



BELSTAR

MICROFINANCE LIMITED

A subsidiary of Muthoot Finance Limited, creating livelihoods and transforming lives

Annual Report 2023-24



UPLIFTING ASPIRATIONS, EMPOWERING LIVES

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Corporate Overview



About Us

Belstar Microfinance Limited, a subsidiary of Muthoot Finance Limited, is one of the fastest growing microfinance companies in India. The company is focused on driving financial inclusion across the country by furthering entrepreneurship and economic empowerment of women and maintaining its status as a truly customer focused ethical NBFC-MFI. To cater to the needs of our customers, we offer a wide range of loan products, such as micro enterprise, small enterprise, consumer goods, festival, education and emergency loans.

We are one of the top 10 NBFC-MFI players with a strong credit rating of "AA" and a stable outlook from CRISIL. Our business model is unique in microfinance as it strives for a double bottom line approach by targeting both financial performance as well as social transformation. Through our association with Hand in Hand India we aim to alleviate poverty and enhance community development of millions of women and families.



Values which DRIVE US



Accountability



Professionalism



Transparency



Teamwork



Empathy



Passion



Integrity



Our VISION

To be a socially responsible MFI working towards entrepreneurship and economic empowerment of women and achieving double bottom line.



Our MISSION

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

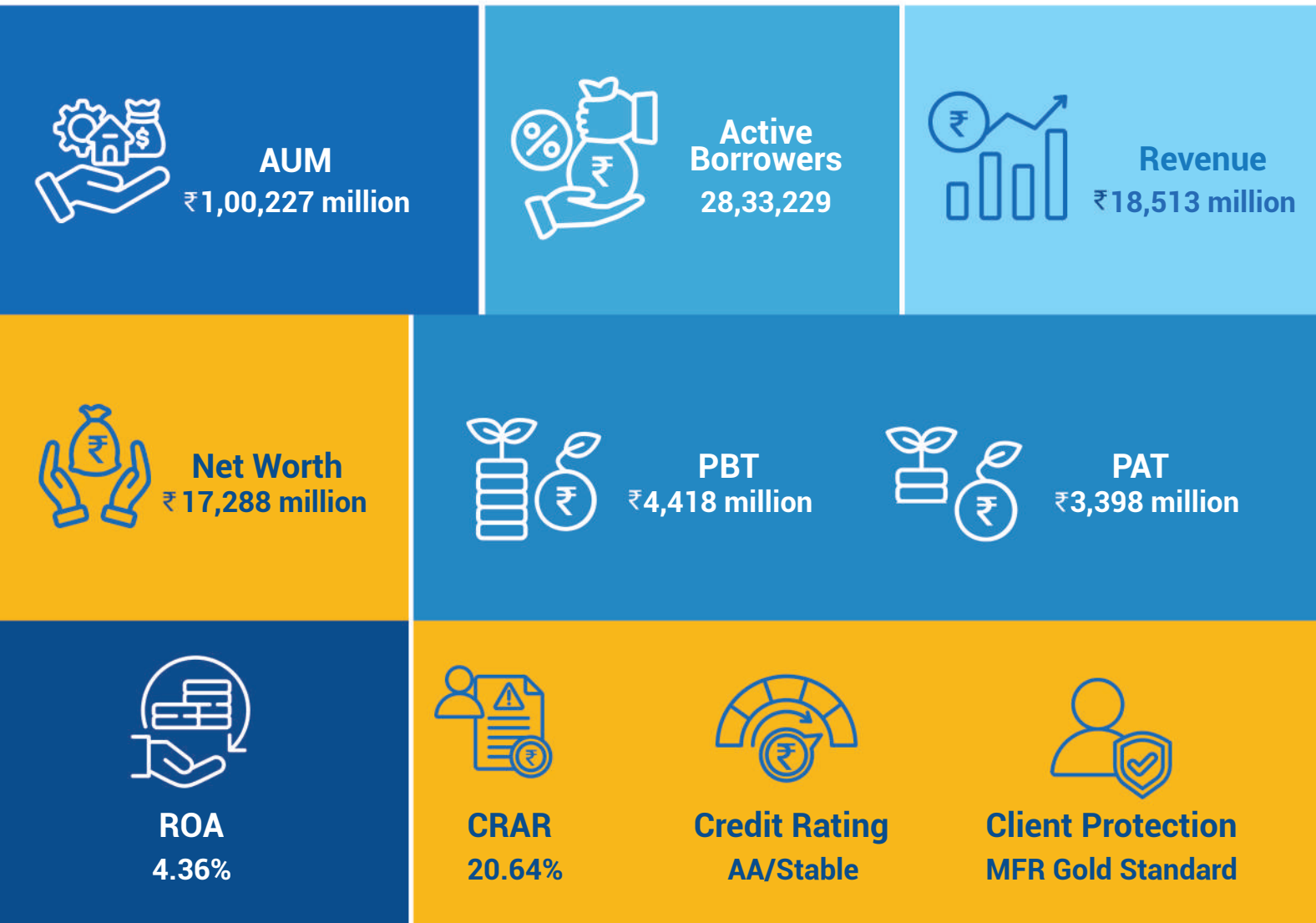


Our GOAL

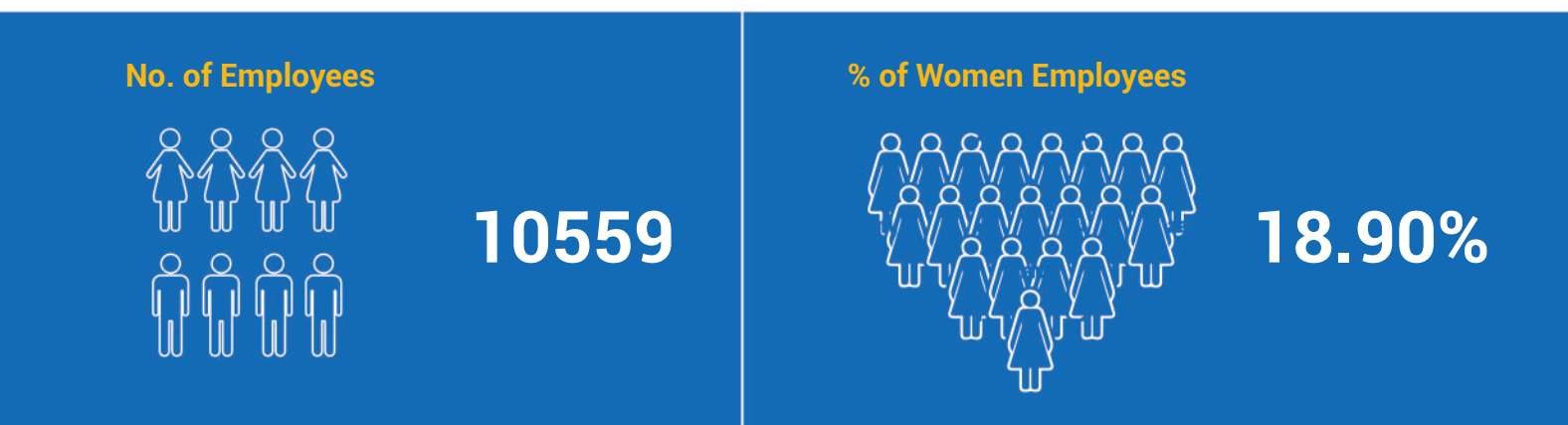
To provide digital financial inclusion to microentrepreneurs.

