, Sudha expanded her product range to include stationery and gift items, diversifying her business further. Looking ahead, she is planning to acquire additional loans to continue expanding her enterprise.

Sudha's story exemplifies how determination, coupled with strategic decision-making and financial support, can transform a humble start into a successful business venture. Her journey serves as an inspiration for aspiring entrepreneurs who face obstacles but refuse to give up on their dreams.

## Turning Dreams to Reality.





## Maharashtra

Suvarna, an aspiring entrepreneur, has successfully managed her own business for the past 2-3 years while balancing her household responsibilities. Her specialization lies in producing flavored soda water and various milk products. Recognizing an opportunity to cater to the needs of children with a nearby school, she sought support from Belstar to start a small venture. Initially, she began by creating Pepsi cola and ice candies using simple ingredients like sugar, drinking water, and food coloring.

As time progressed, Suvarna embraced modern technology and expanded her product line to include colored full Pepsi candies, milk candies, and a variety of flavored Pepsi candies. With the help of advanced machinery and techniques, she also ventured into manufacturing soda water, masala soda, lemon soda, and more. Currently, her production capacity allows her to manufacture around 2,500 to 3,000 Pepsi candies per day. After deducting manufacturing costs and utility bills, she earns a daily profit ranging from ₹800 to 1,200.

Looking towards the future, Suvarna envisions expanding her business further by establishing a plant in a commercial area. This strategic move will fuel her growth and success by increasing production capacity, improving efficiency, and reaching a larger customer base. By leveraging the power of modern machinery and techniques, she aims to meet the growing demand for her products and establish a prominent presence in the market.

Suvarna's journey exemplifies the transformative power of entrepreneurship and determination. Her dedication to continuously improve her products and embrace technological advancements sets her on a path to sustained success. With her vision of expansion and a focus on delivering high-quality products, Suvarna is poised to craft delightful experiences for her customers while nurturing her entrepreneurial dreams.

## Crafting Delights and Nurturing Dreams



## Tamil Nadu

Shanthi G, a 52-year-old woman with limited education, has defied all odds and emerged as a symbol of strength and resilience in her community. As the primary breadwinner, she manages a fancy store in the village of Manali. Belstar, a lending organization, granted Shanthi a loan of ₹30,000, which turned out to be life-changing for her. With the infusion of capital, her monthly income skyrocketed from ₹10,000 to an impressive ₹24,000.

The newfound success and confidence propelled Shanthi to become not only a successful business owner but also an inspiring single parent. She took on the responsibility of managing her family and business after the demise of her husband, Mahesh. Moreover, Shanthi's determination and resilience have left a lasting impact on her two sons, Narasiman and Mahesh, who have now embarked on their own entrepreneurial journeys by starting painting contract businesses. In addition to expanding her store's inventory and boosting her own income, Shanthi utilized the loan's profits to purchase essential home appliances and machinery for her sons' enterprises. This gesture not only demonstrated her support for her children's aspirations but also fostered a sense of unity and collaboration within the family.

Shanthi's remarkable journey of growth and empowerment has become an inspiration to her entire community. Her story serves as a powerful reminder that our circumstances do not define us. Through her unwavering determination and hard work, Shanthi has transformed challenges into opportunities. She expresses deep gratitude to Belstar for providing the financial support that catalyzed her success. Shanthi's resilience ignites hope and serves as a shining example that with determination and perseverance, one can overcome any obstacles and achieve remarkable accomplishments.

## From Challenges to Opportunities: Shanthi's Resilience Ignites Hope





## Uttarakhand

Renu Ji's journey is a testament to the human spirit and the power of perseverance. Despite facing numerous adversities, she refused to succumb to despair and instead chose to fight back. The challenges posed by the lockdown and her husband's illness threatened to dismantle her small grocery shop and her family's stability. However, Renu Ji's indomitable will and inner strength propelled her forward.

When Renu Ji discovered Belstar Company through a friend, she found a glimmer of hope. Belstar not only provided her with a loan of 40,000/- but also offered her the support and guidance she needed to expand her business. With the financial assistance, Renu Ji was able to diversify her inventory, attract more customers, and generate sufficient income to meet her family's needs.

The impact of Belstar on Renu Ji's life extends beyond monetary support. It instilled within her a newfound confidence and pride. Belstar's recognition and belief in her potential motivated Renu Ji to envision further growth. She aspires to venture into the fast-food industry, and with the support of a larger loan from Belstar, she is confident in achieving this dream.

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Renu Ji's inspiring journey reminds us that resilience, determination, and timely support can help individuals overcome even the most challenging circumstances. She serves as a shining example of how one person's determination can transform not only their own life but also the lives of those around them. Belstar's partnership with Renu Ji exemplifies the positive impact that organizations can have in empowering individuals and fostering their success.

## Rising from Adversity:

## Renu Ji's Inspiring Journey with Belstar



Nirmala's decision to start a small nursery garden has proven to be a successful entrepreneurial venture, significantly improving her family's lifestyle and income generation. With the support of a loan totalling ₹70,000 from Belstar, Nirmala was able to acquire the necessary resources and materials to establish the nursery.

Utilizing their knowledge of farming, Nirmala and her husband collected saplings from nearby horticulture farms, which helped them kickstart their nursery. The nursery's success can be attributed to their expertise and dedication. Unlike traditional farming, the nursery requires less water, relieving Nirmala from the dependence on rainfall for a good yield. This resilience to weather conditions has eliminated many of the challenges they previously faced.

As a result of their hard work and the profitable nature of the nursery, the family's monthly income has skyrocketed from ₹15,000 to ₹40,000. This substantial increase in income has not only enabled them to cover their expenses but has also given them the opportunity to improve their standard of living. Nirmala and her husband can now provide better education, healthcare, and other essential amenities for their family.

Overall, Nirmala's decision to establish the nursery garden and her determination to succeed have led to a significant transformation in their financial situation, bringing prosperity to their lives and empowering them to build a brighter future for themselves and their family.

## Cultivating Prosperity



## Management Discussion Analysis

NBFC (MFIs) play a significant role in complementing banks and financial institutions by filling gaps in financial services for various customer segments. They particularly cater to unbanked and underbanked populations in rural and semi-urban areas, contributing to the mission of financial inclusion.

In FY23, Belstar Microfinance Ltd. continues to operate within the regulatory framework set by the Reserve Bank of India (RBI). Belstar remains committed to complying with the new framework and maintaining a strong regulatory posture. In the last two years, the industry, with the leading efforts of the industry Self-Regulatory Organization and the support of the Reserve Bank of India and the Government, has bolstered the foundation of the socio-economic pyramid of the country through inclusive financial services, powered by technology, strengthening economies for scale. The new regulatory framework, implemented in March 2022, provides a common definition of microfinance for all regulated entities, ensuring a level playing field and minimizing regulatory arbitrage.

Microfinance loans in India increased 21.3 per cent year-on-year (YoY) at ₹3.5 trillion in Financial Year 2022-23 (FY23), backed by revised regulatory norms and higher demand. As per the recent estimates by CRISIL Research, the overall portfolio size of the microfinance industry is expected to reach ₹5.0 trillion by end of financial year 2025. As of the end of March 2022, the microfinance industry had grown at a CAGR of 22% since the financial year 2018, the industry is further expected to grow at 18-20% CAGR between FY22 and FY25.

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, 2023, the industry's total gross loan portfolio was 3,483,390 million, having witnessed 13.0% YoY growth, with 66.0 million unique borrowers. The NBFC-MFI segment accounted for 39.7% of the microfinance lending, with Banks at 34.2%, SFBs at 16.6%, and NBFCs/Others at 9.5%. As on Mar-23 the industry consisted of 211 lending institutions - 82 NBFC-MFIs, 13 Banks, 9 SFBs, 69 NBFCs and 38 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 2022-23 for Belstar

Particulars	FY23	FY22	Growth
Disbursement (` In Mn)	57,950.80	35,463.86	63.4%
Employees (No's)	8,022	5,939	35.1%
Branches (No's)	767	729	5.2%
Customer Accounts (No's)	22,62,601	16,93,833	33.6%
Balance Sheet Size (` In Mn)	62,269.01	45,602.84	36.5%
Loan Assets (` In Mn)	61,920.94	43,649.05	41.9%

Particulars	FY 23	FY 22
Total Income	10,379.15	7,284.32
Net Interest Income	4,874.66	3,691.11
Assets Under Management	61,920.94	43,649.05
Securitization / Direct assignment done during the year	21,116.59	7,232.86
Net worth	10,922.99	8,559.33
Profit after tax	1,303.25	451.29
Capital Adequacy Ratio	21.97%	24.06%
Return on total assets	2.42%	1.12%
Debt equity ratio	4.42	4.16
Net Interest margin	6658.17	4360.08
Interest coverage ratio	1.46	1.19
Net profit margin	12.56%	6.20%
Return On Equity	13.38%	6.46%
Gross Stage 3 assets	1,144.81	2144.99
Net stage 3 assets	305.21	525.75

## Our Strategy

Belstar Microfinance Ltd envisions becoming a technologically-driven and customer-focused leading micro-finance institution. As the Indian economy experiences a significant rise from the bottom of the pyramid, with numerous families transitioning into the middle class, Belstar aims to capitalize on this opportunity by targeting the emerging lower middle-class segment, which is currently underserved by larger institutions. By doing so, Belstar aims to contribute to the growth and upliftment of the Indian socio-economic environment. Belstar has strengthened its position over the past years, particularly by implementing positive initiatives after the pandemic. As a result, the institution has established a robust platform that is well-prepared to seize upcoming opportunities.

## Diversified Range Of Products

Belstar offers a comprehensive suite of products and services, providing a personalized customer experience. The institution has built a strong customer base within microfinance segment. Belstar focuses on creating need-based products for each segment (ie. Lower and lower-middle income segment), including the introduction of tailored products for the semiformal and formal segments of the Micro and Small enterprise (MSE) sector. The institution is also exploring the co-lending model and shifting towards digital products, aiming to provide shorter-term products to better meet the needs of its customers.

## Focus On Digital Banking And Analytics

Belstar has established a dedicated data analytics team to enhance customer experience, optimize technology investments, and minimize operational costs. The institution's digital strategy includes digital innovation, API banking, fintech collaborations and partnerships, artificial intelligence, digital lending, payments, and data analytics and insights.

Belstar aims to leverage these digital initiatives to improve overall efficiency and effectiveness within its digital ecosystem. The institution is actively implementing end-to-end digitization processes to enable contactless



disbursements and repayments. By harnessing data analytics, Belstar will gain actionable insights for well-informed decision-making. Additionally, the institution plans to collaborate with the fintech ecosystem to offer innovative products and solutions to its customers. Digital channels will play a crucial role in acquiring new customers and delivering services efficiently, allowing Belstar to expand its digital reach across the country.

### **Responsible Microfinance For The Underserved Segments**

Belstar is committed to promoting financial inclusion for unserved and underserved segments. The institution's focus is on fostering financial discipline among its customers and educating them about the risks associated with excessive debt and multiple borrowings. Belstar will continue to emphasize the advantages of saving in a bank and obtaining insurance products. Through its partnership with the Hand in Hand India, the institution will offer financial literacy programs to enhance financial awareness.

Furthermore, Belstar is enhancing the services of its mobile application to assist customers in fulfilling service requests and conducting basic transactions in their preferred language and channel. By encouraging its customers to embrace digital channels, Belstar aims to provide them with a cost-effective, convenient, secure, and seamless transaction experience.

Belstar's strategy revolves around leveraging technology, promoting responsible lending, and offering tailored financial solutions to the segment that is at the bottom of the pyramid. Through its focus on digital banking, analytics, and responsible microfinance practices, Belstar Microfinance aims to establish itself as a leading microfinance institution that drives financial inclusion and uplifts the socio-economic environment in India.

### **Progression Plan**

In the current landscape, the microfinance industry has witnessed remarkable growth but continues to encounter obstacles in reaching rural areas with limited access. Expanding the customer base in these underserved regions remains a promising opportunity for the microfinance sector, both in established and emerging rural areas.

To capitalize on these opportunities, it is essential to analyze the vast pool of data available from existing customers, complemented by credit bureau data and customer behavior insights. Microfinance institutions possess a unique advantage in their ability to reach customers in remote locations, aided by the increasing penetration of smartphones and data availability. Belstar is keen on leveraging this advantage by incorporating machine learning and artificial intelligence into its operations, thereby delivering more personalized services and products to rural low-income households in the years ahead.

However, the microfinance sector also faces threats, notably the escalating frequency of natural disasters that adversely affect the livelihoods and economic activities of those at the bottom of the socioeconomic pyramid. Belstar acknowledges the ongoing risks associated with climate change and intends to mitigate these by diversifying its operations at the district level. By spreading its exposure to natural disasters and implementing effective risk management practices, Belstar aims to provide support and financial assistance to affected borrowers and communities, fostering their resilience and facilitating their recovery.

Looking ahead, Belstar has implemented a robust and proactive risk management framework to address both internal and external risks. The organization has established a Board Risk Management Committee responsible



for overseeing risk management efforts, while a dedicated risk committee at the management level focuses on specific risk areas such as credit risk, operational risk, liquidity risk, and market risk. Detailed reports are presented to these committees to ensure comprehensive risk oversight.

At the core of Belstar's business strategy lies a commitment to customer-centricity. The organization aims to develop products that cater to the unique needs of new-to-credit and early-stage customers through microfinance, retain graduated customers through individual unsecured business loans, and offer secured products that complement the target customer segment, supporting their business growth and asset ownership aspirations. With its extensive presence in rural areas and a profound understanding of customer mindsets and financing requirements, Belstar has identified specific products that align with the target customer segment. Thorough pilot programs will be conducted to validate these products before scaling up their implementation. Belstar has already made substantial technology investments to support these new offerings and plans to leverage its existing retail finance branch network and skilled workforce to provide these products to both existing and prospective customers. Additionally, Belstar aims to explore partnerships with fintech startups, enabling the delivery of technology-enabled products supported by data analytics and customer profiling. The organization draws strength from the stability and support of its strong parent company, The Muthoot Group, as well as the institutional processes it has established over the years.

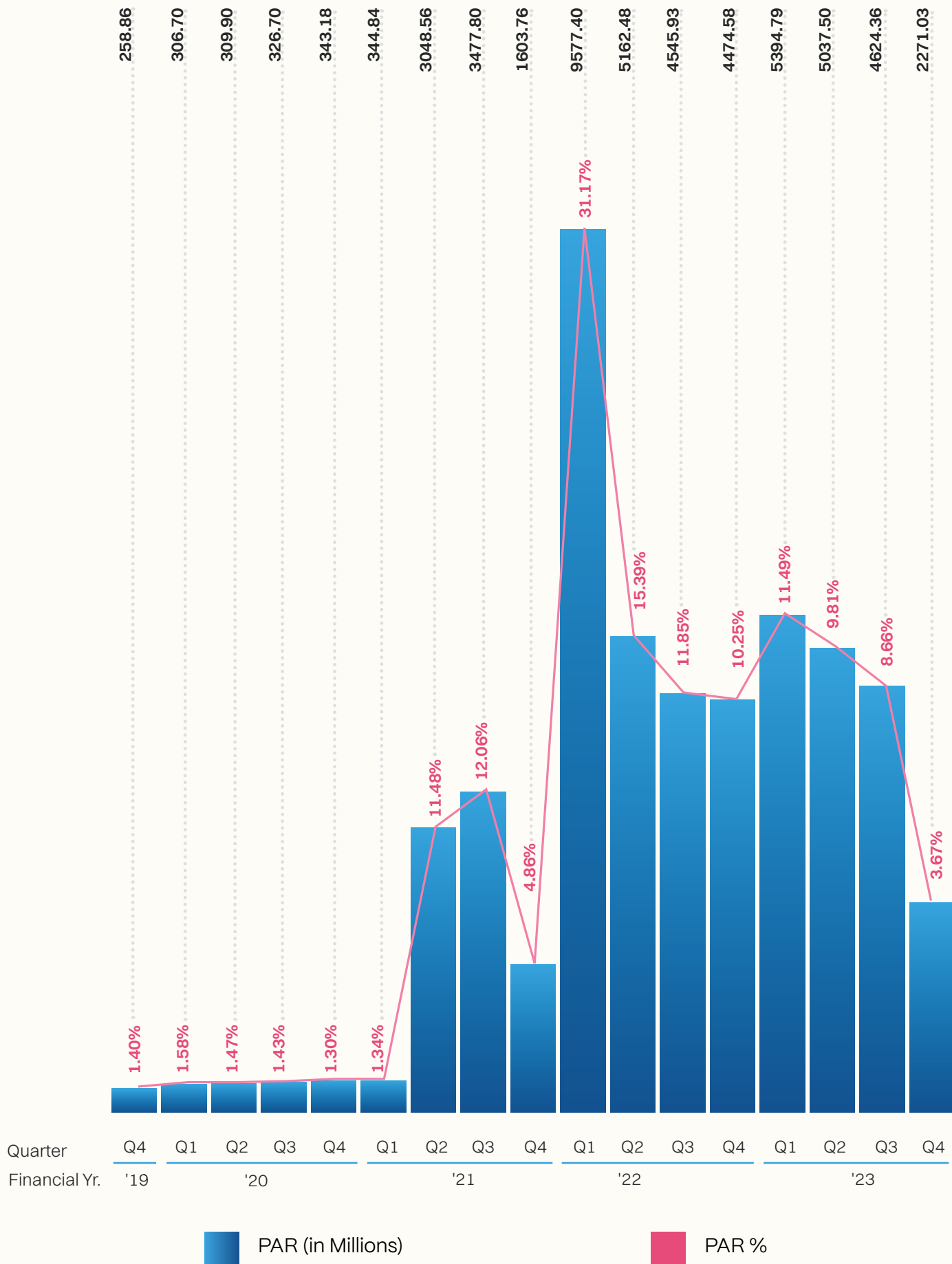
### Comparative Assessment of NBFC- MFI v/s Belstar

Parameters	Belstar			NBFC - MFI		
	FY 21-22	FY 22-23	YoY Change %	FY 21-22	FY 22-23	YoY Change %
No. of Active Borrowers ( in Cr.)	0.18	0.21	16.7%	3.2	3.91	22%
Total Disbursements (in Cr.)	3,546	5,795	63.4%	79,298	1,30,112	64%
No. of States Covered	18	18	0.0%	32	32	0%
No. of Branches	729	767	5.2%	15,700	18,739	19%
Total Staff	5,939	8,022	35.1%	1,34,811	1,61,010	19%
AUM - Crs	4,365	6,192	41.9%	91,701	1,31,162	43%
Active Borrowers / Branch	2,469	2,738	10.9%	2,038	2,087	2%
Loan Outstanding / Branch	5.99	8.07	34.8%	5.84	7.00	20%
Average Loan Outstanding	23,868	27,021	13.2%	22,143	25,967	17%

### Activity Wise Distribution of Loan

Industry	FY 22-23	FY 21-22
Agriculture and allied	62.74%	59.43%
Services	20.02%	22.23%
Trade and business	12.99%	14.49%
Education loan	0.87%	0.08%
Production or manufacturing	2.35%	1.00%
Consumption loans	0.97%	0.79%
Emergency loans	0.05%	1.98%
Total	100.00%	100.00%

### DELIQUENCY MANAGEMENT



# Director's Report



**DEAR MEMBERS,**

Your Directors (the "Board") take pleasure in presenting the 35<sup>th</sup> Annual Report of the Belstar Microfinance Limited (the "Company") together with the audited financial statements for the year ended March 31, 2023. In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), this report covers the financial results and other developments during the financial year ended March 31, 2023.

**1. PRESENTATION OF FINANCIAL STATEMENTS**

₹ Millions

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Total Income	10,379.15	7,284.31
Total Expenses	8,686.08	6,722.85
<b>Profit before tax</b>	<b>1,693.07</b>	<b>561.46</b>
Tax Expenses	389.82	110.17
<b>Profit after Tax</b>	<b>1,303.25</b>	<b>451.29</b>
Basic Earnings Per Share (EPS) (in ₹)	27.12	12.01
Diluted Earnings Per Share (DPS) (in ₹)	27.12	12.01
Equity	10,922.99	8,559.33
Total Liability	51,346.02	37,043.53
Total Asset	62,269.01	45,602.86

**2. OPERATIONAL HIGHLIGHTS**

The summary of Operational highlights is as under:

Particulars	FY 2023	FY 2022
No. of States/UTs	18	18
No. of Branches	768	633
No. of Employees	8022	5939
No of Borrowers	21,03,280	16,93,833
Gross Disbursement (₹ in million)	57950.85	35,463.86
Loan Portfolio (₹ in million) on Balance Sheet	46,275.36	35,542.53
Asset Under Management- AUM (₹ in million)	61920.39	43,649.05

\*The Service provider branches were shown under Head office

The Company was able to display healthy loan portfolio growth despite facing several challenges. The company had achieved a milestone of ₹6,000 Crores Asset under management (AUM) which indicates stable and strong growth of 42% year on year basis.

### 3. DIVIDEND

Your Directors are pleased to recommend for approval of members, a final dividend of ₹0.60 [i.e. 6.0%] per share on the face value of ₹10 each on the equity share capital of the Company, for the financial year ended March 31, 2023. The dividend, if approved by members, would involve a total cash outflow of ₹29.31 Million, resulting in a payout of 2.25 % 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 dividends 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 ₹260.65 Million for the relevant financial year has been transferred to the Statutory Reserve.

### 6. CAPITAL INFUSION

The Company has issued and allotted 32,35,295 number of Equity Shares on preferential basis through private placement to the following members:

S.No.	Details of Subscriber	No. of Equity Shares
1	Arum Holdings Limited	10,29,412
2	Augusta Investments Zero Pte Ltd	22,05,883
	<b>Total</b>	<b>32,35,295</b>

Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up share capital of the Company stands at ₹48,84,40,550 (Indian Rupees Forty Eight Crores Eighty Four Lakhs Forty Thousand Fifty Hundred Fifty Only) comprising of 4,88,44,055 no.s of equity shares of ₹10 each as on March 31, 2023.

During the year, the Company has also issued 300 numbers of Rated, Senior, Secured, Listed, Transferable, Redeemable Principal Protected Market Linked Non-Convertible Debentures at a face value of ₹10,00,000 aggregating to ₹300,00,00,000 (Indian Rupees Three Hundred 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. CREDIT RATING & MICRO FINANCE GRADING

The Grading and Credit ratings obtained from the Rating Agencies as on March 31, 2023 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 /Stable
ACUITIE	Market Linked Debenture	ACUTIE PPMLD AA/Stable
CART	MFI Grading	MFI 1
CART	Code of Conduct Assessment Grade	C1

Further as on May 12, 2023 CRISIL Ratings has revised its outlook on the long-term bank facilities and debt instruments of Belstar Microfinance Limited (Belstar) to '**Positive**' from 'Stable' while reaffirming the ratings at '**CRISIL AA-/CRISIL PPMLD AA-**'. The Company is continuing to maintain the CRISIL AA- rating for long-term borrowing for the 3<sup>rd</sup> year in row (2021-2023).

The Company is continuing to maintain MFI 1 Grading, highest on an 8-point scale, for the Sixth year in a row (2018-2023), in addition to this COCA Assessment score of M1C1, highest on a 5-point scale, for the fifth year in a row (2019-2023).

As on March 31, 2023, your Company is in compliance with the regulatory requirement of net owned funds ('NOF') and Capital to Risk Assets Ratio ('CRAR'), as defined under section 45-IA of the RBI Act, 1934, to carry on the business of a non-banking financial institution ('NBF'). Your Company's Capital Adequacy Ratio is as follows:

Capital Adequacy Ratio	FY 2023	FY 2022
i) CAR -Tier I Capital (%)	20.30	20.96
ii) CAR - Tier II Capital (%)	1.67%	3.10
Capital Adequacy Ratio (CAR %)	21.97	24.06

## 10. RESOURCES MOBILIZATION

The Company as an NBFC, mobilisation of resources at optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the Company. Management has been making continuous efforts to broaden the resource base of the Company so as to maintain its competitive edge.

Your directors are confident that the Company will be able to raise adequate resources for onward lending in line with its business plans.

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, 2023 is as below:

Sr. No.	Borrowings / Security Type	Overall Borrowed FY22-23 (₹ Crore)	Amount outstanding (₹ Crore)
1	Term Loans Banks	<b>2802.44</b>	<b>3959.04</b>
2	Term Loans from NBFCS	<b>85</b>	<b>80.92</b>
3	Secured Ncds	300	621.57
4	Sub debt	-	164.95
5	Direct Assignment	1889.41	1479.12
	<b>Total</b>	<b>5076.85</b>	<b>6305.60</b>

## 11. DIRECTOR AND KEY MANAGERIAL PERSONNEL

As on March 31, 2023, 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
	K R Bijimon
Non-Executive Investor Nominee Directors	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 2022-23**

There are no 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, 2023.

**b. Directors Retiring by Rotation**

Mr. George Muthoot Jacob (DIN: 00018955) and Mr. K R Bijimon (DIN: 00023071) 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 appended 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 was 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.

A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, including framework for performance evaluation of Directors, Board & Committees, familiarisation Program for Independent Directors Criteria for Evaluation and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance

#### **g. Independent Directors Meeting**

During the year, a meeting of Independent Directors was held on March 23, 2023 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 6 (Six) ) times during the financial year 2022-23. 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 2022-23 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, 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.

## **12. PARTICULARS OF MONIES ACCEPTED FROM DIRECTOR OF THE COMPANY DURING THE FY 2022-23**

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

### 13. 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.

### 14. 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 .

### 15. AUDITORS

#### **Statutory Audit:**

As per the section 139 of the Act, read with the Companies (Audit and Auditors) Rule 2014, the members of the Company at the 34<sup>th</sup> Annual General Meeting reappointed M/s. Varma & Varma, Chartered Accountants, Chennai (Firm Registration No. 004532S ) for a period of 2 years commencing from conclusion of this 34<sup>th</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> 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 35<sup>th</sup> Annual General Meeting of the Company till the conclusion of 36<sup>th</sup> 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 31,2023, 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 ended March 31,2023 .

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 as received in the prescribed FORM MR-3 is appended 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:**

As part of the efforts to evaluate the effectiveness of the internal control systems, your Company's internal audit function reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. An inhouse internal audit system is in place to conduct audit of all the branches, regional offices, Zonal offices as well as head office. The 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. 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).

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 the nature of operation related frauds due to the nature of business of the Company. Company has taken or is in the process of taking disciplinary/ legal action against such employees/customers.

**17. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY**

The Company has a well-established and adequate internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders.

Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safeguarding of assets. (c) Prevention and detection of frauds / errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information. However, no material weakness is observed by the Company.

Furthermore, during the Financial Year 2022-23, Brahmayya & Co. was appointed as External Audit firm to support the Audit services of the Company and the report of the Brahmayya & Co. along with the management responses were also placed before the Audit Committee on quarterly basis.

**18. RELATED PARTIES TRANSACTION**

There were no materially significant related party transactions entered into by the Company which may have potential conflict with the interest of the Company.

During the year, the Company had not entered any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of SEBI LODR and the Company's policy on related party transactions.

All contracts/ arrangements/ transactions entered by the Company during the Financial Year 2022-23, with its related parties, were in the ordinary course of business and the details of the transactions with related parties, were reviewed by the Audit Committee and approved by the Board . Transactions with related parties, as per the requirements of Ind AS, are disclosed to the notes to accounts annexed to the financial statements.

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.

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 appended as '**Annexure 3**'.

## 19. RISK MANAGEMENT POLICY

Risk Management at the Company includes risk identification, risk assessment, risk measurement, and risk mitigation with its main objective to minimize the negative impact on profitability and capital. The Company is exposed to various risks that are an inherent part of any Microfinance business. The company identifies the following are the key major risks :

- Political Risk
- Concentration Risk
- Operational Risk,
- Liquidity Risk
- Information Security Risk

The Company is committed to creating an environment of increased risk awareness at all levels. It also aims at continually upgrading the risk management measures to ensure avoidance or mitigation of various risks. The Company has policies and procedures in place to measure, assess, monitor, and manage these risks systematically across the organisation, which makes it pioneer to undertake the implementation of the advanced approaches under credit, market, and operational risk. An independent Risk Governance Structure, in line with best industry practices, is put in place, in the context of separation of duties and ensuring the independence of risk measurement, monitoring and control functions.

The various risks across the organisation are monitored and reviewed through the Executive Level Committees and the Risk Management Committee of the Board, which meets regularly. The Board of directors and its various sub-committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity risk management, interest rate risk, credit risk, portfolio risk management, operational and process risk management have also been reviewed from time to time and the sub-committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central Bank at periodic intervals.

The Board has appointed a chief risk officer as the asset size of the Company is above ₹50 billion.

The Company has a Board approved risk management policy which caters to the overall risk framework and monitoring commensurate to the size and operations of the Company.

## 20. AUCTION OF GOLD JEWELLERY FOR RECOVERY OF OVERDUE LOANS AGAINST THEM

There was no Gold Loan portfolio during the FY 2022-23 in the books of the Company.

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

The information pursuant to Section 134(3) (m) of the Act read with the Companies (Accounts) Rules, 2014 is as follows:

### a. Conservation of Energy

Your Company being a Non-Banking Finance Company, has no activities involving conservation of energy. However, your Company has taken adequate measures for conservation of energy and usage of alternative sources of energy, wherever required.

### b. Technology Absorption

Your Company being a Non-Banking Finance Company, has no activities involving adoption of any specific technology. However, your Company has been in the forefront in implementing the latest information technology and tools towards enhancing our customer convenience.

### Initiatives taken by the Company in information technology for improved business efficiency, ease of operation, improved risk management practice and for providing best stakeholders experience:

The Company continued its focus on various digital transformation initiatives during the year providing a great customer experience, improved business efficiencies, ease of operations, and effective risk management.

### A few of the digital initiatives undertaken by the Company include:

The Company believes in extending the digital interface to customers through various channels for better reach and convenience. We have added the BBPS (Bharath Bill Payment System) interface for allowing the customers to transact with us using any platform integrated with BBPS or even allowing cash transactions through various Agents of BBPS. In addition Belstar has developed own mobile application called Belstar-Samrithi which is also being used for digital collection

### c. Foreign Exchange Earnings And Outgo

- Total Foreign Exchange earned: Nil
- Total Foreign Exchange expended:

Nature	Currency	Millions
Dividend Paid to foreign shareholder	USD	0.47
Professional Fees	USD	3.42

## 22. HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

Muthoot Finance Ltd continues to be the holding company as on March 31, 2023, with a shareholding of 56.97%.

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

## 23. 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.

## 24. 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 ₹1,64,26,867 and the company spent the entire amount towards CSR activities during the financial year 2022-23.

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

## 25. HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS

Our employees remain one of the company's greatest assets. The Company believes 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 organisation.

The role of human capital in any organisation is of utmost importance. More so in an organisation like ours where a majority of employees are customer-facing to facilitate smooth delivery of our financial services. There is a fine balance between customer service and the achievement of performance targets. The Company aims to provide a suitable work environment that encourages a positive attitude and superior performance.

Policies relating to Human Resources are employee friendly and support an environment of accomplishment and satisfaction. The Company aims to provide the best training inputs and seamless growth opportunities ensuring that the culture of the organisation is translated into business performance. The Company also facilitates performance-linked incentives that will help the motivational levels of the workforce thereby sustaining growth and achieving targets.

## 26. 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 appended to this report as '**Annexure 5**'.

## 27. CORPORATE GOVERNANCE REPORT

Company's governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors and of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders. Your Company believes in adopting best & transparent practices of corporate governance. Corporate governance principles are enshrined in the Spirit of Fusion, which form the core values of the Company. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines & charter of various sub-committees.

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

## 28. 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 whistleblowers are protected against victimisation/any adverse action and/ or discrimination as a result of such a reporting and provides 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>.

## 29. 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 continues to submit daily, weekly and monthly data to 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 .

The Company uses High mark or Equifax Credit Report for each of the loan sanctions.

These activities handled with great deal of hard work, intense follow-ups and efficient processes have resulted in constantly building high quality assets with minimal delinquencies.



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

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has also complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is also having in place a detailed policy on Harassment Free Workplace, which promotes gender equality and justice and also to create a discrimination free workplace.

The following is the summary of sexual harassment complaints received and disposed off during the financial year:

Number of complaints pending at the beginning of the financial year	0
Number of complaints filed during the financial year	2
Number of complaints disposed of during the financial year	2
Number of complaints pending as on end of the financial year	0

### 31. 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>.

### 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. In addition to this Company has fully complied with scale based Regulation issued by RBI.

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. FAIR PRACTICE CODE

RBI has been issuing revised Fair Practices Code guidelines from time to time and your Company has adhered to all of them. The new Fair Practices Code, Code of Conduct, Code of Ethics and Grievance Redressal Mechanism which have been approved by the Board are displayed prominently in all the branches of the Company to ensure better service and provide necessary information to customers to make informed decisions. The Board also reviews the FPC on a regular basis to ensure levels of adequacy and appropriateness. The FPC is available on the website of the Company at <https://belstar.in/fair-practice-code>.

### 34. 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.

### 35. 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.

### 36. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

### 37. OTHERS

- The Company has not entered into one time settlement with any of the banks or financial institutions
- No equity shares were issued with differential rights as to dividend, voting or otherwise
- The Company has not resorted to any buy back of its equity shares during the year under review.

### 38. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company to the best of its knowledge and ability, confirm that:

- a. in the preparation of the Annual Financial Statements for the year ended March 31, 2023, the applicable Accounting Standards have been followed. There were no material departures from applicable Indian Accounting Standards;
- b. they have 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. they have 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. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal

- financial controls are adequate and were operating effectively; and
- f. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 39. APPRECIATIONS & ACKNOWLEDGEMENT

The Board places on record its deep appreciation to all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain a leading NBFC-MFI.

The Directors wish to place on record their appreciation for the support and cooperation and assistance the company has been receiving from 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 , MFIN and other Statutory and Regulatory Authorities .

We are grateful for the continuous confidence and faith shown by the promoters and strategic investors of the Company.

For and on behalf of the Board of Directors

Sd/-

Sd/-

Date: August 04, 2023  
Place: Chennai

**Dr. Kalpanaa Sankar**  
Managing Director  
DIN: 01926545

**B Balakumaran**  
Wholetime Director  
DIN: 09099182

# Annexure 1

## 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.

Sd/-

Date: August 04, 2023  
Place: Chennai

**Dr. Kalpanaa Sankar**  
Managing Director  
DIN: 01926545

## Annexure 2

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023**

[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, 48<sup>th</sup> Street,  
9<sup>th</sup> 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** (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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. 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;<sup>1</sup>

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



- 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<sup>1</sup>
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; <sup>2</sup>
  - 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; <sup>3</sup>
  - 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;<sup>4</sup>
6. 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:**

1. 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.
2. The Uniform Listing Agreements entered into by the Company with BSE Limited 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. When shorter notice was given, consent of all the Directors was obtained.

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

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

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

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

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

**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 9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures up to an aggregate amount of ₹300 Crores on a Private Placement basis
2. Redemption of following Debentures during the period under review:
  - 400 numbers of 9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures
  - 250 numbers of 9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures
  - 400 numbers of 10.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures
3. Issue and allotment of 32,35,295 number of equity shares of face value ₹10/- each at a price of ₹340/- each (including premium of ₹330/- per share) on preferential basis through private placement.
4. Amendment to the Articles of Association.

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

For **KSM Associates | Company Secretaries**

Sd/-

Date: May 09, 2023

Place: Chennai

**Deepa V. Ramani**

Partner

FCS 5574; CP 8760

UDIN: F005574E000276438

Peer review cert no. 627/2019

## Annexure A

To  
The Members,  
Belstar Microfinance Limited  
CIN: U06599TN1988PLC081652  
New No. 33, Old No. 14, 48<sup>th</sup> Street,  
9<sup>th</sup> 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/-

Date: May 09, 2023  
Place: Chennai

**Deepa V. Ramani**  
Partner  
FCS 5574; CP 8760  
UDIN: F005574E000276438  
Peer review cert no. 627/2019

## Annexure 3

### 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:

a)	Name(s) of the related party and nature of relationship	Muthoot Securities Limited - Common Director
b)	Nature of contracts/arrangements/transactions	Commission income marketing of hospi cash insurance, home insurance, vehicle insurance
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)	Justification for entering into such contracts or arrangements or transactions	As part of cross sales of group companies insurance product
f)	Date(s) of approval by the board	April 29,2022
g)	Amount paid as advances, if any:	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

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

For and on behalf of the Board of Directors

Sd/-

Sd/-

Date: August 04, 2023

Place: Chennai

**Dr. Kalpanaa Sankar**

Managing Director

DIN: 01926545

**B Balakumaran**

Wholetime Director

DIN: 09099182

## Annexure 4

### 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 key value of our CSR initiatives are to provide benefit to all the people irrespective of their background details. The Company presently focuses on the constituency of women supporting them through programs designed in the domain of vocational training , women empowerment, improving financial literacy amongst rural women and health awareness pan India Level. 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	Wholetime Director	1	1
Mr. K Venkataraman	Independent Director	1	1
Mr. K R Bijimon	Non-Executive Director	1	1

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: <https://belstar.in>

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: Not Applicable.

Particular	Amount in (₹)
(a) Average net profit of the company as per section 135(5)	82,13,43,333
(b) Two percent of average net profit of the company as per section 135(5)	1,64,26,867
(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	-
(d) Amount required to be set off for the financial year, if any	-
(e) Total CSR obligation for the financial year (b + c - d).	1,64,26,867



Particular	Amount in (₹)
<b>(a) Amount spent on CSR Projects:</b>	
Ongoing Project	-
Other than On going Project	1,64,26,867
<b>(b) Amount spent in Administrative Overheads.</b>	-
<b>(c) Amount spent on Impact Assessment, if applicable.</b>	-
<b>(d) Total amount spent for the Financial Year [ (a)+(b)+(c) ].</b>	1,64,26,867

**(e) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (in ₹ ` )	Amount Unspent (in)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,64,26,867	NIL	Not Applicable	Not Applicable		

**(f) Excess amount for set off, if any**

S. No.	Particular	Amount in (₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,64,26,867
(ii)	Total amount spent for the Financial Year	1,64,26,867
(iii)	Excess amount spent for the financial year ((ii)-(i))	-
(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))	-

**7. Details of Unspent CSR amount for the preceding three financial years:**

S.No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance amount in unspent CSR amount under section 135(6) (in ₹)	Amount spent in the Financial Year (in ` ₹)	Amount transferred to a fund as specified under Schedule VII as per section 135(5), if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ` ₹)	Date of transfer		
1	2019-20	-	-	-	-	-	-	-
2	2020-21	9,00,000	9,00,000	9,00,000	-	-	-	-
3	2021-22	-	-	-	-	-	-	-
	Total	9,00,000	9,00,000	9,00,000				

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):** Not Applicable

For and on behalf of the Board of Directors

Sd/-

Sd/-

Date: August 04, 2023

Place: Chennai

**Dr. Kalpanaa Sankar**

Managing Director

DIN: 01926545

**B Balakumaran**

Chairman - CSR Committee

DIN: 09099182

## Annexure 5

### 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: 62: 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 : 27 % Chief Financial Officer : 35 % Company Secretary : 14 %
(iii) The percentage increase in the median remuneration of employees in the financial year;	3 %
(iv) The number of permanent employees on the rolls of company as on March 31, 2023;	8022
(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 12.36 % and the average increase in the managerial remuneration was 28.36 %
(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:

S. No.	Particulars	Disclosure
1	Designation	Managing Director
2	Remuneration received	₹1,47,33,250
3	Nature of employment	Full time employment
4	Qualification	Ph.D. in Physical Sciences and Gender Perspective of Women in Self Help Groups. Executive MBA from TRIUM (LSE, HEC Paris and NYU Stern).
5	Date of commencement of employment	11-02-2009
6	Age	59
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

Sd/-

Sd/-

Date: August 04, 2023

Place: Chennai

**Dr. Kalpanaa Sankar**

Managing Director

DIN: 01926545

**B Balakumaran**

Wholetime Director

DIN: 09099182

# Annexure 6

## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Our corporate governance is a reflection of our value system, encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices and performance, and ensure that we gain and retain the trust of our stakeholders at all times.

Corporate governance is an ethically-driven business process that is committed to values aimed at enhancing an organisation's capacity to create wealth. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations.

At Belstar, it is imperative that our Company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

At Belstar, responsible corporate conduct is fundamental to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and in compliance with applicable legislations. Our Code of Business Principles (the Code) is an extension of our values and reflects our continued commitment to ethical business practices across our operations. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code inspires us to set high standards of governance which go beyond what is prescribed under legislation in many areas of our functioning.

To succeed, we believe, requires the highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the peers.



## II. THE BOARD OF DIRECTORS

Belstar is a professionally managed Company functioning under the overall supervision of the Board.