Snapshots

Impact Numbers



Human Capital



% of Women in Field Workforce



18.65%

% of Young Workforce (18-35 yrs)



87%

Human-hours of Training



0.4 million

Borrower Demographics



Women

100%



Rural

89.65%



Urban

10.35%

Digital First



Digital Onboarding

100%



Digital Collections

36.86%

National Presence



No. of Branches

1,015



No. of Districts

300



No. of States/UT

19

Milestones

Incorporated as **Belstar Investment & Finance Pvt Ltd** in Bengaluru

Acquired by **Dr. Kalpanaa Sankar**, her family and some colleagues to provide scalable microfinance services to entrepreneurs

Reclassified as **NBFC MFI** by RBI

>1998

>2008

>2011

>2001

>2010

>2016

Registered with RBI as an **NBFC**

Secured Equity Investments from Foreign Investors including **IFC, NMI, Swed Fund & Aavishkaar**

- Won the **Best MFI Award 2016** in Medium Sized Category from Access Development Services
- **Muthoot Finance Limied** makes strategic investment and acquires a majority stake
- Crossed AUM of **₹500 crore** becoming a Systemically Important Non-Banking Financial Company

Milestones

Onboarded MAJ Invest, a PE fund as an equity investor

- Onboarded **Affirma Capital**, a PE fund, as a strategic investor
- Won the **MLD SME Entrepreneur of the Year 2021** award
- **Gold Certification for Client Protection** by MFR

- Crossed AUM of **₹10,000 crore**
- Secured CRISIL rating of **AA/Stable**, highest in the MFI industry till date
- **Top 50 India's Best Workplaces** in BFSI 2024
- **Best Workplaces in Microfinance** by the Great Place to Work Institute

>2018

>2022

>2024

>2020

>2023

Reclassified as Public Limited Company and renamed as **Belstar Microfinance Limited**

- Recognised as a **Great Place to Work** in October 2023 by the Great Place to Work Institute
- Achieved **₹5000 crore** AUM

Message from the Managing Director



Dr. Kalpanaa Sankar,
Managing Director

Dear Stakeholders,

The past year has been a year of phenomenal performance and growth for Belstar. We have touched millions of lives on our mission of women empowerment and maintained our status as a truly customer focused ethical NBFC-MFI. I express my gratitude to the leadership team, senior management and all the staff for their dedication, passion and commitment.

Microfinance Industry Overview

The fiscal year 2023-24 has been exceptional for the microfinance sector. The credit growth has been remarkable, with the GLP increasing from ₹ 3.48 trillion in the previous year to ₹ 4.33 trillion as of 31 March 2024, reflecting an annual growth rate of 24.5% YoY. NBFC-MFIs continue to lead in lending to the economically weaker sections, surpassing traditional banks for the second time in a row with a portfolio share of 39.4%, followed by Banks at 33.2% and Small Finance Banks (SFBs) at 17.1% as of March 31, 2024. This is reflective of the continuous demand for microfinance services in the country.

Our Performance

It is a matter of great pride that Belstar has been at the forefront of the microfinance growth story in FY 23-24. We surpassed our annual performance guidance to cross a significant milestone of an AUM of ₹ 100 billion, ending the year at a high of ₹ 100.23 billion, with a phenomenal growth of 62% YoY.

Our dedicated efforts in fulfilling our mission of empowering women at the grassroots level have been rewarded; we have touched the lives of 2.83 million women across 18 States and 1 UT.

We delivered a PAT of ₹3.398 billion at a growth rate of 160.8% YoY. As a result of our improved financial performance, CRISIL has upgraded our long-term and NCD rating from AA-/Stable to AA/Stable, making Belstar the highest rated NBFC-MFI in the country.

With over 1014 branches and 10,559 employees, Belstar is growing at an unprecedented rate. At Belstar, we take great pride in our dedicated workforce and are proud to be an 'Employer of Choice,' attracting top talent over the years. Our organizational culture and work environment has earned us the distinction of being certified as a "Great Place to Work" and ranked among India's Top 50 BFSI Workplaces in 2023.

Our partnership with Hand in Hand India has been pivotal in the socio-economic upliftment of millions of women and families. Together, we have contributed to sustainable livelihoods and grassroots economic empowerment, which is at the heart of microfinance.

Tech Focused, Digital First MFI

Digital automation across the value chain has contributed to our remarkable growth. The implementation of automation in HR has transformed workforce management. Our MIS management system, StarHub, has given our field staff real-time access to monitor and manage their portfolio. Digital collections are up 307% YoY for Samrithi, our proprietary mobile app and 205% YoY overall.

Our digital initiatives have helped in reducing disbursement TAT, increasing operational efficiency, and resulting in higher digital collections. The digital strategy roadmap for the next 3 years will be instrumental in strengthening our leadership position as a tech focused Digital First Microfinance Institution in empowering women with affordable financial solutions.

Way Forward

Belstar has recently filed a Draft Red Herring Prospectus (DRHP) with SEBI for an IPO. We plan to allocate the net proceeds from the issuance for onward lending and general corporate purposes, and most importantly to accelerate financial inclusion for people at the bottom of the pyramid.

As we move forward, we remain committed to our mission of financial inclusion and women empowerment. I am confident that with our collective efforts, Belstar will continue to soar to new heights in the years to come.

On behalf of the Board, I thank all our stakeholders for their constant support. I thank the Chairperson, Board Members and Independent Directors for their guidance. I am grateful to MD, Muthoot Finance, for his relentless support and strategic guidance. To our customers, your unwavering faith empowers us, you are the driving force behind our continued success and resilience.

Board of Directors



Management Team



Promoter Profiles



Muthoot Finance Limited, headquartered in Kerala, is a leading Upper Layer Non-Banking Financial Company (NBFC) in India, specializing in gold loans. As of March 31, 2024, it was ranked the largest gold loan NBFC by CRISIL, with over 6,541 branches nationwide. The company was founded by M. George Muthoot in 1939, building on a trading business established by his father, Ninan Mathai Muthoot, in 1887. Over its 84-year history, Muthoot Finance has grown under the brand name 'The Muthoot Group,' which has diversified into various sectors, including financial services, healthcare, education, real estate, and more.

Muthoot Finance provides personal and business loans secured by gold jewelry, targeting individuals who may struggle to access formal credit quickly or at all. These loans help meet unanticipated or short-term liquidity needs. The company continues to play a crucial role in offering financial services to those with limited access to traditional banking, reinforcing its position as a trusted and prominent player in the gold loan industry.