The primary role of the Board is that of trusteeship – to protect and enhance shareholder value. As trustees the Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. Further, the Board is also responsible for:

- Exercising appropriate control to ensure that the Company is managed efficiently to fulfil stakeholders' aspirations and societal expectations.
- Monitoring the effectiveness of the Company's governance practices and making changes as necessary.
- Providing strategic guidance to the Company and ensuring effective monitoring of the Management.
- Exercising independent judgement on corporate affairs.
- Assigning a sufficient number of non-executive members of the Board to tasks where there is a potential for conflict of interest, to exercise independent judgement.
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

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 has delegated the operational conduct of the business to the Managing Director (MD) and Whole-Time Director (WTD) of the Company. The Management Committee of the Company is headed by the MD & WTD and has business / functional heads as its members, who manage the day-to-day affairs of the Company.

### A. COMPOSITION OF BOARD

The Company recognizes and embraces the importance of a diverse Board in its success. We believe that a truly diverse Board will leverage differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge, skills and other domains, which will ensure that the Company retains its competitive advantage .

The Board composition is in conformity with the applicable provisions of Companies Act, 2013 (the Act) and Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time.

As on March 31, 2023, the Board consists of eleven (11) Directors which is a 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. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long- term needs of the Company.

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 Board members are expected to rigorously prepare for, attend and participate in Board and applicable committee meetings. Each member is expected to ensure their other commitments do not materially interfere with their responsibilities with us.

The names, categories and other details of Directors as of March 31, 2023 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	0	-	2(1)
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	5
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

# Mr. David Arturo Paradiso resigned from the post of Director wef May 09,2023 and Mr. Siva Chidambaram Vadivelalagan (DIN: 08242283) appointed as Investor nominee Director wef May 09,2023 representing MaJ Invest .

\$ Mr. Chinnasamy Ganesan was appointed as an Independent Director of The Karur Vysya Bank Limited wef April 25,2023

Chairmanships/Memberships of Board Committees include only Audit Committee and Stakeholders Relationship Committees. For the purpose of determining the 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 serve 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 fulfil the conditions specified in Listing Regulations and are independent of the management of the company.

The Board has unrestricted access to all Company-related information, including that of our employees. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited. Information is provided to the Board members on a continuous basis for their review, inputs and approval. Strategic and operational plans are presented to the Board in addition to the quarterly and annual financial statements.

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:

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

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.

## C. BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on Company/Business policy and strategy apart from other Board businesses. The Board/Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the Meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The Board agenda generally includes consideration of important corporate actions and events including:

- quarterly and annual results announcements.
- business plan, annual budgets and capital expenditures
- oversight of the performance of the business
- development and approval of overall business strategy
- review of the functioning of the Committees; and

- other strategic, transactional and governance matters as required under the Act, Listing Regulations and other applicable legislations

The Notice of Board/Committee Meetings is given well in advance to all the Directors. Usually, Meetings of the Board are held in Chennai. The Agenda of the Board/ Committee Meetings is set by the Company Secretary in consultation with the Chairman of the Company. The Agenda is circulated a week prior to the date of the Meeting. The Board Agenda includes an Action Taken Report comprising actions emanating from the Board Meetings and status updates thereof. The Agenda for the Board and Committee Meetings covers items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision. Video/ Audio-conferencing facilities are also used to facilitate Directors travelling or located at other locations to participate in the Meetings. Prior approval from the Board is obtained for circulating the Agenda items with shorter notice for matters that form part of the Board and Committee Agenda .

All Directors are expected to attend each Board Meeting and each Committee Meeting of which they are members, unless there are exceptional reasons preventing them from participating. Only members of the Committees are entitled to attend Committee Meetings, but others may attend at Committee Chair's discretion.

During the Financial year 2022-23 , your Board of Directors met Six (6) times on April 29, 2022, June 29, 2022, August 02, 2022, November 02, 2023, February 01, 2023, and March 23, 2023. 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 attendance of the Directors in the Board meetings held during the FY 2022-23 and the AGM held on September 09, 2022 are as follows:

Name of Directors	Board Meeting								Annual General Meeting		% of Attendance
	9 <sup>th</sup> Sep 2022	29 <sup>th</sup> Apr 2022	29 <sup>th</sup> Jun 2022	2 <sup>nd</sup> Aug 2022	2 <sup>nd</sup> Nov 2022	1 <sup>st</sup> Feb 2023	3 <sup>rd</sup> Mar 2023	Held during the FY	Attended during the FY		
Subramanian Ananthanarayanan								6	6	100	
Vadakkakara Antony George								6	6	100	
Krishnamoorthy Venkataraman								6	6	100	
Chinnasamy Ganesan								6	6	100	
Kalpanaa Sankar								6	6	100	
Balasubramanian Balakumaran								6	6	100	
Kuttickattu Rajappan Bijimon								6	6	100	
George Alexander								6	5	83	
George Muthoot Jacob	No							6	6	100	
David Arturo Paradiso	No							6	2	33	
Vijay Chakravarthi Nallan	No							6	6	100	

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

#### **D. MEETING OF INDEPENDENT DIRECTORS**

For the Board to exercise free and fair judgement in all matters related to the functioning of the Company as well as the Board, it is important for the independent directors to have meetings without the presence of the executive management.

In compliance with Schedule IV to the CA 2013, the independent directors held their separate meeting on March 23, 2023, 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. FAMILIARISATION PROGRAMME**

With a view to familiarise the Independent Directors as required under the Listing Regulations, the Company has held a familiarization programme for the Independent Directors.

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

### **III. COMPOSITION OF COMMITTEES OF BOARD**

As on March 31, 2023 the Board has 8 (Nine) Committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, IT strategy Committee, Finance 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 composition of the Committee is in adherence to provisions of the Companies Act, 2013, SEBI Listing Regulations and the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.




























All members of the Committee are financially literate and learned, experienced and well known in their respective fields. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee. The Meetings of the Audit Committee are also attended by the Chief Financial Officer, Internal Auditors and the Statutory Auditors as invitees.





### Brief Terms of Reference:

- Oversight 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 thereon 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 (4) times : April 29, 2022, August 02, 2022, November 01, 2022, , and January 31, 2023.

As on March 31, 2023, 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 <sup>th</sup> Apr 2022	2 <sup>nd</sup> Aug 2022	1 <sup>st</sup> Nov 2022	31 <sup>st</sup> Jan 2023	Held during the FY	Attended during the FY	% of Attendance
Chinnasamy Ganesan	Chairman					4	4	 100
A Subramanian	Member					4	4	 100
V A George	Member					4	3	 75
K- Venkataraman	Member					4	4	 100
K R Bijimon	Member					4	4	 100
B Balakumaran	Member					4	4	 100

 /  - Physically present     - Attended through video conference     - Leave of absence

### NOMINATION AND REMUNERATION COMMITTEE






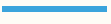
The Nomination and Remuneration Committee of the Board of Directors was constituted as per requirement of Section 178(1) of the Companies Act, 2013, SEBI Listing Regulations and Reserve Bank of India directions/guidelines.





### 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, 2023, 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 .

The Nomination and Remuneration Committee met thrice during the year, on June 21,2022 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	21 <sup>st</sup> Jun 2022	Held during the FY	Attended during the FY	% of Attendance
V A George	Chairman		1	1	 100
A Subramanian	Member		1	1	 100
George M Jacob	Member		1	1	 100

 /  - Physically present     - Attended through video conference     - Leave of absence

## 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. The 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 the 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 the 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, 2023 are as follows:

S. No.	Particulars of Remuneration	Dr. Kalpanaa Sankar Managing Director (₹)	Mr. B Balakumaran Whole time Director (₹)
1	Salary as per provisions of section 17(1) of the Income-tax Act, 1961	1,47,33,250	32,75,000
2	Other Perquisites	-	-
	<b>Total (A)</b>	<b>1,47,33,250</b>	<b>32,75,000</b>
	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 2022-23 are as under:

Name of the Director	Sitting Fees Paid (₹)		Total (₹)
	Board Meeting	Committee Meeting	
A Subramanian	5,60,000	6,20,000	11,80,000
V A George	5,60,000	5,40,000	11,00,000
K Venkataraman	5,60,000	6,10,000	11,70,000
Chinnasamy Ganesan	5,60,000	4,80,000	10,40,000
KR Bijimon	5,60,000	4,20,000	9,80,000
George Alexander	4,80,000	2,30,000	7,10,000
George M Jacob	5,60,000	1,30,000	6,90,000
Vijay Chakravarthi Nallan	5,60,000	1,00,000	6,60,000
David Arturo Paradiso*	Nil	Nil	Nil

\* 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 positions.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board of Directors carried out the annual evaluation of its own performance, its committees, and individual Directors including Independent Directors ("Performance Evaluation"). It covers the areas relevant to the functioning as Independent Directors or other directors, members of Board, or Committees of the Board. A structured questionnaire was prepared, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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 the non-independent directors are carried out by the independent directors. The Chairman of the nomination and remuneration committee anchors the session on chairman evaluation.

The Directors have expressed their satisfaction with the evaluation process.

**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, composed of appropriately qualified people with a broad range of experience relevant to the business of the company.

## Succession Planning:

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and to senior management positions. The Company strives to maintain an appropriate balance of skills and experience within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity. In addition, promoting senior management within the organisation fuels the ambitions of the talent force to earn future leadership roles.

## 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 a 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 August 02, 2022 where Mr. Vijay Chakravarthi Nallan was inducted as a Committee member. As on March 31, 2023, the Stakeholders' Relationship Committee ("SRC") comprises four (4) members, including one (1) Independent Director and Mr. Kr Bijimon is the Chairman of the Committee.

During the year under review, the SRC met once on January 31, 2023. The composition of the Committee along with Details of the attendance are given below:

Name of Directors	Designation in the Committee	31 <sup>st</sup> Jan 2023	Held during the FY	Attended during the FY	% of Attendance
K R Bijimon	Chairman		1	1	 100
Chinnasamy Ganesan	Member		1	1	 100
Kalpanaa Sankar	Member		1	1	 100
Vijay Chakravarthi Nallan	Member		1	1	 100

  - Physically present     - Attended through video conference     - Leave of absence

**Status of Investor Complaints:**

Pursuant to Regulation 13(3) of SEBI Listing Regulations, the status of investor complaints received and redressed during the FY 2022-23 are as follows:

S. No	Particulars	Equity	NCDs
1	Number of investor complaints pending at the beginning of the year (i.e. 01.04.2022)	0	0
2	Number of investor complaints received during the year (i.e. 01.04.2022 to 31.03.2023)	0	0
3	Number of investor complaints redressed during year (i.e. 01.04.2022 to 31.03.2023)	0	0
4	Number of investor complaints remaining unresolved at the end of the year (i.e. 31.03.2023)	0	0

**RISK MANAGEMENT COMMITTEE**

The Risk Management Committee was constituted in accordance with Reserve Bank of India directions/guidelines and as per 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.

The Risk Management Committee of the Board of Directors was re-constituted on August 02, 2022, where Mr. Vijay Chakravarthi Nallan was inducted as a committee member. As on March 31, 2023, the Risk Management Committee of the Board comprises Four (6) members including two (2) Independent Directors and Mr. K Venkataraman is the chairman of the committee. The Risk Management Committee met thrice during the year on July 26, 2022, October 17, 2022 and January 25, 2023.



The details of the attendance of the Directors at the Risk Management Committee meetings are given below:

Name of Directors	Designation in the Committee	26 <sup>th</sup> Jul 2022	17 <sup>th</sup> Oct 2022	25 <sup>th</sup> Jan 2023	Held during the tenure FY	Attended the tenure FY	% of Attendance
K Venkataraman	Chairman	☹	👤	👤	3	2	67
Kalpanaa Sankar	Member	👤	👤	👤	3	3	100
George Alexander	Member	📺	📺	📺	3	3	100
B Balakumaran	Member	👤	👤	👤	3	3	100
Vijay Chakravarthi Nallan	Member	NA	📺	📺	2	2	100
Chinnasamy Ganesan	Member	NA	📺	📺	2	2	100

👤/👤 - Physically present    📺 - Attended through video conference    ☹ - Leave of absence

## 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.

The CSR Committee of the Board of Directors was re-constituted on August 02,2022, where Mr. Vijay Chakravarthi Nallan was inducted as a committee member. As on March 31, 2023, the CSR Committee comprises four (4) members including one (1) Independent Director and Mr.B Balakumaran is the chairman of the committee. The CSR Committee met once during the year on June 25,2022.The details of the attendance of the Directors at the CSR Committee meetings are given below:

Name of Directors	Designation in the Committee	25 <sup>th</sup> Jun 2022	Held during the FY	Attended during the FY	% of Attendance
B Balakumaran	Chairman	👤	1	1	100
K Venkataraman	Member	📺	1	1	100
K R Bijimon	Member	📺	1	1	100
Vijay Chakravarthi Nallan	Member	NA	NA	NA	NA

👤/👤 - Physically present    📺 - Attended through video conference    ☹ - Leave of absence

## INFORMATION TECHNOLOGY (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 of the Board of Directors was re-constituted on August 02, 2022, where Mr. Vijay Chakravarthi Nallan was inducted as a committee member.

The IT Strategy Committee comprises (6) Members including (1) one independent Director and Chief Technology officer (CTO). Mr. K Venkataraman is the chairman of the committee.

During the year under review the committee met twice on June 14, 2022 and December 29, 2022.

Name of Member	Designation in the Committee	14 <sup>th</sup> Jun 2022	29 <sup>th</sup> Dec 2022	Held during the FY	Attended during the FY	% of Attendance
K Venkataraman	Chairman			2	2	 100
Kalpanaa Sankar	Member			2	2	 100
George Alexander	Member			2	2	 100
George M Jacob	Member			2	1	 50
Vijay Chakravarthi Nallan	Member	NA		1	0	0
Mr. Dhanasekaran S	Member (CTO)			2	2	 100

 /  - Physically present     - Attended through video conference     - Leave of absence

## FINANCE COMMITTEE

The Finance Committee is authorised 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, and to fix the pricing i.e interest rate .

The Finance Committee met 12 (Twelve) times during the year: May 23, 2022, June 24, 2022, July 28, 2022, September 23, 2022, October 25, 2022, October 31, 2022, November 29, 2022, December 12, 2022, December 30, 2022, February 14, 2023, March 15, 2023, and March 28, 2023.

The details of the attendance of the Directors at the Finance Committee meetings are given below.

Name of Directors	Designation in the Committee	Held during the FY	Attended during the FY	% of Attendance
Kalpanaa Sankar	Chairperson	12	12	100
B Balakumaran	Member	12	12	100

## 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 Credit Committee of the Board of Directors was re-constituted on August 02,2022, where Mr. Vijay Chakravarthi Nallan was inducted as a committee member. As on March 31,2023 the Committee Comprises of five (5)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
5	Vijay Chakravarthi Nallan	Member

Since Company is not keen for wholesale lending, this committee did not meet 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 and Wholetime 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 Chief 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 regulations.

## 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
2021-22	34 <sup>th</sup> AGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	September 09, 2022 at 3.00 P.M	2
2020-21	33 <sup>rd</sup> 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 <sup>nd</sup> 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

Extraordinary General Meeting during FY 2022-23:

EGM	Venue	Date & Time	No. of Special Resolutions Passed
1 <sup>st</sup> EGM	At the Corporate Office of the Company	May 31, 2022, at 4.30 P.M	1
2 <sup>nd</sup> EGM	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	June 29, 2022 at 12.00 P.M	1

## V. POSTAL BALLOT

There was no voting through postal ballot during the FY 2022-23. 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](http://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

### 1. Company Registration Details

The Company is a Systemically 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.

- |                                  |   |  |
|----------------------------------|---|--|
| <b>2. Annual General Meeting</b> | : | September 15, 2023   |
| <b>3. Financial Year</b>         | : | April 01, 2022 to March 31, 2023   |
| <b>4. Dividend Date</b>          | : | The Board, at its meeting held on May 09, 2023 has recommended payment of final dividend of 6% (₹0.60 per equity share of Face Value ₹10), for the year ended March 31, 2023. The same will be paid within 30 days upon declaration by the |

**4. Dividend Date** : The Board, at its meeting held on May 09, 2023 has recommended payment of final dividend of 6% (₹0.60 per equity share of Face Value ₹10), for the year ended March 31, 2023. The same will be paid within 30 days upon declaration by the shareholders at the ensuing Annual General Meeting.

#### 5. Address of Correspondence

Registered Office : Belstar Microfinance Limited  
New No.33, Old No. 14, 48<sup>th</sup> Street  
9<sup>th</sup> 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

#### 6. Dematerialization of Shares

100% of the shares of the Company are held in DEMAT form as on March 31, 2023 (ISIN: INE443L01011)

#### 7. Distribution of Shareholding as on March 31, 2023

Category	No of Shares	%
Promoters and Promoter Group Holding	63,72,448	13.05
Investors	4,24,71,607	86.95
Total	4,88,44,055	100

#### 8. 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)

.....  
Vistra ITCL (India) Limited

- 2 The IL&FS Financial Center, Plot No. C-22, G Block, 7<sup>th</sup> Floor, Bandra Kurla Complex,  
Bandra (East), Mumbai 400051, Tel: +91 2226593662  
Name of the Contact Person: Prakash Barua (Assistant Manager)



## 9. 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

**Off:** 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street,  
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

## 10. Stock exchange where the NCDs are listed:

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

## 11. 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.

## 12. Stock Code

The equity shares of the Company are not listed on any Stock Exchange, hence the stock code is not applicable.

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

As on March 31, 2023, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.

## 14. Plant Locations:

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

## 15. 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 account

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 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>.

## **16. Strictures And Penalties**

During the last three financial years, no penalties or strictures were imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets. Further, during FY 2022-23, no penalties or strictures were imposed on the Company by the Reserve Bank of India or any other statutory authority.

## **17. 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 victimisation 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>.

## **18. Unclaimed Dividend**

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

## **19. Subsidiary Company**

The Company does not have any Subsidiary Company, hence formulation of Policy for determining Material Subsidiaries as per Regulation 16 of the SEBI Listing Regulations is not applicable for the Company.

## **20. Detailed Reasons for The Resignation of an Independent Director Who Resigns Before The Expiry of His Tenure**

None of the Independent Directors of the Company has resigned before the expiry of his/her respective tenure(s) during the FY 2022-23.

## **21. Compliance Of Mandatory And Discretionary Requirements**

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations applicable to the Company being a High Value Debt Listed Company.

## 22. 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.

## 23. Secretarial Standards

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

## 24. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. In the past, the Company has entered into derivative transactions with Bankers to hedge its foreign exchange risks and interest rate risks associated with foreign currency borrowings. The forward contracts are fully hedged and possess no foreign exchange risk.

## 25. Credit Rating

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

## 26. 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.

## 27. Fees paid to Statutory Auditors

The details of total fees paid to Statutory Auditors of the Company during the FY 2022-23 for all the services rendered by them is given below:

Particulars	Amount (₹ in millions)
Statutory audit fees (Including Limited Review & Tax Audit)	2.81
Other certification services	0.16
Total	2.97

## 28. Utilisation of Funds raised Preferential issue /private placement

Funds raised through Equity Shares as well as Issues of Secured Non-Convertible Debentures have been utilised 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.

Code of conduct for Directors and Senior Management Personnel

The Company has adopted the Code of conduct as per Regulation 17(5) of the SEBI LODR and is applicable

## 29. Code of conduct for Directors and Senior Management Personnel

The Company has adopted the Code of conduct as per Regulation 17(5) of the SEBI LODR and is applicable to all its Board Members and Senior Management Personnel. Pursuant to Regulation 26(5) of the SEBI LODR, all members of Senior Management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the Company at large. Pursuant to Regulation 26(3) of the SEBI LODR, all the Board Members and Senior Management Personnel of the Company as on March 31, 2023, have affirmed compliance with their respective code of conduct. A declaration by the Managing Director in this regard, confirming the adherence to this Code is enclosed herewith as **Annexure A**.

The Copy of code of conduct is also available on the website of the Company on web link <https://belstar.in/policies>.

## 30. MD/CFO Certification

The Managing Director and Chief Financial Officer of the Company have certified to the Board in accordance with SEBI LODR pertaining to the CEO/CFO Certification for the financial year ended March 31, 2023. The same is annexed as **Annexure B** to this report.

## 31. Certificate from Company Secretary in Practice

In accordance with the Listing Regulations, the Company has obtained the certificate from M/s KSM Associates, Practising Company Secretaries confirming that as on March 31, 2023, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such authority and the same is appended to this report—**Annexure-C**.

## 32. Certificate on Corporate Governance

The Company being a high value debt listed entity, is in compliance with corporate governance requirements specified in Regulation 17 to 27 of the Listing Regulations.

Accordingly, the Company has been submitting the quarterly corporate governance compliance report to the stock exchange as required under regulation 27(2) of the SEBI Listing Regulations.

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

For and on behalf of the Board of Directors

Sd/-

Sd/-

Date: August 04, 2023  
Place: Chennai

**Dr. Kalpanaa Sankar**  
Managing Director  
DIN: 01926545

**B Balakumaran**  
Wholetime Director  
DIN: 09099182

## Annexure A

### DECLARATION BY MANAGING DIRECTOR

[Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Board of Directors  
**Belstar Microfinance Limited**

I Kalpanaa Sankar Managing Director of the Company hereby declare that, all the Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended March 31, 2023.

Sd/-

Date: August 04, 2023  
Place: Chennai

**Dr. Kalpanaa Sankar**  
Managing Director  
DIN: 01926545

## Annexure B

### MD/CFO CERTIFICATE

(Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Board of Directors  
**Belstar Microfinance Limited**

We, the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

- A. We have reviewed the Financial Statements for the year ended March 31, 2023, 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:
- i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. 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.

Sd/-

Sd/-

Date: August 04, 2023  
Place: Chennai

**Dr. Kalpanaa Sankar**  
Managing Director  
DIN: 01926545

**Mr. L. Muralidharan**  
Chief Finance 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 Members,  
**Belstar Microfinance Limited**  
CIN: U06599TN1988PLC081652  
New No. 33, Old No. 14, 48<sup>th</sup> Street,  
9<sup>th</sup> Avenue, Ashok Nagar, Chennai,  
Tamil Nadu - 600083

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 authorised 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](http://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 31<sup>st</sup> March 2023 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	01493737	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	Balasubramanian Balakumaran	Whole Time Director

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/-

Date: August 04, 2023

Place: Chennai

**Deepa V. Ramani**

Partner

FCS 5574; CP 8760

UDIN: F005574E000741958

Peer review cert no. 627/2019

## Annexure D

### CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members 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, 2023, 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, 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, 2023.

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.

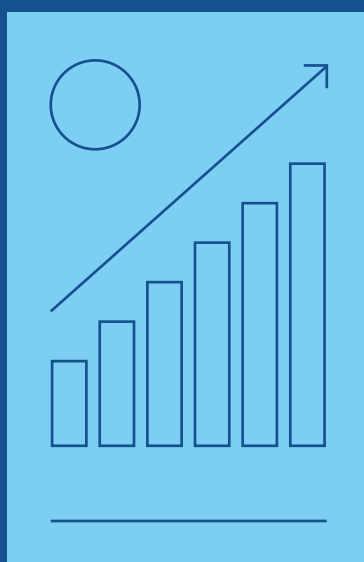
For **KSM Associates | Company Secretaries**

Sd/-

Date: August 04, 2023  
Place: Chennai

**Deepa V. Ramani**  
Partner  
FCS 5574; CP 8760  
UDIN: F005574E000741837  
Peer review cert no. 627/2019

# 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, 2023, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the 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

#### 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. 52 of the Standalone Financial Statements for credit risk disclosures.

As at 31 March 2023, the Company has reported gross loan assets of ₹47,232.39 millions against which an impairment loss of Rs.957.03 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'.

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.

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 is include:

- 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
- These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed in macro-economic factors.

### How the matter was addressed in our audit

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:

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



## Key audit matter

Considering the significance of the above matters to the overall Standalone Financial Statements, 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.

### **Information Technology ('IT') Systems and controls impacting financial reporting and migration to the new Loan Management system**

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.

During the year, the Company has completely migrated to the new loan management software ("LMS") in the month of November 2022, which required financial and other related information was required to be migrated from the legacy IT systems to the new LMS.

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 including migration to the new LMS is considered to be a key audit matter.

## How the matter was addressed in our audit

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 and Resolution Framework.

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.

To obtain comfort over the completeness, and accuracy of the migration process, certain additional procedures were also performed, which included;

Review of the management's reconciliation of the closing balances as at the migration date as per the legacy IT system and the corresponding balance as per New LMS on the same date.

Comparison of key parameters between the legacy IT system and the new LMS on the migration date

Review of report issued by independent third party in respect of migration audit carried out by them.

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, 2023 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, 2023 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.

## 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 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 statement 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. 47 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, 2023.
    - 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

- a. 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;
  - b. 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. 29 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 Act, as applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **Varma & Varma**  
**Chartered Accountants**  
FRN. 004532S

Sd/-

Date: May 09, 2023  
Place: Chennai

**P.R Prasanna Varma**  
Partner  
M.No. 025854  
UDIN: 23025854BGRHXG2640

**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, 2023.**

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, 2023 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 not 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 and financial institutions 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.



**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, 2023.**

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, 2023 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 and financial institutions 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;

- a. 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.
- b. 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.
- c. 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.
- d. 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:

No. of cases	Principal Amount Overdue	Interest Overdue	Total Overdue
76,278	₹1050.38 Million	₹259.26 Million	₹1309.64 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.

- e. 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.
  - f. 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 undisputed statutory dues including goods and service tax, provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited by the company with the appropriate authorities and no undisputed amounts in respect of material statutory dues were in arrears as at 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 are as follows:

Name of the Statute	Nature of dues	Amount (₹ 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
Income Tax Act, 1961	Income Tax	2.50	FY 2019-20	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 ₹7650 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 June, 2022 and the requirements of Section 42 of the Act have been complied with. 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 1 case of misappropriation of cash by employees of the Company aggregating to ₹0.25 Million identified by the management during the year, as stated in Note No. 57 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 up to 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.48 to the standalone financial statements as required by the applicable Ind AS.
- 14.
- i. The Company has an internal audit system, which, in our opinion is commensurate with the size and nature of its business.
  - ii. 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 no resignation of the statutory auditors of the Company during the year.
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**  
FRN. 004532S

Sd/-

Date: May 09, 2023  
Place: Chennai

**P.R Prasanna Varma**  
Partner  
M.No. 025854  
UDIN: 23025854BGRHXG2640

**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, 2023**

**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, 2023 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.

**Auditors' 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 with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2023, based on the internal control with reference to 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 ICAI.

For **Varma & Varma**  
**Chartered Accountants**  
FRN. 004532S

Sd/-

Date: May 09, 2023  
Place: Chennai

**P.R Prasanna Varma**  
Partner  
M.No. 025854  
UDIN: 23025854BGRHXG2640

**BALANCE SHEET AS AT MARCH 31, 2023**

Particulars	Note No	(₹ in millions)	
		As at March 31, 2023	As at March 31, 2022
<b>I. ASSETS</b>			
<b>1 Financial assets</b>			
a) Cash and cash equivalents	6	12,812.45	7,218.36
b) Bank Balance other than (a) above	7	448.80	1,360.18
c) Receivables			
(I) Trade Receivables	8	7.61	3.46
(II) Other Receivables		-	-
d) Loans	9	46,275.36	35,542.53
e) Investments	10	528.64	-
f) Other Financial assets	11	1,318.56	669.93
<b>2 Non-financial Assets</b>			
a) Current tax assets (Net)	41	362.15	-
b) Deferred tax assets (Net)	42	167.59	514.59
c) Investment Property	12	1.10	1.10
d) Property, Plant and Equipment	13	53.60	47.69
e) Right-of-use assets	14	97.12	97.29
f) Intangible assets under development	15	0.44	0.49
g) Other Intangible assets	16	7.95	6.81
h) Other non financial assets	17	187.64	140.43
<b>Total Assets</b>		<b>62,269.01</b>	<b>45,602.86</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1 Financial Liabilities</b>			
a) Derivative financial instruments	18	29.32	-
b) Payables			
(i) Trade Payables			
(ii) total outstanding dues of micro enterprises and small enterprises	19	7.20	-
(iii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	24.55	2.74
c) Debt Securities	20	6,215.71	3,807.89
d) Borrowings (other than debt securities)	21	40,399.64	30,118.88
e) Subordinated Liabilities	22	1,649.51	1,643.59
f) Lease liabilities	47	105.86	106.39
g) Other Financial liabilities	23	2,642.99	1,089.41
<b>2 Non-financial Liabilities</b>			
a) Current tax liabilities (net)	41	-	64.87
b) Provisions	24	81.86	61.54
c) Other non-financial liabilities	25	189.38	148.22
<b>EQUITY</b>			
a) Equity share capital	26	488.44	456.09
b) Other equity	27	10,434.55	8,103.24
<b>Total Liabilities and Equity</b>		<b>62,269.01</b>	<b>45,602.86</b>

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 No. 004532S

Sd/-

**P.R Prasanna Varma**  
Partner  
M. No.025854

Place: Chennai  
Date: May 09, 2023

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, 2023

(₹ in millions)

Particulars	Note No	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>			
(i) Interest income	30	8,817.73	6,768.32
(ii) Fee and commission income	31	64.29	37.37
(iii) Net gain on fair value changes	32	27.47	7.87
(iv) Net gain on de-recognition of financial instruments under amortised cost category	33	1,403.12	458.73
<b>(I) Total Revenue from operations</b>		<b>10,312.61</b>	<b>7,272.29</b>
<b>(II) Other Income</b>	<b>34</b>	<b>66.54</b>	<b>12.02</b>
<b>(III) Total Income (I + II)</b>		<b>10,379.15</b>	<b>7,284.31</b>
<b>Expenses</b>			
(i) Finance costs	35	3,654.44	2,912.21
(ii) Fee and commission expense	36	263.79	196.68
(iii) Net loss on fair value changes	32	193.06	-
(iv) Impairment of financial instruments	37	1,445.79	1,497.50
(v) Employee benefit expenses	38	2,155.78	1,529.53
(vi) Depreciation, amortization and impairment	39	118.39	86.39
(vii) Other expenses	40	854.83	500.54
<b>(IV) Total Expenses (IV)</b>		<b>8,686.08</b>	<b>6,722.85</b>
<b>(V) Profit/(loss) before tax (III - IV)</b>		<b>1,693.07</b>	<b>561.46</b>
<b>(VI) Tax Expense:</b>			
(i) Current tax	41	48.16	422.77
(ii) Deferred tax	42	351.25	(312.60)
(iii) Earlier years adjustments		(9.59)	-
<b>(VII) Profit/(loss) for the period (V - VI)</b>		<b>1,303.25</b>	<b>451.29</b>
<b>(VIII) Other Comprehensive Income</b>			
<b>A) Items that will not be classified to profit or loss</b>			
(i) Actuarial Gain/(Loss) on defined benefit obligation		(7.74)	(2.27)
(ii) Changes in value of forward element of forward contract		(8.89)	-
(iii) Tax impact thereon		4.18	(0.02)
<b>Subtotal (A)</b>		<b>(12.45)</b>	<b>(2.29)</b>
<b>B) Items that will be classified to profit or loss</b>			
(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		-	(17.89)
(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges		(0.23)	-
(ii) Tax impact thereon		0.06	6.18
<b>Subtotal (B)</b>		<b>(0.17)</b>	<b>(11.71)</b>
<b>Other Comprehensive Income (A + B)</b>		<b>(12.62)</b>	<b>(14.00)</b>
<b>(IX) Total Comprehensive Income for the period (VII + VIII)</b>		<b>1,290.63</b>	<b>437.29</b>
<b>(X) Earnings per equity share (Face Value - ₹10 per share)</b>	<b>43</b>		
Basic (₹)		27.12	12.01
Diluted (₹)		27.12	12.01

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

As per our Report of even date attached

Sd/-

Sd/-

**For M/s. Varma & Varma**  
Chartered Accountants  
Firm No. 004532S

**Dr. Kalpanaa Sankar**  
Managing Director  
(DIN. 01926545)

**B Balakumaran**  
Wholetime Director  
(DIN. 09099182)

Sd/-

Sd/-

Sd/-

**P.R Prasanna Varma**  
Partner  
M. No.025854

**L Muralidharan**  
Chief Financial Officer

**Sunil Kumar Sahu**  
Company Secretary

Place: Chennai  
Date: May 09, 2023

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>1,693.07</b>	<b>561.46</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	118.39	86.39
Impairment on financial instruments	1,445.79	1,497.50
Finance cost	3,654.44	2,912.21
Net gain on fair value changes	(27.47)	(7.87)
Interest income on deposits	(286.68)	(163.05)
<b>Operating Profit Before Working Capital Changes</b>	<b>6,597.54</b>	<b>4,886.64</b>
Working capital changes		
(Increase) / Decrease in Trade receivables	(4.15)	(0.32)
(Increase) / Decrease in Loans	(11,985.56)	(9,220.45)
(Increase) / Decrease in Other financial asset	(724.37)	(10.89)
(Increase) / Decrease in Other non financial asset	(47.22)	(9.73)
Increase / (Decrease) in Trade and Other payables	29.01	(5.31)
Increase / (Decrease) in Other liabilities	1,378.29	234.09
Increase / (Decrease) in Provision	12.58	8.32
<b>Cash flows from/(used in) operating activities before tax</b>	<b>(4,743.88)</b>	<b>(4,117.65)</b>
Interest paid on borrowings	(3,476.05)	(3,009.62)
Income tax paid	(465.61)	(399.42)
<b>Net cash flows from/(used in) operating activities</b>	<b>(8,685.54)</b>	<b>(7,526.69)</b>
<b>Investing activities</b>		
Acquisition of fixed and intangible assets	(69.28)	(51.31)
Net gain on fair value changes	27.47	7.87
Investment in security receipts (ARC)	(721.70)	-
Investment in fixed deposits	911.38	(103.56)
Interest received on deposits	361.42	128.53
<b>Net cash flows from/(used in) investing activities</b>	<b>509.29</b>	<b>(18.47)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	1,086.70	2,716.14
Proceeds from / (Repayment) of borrowings	12,763.79	7,587.22
Interest paid on Lease liabilities	(11.02)	(11.84)
Payment towards Lease liabilities	(55.45)	(37.97)
Dividend paid on equity shares	(13.68)	(11.26)
<b>Net cash flows from financing activities</b>	<b>13,770.34</b>	<b>10,242.29</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,594.09</b>	<b>2,697.13</b>
Cash and cash equivalents at 1 <sup>st</sup> April 2022, 1 <sup>st</sup> April 2021	7,218.36	4,521.23
<b>Cash and cash equivalents at March 31, 2023 / March 31, 2022</b>	<b>12,812.45</b>	<b>7,218.36</b>

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash Flow.

(b) For Components of Cash and Cash Equivalents - Refer Note No. 6

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

As per our Report of even date attached

Sd/-

Sd/-

**For M/s. Varma & Varma**  
Chartered Accountants  
Firm No. 004532S

**Dr. Kalpanaa Sankar**  
Managing Director  
(DIN. 01926545)

**B Balakumaran**  
Wholetime Director  
(DIN. 09099182)

Sd/-

Sd/-

Sd/-

**P.R Prasanna Varma**  
Partner  
M. No.025854

**L Muralidharan**  
Chief Financial Officer

**Sunil Kumar Sahu**  
Company Secretary

Place: Chennai  
Date: May 09, 2023

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

### A. Equity Share Capital

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
<b>As at March 31, 2023</b>					
Equity Share Capital '4,88,44,055' Equity Shares of ₹10/- each	456.09	-	-	32.35	<b>488.44</b>

Particulars	Balance at the beginning of the Previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the Previous reporting period	Changes in equity share capital during the current year	Balance at the end of the Previous reporting period
<b>As at March 31, 2022</b>					
Equity Share Capital '4,56,08,760' Equity Shares of ₹10/- each	375.21	-	-	80.88	<b>456.09</b>

Particulars	Reserves and Surplus									Total
	Statutory reserve (Pursuant to section 45-IC 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	Changes in value of forward element of forward contract	Effective portion of Cash Flow Hedges	Financial instruments measured at FVOCI	
<b>As at March 31, 2023</b>										
<b>Balance at the beginning of the current reporting period</b>	<b>646.14</b>	<b>500.00</b>	<b>5,020.25</b>	<b>0.01</b>	<b>-7.32</b>	<b>1,944.16</b>	-	-	-	<b>8,103.24</b>
Total Comprehensive Income for the current year		-	-	-	-5.79	1,303.25	-6.66	-0.17	-	<b>1,290.63</b>
Dividends		-	-	-		-13.68				<b>-13.68</b>
Transfer to Statutory Reserve	260.65					-260.65				-
Premium on Issue of Share*		-	1,054.35							<b>1,054.35</b>
<b>Balance at the end of the current reporting period</b>	<b>906.79</b>	<b>500.00</b>	<b>6,074.60</b>	<b>0.01</b>	<b>-13.11</b>	<b>2,973.08</b>	<b>-6.66</b>	<b>-0.17</b>	-	<b>10,434.54</b>
<b>As at March 31, 2022</b>										
<b>Balance at the beginning of the Previous reporting period</b>	<b>555.88</b>	<b>500.00</b>	<b>2,384.99</b>	<b>0.01</b>	<b>-5.02</b>	<b>1,594.38</b>	-	-	<b>11.71</b>	<b>5,041.95</b>
Total Comprehensive Income for the current year	-	-	-	-	-2.29	451.29	-	-	-11.71	<b>437.29</b>
Dividends	-	-	-	-		-11.26				<b>-11.26</b>
Transfer to Statutory Reserve	90.26					-90.26				-
Transfer to retained earnings	-					-				-
Premium on Issue of Share*	-	-	2,635.26							<b>2,635.26</b>
<b>Balance at the end of the Previous reporting period</b>	<b>646.14</b>	<b>500.00</b>	<b>5,020.25</b>	<b>0.01</b>	<b>-7.32</b>	<b>1,944.16</b>	-	-	-	<b>8,103.24</b>

\* Premium is net of ₹13.30 Million being transaction cost for issue of equity shares during the year 22-23. (21-22 - ₹33.86Mn)

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 No. 004532S

Sd/-

**P.R Prasanna Varma**  
Partner  
M. No.025854

Place: Chennai  
Date: May 09, 2023

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

## 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, 48<sup>th</sup> Street, 9<sup>th</sup> 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, 2023

### 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 Company continues to monitor and assess the impact of COVID-19 pandemic on its operations and financials, including the possibility of higher defaults by the customers. The Company has considered the information available up to the date of these results and have made adequate provisions in this regard to the extent required.

#### 2.4 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹) 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:

1. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
2. 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 counter parties.

### 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 drawdowns 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:

1. In the principal market for the asset or liability, or
2. 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 Derivative financial instruments**

The Company enters into derivative transactions with various counter-parties to hedge its foreign currency risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company has designated the derivative financial instruments as cash flow hedges of recognised liabilities and unrecognised firm commitments.

#### **Hedge accounting**

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges that meet the strict criteria for hedge accounting are accounted for as cash flow hedge.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the

statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

### **3.9 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.

### **3.10 Other income and expenses**

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

### **3.11 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.

### **3.12 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.

#### **3.12.1 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 ₹,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.

### 3.13 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.

### 3.14 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.

### **3.15 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.

### **3.16 Post employment benefits**

#### **3.16.1 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.

### **3.16.2 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.

### **3.17 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.

### **3.18 Taxes**

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

#### **3.18.1 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.

### **3.18.2 Deferred tax**

#### 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.

### **3.18.3 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:

1. 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
2. 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.

## **3.19 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.

### **3.20 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.

### **3.21 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.

### **3.22 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, 2023, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, with amendment to certain Ind AS that are applicable to the Company effective 1<sup>st</sup> April, 2024, as given below.

#### **Conceptual framework for financial reporting under Ind AS issued by ICAI.**

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations

such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the company.

Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28. These amendments had no impact on the financial statements of the company.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 6: Cash and cash equivalents

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	14.87	15.23
Balances with Banks		
- in current accounts	1,108.35	879.06
- Bank deposit with maturity of less than 3 months	11,689.23	6,324.07
<b>Total</b>	<b>12,812.45</b>	<b>7,218.36</b>

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

(₹ In millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposit with original maturity for more than three months.	76.26	166.56
Balances with banks to the extent held as security against the borrowings #	372.54	1,193.62
<b>Total</b>	<b>448.80</b>	<b>1,360.18</b>

# 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.



## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 8: Trade Receivables

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
(i) Trade receivables		
Receivable considered good - Unsecured	7.61	3.46
<b>Total</b>	<b>7.61</b>	<b>3.46</b>
Provision for impairment:	-	-
<b>Total Net receivable</b>	<b>7.61</b>	<b>3.46</b>

Trade receivables includes ₹0.70 million (Previous year ₹2.48 million) receivable from related party refer Note 48 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 2022-23, INR Nil (2021-22: INR Nil) was recognised as provision for expected credit losses on trade receivable.