Dr. Kalpanaa Sankar

Dr. Kalpanaa Sankar is the Managing Director of Belstar Microfinance Limited. She is also a co-founder and Managing Trustee of Hand in Hand India, where she has served since 2004. Dr. Sankar has mentored interns from Stanford University, Stockholm School of Economics and many Indian universities in the field of microfinance. She was the first recipient of a scholarship for an Executive MBA from TRIUM, an alliance among NYU Stern School of Business, LSE and HEC School of Management, Paris. In 2019, Dr. Sankar was honored with the "Princess Sabeeka Bint Ibrahim Al- Khalifa Global Award for Women Empowerment" in the Individuals Champions category, presented in partnership with the Kingdom of Bahrain and UN Women in New York. She has also received

the "Nari Shakti Puraskar 2016", from the Hon'ble President of India and Ministry of Women & Child, for her contributions to the empowerment of vulnerable and marginalized women. Additionally, she accepted the "Bal Kalyan Puraskar" on behalf of Hand in Hand India from the Ministry of Women and Child Development for National Child Welfare, presented by the Hon'ble President of India in January 2019. During this event, she briefed the Hon'ble Prime Minister about the activities of Hand in Hand India. Dr. Sankar has also been recognised for her lifetime contributions to the microfinance sector, receiving the "Lifetime contribution to the Sector by an Individual" award and certificate on December 12, 2023, during the Inclusive Finance India Awards Ceremony.



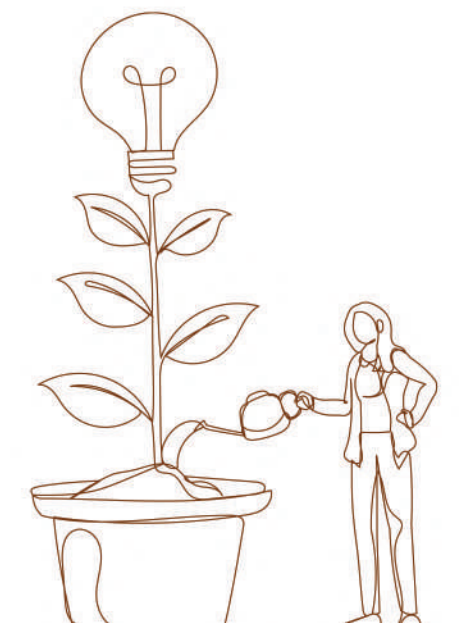
Sarvam Financial Inclusion Trust (SFIT) is a national apex body of 119 Mutual Benefit Trusts (MBTs) across India, federated by Self Help Groups (SHGs) promoted by Hand in Hand India. SFIT offers investment advisory services and affordable credit for enterprise creation, benefiting SHG women.

As part of institutionalizing its holdings, SFIT repaid the member capital fund to all MBTs by March 2016, which in turn refunded it to individual SHG members, consolidating its position as a Private Trust. SFIT was a major shareholder in Belstar Microfinance Limited before Muthoot Finance Limited's investment.

SFIT has an independent Board and undergoes annual audits by a CA firm, along with regular income tax filings. It engages in developmental activities for SHG women, including health camps, literacy and digital training, and SHG bank linkage programs. Dr Kalpanaa Sankar is the Managing Trustee of SFIT.

SFIT conducts annual audits and engages in health, literacy, digital training, and SHG bank linkage programs. It holds investments in:

- Belstar Microfinance Limited
- Varashakti Housing Finance Private Limited
- Hand in Hand Consulting Services Private Limited
- Hand in Hand Inclusive Development Service Pvt. Ltd.



Investor Profiles



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\$3.8 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 20-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 entities of Affirma Capital.

MAJ INVEST

Maj Invest is a Danish asset management company with about \$12 billion under management, providing services in asset management and private equity. With headquarters in Copenhagen, Denmark, the company employs more than 108 highly skilled professionals worldwide. Maj Invest was founded more than 19 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.

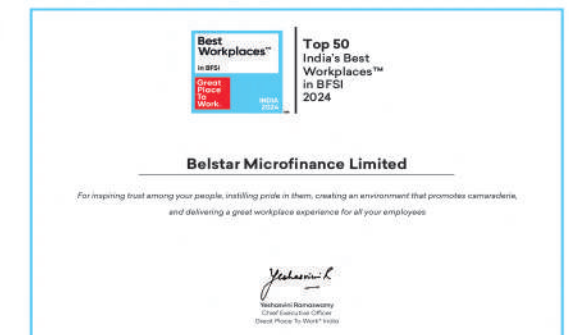
Awards



Lifetime Contribution to the Sector by an Individual (Inclusive Finance India Awards 2023): Dr Kalpanaa Sankar, Managing Director, Belstar Microfinance Limited



Great Place to Work Certified



India's Best Workplaces in BFSI 2024

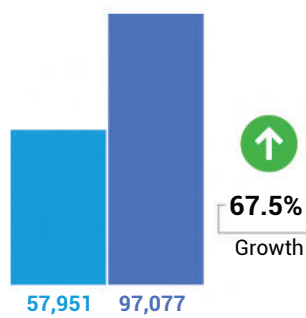


India's Best Workplaces in Microfinance 2024

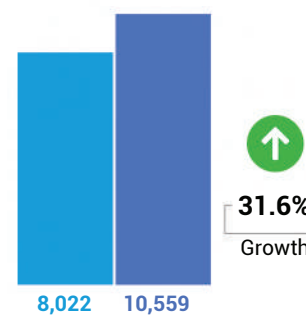
Growth at a Glance

Financial Highlights

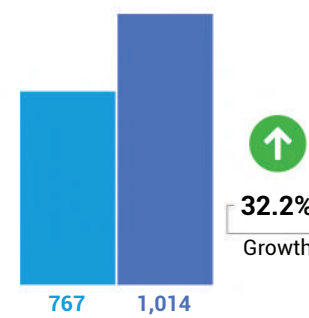
Disbursement (₹ In Million)



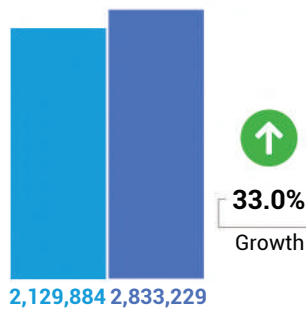
Employees



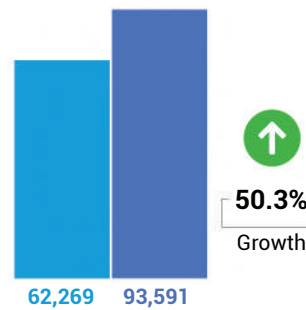
Branches



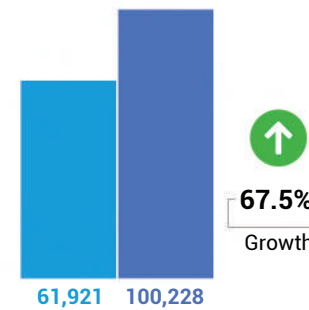
Active Customer Base



Balance Sheet Size (₹ In Million)

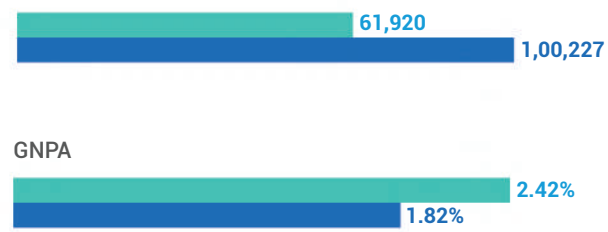


Loan Assets (₹ In Million)