### 8.1 Trade Receivable Ageing Schedule as at 31<sup>st</sup> March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 years	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	7.61	-	-	-	-	7.61
(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	-	-	-	-	-	-

(₹ in millions)

**Trade Receivable Ageing Schedule as at 31<sup>st</sup> March 2022**

Particulars	Outstanding for following periods from due date of payment						Total
	Less than 6 months	6 months - 1 years	1 - 2 years	2 - 3 years	More than 3 years		
(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	-	-	-	-	-	-	

(₹ in millions)

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 9: Loans

(₹ in millions)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
<b>(A)</b>						
i) Receivables under financing activities	47,227.53		47,227.53	37,771.38		37,771.38
ii) Staff Loan	4.86		4.86	8.74		8.74
<b>Total (A) - Gross</b>	<b>47,232.39</b>	<b>-</b>	<b>47,232.39</b>	<b>37,780.12</b>	<b>-</b>	<b>37,780.12</b>
Less : Impairment loss allowance	(957.03)		(957.03)	(2,237.59)		(2,237.59)
<b>Total (A) - Net</b>	<b>46,275.36</b>	<b>-</b>	<b>46,275.36</b>	<b>35,542.53</b>	<b>-</b>	<b>35,542.53</b>
<b>(B)</b>						
<b>I) Secured by tangible assets and intangible assets</b>	<b>35.54</b>		<b>35.54</b>	<b>12.06</b>		<b>12.06</b>
<b>II) Covered by Bank / Government Guarantees</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>
<b>III) Unsecured</b>			<b>-</b>	<b>-</b>		
i) Receivables under financing activities	47,192.00		47,192.00	37,759.32		37,759.32
ii) Staff loan	4.85		4.85	8.74		8.74
<b>Total (III) - Gross</b>	<b>47,196.85</b>	<b>-</b>	<b>47,196.85</b>	<b>37,768.06</b>	<b>-</b>	<b>37,768.07</b>
Less : Impairment loss allowance	(957.03)		(957.03)	(2,237.59)		(2,237.59)
<b>Total (III) - Net</b>	<b>46,239.82</b>	<b>-</b>	<b>46,239.82</b>	<b>35,530.47</b>	<b>-</b>	<b>35,530.47</b>
<b>Total (B) (I+II+III) - Net</b>	<b>46,275.36</b>	<b>-</b>	<b>46,275.36</b>	<b>35,542.53</b>	<b>-</b>	<b>35,542.53</b>
<b>(C)</b>						
i) Public Sector				-		
ii) Others	47,232.39		47,232.39	37,780.12		37,780.12
<b>Total (C) - Gross</b>	<b>47,232.39</b>	<b>-</b>	<b>47,232.39</b>	<b>37,780.12</b>	<b>-</b>	<b>37,780.12</b>
Less: Impairment Loss Allowance (C)	(957.03)		(957.03)	(2,237.59)		(2,237.59)
<b>Total (C) - Net</b>	<b>46,275.36</b>	<b>-</b>	<b>46,275.36</b>	<b>35,542.53</b>	<b>-</b>	<b>35,542.53</b>

**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 52 and policies on ECL allowances are set out in Note 3.6.

Particulars	As at March 31, 2023			As at March 31, 2022				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	45,599.87			<b>45,599.87</b>	33,246.69			<b>33,246.69</b>
Standard grade	170.27			<b>170.27</b>	587.50			<b>587.50</b>
Sub-standard grade		174.01		<b>174.01</b>		682.88		<b>682.88</b>
Past due but not impaired		143.43		<b>143.43</b>		1,118.05		<b>1,118.05</b>
Non - performing				<b>-</b>				<b>-</b>
Individually impaired			1,144.81	<b>1,144.81</b>			2,145.00	<b>2,145.00</b>
<b>Total</b>	<b>45,770.14</b>	<b>317.44</b>	<b>1,144.81</b>	<b>47,232.39</b>	<b>33,834.19</b>	<b>1,800.93</b>	<b>2,145.00</b>	<b>37,780.12</b>

(₹ in millions)

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	(₹ in millions)							
	As at March 31, 2023			As at March 31, 2022				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>33,834.19</b>	<b>1,800.93</b>	<b>2,145.00</b>	<b>37,780.12</b>	<b>27,699.10</b>	<b>335.41</b>	<b>783.18</b>	<b>28,817.69</b>
New assets originated or purchased (net of repayment)	41,626.14	-	-	<b>41,626.14</b>	30,709.05	-	-	<b>30,709.05</b>
Assets derecognised or repaid (excluding write offs)	(26,885.94)	(542.57)	(2,025.90)	<b>(29,454.41)</b>	(21,389.95)	(101.09)	(27.27)	<b>(21,518.31)</b>
Transfers to Stage 1	34.42	(30.97)	(3.45)	-	79.08	(77.84)	(1.24)	-
Transfers to Stage 2	(634.69)	637.71	(3.02)	-	(1,698.50)	1,699.65	(1.15)	-
Transfers to Stage 3	(2,203.98)	(1,547.66)	3,751.64	-	(1,564.59)	(55.20)	1,619.79	-
Amounts written off (Refer Note 9.1)			<b>(2,719.46)</b>	<b>(2,719.46)</b>	-	-	(228.31)	(228.31)
<b>Gross carrying amount closing balance</b>	<b>45,770.14</b>	<b>317.44</b>	<b>1,144.81</b>	<b>47,232.38</b>	<b>33,834.19</b>	<b>1,800.93</b>	<b>2,145.00</b>	<b>37,780.12</b>

**Reconciliation of ECL balance is given below:**

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	<b>114.09</b>	<b>504.25</b>	<b>1,619.25</b>	<b>2,237.59</b>	<b>264.76</b>	<b>97.77</b>	<b>617.69</b>	<b>980.22</b>
New assets originated or purchased	175.44	-	-	<b>175.44</b>	71.13	-	-	<b>71.13</b>
Assets derecognised or repaid (excluding write offs)	(111.81)	(92.24)	(186.98)	<b>(391.03)</b>	(126.47)	(32.69)	(78.74)	<b>(237.90)</b>
Transfers to Stage 1	9.42	(7.01)	(2.41)	-	35.04	(31.27)	(3.77)	-
Transfers to Stage 2	(49.68)	51.78	(2.10)	-	(46.09)	48.51	(2.42)	-
Transfers to Stage 3	(110.10)	(455.62)	565.72	-	(105.20)	(21.92)	127.12	-
Impact on year end ECL of exposures transferred between stages during the year	3.41	85.56	1,565.52	<b>1,654.49</b>	20.92	443.85	1,187.68	<b>1,652.45</b>
Amounts written off (Refer Note 9.1)	-	-	(2,719.46)	<b>(2,719.46)</b>	-	-	(228.31)	(228.31)
<b>ECL allowance - closing balance</b>	<b>30.77</b>	<b>86.72</b>	<b>839.54</b>	<b>957.03</b>	<b>114.09</b>	<b>504.25</b>	<b>1,619.25</b>	<b>2,237.59</b>

(₹ in millions)



### 9.1 Sale of Assets to ARC

"During the year, the Company has sold financial assets being stressed loan receivables (> 180 days past due) having a gross carrying amount of ₹2,500.96 million to an Asset Reconstruction Company ("ARC") for a consideration of ₹830.00 million. The net carrying amount of these loan receivables as on the effective date of transfer was ₹636.94 (net of impairment allowance of ₹1,864.02 million). In accordance with Ind AS 109, the Company has written off ₹1670.96 million (i.e ₹2,500.96 million less ₹830 million) against the corresponding impairment allowance, being the portion of gross carrying amount in respect of which any reasonable expectation of recovery stands extinguished with the above mentioned sale transaction. Further, the residual excess provision carried under impairment allowance ₹193.06 million has been written back during the year with corresponding impact in Note No. 37.

As per the agreed terms, the Company has subscribed to the Security Receipts ("SRs") issued by the ARC trust amounting to ₹721.70 million, which is classified under Fair Value through Profit or Loss Account. Since the transaction had consummated on 28<sup>th</sup> March, 2023, obtaining recovery ratings and declaration of the Net Asset Value (NAV) by the ARC Trust would commence from the half year ended September 30, 2023 only. As at March 31, 2023, the Company has also applied the principles prescribed under the Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 in determining the fair value of the SR's and accordingly, a loss on fair value changes considering the notional provisioning rate applicable if these loans had continued in the books of the Company amounting to ₹193.06 million has been recognised against the face value of these SRs, as disclosed under Note No. 32.

The gross and net carrying amounts stated above does not include unrealised interest on these NPA loans recognised by the Company amounting to ₹162.36 million. Upon completion of the sale transaction, the same has also been de-recognised with corresponding impact in Note No. 30. "

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS**

**10: Investments**

Particulars	As at March 31, 2023				As at March 31, 2022							
	Amortised Cost	Fair value Through OCI	Fair value Through Profit or Loss	Sub -total	Cost	Total	Amortised Cost	Fair value Through OCI	Fair value Through Profit or Loss	Sub -total	Cost	Total
<b>i) Security receipts (Refer Note 9.1)</b>	-	-	<b>528.64</b>	<b>528.64</b>	-	<b>528.64</b>	-	-	-	-	-	-
(7,21,700 Nos. of SRs issued by Trust having a face value of ₹1000 each) *												
<b>Total Gross (A)</b>	-	-	<b>528.64</b>	<b>528.64</b>	-	<b>528.64</b>	-	-	-	-	-	-
i) Overseas investments												
ii) Investments in India	-	-	528.64	528.64	-	528.64	-	-	-	-	-	-
Less : Allowance for impairment loss ( B)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total - Net C = (A) - (B)</b>	-	-	<b>528.64</b>	<b>528.64</b>	-	<b>528.64</b>	-	-	-	-	-	-

\* For basis of determination of Fair Value Refer Note 9.1

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 11: Other financial assets

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good</b>		
Security deposits	31.21	24.94
Receivable towards assignment transactions	202.71	105.22
Excess interest spread receivable on assignment transactions	1,047.19	427.59
Interest accrued on fixed deposits with banks	37.45	112.18
<b>Total</b>	<b>1,318.56</b>	<b>669.93</b>

### 12: Investment property

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Gross carrying amount		
Opening gross carrying amount	1.10	1.10
Addition during the year	-	-
Disposal	-	-
<b>Closing gross carrying amount</b>	<b>1.10</b>	<b>1.10</b>
Accumulated depreciation		
Opening accumulated depreciation amount	-	-
Depreciation charged during the period	-	-
<b>Closing accumulated depreciation amount</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1.10</b>	<b>1.10</b>

The fair value of investment property is ₹1.45 millions ( ₹ 1.45 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

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 13: Property, plant and equipment

(₹ in millions)

Particulars	Office equipment	Computers	Furniture & Fixtures	Vehicles	Total
<b>Cost:</b>					
At April 1, 2021	45.12	101.28	20.40	1.47	168.27
Additions	11.13	31.89	4.36	-	47.38
Disposals	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>56.25</b>	<b>133.17</b>	<b>24.76</b>	<b>1.47</b>	<b>215.65</b>
Additions	18.80	31.28	10.23	-	60.31
Disposals	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>75.05</b>	<b>164.45</b>	<b>34.99</b>	<b>1.47</b>	<b>275.96</b>
<b>Accumulated depreciation</b>					
At April 1, 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
<b>As at March 31, 2022</b>	<b>44.51</b>	<b>101.45</b>	<b>20.74</b>	<b>1.27</b>	<b>167.97</b>
Disposals	-	-	-	-	-
Depreciation charge for the year ended 31 March, 2023	16.07	30.93	7.33	0.06	54.39
<b>As at March 31, 2023</b>	<b>60.58</b>	<b>132.38</b>	<b>28.07</b>	<b>1.33</b>	<b>222.36</b>
<b>Net book value:</b>					
<b>As at March 31, 2022</b>	<b>11.74</b>	<b>31.72</b>	<b>4.02</b>	<b>0.20</b>	<b>47.69</b>
<b>As at March 31, 2023</b>	<b>14.47</b>	<b>32.07</b>	<b>6.92</b>	<b>0.14</b>	<b>53.60</b>

**14: Right of use of assets**

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening carrying value	97.29	72.89
Addition during the year	55.92	64.86
Depreciation for the year	(56.09)	(40.46)
Closing Carrying value	97.12	97.29

**15: Intangible assets under development**

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening carrying value	0.49	0.55
Capitalised during the year	(0.05)	(0.06)
Closing Carrying value	0.44	0.49

**As at March 31, 2023**

Intangible assets under development	Amount in intangible assets under development for a period of				(₹ in millions)
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.44				<b>0.44</b>

**As at March 31, 2022**

Intangible assets under development	Amount in intangible assets under development for a period of				(₹ in millions)
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.49				<b>0.49</b>

**16: Other Intangible Assets**

(₹ in millions)

Particulars	Computer Software
<b>Cost:</b>	
At April 1, 2021	79.31
Additions	4.00
Disposals	-
<b>As at March 31, 2022</b>	<b>83.31</b>
Additions	9.02
Disposals	-
<b>As at March 31, 2023</b>	<b>92.33</b>
<b>Accumulated amortisation</b>	
At April 1, 2021	66.00
Amortisation charge for the year ended March 31, 2022	10.50
<b>As at March 31, 2022</b>	<b>76.50</b>
Disposals	-
Amortisation charge for the year ended March 31, 2023	7.88
<b>As at March 31, 2023</b>	<b>84.38</b>
<b>Net book value:</b>	
<b>As at March 31, 2022</b>	<b>6.81</b>
<b>As at March 31, 2023</b>	<b>7.95</b>

**17: Other Non-financial assets**

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	78.93	45.42
Insurance claim receivable	17.43	10.83
Other Receivables	91.28	84.18
<b>Total</b>	<b>187.64</b>	<b>140.43</b>



## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 18: Derivative financial instruments

Particulars	As at March 31, 2023			As at March 31, 2022				
	Notional amounts (USD)	Notional amounts (₹)	Fair value-Assets	Fair value-Liabilities 21	Notional amounts (USD)	Notional amounts (₹)	Fair value-Assets	Fair value-Liabilities
<b>Currency derivatives</b>								
Forward contracts	33.24	2,767.06	-	29.32	-	-	-	-
<b>Total</b>	<b>33.24</b>	<b>2,767.06</b>	<b>-</b>	<b>29.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Included in above are derivatives held for hedging and risk management purposes as follows:								
Cash flow hedging:								
Currency derivatives	33.24	2,767.06	-	29.32	-	-	-	-
<b>Total</b>	<b>33.24</b>	<b>2,767.06</b>	<b>-</b>	<b>29.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company undertakes derivative transactions for hedging exposures relating to foreign currency borrowings. Derivative transaction comprises of forward contracts. The management of foreign currency risk is detailed in Note 52. The fair value of derivative liability as disclosed above represents the marked to market position of these forward contracts.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 19 : Trade Payables

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	7.20	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	24.55	2.74
<b>Total</b>	<b>31.75</b>	<b>2.74</b>

19.A.1 Trade Payable Ageing Schedule as at 31<sup>st</sup> March 2023

Particulars	(₹ in millions)				
	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	7.20	-	-	-	7.20
(ii) Others	24.55	-	-	-	24.55
(iii) Disputed dues - MSME					-
(iv) Disputed dues - Others					-

Trade Payable Ageing Schedule as at 31<sup>st</sup> March 2022

Particulars	(₹ in millions)				
	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	2.74	-	-	-	2.74
(iii) Disputed dues - MSME					-
(iv) Disputed dues - Others					-

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 20: Debt Securities

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
	At amortised cost	At amortised cost
<b>Bonds/ Debentures</b>		
Secured Non-Convertible Debentures - Listed	6,215.71	3,807.89
Unsecured Non-Convertible Debentures -Listed	-	-
<b>Total (A)</b>	<b>6,215.71</b>	<b>3,807.89</b>
Debt securities in India	6,215.71	3,807.89
Debt securities outside India	-	-
<b>Total (B)</b>	<b>6,215.71</b>	<b>3,807.89</b>

**Details of Redeemable Non-Convertible Debentures**

Particulars	As at March 31, 2023			As at March 31, 2022			Date of redemption	Nominal value per debenture #	Total number of debentures #
	Loan Amount	EIR Adjustments	Balance outstanding	Loan Amount	EIR Adjustments	Balance outstanding			
<b>Secured Non-Convertible Debentures</b>									
9.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	400.00	(0.08)	399.92	5/13/2022	1,000,000.00	400.00
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	62.50	(0.03)	62.47	6/3/2022	250,000.00	250.00
10.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	-	-	114.28	(0.00)	114.28	9/15/2022	285,715.00	400.00
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	500.00	(0.05)	499.95	500.00	(0.89)	499.11	4/21/2023	1,000,000.00	500.00
1.1% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	250.00	(0.07)	249.93	250.00	(0.58)	249.42	5/16/2023	1,000,000.00	250.00
1.1% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	200.00	(0.09)	199.91	200.00	(0.48)	199.52	6/17/2023	1,000,000.00	200.00

**Details of Redeemable Non-Convertible Debentures**

Particulars	As at March 31, 2023			As at March 31, 2022			Date of redemption	Nominal value per debenture #	Total number of debentures #
	Loan Amount	EIR Adjustments	Balance outstanding	Loan Amount	EIR Adjustments	Balance outstanding			
1.1% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	700.00	(0.37)	699.63	700.00	(1.74)	698.26	6/30/2023	1,000,000.00	700.00
1.1% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	350.00	(0.50)	349.50	350.00	(2.24)	347.76	7/7/2023	1,000,000.00	350.00
8.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	1,250.00	(6.53)	1,243.47	1,250.00	(12.85)	1,237.15	2/28/2024	1,000,000.00	1,250.00
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	3,000.00	(26.68)	2,973.32	-	-	-	8/21/2024	1,000,000.00	3,000.00
<b>Total</b>	<b>6,250.00</b>	<b>(34.29)</b>	<b>6,215.71</b>	<b>6,250.00</b>	<b>(18.89)</b>	<b>3,807.89</b>			
Unsecured Non-Convertible Debentures - Listed	-	-	-	-	-	-	7/31/2021	100,000.00	2,000.00
1.1.98% Unsecured, Fully Paid, Rated, Listed, Senior, Redeemable, Taxable, Non-Convertible Debentures	-	-	-	-	-	-			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

Secured debentures are secured by hypothecation of Receivables under Financing activity.  
 # Nominal value per debenture and total number of debentures are in full numbers.

**21: Borrowings (other than debt securities)**

(₹ in millions)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	At amortised cost	At amortised cost
(a) Term loan		
(i) from banks		
Rupee Loans	37,369.29	28,925.83
Foreign currency Loans	2,716.03	-
(ii) from Financial Institution	314.32	1,193.05
	-	-
<b>Total (A)</b>	<b>40,399.64</b>	<b>30,118.88</b>
Borrowings in India	40,399.64	30,118.88
Borrowings outside India	-	-
<b>Total (B)</b>	<b>40,399.64</b>	<b>30,118.88</b>

(i) 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 2022-23 aggregating to ₹7,650 Million, the company will assign the book debts in due course as per the sanction terms.

(ii) The company has not defaulted in the repayment of dues to its lenders.

(iii) The quarterly returns of current assets filed by the company with banks and financial institution are in agreement with the books of accounts.