FY23 FY23

AUM - Amt in Mn



GNPA



NNPA



ROA



ROE



FY23 FY24

Loan Type Distribution

Agriculture



Services



Trade and Business



Educational Loan



Production or Manufacturing



Consumption Loans

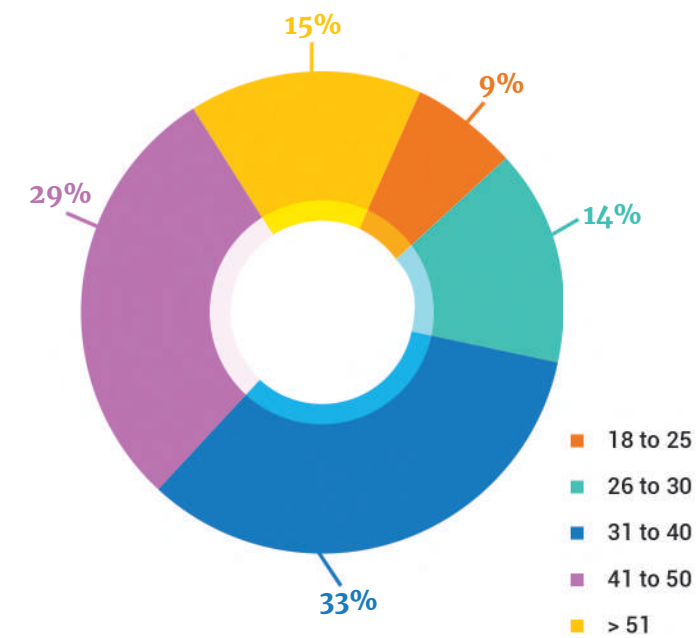


Emergency Loans

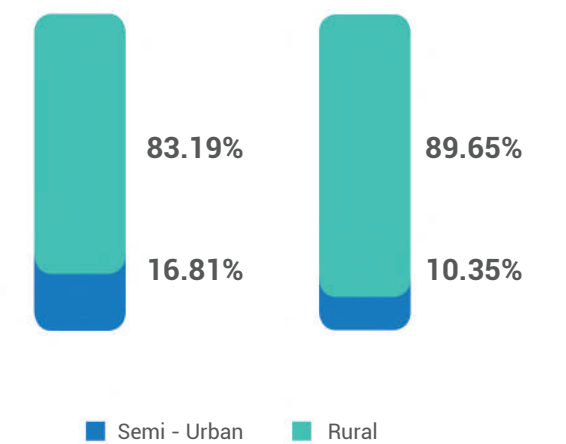


FY23 FY24

Age-wise Distribution of Borrowers



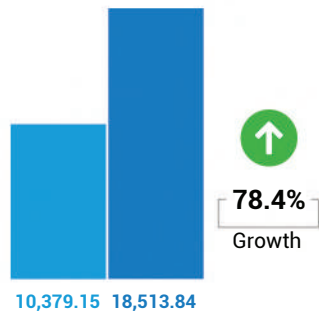
Borrower Base



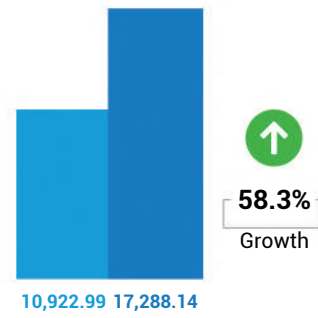
Financial Highlights

₹ In Millions

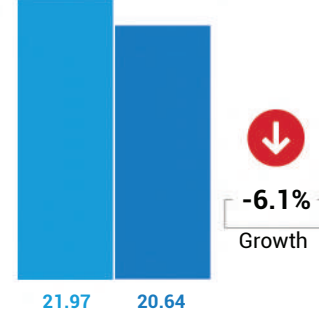
Total Revenue (₹ In Million)



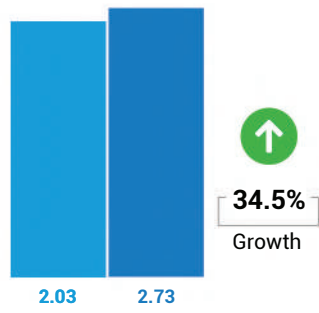
Net Worth (₹ In Million)



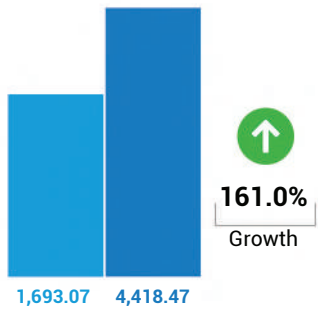
CRAR (%)



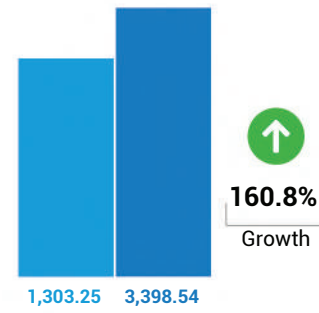
Expected Credit Loss (%)



PBT (₹ In Million)



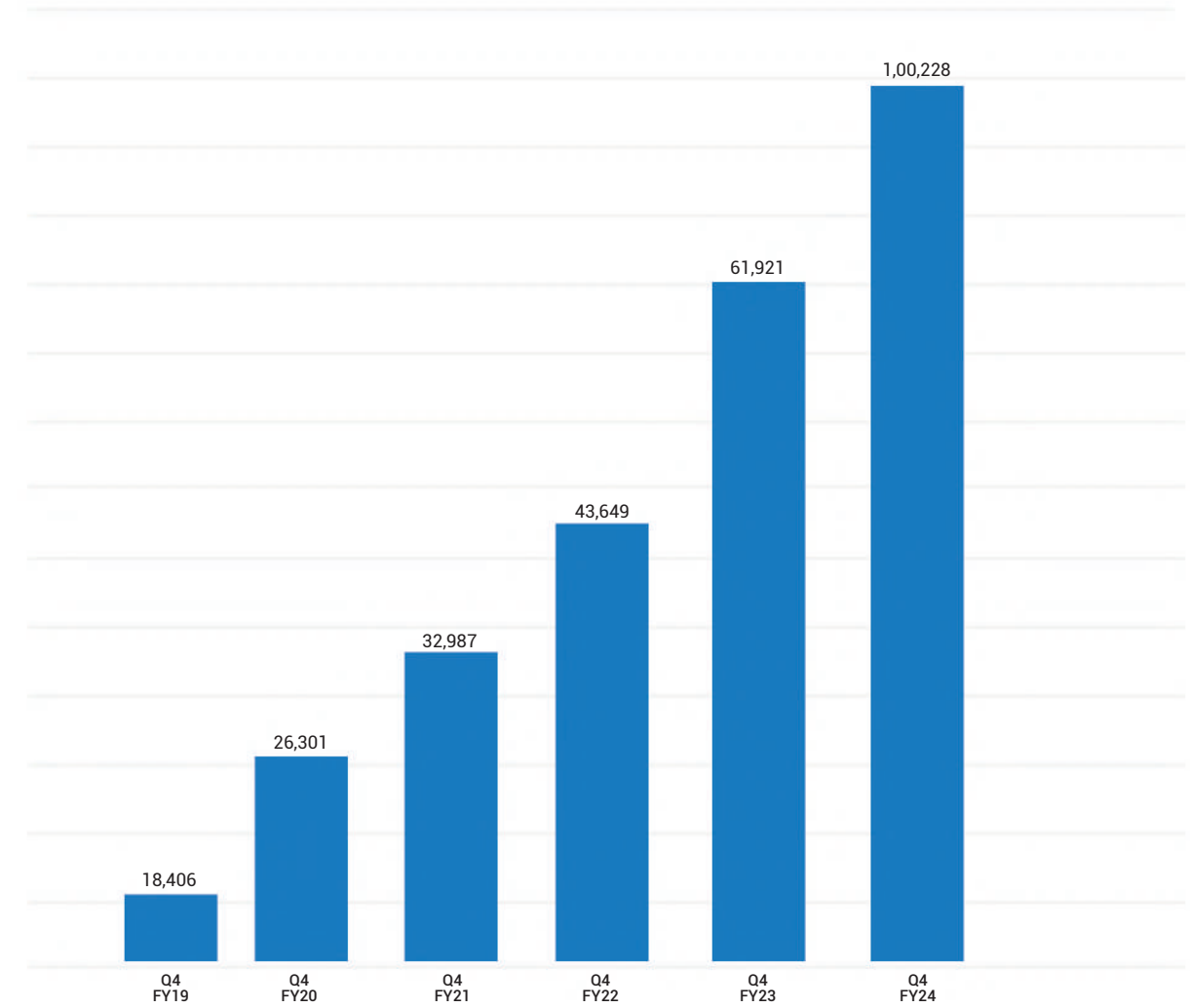
PAT (₹ In Million)