**22: Subordinated Liabilities**

(₹ in millions)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	At amortised cost	At amortised cost
Subordinated Liabilities - Debentures - Unlisted	657.93	657.33
Subordinated Liabilities - Debentures - Listed	742.36	737.29
Subordinated Liabilities - Loan	249.22	248.97
<b>Total (A)</b>	<b>1,649.51</b>	<b>1,643.59</b>
Subordinated Liabilities in India	1,649.51	1,643.59
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>1,649.51</b>	<b>1,643.59</b>



**Detail of Subordinated Debt**

Particulars	(₹ in millions)						
	Loan Amount	EIR Adjustments	Balance outstanding	Loan Amount	EIR Adjustments	Balance outstanding	Total number of debentures #
<b>Subordinated Liabilities - Debentures - Unlisted</b>							
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	70.00	-	70.00	70.00	-	70.00	70.00
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	200.00	(1.28)	198.72	200.00	(1.67)	198.33	200.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	240.00	(0.79)	239.21	240.00	(1.00)	239.00	2,400.00
14.50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	150.00	-	150.00	150.00	-	150.00	1,500.00
<b>Total</b>	<b>660.00</b>	<b>(2.07)</b>	<b>657.93</b>	<b>660.00</b>	<b>(2.67)</b>	<b>657.33</b>	
<b>Subordinated Liabilities - Debentures - Listed</b>							
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	250.00	(1.95)	248.05	250.00	(6.19)	243.81	250,000.00

**Detail of Subordinated Debt**

Particulars	(₹ in millions)								
	Loan Amount	EIR Adjustments	Balance outstanding	Loan Amount	EIR Adjustments	Balance outstanding	Date of redemption	Nominal value per debenture #	Total number of debentures #
14.50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	500.00	(5.69)	494.31	500.00	(6.52)	493.48	9/30/2027	1,000,000.00	500.00
<b>Total</b>	<b>750.00</b>	<b>(7.64)</b>	<b>742.36</b>	<b>750.00</b>	<b>(12.71)</b>	<b>737.29</b>			
<b>Subordinated Liabilities - Loan</b>									
14.50% Unsecured, Subordinated Loan	250.00	(0.78)	249.22	250.00	(1.03)	248.97	12/23/2025		
<b>Total</b>	<b>250.00</b>	<b>(0.78)</b>	<b>249.22</b>	<b>250.00</b>	<b>(1.03)</b>	<b>248.97</b>			

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

**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS**

Terms of repayment of long term borrowings outstanding as at 31 March 2023

**Maturity pattern of Debt securities**

Type of Loan	Secured & Unsecured NCD	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
Original Maturity of loan															
<b>At the end of tenure / On demand</b>	8%- 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%- 12%	7	3,226.05	1.00	2,989.66	-	-	-	-	-	-	-	-	8.00	6,215.71
	12%- 14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>7</b>	<b>3,226.05</b>	<b>1.00</b>	<b>2,989.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.00</b>	<b>6,215.71</b>

**Maturity pattern of term loan from Bank**

Type of Loan	Term Loan - Bank	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
Original Maturity of loan															
<b>Monthly repayment schedule</b>	8%- 10%	475	7,304.58	164	3,778.56	18	1,049.27	-	-	-	-	-	-	657	12,132.41
	10%- 12%	419	4,949.38	86	1,796.61	-	-	-	-	-	-	-	-	505	6,745.99
	12%- 14%	15	100.45	-	-	-	-	-	-	-	-	-	-	15	100.45
<b>Quarterly repayment schedule</b>	8%- 10%	351	7,234.03	231	6,595.14	46	2,475.60	-	-	-	-	-	-	628	16,304.77
	10%- 12%	111	1,627.12	14	458.55	-	-	-	-	-	-	-	-	125	2,085.67
	12%- 14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1,371</b>	<b>21,215.56</b>	<b>495</b>	<b>12,628.86</b>	<b>64</b>	<b>3,524.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,930</b>	<b>37,369.29</b>

**Maturity pattern of term loan from Bank**

Type of Loan	Term Loan - Foreign currency Loans	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
Original Maturity of loan	Coupon rate														
<b>Quarterly repay-ment schedule</b>	8%- 10%	4	1,091.98	4	1,079.80	2	544.25	-	-	-	-	-	-	10	2,716.03
	10%- 12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%- 14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%- 15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>4</b>	<b>1,091.98</b>	<b>4</b>	<b>1,079.80</b>	<b>2</b>	<b>544.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>2,716.03</b>

**Maturity pattern of term loan from Financial Institution**

Type of Loan	Term Loan - NBFC	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
Original Maturity of loan	Coupon rate														
<b>Monthly repay-ment schedule</b>	8%- 10%	12	89.03	-	-	-	-	-	-	-	-	-	-	12	89.03
	10%- 12%	18	104.22	-	-	-	-	-	-	-	-	-	-	18	104.22
	12%- 14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Quarterly repay-ment schedule</b>	8%- 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%- 12%	5	121.07	-	-	-	-	-	-	-	-	-	-	5	121.07
	12%- 14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>35</b>	<b>314.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>314.32</b>

**Maturity pattern of Subordinated Liabilities**

(₹ in millions)

Type of Loan	Un-Secured - Sub Debt	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
<b>At the end of tenure /</b>	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	2.00	317.10	-	-	-	-	-	-	-	-	-	-	-	<b>317.10</b>
<b>On de-</b>	12%-14%	-	-	-	-	1.00	198.18	-	-	-	-	-	-	-	<b>198.18</b>
<b>mand</b>	14%-15%	-	-	-	-	3.00	486.56	1.00	148.51	1	499.16	-	-	-	<b>1,134.23</b>
<b>Total</b>		<b>2.00</b>	<b>317.10</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>684.74</b>	<b>1.00</b>	<b>148.51</b>	<b>1</b>	<b>499.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,649.51</b>

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 23: Other Financial liabilities

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	439.05	222.60
Payable towards assignment transactions	2,128.40	866.81
Others	75.54	-
<b>Total</b>	<b>2,642.99</b>	<b>1,089.41</b>

### 24: Provisions

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
- Gratuity	11.20	4.34
- Others	63.99	49.65
Provision for other losses	6.67	7.55
<b>Total</b>	<b>81.86</b>	<b>61.54</b>

### Movement of provisions other than employee benefit during the year:

The movement in provisions during 2022-23 and 2021-22 is, as follows:

Particulars	(₹ in millions)	
	Others Amount	
<b>At March 31, 2021</b>	<b>5.46</b>	
Arising during the year	2.40	
Utilized during the year	(0.31)	
<b>At March 31, 2022</b>	<b>7.55</b>	
Arising during the year	0.25	
Utilized during the year	(1.13)	
<b>At March 31, 2023</b>	<b>6.67</b>	

### 25: Other Non-financial liabilities

Particulars	(₹ in millions)	
	As at March 31 2023	As at March 31 2022
Statutory dues payable	41.02	14.61
Employees payable	99.24	57.35
Insurance premium payable	2.15	12.06
Other non financial liabilities	46.97	64.20
<b>Total</b>	<b>189.38</b>	<b>148.22</b>



**Movement of provisions other than employee benefit during the year:**

The movement in provisions during 2022-23 and 2021-22 is, as follows:

(₹ in millions)

Particulars	Others Amount
<b>At March 31, 2021</b>	<b>5.46</b>
Arising during the year	2.40
Utilized during the year	(0.31)
<b>At March 31, 2022</b>	<b>7.55</b>
Arising during the year	0.25
Utilized during the year	(1.13)
<b>At March 31, 2023</b>	<b>6.67</b>

**25: Other Non-financial liabilities**

(₹ in millions)

Particulars	As at March 31 2023	As at March 31 2022
Statutory dues payable	41.02	14.61
Employees payable	99.24	57.35
Insurance premium payable	2.15	12.06
Other non financial liabilities	46.97	64.20
<b>Total</b>	<b>189.38</b>	<b>148.22</b>

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 26: Equity share capital

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised:</b>		
100,000,000 (PY 100,000,000) Equity Shares of Rs.10/- each	1,000.00	1,000.00
<b>Issued, subscribed and fully paid up</b>		
48,844,055 (PY 45,608,760) Equity Shares of Rs.10/- each	488.44	456.09
<b>Total Equity</b>	<b>488.44</b>	<b>456.09</b>

## Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	No. in millions	₹ in millions
<b>At April 1, 2021</b>	<b>37.52</b>	<b>375.21</b>
Issued during the year	8.09	80.88
<b>At March 31, 2022</b>	<b>45.61</b>	<b>456.09</b>
Issued during the year *	3.23	32.30
<b>At March 31, 2023</b>	<b>48.84</b>	<b>488.39</b>

## Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹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 the shareholders of the company at the Extra ordinary meeting held at May 31,2022 for issue of Equity shares on a preferential basis through private placement, the Board at its meeting held on June 29,2022 approved the allotment of 32,35,295 nos. of Equity shares of face value ₹10/- each at a price of ₹340/- each (including a Premium of ₹330/- per share) aggregating up to ₹1,100.00 Mn (Rupees One Thousand and Hundred million only).

**Details of Equity shareholder holding more than 5% shares in the company**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. in millions	% holding in the class	No. in millions	% holding in the class
Muthoot Finance Limited (Holding Company)	27.83	56.97	27.68	60.69
Arum Holdings limited	7.65	15.66	6.62	14.51
Sarvam Financial Inclusion Trust, Kancheepuram	5.99	12.26	6.13	13.45
Maj Invest Financial Inclusion Fund II K/S	4.79	9.81	4.79	10.51

**SHAREHOLDING OF PROMOTERS**

Promoter name	Shares held by promoters at the end of the year		% Change During the year
	No. of Shares	% of total shares	
Sarvam Financial Inclusion Trust	5,987,161	12.26	-2.40
Hand In Hand Consulting Services Private Limited	341,237	0.70	0.00
Dr Kalpana Sankar	43,850	0.09	0.00
Mr. C V Sankar	100	0.00	0.00
Ms D Bindu	100	0.00	0.00

**27: Other equity**

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	906.80	646.14
Securities Premium Account	6,074.60	5,020.25
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve	0.01	0.01
Remeasurement gain/ (loss) of defined benefit plans-OCI	(13.11)	(7.31)
Change in value of forward contract-OCI	(6.66)	-
Effective portion of gain on Hedging Instruments in Cash Flow Hedges-OCI	(0.17)	-
Surplus in Statement of Profit and Loss	2,973.08	1,944.15
<b>Total</b>	<b>10,434.55</b>	<b>8,103.24</b>

\* For detailed movement of reserves refer Statement of Changes in equity for the year ended March 31, 2023.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 28: 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 32,35,240 (FY 21-22 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.

Effective portion of cash flow hedges represents the cumulative gains/(losses) arising on changes in fair value of the derivative instruments designated as cash flow hedges through OCI. The amount recognized as effective portion of Cash flow hedge is reclassified to profit or loss when the hedged item affects profit or loss. The company designates the spot element of foreign currency forward contracts as hedging instruments. The changes in the fair value of forward element of the forward contract on reporting date is deferred and retained in the cost of hedging reserve.

**29: Dividend paid and proposed**

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Final dividend for previous fiscal year	13.68	11.26
Interim dividend for current fiscal year	-	-

The Board of Directors recommended a final dividend of Rs.0.60/- per equity share for the financial year ended March 31, 2023. The payment is subject to the approval of the shareholders in the ensuing Annual General meeting of the Company.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 30: Interest income

(₹ in millions)

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	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	-	8,529.10	8,529.10	-	6,603.31	6,603.31
Interest income from fixed deposits	-	286.68	286.68	-	163.05	163.05
Other interest income	-	1.95	1.95	-	1.96	1.96
<b>Total</b>	<b>-</b>	<b>8,817.73</b>	<b>8,817.73</b>	<b>-</b>	<b>6,768.32</b>	<b>6,768.32</b>

## 31: Fee and commission income

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	Commission fees	64.29
<b>Sale of services</b>	<b>64.29</b>	<b>37.37</b>
Fee income that are recognised over a certain period of time	-	-
Fee income that are recognised at point in time	64.29	37.37
<b>Sale of services</b>	<b>64.29</b>	<b>37.37</b>
Geographical markets		
India	64.29	37.37
Outside India	-	-
<b>Total</b>	<b>64.29</b>	<b>37.37</b>



**32: Net gain (Loss) on fair value changes on investments****32 A: Net gain on fair value changes on investments**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio	-	-
- Investments	27.47	7.87
- Derivatives	-	-
- Others	-	-
<b>Total Net gain/(loss) on fair value changes</b>	<b>27.47</b>	<b>7.87</b>
Fair Value changes:		
- Realised	27.47	7.87
- Unrealised	-	-
<b>Total Net gain on fair value changes</b>	<b>27.47</b>	<b>7.87</b>

**32 B: Net loss on fair value changes on investments**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net loss on financial instruments at fair value through profit or loss		
On financial instruments designated at fair value through profit or loss (Refer Note 9.1)	193.06	-
<b>Total Net gain/(loss) on fair value changes</b>	<b>193.06</b>	<b>-</b>
Fair Value changes:		
- Realised	-	-
- Unrealised	193.06	-
<b>Total Net loss on fair value changes</b>	<b>193.06</b>	<b>-</b>

**33: Net gain on de-recognition of financial instruments under amortised cost category**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Gain on sale of loan portfolio through assignment	1,403.12	458.73
<b>Total</b>	<b>1,403.12</b>	<b>458.73</b>

**34: Other Income**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad debt recovery	65.93	11.72
Other income	0.61	0.30
<b>Total</b>	<b>66.54</b>	<b>12.02</b>

**35: Finance Costs**

(₹ in millions)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	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
<b>Interest Expense on Borrowings:</b>				
Interest on borrowings	-	2,948.99	-	2,132.09
Interest on debt securities	-	450.76	-	528.38
Interest on subordinate liabilities	-	233.31	-	235.62
Interest on Lease liability	-	11.02	-	11.84
Other charges	-	10.36	-	4.28
<b>Total</b>	<b>-</b>	<b>3,654.44</b>	<b>-</b>	<b>2,912.21</b>

**36: Fee and commission expense**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fee and commission expense	263.79	196.68
<b>Total</b>	<b>263.79</b>	<b>196.68</b>

**37: Impairment of financial instruments**

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument:

(₹ in millions)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans	-	1,438.90	-	1,485.70
Interest Only strip	-	7.77	-	9.18
Other Assets	-	(0.88)	-	2.62
<b>Total</b>	<b>-</b>	<b>1,445.79</b>	<b>-</b>	<b>1,497.50</b>

**38: Employee Benefit Expenses**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and Wages	1,964.58	1,393.39
Contributions to Provident and Other Funds	168.23	121.03
Staff Welfare Expenses	22.97	15.11
<b>Total</b>	<b>2,155.78</b>	<b>1,529.53</b>

**39: Depreciation, amortization and impairment**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Tangible Assets	54.41	35.43
Amortization of Intangible Assets	7.89	10.50
Amortisation of Right to use Asset	56.09	40.46
<b>Total</b>	<b>118.39</b>	<b>86.39</b>

**40: Other Expenses**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	30.47	24.80
Electricity Charges	12.02	8.19
Business Promotion Expenses	11.88	5.78
Bank charges	50.91	25.73
Repairs to Buildings	26.67	19.31
Repairs to Machinery	68.66	40.81
Communication expense	46.93	31.14
Postage and courier	3.97	3.09
Printing and Stationery	32.79	16.75
Rates & Taxes	5.92	3.32
Legal & Professional Charges	105.85	66.75
Travelling and Conveyance	292.23	141.06
Insurance	41.72	25.51
Payments to Auditor	2.97	2.50
Membership and subscription	7.69	7.36
Directors' Sitting Fee	8.21	8.55
Credit Bureau expenses	22.14	8.05
Cloud charges	50.83	29.10
CSR Expenses	16.43	20.51
Loss on account of theft	0.39	1.13
Other expenses	16.15	11.10
<b>Total</b>	<b>854.83</b>	<b>500.54</b>

**Break up of payment to auditors**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As auditor:		
Statutory audit	1.66	1.47
Tax audit	0.28	0.22
Limited review	0.87	0.65
Certification fees	0.16	0.16
	<b>2.97</b>	<b>2.50</b>

**Details of CSR expenditure:**

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Amount required to be spent by the company during the year	16.43	19.61
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	16.43	20.51
d) Shortfall at the end of the year	-	-
e) Reason for Shortfall	NA	NA
f) Nature of CSR Activities		
<ul style="list-style-type: none"> <li>• Women empowerment by enhancing the skills, Knowledge, equipping them with financial &amp; digital literacy</li> <li>• Health Helpdesk at Hospital during Covid 19 Pandemic</li> <li>• Setting up of Customer Service centre at selected village to strengthen SHG, Financial Literacy etc</li> <li>• Supporting Malnourished Children during Covid -19 Pandemic</li> </ul>		

**Notes**

1. For details of Related party transactions in relation to CSR - Refer Note No. 48
2. The Company has not created any provision in respect of liability incurred by entering into a contractual obligation during the year

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 41: Income Tax

The components of income tax expense for the year ended March 31, 2023 and year ended March 31, 2022 are:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	48.16	422.77
Deferred tax relating to origination and reversal of temporary differences	351.25	(312.60)
Earlier years adjustments	(9.59)	-
<b>Income tax expense reported in statement of profit and loss</b>	<b>389.82</b>	<b>110.17</b>
<b>Deferred tax related to items recognised in OCI during the period:</b>		
Tax asset / (liability) due to Fair value impact on debt instruments measured at FVOCI	-	6.18
Tax asset / (liability) due to Effective portion of gain on Hedging Instruments in Cash Flow Hedges	0.06	-
Tax asset / (liability) on remeasurements of defined benefit plans	1.95	(0.02)
Tax asset / (liability) due to Change in value of forward contract	2.23	-
<b>Income tax charged to OCI</b>	<b>4.24</b>	<b>6.16</b>

### 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, 2023 and year ended March 31, 2022 is, as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Tax rate as per IT Act, 1961</b>	<b>25.17%</b>	<b>25.17%</b>
Accounting profit before tax	1,693.08	561.47
At India's statutory income tax rate of 25.168%	426.11	141.31
Effect of expenses that are not deductible in determining taxable profit	5.55	5.89
Deductions	(42.78)	(43.03)
Effect of income that is exempt from taxation	-	-
Interest on delayed payment of advance tax	-	-
Others	0.94	6.00
<b>Income tax expense reported in the statement of profit or loss</b>	<b>389.82</b>	<b>110.17</b>

The effective income tax rate for March 31, 2023 is 23.02% (March 31, 2022 is 19.62%)

**Current tax Asset (net)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax Asset (net)	362.15	-
<b>Total</b>	<b>362.15</b>	<b>-</b>

**Current tax liabilities (net)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax liabilities (net)	-	64.87
<b>Total</b>	<b>-</b>	<b>64.87</b>

**42: 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, 2023**

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 2023	March 31, 2023	2022-23	2022-23
Depreciation	20.08	-	(3.46)	-
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.	1.01	-	14.53	(1.95)
Impairment allowance for financial assets	290.61	-	251.45	-
Debt financial asset measured at amortised cost	134.96	-	(64.84)	-
Financial liability measured at amortised cost (Borrowings)	-	(35.37)	14.61	-
Impact due to gain/loss on fair value of assignment transactions	-	(248.81)	138.88	-
Impact due to gain/loss on fair value of FVOCI loans	2.24	-	-	(2.23)
Right-of-use asset	2.81	-	0.08	-
Cash Flow Hedge Reserve	-	0.06	-	(0.06)
<b>Total</b>	<b>451.71</b>	<b>(284.12)</b>	<b>351.25</b>	<b>(4.24)</b>



**Deferred tax working for the year ended March 31, 2022**

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	March 31, 2022	March 31, 2022	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.	13.59	-	8.82	0.02
Impairment allowance for financial assets	542.06	-	(311.27)	-
Debt financial asset measured at amortised cost (loans to customer)	70.12	-	(6.86)	-
Financial liability measured at amortised cost (Borrowings)	-	(20.76)	(9.08)	-
Impact due to gain/loss on fair value of assignment transactions	-	(109.93)	0.26	-
Impact due to gain/loss on fair value of FVOCI loans	-	-	-	(6.18)
Right-of-use asset	2.89	-	(0.50)	-
<b>Total</b>	<b>645.28</b>	<b>(130.69)</b>	<b>(312.59)</b>	<b>(6.16)</b>

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 43 Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit attributable to ordinary equity holders	1,303.25	451.29
<b>Weighted average number of ordinary shares for basic earnings per share</b>	48.05	37.59
Effect of dilution:	-	-
<b>Weighted average number of ordinary shares adjusted for effect of dilution</b>	48.05	37.59
Earnings per share		
<b>Basic earnings per share (Rs.)</b>	<b>27.12</b>	<b>12.01</b>
<b>Diluted earnings per share (Rs.)</b>	<b>27.12</b>	<b>12.01</b>

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 44: 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 ₹115.66 millions (Previous Year Rs.82.71 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

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Current service cost	15.14	11.89
Interest cost on benefit obligation	0.27	0.26
Past Service Cost	-	-
<b>Total</b>	<b>15.41</b>	<b>12.15</b>

#### Balance Sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	84.83	63.65
Fair value of plan assets	73.63	59.31
Asset/(liability) recognized in the balance sheet	(11.20)	(4.35)
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:

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	63.65	49.44
Interest cost	3.94	3.09
Current service cost	15.14	11.89
Benefits paid	(5.96)	(3.05)
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	8.06	2.28
<b>Closing defined benefit obligation</b>	<b>84.83</b>	<b>63.65</b>