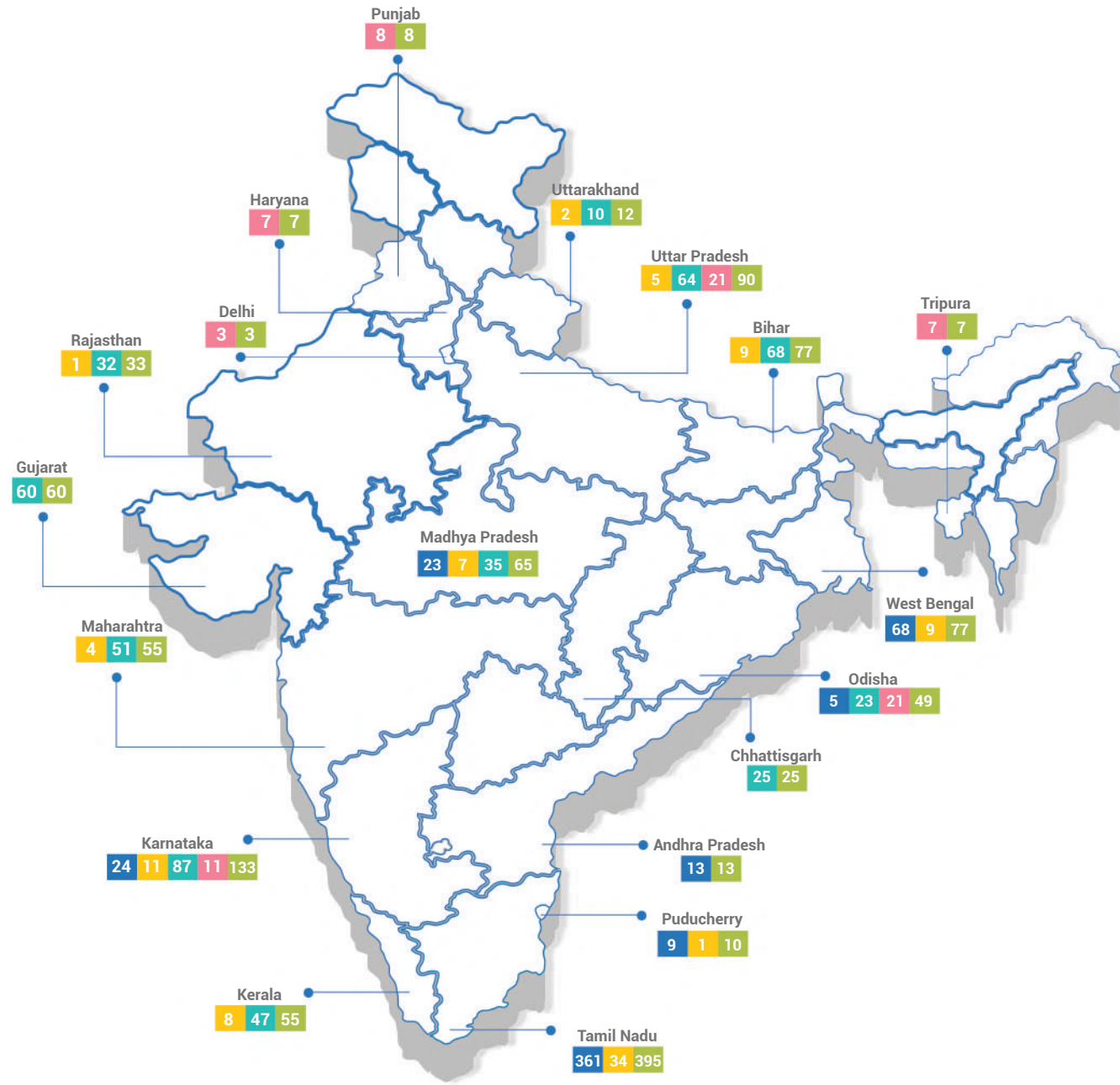
■ FY23 ■ FY24

Financials & Operations

AUM Growth



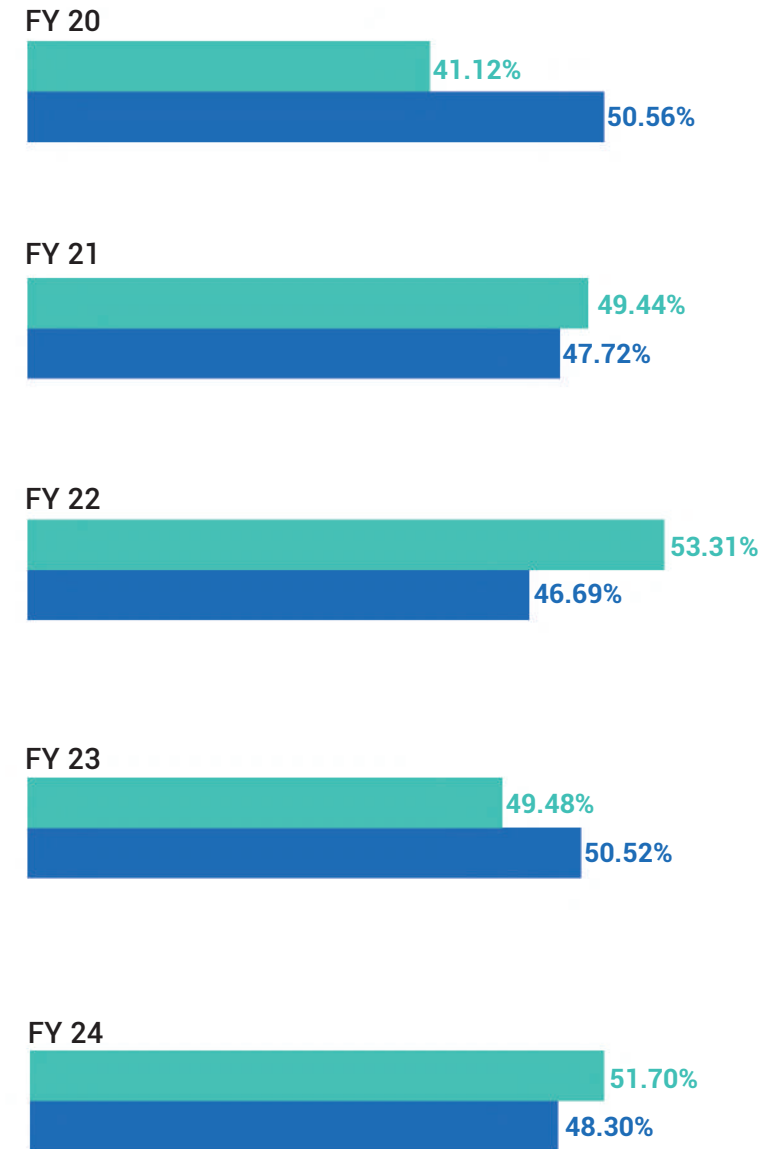
Geographical Outreach



- SHG
- MSME
- PRAGATI
- SP
- TOTAL

	SHG	MSME	PRAGATI	SP	TOTAL
TOTAL	503	91	502	78	1174

Geographical Diversification



- Tamil Nadu
- Rest of India

Products & Services

At Belstar, we focus on improving the quality of life of women by empowering them at the grassroots level and developing the communities around. Our products and services are designed keeping this in mind. During the year, we improvised on our earlier offerings to suit the needs of the customer.

All products are governed by product-level policies and SOPs approved by the Board. Non Qualifying books are restricted to less than 25% of the overall assets, thereby leading to control over client concentration & ensuring microlending focus.

Loan Type	Range of Ticket Size (in ₹)	Loan Tenure (in months)
Micro Enterprise: 50,000 - 1,00,000		24
Micro and Small Enterprise: 75,000 - 3,00,000		24 - 36
Festival: 10,000 - 20,000		12 - 18
Vidhya Mithra: 20,000 - 25,000		12 - 18
Emergency: 8,000 - 10,000		12 - 18

Product Development

Vidhya Mithra

We strongly believe that education plays a key role in breaking the cycle of poverty in marginalised communities through empowering women and giving them the ability to invest in their children's education. Together, we build a brighter future for marginalized communities through education with accessible micro loans. We recognise and award the wards of our borrowers who achieve great heights academically.

Festival Loans

Our festival loans are designed to meet the festivity needs of borrowers. A new variant of the Festival loan for our existing enterprise loan borrowers was introduced in September 2023. Since then, we have disbursed around 7500 loans. There has been an encouraging response from our customers for the festival loan due to its timely deliverance of financial aid during major festivals.

Insurance

Credit Life Insurance: We provide life insurance cover for all clients and their spouses, offering crucial support during emotional and financial hardships and indemnifying them from credit liability. This support enabled families to sustain their income levels and their enterprises. We mandatorily provide Credit Life Insurance to our customers for all loans above ₹ 20,000, and many families have benefitted from this policy.

During the year, we automated the end-to-end claim process, thereby helping in a faster and error free claim settlement.

Claims Settled

16,474



Total Amount Settled

730.3 million



Hospicash Allowance Insurance: In partnership with Muthoot Securities, we provide Hospicash policy support since 2019. This allowance cover offers a cash benefit based on the number of days the insured is hospitalized, with double benefits for ICU admissions. The policy is aimed at clients at the bottom of the pyramid who lose daily income during hospitalization, making it especially valuable during the pandemic. Priced competitively, it covers the entire family and features a simplified online claim process.

No. of Policies Issued

4,76,160



Claims Settled

3,121



Total Amount Settled

16.2 million



Home Protector Insurance: We offer property insurance for residential properties owned by our clients and their immediate family. The policy provides financial protection against losses and damages caused by natural disasters.

No. of Policies Issued

67,679

Claims Settled

241

Total Amount Settled

1.6 million

We carry out regular financial literacy training to build awareness on the need for Insurance and capture the stories of customers who have benefitted from the Insurance safety net.

Other Business Initiatives Undertaken

1. Introduction of Customer Contact Centre: To proactively engage with borrowers through outbound calls, SMS and IVRS. We have setup an in-house Customer Contact Centre at Kanchipuram to conduct uninterrupted, proactive outbound calls to our borrowers with state-of-the-art CRM.
2. Introduction of document management system: To safely store the loan documents in warehouse space with bar-coded identification for easy retrieval.
3. Introduction of decentralisation of credit life insurance claims: Improves overall TAT and the overall accuracy of the life insurance claim handling process (First Time Right - FTR).

MSME

Overview

We continue to foster growth and resilience within the MSME sector, playing a crucial role in empowering women entrepreneurs and facilitating sustainable economic development. Our robust presence across 91 branches in 10 states and 1 UT underscores our commitment to fostering economic growth in local communities.

Micro and Small Enterprise Loan (MSEL) Unsecured Loan:

The Micro and Small Enterprise Loan (MSEL) program is pivotal in supporting small businesses across various sectors by offering essential financial assistance for initial capital expenditure and working capital needs. Designed with flexibility in mind, MSEL provides loan amounts ranging from ₹75,000 to ₹3,00,000, with tenure options spanning from 24 to 36 months.

Sectoral Contribution



	FY 22-23	FY 23-24	Growth
Number of loans disbursed	19,933	33,551	68.32% ▲
AUM (in Crs)	268.30	519.11	93.48% ▲
Number of branches	58	91	56.90% ▲
Avg. Ticket Size (in Lakhs)	1.26	1.38	9.52% ▲
Number of Customers	26,583	51,503	93.74% ▲

Customer Centricity

Belstar has been certified with the Gold Standard in Client Protection Certification by MFR in January 2022. The Client Protection Certification stands as a testament of our commitment to customer protection, responsible practices and putting our customers at the heart of our decision-making processes.



We were evaluated against eight areas of client protection, namely:



Customer Service Meetings (CSM)

We serve millions of customers across the country in 18 states and 1 UT with our products and services with a mission to empower them financially. We maintain a healthy relationship with our customers through monthly CSMs, thereby giving us the opportunity to engage with and serve our customers better.









Grievance Cell

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints/ grievances and to ensure that the customers are always treated in a fair and unbiased way. All grievances raised by the customers are dealt with courtesy and redressed expeditiously.

The Customer Grievance Cell manages all the grievances related queries received in a timely manner in co-ordination with respective departments. During the year, we received a total of 20,763 customer calls out of which 718 were grievances. We have a grievance redressal rate of 100%. In compliance with RBI guidelines, an Internal Ombudsman has been appointed by the company from 1st April 2023 to expedite the resolution of customer grievances.