Changes in the fair value of plan assets are as follows:

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	59.31	45.32
Expected return	3.67	2.83
Contributions by employer	16.29	14.20
Benefits paid	(5.96)	(3.05)
Actuarial gains / (losses) on assets	0.32	0.01
<b>Closing fair value of plan assets</b>	<b>73.63</b>	<b>59.31</b>

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at	
	March 31, 2023	March 31, 2022
Discount rate	7.30%	6.19%
Rate of increase in compensation levels	10%	10%
Attrition rate	32%	32%
Expected rate of return on assets	6.19%	6.25%

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, 2023	As at March 31, 2022
Funded with LIC	62.68%	55.00%
Funded with Exide	37.32%	45.00%

Assumptions	As at March 31, 2023		As at March 31, 2023	
	Discount rate impact		Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	1 % increase	1 % decrease
Impact on defined benefit obligation	(1.07)	1.10	2.14	(2.06)

Assumptions	As at March 31, 2022		As at March 31, 2022	
	Discount rate impact		Future salary impact	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.86)	0.89	1.71	(1.64)

Expected benefit payment for future years	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	20.78	14.28
Between 1 and 5 years	54.30	40.28
Between 5 and 10 years	30.24	22.62
<b>Total expected payments</b>	<b>105.32</b>	<b>77.18</b>

The weighted average duration of the defined benefit obligation as at March 31, 2023 is 5 years approximately (2022: 5 years approximately)

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.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

## 45: 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.

(₹ in millions)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	12,812.45	-	12,812.45	7,218.36	-	7,218.36
Bank Balance other than above	142.45	306.35	448.80	938.21	421.97	1,360.18
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	7.61	-	7.61	3.46	-	3.46
Loans	27,833.78	18,441.58	46,275.36	23,191.27	12,351.26	35,542.53
Investments	-	528.64	528.64	-	-	-
Other financial assets	1,208.55	110.01	1,318.56	593.74	76.19	669.93
						-
<b>Non-financial Assets</b>						
Current tax asset (net)	-	362.15	362.15	-	-	-
Deferred tax assets (net)	-	167.59	167.59	-	514.59	514.59
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	53.60	53.60	-	47.69	47.69
Right of use assets	-	97.12	97.12	-	97.29	97.29
Other intangible assets	-	8.39	8.39	-	7.30	7.30
Other non financial assets	100.57	87.07	187.64	57.65	82.78	140.43
<b>Total assets</b>	<b>42,105.41</b>	<b>20,163.60</b>	<b>62,269.01</b>	<b>32,002.69</b>	<b>13,600.17</b>	<b>45,602.86</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
Derivative financial instruments	29.32	-	29.32			
Trade Payables	31.75	-	31.75	2.74	-	2.74
Debt Securities	3,226.05	2,989.66	6,215.71	576.68	3,231.21	3,807.89
Borrowings (other than debt security)	22,621.86	17,777.78	40,399.64	19,738.96	10,379.92	30,118.88
Subordinated Liabilities	317.10	1,332.41	1,649.51	-	1,643.59	1,643.59
Lease liabilities	53.19	52.67	105.86	49.12	57.26	106.38
Other Financial liabilities	2,633.39	9.60	2,642.99	1,080.10	9.31	1,089.41

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Non-financial Liabilities</b>						
Current tax liabilities (net)	-	-	-	64.87	-	64.87
Provisions	81.86	-	81.86	61.54	-	61.54
Other non-financial liabilities	189.38	-	189.38	148.22	-	148.22
<b>Total Liabilities</b>	<b>29,183.90</b>	<b>22,162.12</b>	<b>51,346.02</b>	<b>21,722.23</b>	<b>15,321.29</b>	<b>37,043.52</b>
<b>Net</b>			<b>10,922.99</b>			<b>8,559.34</b>



## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 46: Change in liabilities arising from financing activities

Particulars	(₹ in millions)			
	As at March 31, 2022	Cash Flows	Other*	As at March 31, 2023
Debt Securities	3,807.89	2,423.22	(15.40)	6,215.71
Borrowings other than debt securities	30,118.88	10,340.58	(59.82)	40,399.64
Subordinated Liabilities	1,643.59	0.01	5.91	1,649.51
<b>Total liabilities from financing activities</b>	<b>35,570.36</b>	<b>12,763.81</b>	<b>(69.31)</b>	<b>48,264.86</b>

Particulars	(₹ in millions)			
	As at April 01, 2021	Cash Flows	Other*	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
<b>Total liabilities from financing activities</b>	<b>27,956.36</b>	<b>7,587.22</b>	<b>26.78</b>	<b>35,570.36</b>

\* Other includes EIR adjustments.

### 47: Contingent liabilities, commitments and leasing arrangements

#### (A) Contingent Liabilities

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
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	32.96
Income tax (AY 2020-21)	2.50	
<b>Total</b>	<b>108.61</b>	<b>106.11</b>

For the Assessment year 2017-18, the disputed income tax demand is on account of cash deposited during demonetization period which has been added by the department to income from other sources. However, the company has paid 20% of the disputed demand under protest amounting to 14.63 million.

For the Assessment year 2018-19, the disputed income tax demand is on account of disallowances and additions of certain items to the income. However, the company has paid 20% of the disputed demand under protest amounting to 6.59 million.

For the Assessment year 2020-21, the disputed income tax demand is on account of disallowances of certain items. The company has filed an appeal before the Commissioner of Income Tax (Appeals) operations.

Future cashflows in respect of the above three demands are determinable only on receipt of judgement /

decisions pending with tax authorities. The company is of the opinion that the above demands are not sustainable and expects to succeed in its appeal. 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.

(₹ in millions)

Particulars	Amount
Balance at April 1, 2021	72.89
Addition during the year	64.86
Less: Depreciation charge for the year	(40.46)
Balance at March 31, 2022	97.29
Addition during the year	55.92
Less: Depreciation charge for the year	(56.09)
Balance at March 31, 2023	97.12

### Amounts recognised in profit or loss

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	11.02	11.84
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	56.09	40.46
Expenses relating to short-term leases	30.47	24.80
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-
Total	97.58	77.10

**Amounts recognised in the Cash Flow Statement**

(₹ in millions)

Particulars	31 March 2023	31 March 2022
Interest paid on Lease liabilities	11.02	11.84
Payment towards Lease liabilities	55.45	37.97
Total cash outflow for leases	66.47	49.81

**Movement in Lease Liabilities**

(₹ in millions)

Particulars	31 March 2023	31 March 2022
Balance at March 31, 2022,2021	106.39	80.43
Net Addition	43.90	52.09
Interest on lease liabilities	11.02	11.84
Payment of lease liabilities	55.45	37.97
Balance at March 31, 2023,2022	105.86	106.39

**Maturity Analysis of Lease Liabilities**

(₹ in millions)

Particulars	31 March 2023	31 March 2022
Less than one year	53.19	49.12
One to five years	52.67	57.26
More than five years	-	-
Total cash outflow for leases	105.86	106.38

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 48: Related Party Disclosures

#### Relationship

<b>Key Management Personnel</b>	<p>Dr. (Mrs.) Kalpanaa Sankar (Managing Director)</p> <p>Mr. K.B Balakumaran (Executive Director)</p> <p>Mr. George Alexander (Investor Director)</p> <p>Mr. George Muthoot Jacob (Investor Director)</p> <p>Mr. Kuttickattu Rajappan Bijimon (Investor Director)</p> <p>Mr. David Arturo Paradiso (Investor Director)</p> <p>Mr.Vijay Nallan Chakravarthi (Investor Director)</p> <p>Mr. Subramanian Ananthanarayanan (Independent Director)</p> <p>Mr. Vadakkakara Antony George (Independent Director)</p> <p>Mr. Venkataraman Krishnamoorthy (Independent Director)</p> <p>Mr. Chinnasamy Ganesan (Independent Director)</p> <p>Mr. L. Muralidharan (Chief Financial Officer)</p> <p>Mr. Sunil Kumar Sahu (Company Secretary)</p>
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<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>	<ol style="list-style-type: none"> <li>1. Hand in Hand Consulting Services Private Ltd</li> <li>2. Hand in Hand India</li> <li>3. Hand in Hand Academy for Social Entrepreneurship</li> <li>4. Muthoot Securities Limited</li> <li>5. Muthoot Marketing Services Private Limited.</li> <li>6. Muthoot Vehicle and Asset Finance Limited.</li> </ol>
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<b>Holding Company</b>	Muthoot Finance Limited
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<b>Fellow Subsidiary</b>	<ol style="list-style-type: none"> <li>1. Muthoot Homefin (India) Limited.</li> <li>2. Muthoot Insurance Brokers Private Limited</li> </ol>
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<b>Entities holding substantial interest</b>	<ol style="list-style-type: none"> <li>1. Sarvam Financial Inclusion Trust</li> <li>2. Maj Invest Financial Inclusion Fund II K/S</li> <li>3. Arum Holdings limited (Part of Affirma Capital)</li> <li>4. Augusta investments zero Private Limited (Part of Affirma Capital)</li> </ol>
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<b>Relatives of Key Management Personnel</b>	<ol style="list-style-type: none"> <li>1. Anna alexander</li> <li>2. George M George</li> <li>3. George Alexander</li> <li>4. Sara George</li> <li>5. George Jacob</li> <li>6. George Thomas</li> <li>7. Susan Thomas</li> <li>8. Elizabeth Jacob</li> <li>7. CV Sankar</li> <li>8. Bindu Dandapani</li> </ol>
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**Related Party transactions during the year:**

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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loan received	-	70.00	-	-	-	-	-	-	-	-	-	-
Loan Repaid	-	35.00	18.06	16.13	-	-	-	-	-	-	-	-
NCD's Received	-	-	-	-	-	-	-	-	-	-	-	500.00
NCD's Repaid	-	27.14	65.57	-	-	-	-	-	-	-	24.86	-
Issue of equity shares (including share premium)	-	280.00	-	-	-	1,100.00	2,470.00	-	-	-	-	-
Services rendered	-	28.64	22.19	-	-	-	-	-	-	-	-	-
Services received	-	-	0.95	-	-	-	-	-	-	-	-	-
Dividend paid on Equity Shares	8.30	7.88	0.10	0.13	-	5.26	3.22	0.01	0.03	0.00	0.00	0.00
Interest paid on NCD	-	29.08	36.15	8.40	8.40	-	-	-	-	-	35.79	41.29
Interest paid on Loan	-	4.82	0.91	3.98	1.75	3.98	-	-	-	-	-	-
Processing fee on account of loan availed	-	-	-	-	-	-	-	-	-	-	-	-
Arranger fee	-	-	5.00	-	-	-	-	-	-	-	-	-
Consultancy services availed for training	-	29.37	15.63	-	-	-	-	-	-	-	-	-

(₹ 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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Corporate Social Responsibility	-	19.40	16.43	-	-	-	-	-	-	-	-	-
Remuneration to Executive Director's	-	-	-	-	-	-	-	-	18.01	15.15	-	-
Non Executive Director's	-	-	-	-	-	-	-	-	7.53	9.19	-	-
Salary & Perquisite*	-	-	-	-	-	-	-	-	9.38	7.17	-	-
Balance outstanding as at the year end:	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	1.61	-	-	-	0.17	-	-	-	-	-	6.49
Receivables	-	2.48	0.70	-	-	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding	-	70.00	35.00	4.85	22.91	-	-	-	-	-	-	-
Maximum during the Year	-	-	70.00	22.91	39.04	-	-	-	-	-	-	-
NCD's	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding	-	201.00	252.00	70.00	70.00	-	-	-	-	-	740.00	740.00
Maximum during the Year	-	-	252.00	252.00	70.00	70.00	-	-	-	-	740.00	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.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 49: 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.

Regulatory capital	As at March 31, 2023	As at March 31, 2022
Common Equity Tier1 capital	9,620.89	7,555.25
Other Tier 2 capital instruments	791.09	1,117.85
<b>Total capital</b>	<b>10,411.98</b>	<b>8,673.10</b>
<b>Risk weighted assets</b>	<b>47,388.15</b>	<b>36,041.32</b>
Tier I CRAR	20.30%	20.96%
Tier II CRAR	1.67%	3.10%
Total capital ratio	21.97%	24.06%

### 50: Events after reporting date

There are no events after the reporting date that require disclosure in these financial statements.



## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 51: 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

	(₹ in millions)		
As at March 31, 2023	Level 1	Level 2	Level 3

#### Assets measured at fair value on a recurring basis

Financial assets at FVTPL

Investment	-	-	528.64
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Financial liabilities at FVOCI

Derivative Financial Instruments	-	29.32	-
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	(₹ in millions)		
As at March 31, 2022	Level 1	Level 2	Level 3

#### Assets measured at fair value on a recurring basis

Financial assets at FVTPL

Investment	-	-	-
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Financial liabilities at FVOCI

Derivative Financial Instruments	-	-	-
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#### Fair value technique

Investment at fair value through profit and loss :

Investments in Security receipts (SRs) are classified as Financial Assets measured at FVTPL as stated in Note No. 10 Accordingly, the fair valuation technique in this regard is classified under Level 3. Since the investment was made in the month of March 2023 and the investment value approximates the net asset value as at March 31, 2023 as confirmed by the Asset Reconstruction Company (ARC), disclosure of sensitivity of fair value measurement in unobservable inputs is not considered relevant.

## 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.

For Derivative Financial Instruments (asset /liabilities) at FVOCI, valuation is done using closing rate determined by the bank and is classified as Level 2

**II. The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:**

(₹ in millions)

March 31, 2023	As at April 01, 2022	Issuances and Settlements (Net)	Transfers into Level 3	Transfers from Level 3	Net interest income	Other Comprehensive Income	As at March 31, 2023
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Financial assets at FVOCI							
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Loans	-	-			-	-	-
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Financial assets at FVTPL							
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Investment	-	528.64			-	-	528.64
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(₹ 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 March 31, 2022
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Financial assets at FVOCI							
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Loans	1,034.45	(-1,016.56)				(17.89)	-
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Financial assets at FVTPL							
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Investment	-	-			-	-	-
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### 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.

Particulars	Note	Level	Carrying Value		Fair Value		
			Mar-23	Mar-22	Mar-23	Mar-22	
<b>Financial assets not measured at fair value</b>							
Cash and cash equivalents	6	1	12,812.45	7,218.36	12,812.45	7,218.36	
Bank Balance other than above	7	1	448.80	1,360.18	448.80	1,360.18	
Trade receivables	8	3	7.61	3.46	7.61	3.46	
Loans	9	3	46,275.36	35,542.53	46,275.36	35,542.53	
Other Financial assets	11	3	1,318.56	669.93	1,318.56	669.93	
<b>Total financial assets</b>			<b>60,862.78</b>	<b>44,794.46</b>	<b>60,862.78</b>	<b>44,794.46</b>	
<b>Financial Liabilities not measured at fair value</b>							
Trade Payables	19	3	31.75	2.74	31.75	2.74	
Debt Securities	20	1/3	6,215.71	3,807.89	6,340.37	3,810.64	
Borrowings (other than debt securities)	21	3	40,399.64	30,118.88	40,399.64	30,118.88	
Subordinated Liabilities	22	3	1,649.51	1,643.59	1,649.51	1,643.59	
Other Financial liabilities	23	3	2,642.99	1,089.41	2,642.99	1,089.41	
<b>Financial Liabilities</b>			<b>50,939.60</b>	<b>36,662.51</b>	<b>51,064.26</b>	<b>36,665.26</b>	

**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.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 52 : 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.

**Sensitivity to macro economic variables**

The macro-economic variable factored into the statistical model used by the company for estimation of expected credit losses are GDP and inflation. Based on the management's assessment, a 5% increase or decrease in these variable are not likely to have a material impact on the ECL recognised in the P&L and consequently, on equity.

**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

### 52.1. 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 direct assignment 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	2023	2022
Year-end	97.86%	103.91%
Maximum	118.84%	109.26%
Minimum	97.86%	103.91%
Average	109.89%	105.92%

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 on March 31, 2023:**

Particulars	(₹ in millions)										Total
	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	
Borrowings (other than debt securities)	262.75	339.14	1,197.26	1,517.15	2,330.06	6,025.24	10,950.26	17,777.78	-	-	40,399.64
Debt securities	-	-	497.75	247.74	897.83	344.12	1,238.61	2,989.66	-	-	6,215.71
Subordinated debts	-	-	-	-	-	317.10	-	684.74	647.67	-	1,649.51
Derivative financial instruments	-	-	3.05	26.27	-	-	-	-	-	-	29.32
<b>Total</b>	<b>262.75</b>	<b>339.14</b>	<b>1,698.06</b>	<b>1,791.16</b>	<b>3,227.89</b>	<b>6,686.46</b>	<b>12,188.87</b>	<b>21,452.18</b>	<b>647.67</b>	<b>-</b>	<b>48,264.86</b>
Cash and bank balance	3,238.21	3,512.50	5,845.00	216.74	-	-	-	-	-	-	12,812.45
Deposits	-	-	-	-	-	57.61	84.84	293.85	12.50	-	448.80
Derivative financial instruments	-	-	-	-	-	-	-	0.00	-	-	-
Receivables	-	-	7.61	-	-	-	-	-	-	-	7.61
Loans	172.64	760.84	1213.54	2,331.47	2,394.82	7,240.23	13,720.24	18,111.87	329.65	0.06	46,275.36
Investments	-	-	-	-	-	-	-	528.64	-	-	528.64
<b>Total</b>	<b>3,410.85</b>	<b>4,273.34</b>	<b>7,066.15</b>	<b>2,548.21</b>	<b>2,394.82</b>	<b>7,297.84</b>	<b>13,805.08</b>	<b>18,934.36</b>	<b>342.15</b>	<b>0.06</b>	<b>60,072.86</b>

**Maturity pattern of assets and liabilities as on March 31, 2022:**

Particulars	(₹ in millions)										Total
	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	
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
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
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
Investments	-	-	-	-	-	-	-	52.86	-	-	52.86
Total	1,540.12	3,024.35	3,486.31	3,326.27	2,178.84	6,179.74	11,615.66	12,810.50	15.60	-	44,177.39

## 52.2. 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 .

However, the impact of Covid-19 on financial activities have significantly come down during the year as there has been no major business disruptions or government restrictions after March 2022. The collection efficiency metrics of the company also witnessed a significant improvement during the year. The impact of Covid-19 induced delinquency on the loan exposure has also tapered during the year. As at March 31, 2023, the company's gross exposure to loans restructured under the Covid restructuring framework is ₹443.40 Million against provisions carried to the tune of ₹239.95 millions .

## 52.3. 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:

### 52.3.1. 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, 2023.

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:

Particulars	(Rs in millions)	
	Effect on Statement of Profit and loss for the year 2022-23	Effect on Statement of Profit and loss for the year 2021-22
0.50% increase	(202.00)	(150.59)
0.50% decrease	202.00	150.59

### 52.3.2. 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.

### 52.3.3. Currency Risk

Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. The Company has hedged its foreign currency risk on its foreign currency borrowings as on March 31, 2023 by entering into forward contracts with the intention of covering the entire term of foreign currency exposure. The counterparties for such hedge transactions are banks.

The Company's exposure on account of Foreign Currency Borrowings at the end of the reporting period expressed in Indian Rupees are as follows:

Particulars	(₹ in millions)	
	As at March 31, 2023	As at March 31, 2022
Foreign Currency Non-Resident Loans	2,716.03	-

The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment and hence the hedge ratio is 1:1.

### Disclosure of Effects of Hedge Accounting

#### Cash flow Hedge

As at March 31, 2023

Type of hedge and risks	Carrying amount of hedging instrument		Carrying amount of hedged item		Balances in the cash flow hedge reserve for continuing hedges	Hedging Gain or loss	Nominal Amount of Hedging instrument (USD)
	Liability	Line item in Balance Sheet	Liability	Line item in Balance Sheet			
	Cash Flow Hedge (Currency Risk)	29.32	Derivative financial instruments	2,727.30			

The Company has entered into foreign currency forward contracts to hedge the currency risk of its borrowings denominated in foreign currency. The critical terms such as due date, amount involved etc of the hedged item and the hedging instrument exactly matches. Further, the company has designated the spot element of foreign currency forward contracts as hedging instrument. Accordingly, there is no ineffective portion of the above hedge to be recognised in profit or loss and consequently, disclosures in respect of the change in fair value of the hedged item and the hedging instrument used as the basis for recognising hedge ineffectiveness for the period, as required under Ind AS 107 is not relevant.