Customer Service & Training

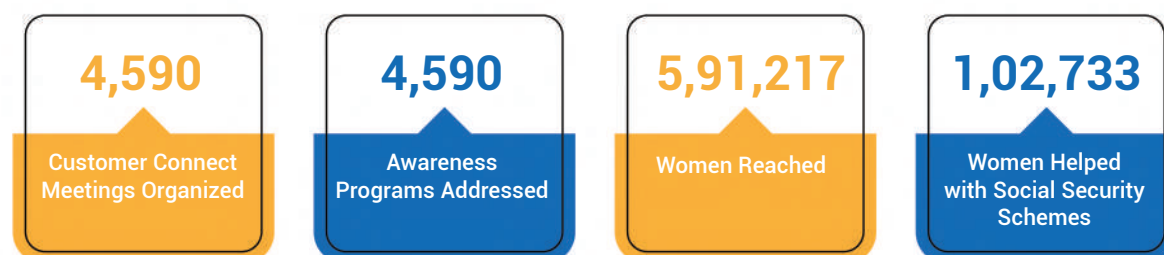
Customer Service and Training is our community commitment - a suite of non-financial services designed to complement the financial products. The primary objective of these services is to foster social and economic empowerment, enhance customer relationships, and build community connections. We strongly believe that financial literacy and capacity building, in addition to financing, are key to the upliftment of our customers.

 <p>Strengthening Community-Based Women Organizations (CBWOs- SHGs and SHGs network) - providing leadership training for CBWO representatives.</p>	 <p>Facilitating CBWOs to address village-level issues and individual family needs by connecting with respective PRIs (Panchayat Raj Institutions) and line departments.</p>	 <p>Conducting awareness programs on Govt sponsored subsidized Social Security & other Schemes, facilitating women to access suitable social security products through Enrolment Campaigns.</p>
 <p>Building awareness on Health and sanitation, environment, women's social & economic rights, education, and natural resource management for inclusive women empowerment.</p>	 <p>Advancing women entrepreneurship by providing enterprise training and linking with potential resource institutions.</p>	 <p>Advocacy with government departments for facilitating women to access various government schemes and support.</p>
 <p>Community Connect Initiatives</p>	 <p>Financial and Digital Inclusion Training</p>	

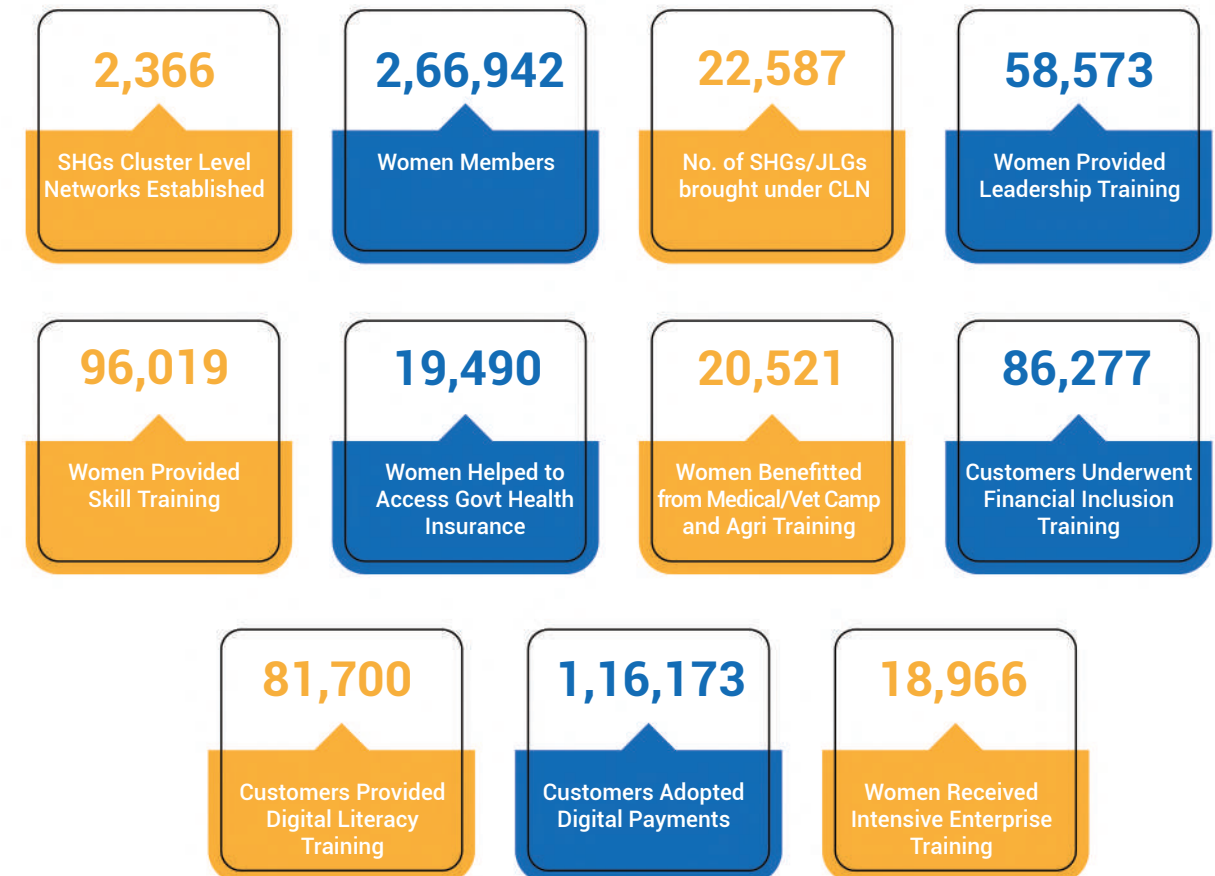
Impact and Reach

We focused on social mobilization across 2,068 clusters in 348 branches, covering 69 regions across six focus states: Tamil Nadu, Kerala, Karnataka, Madhya Pradesh, Maharashtra, and Rajasthan.

During the year, with a focus on increasing 'Customer Connect' our Belstar Customer Service & Training team organized meetings, conducted awareness programs on various thematic subjects like Health & Sanitation, Environment, Women's Social & Economic Rights, and Social Security Schemes beneficial for them.



We have brought together the SHGs in same geographical location (panchayat region) under a common platform called 'Cluster Level Networks' for an inclusive women empowerment process and thrive as a community.



Customer Service & Training is Belstar's unique differentiator. This holistic support system not only improves the economic well-being of customers but also strengthens their social fabric, making Belstar a leader in community-focused microfinance.



Caselets



Small Loans to Big Dreams

Shakunthala, a resident of Tamalihalli village in Davanagere district of Karnataka dared to dream big. While agriculture was her family's primary occupation in, she aspired to diversify into animal husbandry to increase their revenue. With an initial loan of ₹ 50,000 from Belstar, she purchased her first set of 15 goats.

Encouraged by her initial success, Shakunthala participated in the Enterprise Enhancement Training conducted by Belstar Customer Service and Training Department, where she realized the potential for further growth. Motivated and equipped with new knowledge, she secured an additional loan of ₹ 40,000. With this capital, she invested in a flock of 24 sheep, further diversifying her portfolio.