#### 52.3.4. 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.

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 53: Micro Enterprises and Small Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are given as follows:

Particulars	(₹ in millions)	
	March 31, 2023	March 31, 2022
a) Principal amount due	7.20	-
Interest due on the above	-	-
b) Interest paid during the period beyond the appointed day	-	-
c) Amount of payment made to the supplier beyond the appointed day during the accounting year	-	-
d) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-
e) Amount of interest accrued and remaining unpaid at the end of the period	-	-
f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the Act.	-	-

### 54: Foreign Currency Expenditure

#### 54.1. Foreign Currency Expenditure

Particulars	(₹ in millions)	
	March 31, 2023	March 31, 2022
Professional Fees	0.47	1.29
Dividend	3.42	1.24

Interest on Foreign currency borrowing which are fully hedged through forward contracts are not considered for the purpose of above disclosure.

#### 54.2. Unhedged Foreign Currency

The Company did not have any unhedged Foreign currency exposure as at 31 March 2023 is ₹Nil (PY Nil).

### 55: 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".



**56: Additional Disclosures pursuant to Reserve Bank of India Directions****56.1. Disclosure Pursuant to RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended)**

(₹ in millions)

S. No	Particulars	As at March 31, 2023		As at March 31, 2022	
		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	6,215.71	-	3,807.89	-
	-Unsecured	1,400.29	-	1,394.62	-
	(Other than falling within the meaning of Public deposits)			-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	37,683.61	-	30,118.88	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Foreign Currency Non-Resident (FCNR-B) Loans.	2,716.03	-	-	-
(g)	Other Loans (Nature of other Loans, CC etc.)	249.22	-	248.97	-

S. No	Particulars	As at March 31, 2023		As at March 31, 2022	
	Assets				
2	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below ] :				
(a)	Secured		35.54		12.06
(b)	Unsecured (including Interest accrued and Loans to staff)		47,196.85		37,768.06
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 fire 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		-		-

S. No	Particulars	As at March 31, 2023	As at March 31, 2022
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	-	-
(ii)	(b) Preference	-	-
(iii)	Debentures and Bonds	-	-
(iv)	Units of Mutual Fund	-	-
(v)	Government Securities	-	-
	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)	Security Receipts	528.64	-

**5. Borrower Group-Wise classification of Assets financed as in (2) and (3) above**

(₹ in millions)

S. No	Category	Net of provisions as at March 31, 2023			Net of provisions as at March 31, 2022		
		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	35.54	46,239.82	46,275.36	12.06	35,530.47	35,542.53
	<b>Total</b>	<b>35.54</b>	<b>46,239.82</b>	<b>46,275.36</b>	<b>12.06</b>	<b>35,530.47</b>	<b>35,542.53</b>

(₹ in millions)

6	Other Information		Amount outstanding as at March 31, 2023	Amount outstanding as at March 31, 2022
(i)	Gross Non-Performing Assets *	Related Parties	-	-
		Other than Related Parties	1,144.81	2,145.00
(ii)	Net Non-Performing Assets *	Related Parties	-	-
		Other than Related Parties	305.27	525.75
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	-	-
		Other than Related Parties	-	-

\*Assets classified as Stage 3 as per Ind AS Classification

**7. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: Sectoral exposure**

Sectors	Market value / Breakup Value or Fair Value or Net Asset Value			Market value / Breakup Value or Fair Value or Net Asset Value		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	38,849.03	837.69	2.16%	25,940.74	1,276.86	4.92%
<b>2. Industry</b>						
Production or Manufacturing	1,453.95	20.91	0.22%	436.11	35.60	0.53%
Trade and Business	8,044.54	267.56	2.82%	6,323.68	403.71	5.97%
<b>Total of Industry</b>	<b>9,498.48</b>	<b>288.47</b>	<b>3.04%</b>	<b>6,759.79</b>	<b>439.31</b>	<b>6.50%</b>

Sectors	Market value / Breakup Value or Fair Value or Net Asset Value			Market value / Breakup Value or Fair Value or Net Asset Value		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
<b>3. Services</b>						
Services	12,399.14	399.68	3.22%	9,703.66	673.92	6.94%
<b>Total of Services</b>	<b>12,399.14</b>	<b>399.68</b>	<b>3.22%</b>	<b>9,703.6</b>	<b>673.92</b>	<b>6.94%</b>
<b>4. Personal Loans</b>						
Others	1,174.28	46.30	3.94%	1,244.79	90.26	7.25%
<b>Total of Personal Loans</b>	<b>1,174.28</b>	<b>46.30</b>	<b>3.94%</b>	<b>1,244.79</b>	<b>90.26</b>	<b>7.25%</b>
<b>Total</b>	<b>61,920.94</b>	<b>1,572.13</b>	<b>2.54%</b>	<b>43,648.98</b>	<b>2,480.35</b>	<b>5.68%</b>

## 8. Provisions and Contingencies

Particulars	March 31, 2023	March 31, 2022
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	(779.71)	1,001.56
Provision made towards income tax	48.16	422.77
Provision for gratuity	15.42	12.15
Provision for standard assets#	(500.85)	255.81
Provision for Other Financial Asset	7.77	9.18
Provision for other assets	(0.88)	2.62

\* 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**

Particulars	March 31, 2023	March 31, 2022
Net NPAs to net advances (%)	0.66%	1.48%
<b>Movement of NPAs (Gross)</b>		
(a) Opening balance	2,145.00	783.18
(b) Additions during the year	3,751.64	1,619.79
(c) Reductions during the year	4,751.83	257.97
<b>Closing balance</b>	<b>1,144.81</b>	<b>2,145.00</b>
<b>Movement of Net NPAs</b>		
(a) Opening balance	525.75	165.49
(b) Additions during the year	1,620.40	389.91
(c) Reductions during the year	1,840.88	29.66
<b>Closing balance</b>	<b>305.27</b>	<b>525.75</b>
<b>Movement of provisions for receivables under financing activities</b>		
(a) Opening balance	1,619.25	617.69
(b) Provisions made during the year	2,131.24	1,229.88
(c) Write-off / write-back of excess provisions	2,910.95	228.31
<b>Closing balance</b>	<b>839.54</b>	<b>1,619.25</b>

**10. Concentration of advances, exposures and NPAs**

Particulars	March 31, 2023	March 31, 2022
<b>Concentration of Advances</b>		
Total Advances to twenty largest borrowers	13.04	10.18
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.03%	0.02%
<b>Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers / customers	13.04	10.18
Percentage of Exposures to twenty largest borrowers / customers to total exposure	0.03%	0.02%
<b>Concentration of NPAs</b>		
Total Exposure to top four NPA accounts	1.26	0.69

**11. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC**

The Company did not exceed the limits prescribed for single and group borrower during the current and previous year.

## 12. Disclosures on Risk Exposure in Derivatives

The Company has a Board approved policy in dealing with derivative transactions. The Company undertakes derivative transactions for hedging foreign currency exposures to mitigate the foreign currency risk. During the year, the company has hedged its foreign currency borrowings through forward exchange contracts. The Asset Liability Management Committee monitors such transactions and reviews the risks involved. The derivative transactions are accounted in accordance with Ind AS 109 and the accounting policy for recording hedge transactions and valuation of outstanding contracts is detailed in Note 3.8. Refer Note - 18 "" Derivative financial instruments"" and Note- 52.3.3 "" Disclosure of Effects of Hedge Accounting".

## 13. Unsecured advances

Refer note 9 for details of unsecured advances

## 14. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: Disclosure of complaints

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Particulars	March 31, 2023	March 31, 2022
Complaints received by the NBFC from its customers		
Number of complaints pending at beginning of the year	2	3
Number of complaints received during the year	730	655
Number of complaints disposed during the year	720	656
Of which, number of complaints rejected by the NBFC	0	0
Number of complaints pending at the end of the year	12	2
Maintainable complaints received by the NBFC from Office of Ombudsman		
Number of maintainable complaints received by the NBFC from Office of Ombudsman	7	6
Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	0	0
Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	1	0
Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

### Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
March 31, 2023					
Wrong Mobile Number	0	396	12%	2	0
Digital Transactions	0	97	52%	0	0
Employee Related	0	67	272%	1	0
Recovery Practices	2	59	-14%	1	0
Insurance claim settlement	0	36	-40%	6	3
Others	0	75	-16%	2	1
Total	2	730	11%	12	4
March 31, 2022					
Wrong Mobile Number	0	355	655%	0	0
Recovery Practices	0	69	-19%	2	0
Digital Transactions	1	64	137%	0	0
Insurance claim settlement	1	60	300%	0	0
Loan Enquiry	0	29	-3%	0	0
Others	1	78	179%	0	0
Total	3	655	182%	2	0

### 15. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: Breach of covenant

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings during the year ended and as at 31 March 2023 (as summarised below). The company has intimated these breaches were predominately due to impact of COVID Pandemic, to the respective lenders and based on discussions with them, does not anticipate any adverse action such as levy of higher interest or recall of the facility in this regard.

Summary of Financial Covenant Stipulated in respect of loan availed or debt securities issued	Number of facilities with instances of breach			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	18	19	7	1
Maximum threshold for NNPA Ratio	23	26	11	0
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	7	7	4	4
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	7	6	4	4



## 56.2. Disclosure pursuant to RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24,2021

Details of stressed loans classified as NPA transferred to ARC during the Year ended 31<sup>st</sup> March 2023

Particulars	March 31, 2023	March 31, 2022
No: of accounts	123,681.00	-
Aggregate principal outstanding of loans transferred	2,500.96	-
Weighted average residual tenor of the loans transferred	4.91	-
Net book value of loanstransferred (at the time of transfer)	636.94	-
Aggregate consideration	830.00	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
InvestmentIn Security Receipts	528.64	-

The Company has reversed Rs.193.06 Million Provision on account of the sale of Stressed Loan (Refer Note 9.1)

## 56.3. Disclosure pursuant to RBI Notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020

As at March 31, 2023

Asset classification as per RBI norms	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						
Standard	Stage 1	45,770.14	30.77	45,739.37	182.74	(151.97)
	Stage 2	317.44	86.72	230.72	1.34	85.38
Subtotal		46,087.58	117.49	45,970.09	184.08	(66.59)
Non-Performing asset (NPA)						
Substandard	Stage 3	1,144.81	839.54	305.27	605.03	234.51
Doubtful						
upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-

Asset classification as per RBI norms	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
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,144.81	839.54	305.27	605.03	234.51
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		-	-	-	-	-
<b>Total</b>	<b>Stage 1</b>	45,770.14	30.77	45,739.37	182.74	-151.97
	<b>Stage 2</b>	317.44	86.72	230.72	1.34	85.38
	<b>Stage 3</b>	1,144.81	839.54	305.27	605.03	234.51
	<b>Total</b>	47,232.39	957.03	46,275.36	789.11	167.92

As at March 31, 2022

(₹ in millions)

Asset classification as per RBI norms	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						
Standard	Stage 1	33,834.19	114.09	33,720.10	447.36	-333.27
	Stage 2	1,800.93	504.25	1,296.68	125.40	378.85
Subtotal		35,635.12	618.34	35,016.79	572.76	45.58
Non-Performing asset (NPA)						
Substandard	Stage 3	2,145.00	1,619.25	525.74	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	525.74	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	33,720.10	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	525.74	1,135.09	484.16
	Total	37,780.12	2,237.59	35,542.53	1,707.85	529.74

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. The gross carrying amount of asset as per Ind AS 109 includes interest accrual on stage - 3 assets (measured at net of loss allowance) as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms. However, even if the impact of the same is respectively included in the provision under IRACP and loss allowances (provisions) as required under Ind AS 109, the loss allowances (provisions) as required under Ind AS 109 would be still higher than the IRACP provision.

#### **E. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress**

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan*
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	3,941.50	820.60	-	1,103.44	2,852.61
<b>Total</b>	<b>3,941.50</b>	<b>820.60</b>	<b>-</b>	<b>1,103.44</b>	<b>2,852.61</b>

\* Provisions given above are total ECL calculated as per Ind AS

Include cases where request received till September 30, 2021 and implemented subsequently.

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

There were 12,301 borrower accounts having an aggregate exposure of ₹212.39 Million to the Bank, where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

**56.4. Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.11/21.04.048/2021-22 dated May 5, 2021 Pursuant to Resolution Framework 2.0 . (Rs In Million)**

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at end of the previous half-year i.e 30 <sup>th</sup> Sep 2023	Of (A), aggregate debt that slipped into NPA during the half year ended 31 <sup>st</sup> March 2023	Of (A), amount written off during the half-year ended 31 <sup>st</sup> March 2023	Of (A), amount paid by the borrowers during the half year ended 31 <sup>st</sup> March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half year i.e 31 <sup>st</sup> March 2023 *
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	432.96	74.56	7.93	255.83	105.82
Total	432.96	74.56	7.93	255.83	105.82

\* There were 11,336 borrower accounts having an aggregate exposure of ₹58.90 Million to the Bank, where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

**56.5. 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)**

As at 31<sup>st</sup> March, 2023 - Borrowings

Number of Significant Counterparties	Amount (₹ in Million)	% of Total deposits	(₹ in millions)
			% of Total Liabilities
23	43,002.02	Not Applicable	83.75%

As at 31<sup>st</sup> March, 2022 - Borrowings

Number of Significant Counterparties	Amount (₹ in Million)	% of Total deposits	(₹ in millions)
			% of Total Liabilities#
27	31,586.29	Not Applicable	85.27%

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 (amount in Millions and % of total 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 (amount in Millions and % of total borrowings)**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Amount (₹ in Million)	% of total Borrowings	Amount (₹ in Million)	% of total Borrowings
Top 10 Borrowings	33,236.90	68.83%	19,421.60	54.59%

**(iv) Funding Concentration based on significant instrument/product\***

(₹ in Million)

Name of the instrument/product	31-Mar-23	% of Total Liabilities	31-Mar-22	% of Total Liabilities
Term Loans	40,399.64	78.68%	31,762.50	81.31%
Non-Convertible Debentures	6,215.71	12.11%	3,807.90	10.28%
Subordinate Debt	1,649.51	3.21%	1,643.59	4.44%

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

**(iv) Stock Ratios**As at 31<sup>st</sup> March, 2023

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities *	60.47%	56.84%	46.87%

As at 31<sup>st</sup> March, 2022

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities *	57.10%	54.84%	44.55%

\*Notes

- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/ Surplus.
- “Public funds” shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.
- Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

**(v) 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.

### 57: 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:

Particulars	(₹ in millions)	
	March 31, 2023	March 31, 2022
Number of frauds reported during the year to Reserve Bank of India	1	9
Amount involved in such frauds and provided for	0.25	25.57
<b>Total</b>	<b>0.25</b>	<b>25.57</b>

### 58: RBI Compliance

Particulars	For the Year ended	
	March 31, 2023	March 31, 2022
Average interest (a)	20.42%	19.67%
Average effective cost of borrowing (b)	9.57%	9.82%
<b>Net interest margin (a-b)</b>	<b>10.85%</b>	<b>9.85%</b>

### 59: 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 not purchased /sold non-performing financial assets in the previous year.
3. The Company does not finance the products of the parent / holding company.
4. The Company is not registered with any other financial sector regulators.
5. No penalty has been imposed by RBI and other regulators during current and previous year.



**NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS**

**56.5. Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:**

Particulars	(₹ in millions)											
	Quarter March 31, 2023			Quarter Dec 31, 2022			Quarter Sep 30, 2022			Quarter June 30, 2022		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Value (average)
High Quality Liquid Assets												
1	**Total High Quality Liquid Assets (HQLA)											
	12,812.45	12,812.45	7,015.61	7,015.61	4,967.83	4,967.83	6,818.54	6,818.54	6,818.54	6,818.54	6,818.54	6,818.54
	76.26	76.26	155.47	155.47	181.22	181.22	196.51	196.51	196.51	196.51	196.51	196.51
	12,888.71	12,888.71	7,171.08	7,171.08	5,149.05	5,149.05	7,015.05	7,015.05	7,015.05	7,015.05	7,015.05	7,015.05
Cash Outflows												
2	Deposits (for deposit taking companies)											
3	Unsecured wholesale funding											
4	Secured wholesale funding											
5	Additional requirements, of which											
	(i) Outflows related to derivative exposures and other collateral requirements											
	(ii) Outflows related to loss of funding on debt products											
	(iii) Credit and liquidity facilities											
6	5,092.92	5,856.86	2,543.55	6,066.12	2,416.92	3,718.17	2,225.92	5,283.60	2,225.92	2,225.92	2,225.92	5,283.60
7	Other contractual funding obligations											
	Other contingent funding obligations											

Particulars	Quarter March 31, 2023				Quarter Dec 31, 2022				Quarter Sep 30, 2022				Quarter June 30, 2022			
	Unweighted Value (average)	Total Weighted Value (average)	Unweighted Value (average)	Total Weighted Value (average)	Unweighted Value (average)	Total Weighted Value (average)	Unweighted Value (average)	Total Weighted Value (average)	Unweighted Value (average)	Total Weighted Value (average)	Unweighted Value (average)	Total Weighted Value (average)	Unweighted Value (average)	Total Weighted Value (average)		
7 Other contingent funding obligations																
<b>8 TOTAL CASH OUTFLOWS</b>	<b>5,092.92</b>	<b>5,856.86</b>	<b>2,543.55</b>	<b>6,066.12</b>	<b>2,416.92</b>	<b>3,718.17</b>	<b>2,225.92</b>	<b>5,283.60</b>								
Cash Inflows																
9 Secured lending																
10 Inflows from fully performing exposures	2,642.41	1,981.81	2,543.55	1,907.66	2,416.92	1,812.69	2,225.92	1,669.44								
11 Other cash inflows	-	-	-	-	-	-	-	-								
<b>12 TOTAL CASH INFLOWS</b>	<b>2,642.41</b>	<b>1,981.81</b>	<b>2,543.55</b>	<b>1,907.66</b>	<b>2,416.92</b>	<b>1,812.69</b>	<b>2,225.92</b>	<b>1,669.44</b>								
<b>13 TOTAL HQLA</b>		<b>12,888.71</b>		<b>7,171.08</b>		<b>5,149.05</b>		<b>7,015.05</b>								
<b>14 TOTAL NET CASH OUTFLOWS</b>		<b>3,875.05</b>		<b>3,217.82</b>		<b>1,627.75</b>		<b>1,616.65</b>								
<b>15 LIQUIDITY COVERAGE RATIO (%)</b>		<b>333%</b>		<b>223%</b>		<b>316%</b>		<b>434%</b>								

## NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS

### 60: Rating

Ratings assigned by credit rating agencies

Instrument	As at March 31, 2023		As at March 31, 2022	
	Rating agency	Rating/ Grading	Rating agency	Rating/ Grading
Long Term Bank Facilities	CRISIL	CRISIL AA-	CRISIL	CRISIL AA-
Non-Convertible Debentures	CARE	CARE AA-	CARE	CARE A+
Non-Convertible Debentures	CRISIL	CRISIL AA-	CRISIL	CRISIL AA-
Subordinated Debts	ICRA	ICRA A+	ICRA	ICRA A+
Subordinated Debts	CARE	CARE AA-	CARE	CARE A+
Market Linked Debenture	CRISIL	CRSIL PPMLD AA -	CRISIL	CRSIL PPMLD AA -r
Market Linked Debenture	ACUITE	ACUTIE PPMLD AA/Stable		

### 61: 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 statement

As per our Report of even date attached

For and on behalf of Board of Directors

**For M/s. Varma & Varma**  
**Chartered Accountants**  
**Firm No. 004532S**

Sd/-  
**Dr. Kalpanaa Sankar**  
 Managing Director  
 (DIN. 01926545)

Sd/-  
**B Balakumaran**  
 Wholetime Director  
 (DIN. 09099182)

**P.R Prasanna Varma**  
 Partner  
 M. No.025854  
 Place: Chennai  
 Date: May 9, 2023

Sd/-  
**L Muralidharan**  
 Chief Financial Officer

Sd/-  
**Sunil Kumar Sahu**  
 Company Secretary



## BELSTAR MICROFINANCE LIMITED

A Subsidiary of Muthoot Finance Limited

Creating livelihoods...transforming lives

**Registered Office:**

New No.33/Old No.14,  
48<sup>th</sup> Street, 9<sup>th</sup> Avenue,  
Ashok Nagar, Chennai,  
Tamil Nadu - 600 083.

**Phone No:** +91-44-43414567

**Email:** [bml@belstar.in](mailto:bml@belstar.in)

**Website:** <http://www.belstar.in>

**Corporate Office:**

M V Square, No 4/14,  
Soundarapandian Street,  
Ashok Nagar, Chennai,  
Tamil Nadu - 600 083