The increased livestock holdings provided Shakunthala with a steady source of income, reducing her family's dependence solely on agriculture. Shakunthala's success story is a testament to the transformative impact of microfinance, empowering individuals to pursue entrepreneurship and diversify their income streams.

Grinding through Challenges

Khursida Bano found herself at a crossroads with a large family to support. The income generated by her husband, Iftikhar Ahmed, a taxi driver, was not enough to sustain for her family. Recognizing the need for an alternative source of income to secure her family's future she joined Kamal Self Help Group in Pali, Rajasthan and with the help of ₹ 40,000 loan from Belstar, she set up a small flour mill. She participated in the Enterprise Enhancement Training conducted by the Belstar Customer Service and Training Department which helped her improve her business acumen. Empowered by the training, Khursida realized the potential for growth in her flour mill enterprise and secured a second loan of ₹ 50,000 to purchase additional machinery and upscale her operations. Today, her large family thrives with income from the flour mill, supplemented by her husband's contributions. Her journey exemplifies resilience and demonstrates how determination can lead to success.



Blooming Ambitions

Playing a pivotal role in her family's livelihood alongside her mason husband, **Sakunthala** is a member of Sri Iyyappan Virinchipuram Self Help Group which is part of Kalpana Chawla SHGs Cluster Level Network which brings together women members who want to pursue their entrepreneurial dreams and lead a sustainable livelihood.

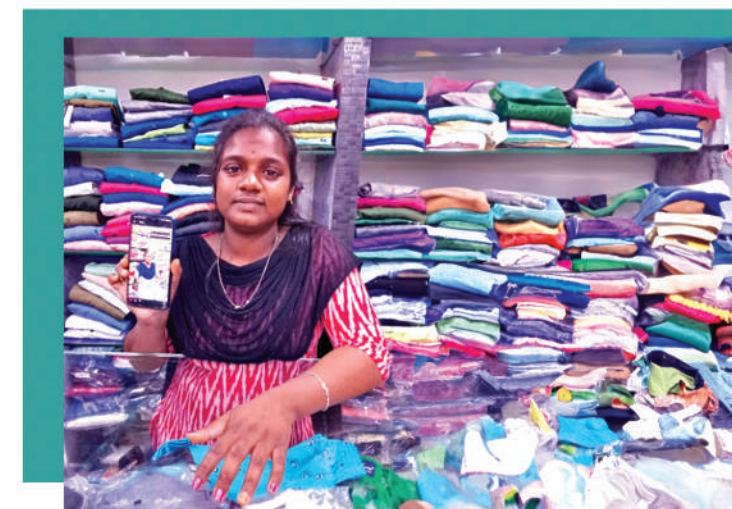
Encouraged by other members of her SHGs Cluster Level Network, Sakunthala secured a loan of ₹ 70,000 from Belstar Microfinance to set up a flower shop near a famous temple. This strategic decision provided her with a steady source of income of ₹ 300 every day, significantly contributing to her household's financial wellbeing. She has since expanded her business to trade coconuts and bananas, further augmenting her income and boosting her confidence to explore opportunities beyond her village. Her story is a testament to the transformative impact of collaboration and opportunity.

Digital Literacy Training: A Catalyst for Women's Economic Growth

Our Belstar Credit Plus Team regularly conducts Digital Literacy Trainings and follow up actions for creating awareness on digital for women.

Swetha, is a part of the Star Girls Self Help Group in Singapengal SHGs Cluster Level Network in Bahour Village, Pondicherry. She is a BA graduate running a small women's clothing shop. Without much knowledge of digital channels, she struggled to grow her business. After participating in a digital literacy training conducted by Belstar Customer Service and Training Department, she learned about online marketing through Instagram. She started posting actively about her store and saw an increase in walk-ins and orders, boosting her earnings from ₹ 7,000 to ₹ 12,000 per month.

The transformative impact of digital literacy initiatives led by the Belstar Credit Plus Team is evident. As we continue to empower women entrepreneurs, we are not only enhancing livelihoods but also fostering economic growth within our communities.



Human Capital

We take conscious efforts in cultivating an empowering and engaging workplace environment to ensure each team member realises their fullest potential. The essence of our success lies in strong customer connection and a strong workforce driven by values of Integrity, Professionalism, Accountability, Transparency, Teamwork, Empathy and Passion.

True success goes beyond financial metrics. Creating a great workplace culture, providing employees with a consistently positive experience, and being recognized for these efforts are critical to building a resilient and successful business.

This commitment has earned us the distinction of being certified as a “Great Place to Work” as well as recognised as one of TOP50 India’s Best Workplaces in BFSI and India’s Best Workplaces to Work in Microfinance. This recognition reflects our dedication to building a workplace where employees feel valued, respected, and empowered to reach their full potential.



Employee Well-being

We offer extensive benefits, including flexible leave policies, term insurance, comprehensive group medical insurance for employees and their families, and wedding gifts. There is a staff welfare fund which is used to help employees and their families in times of severe distress, including natural disasters, accidents, etc. We extend loan facilities to our employees for meeting expenses during any exigencies.

We encourage both women and men to take parental leaves. Last FY year alone, 29 women employees availed maternity benefits (including 1.5L GMC coverage). In addition, with 18.65% of our workforce comprising of women, our travel policy prioritizes their safety while travelling or working at Belstar. **137** employees availed parental leaves (including **108** paternity leaves).

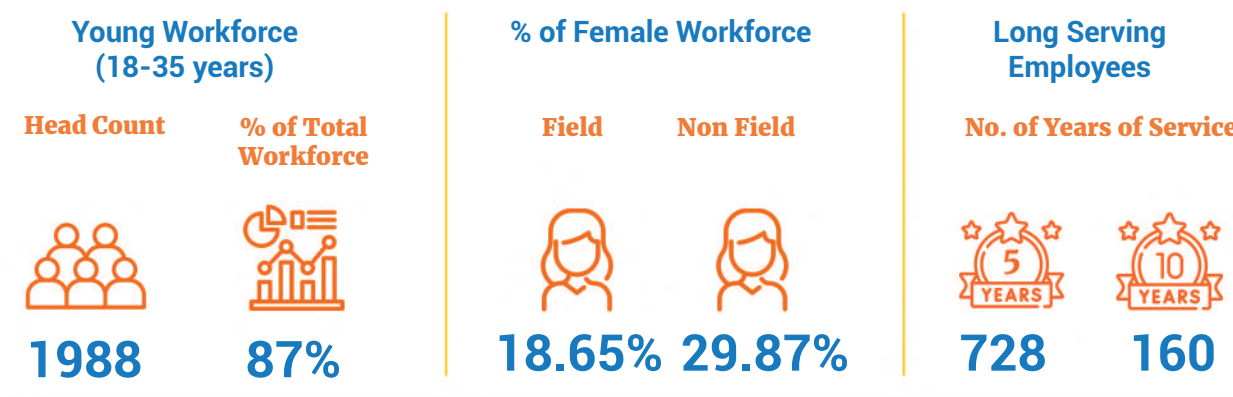
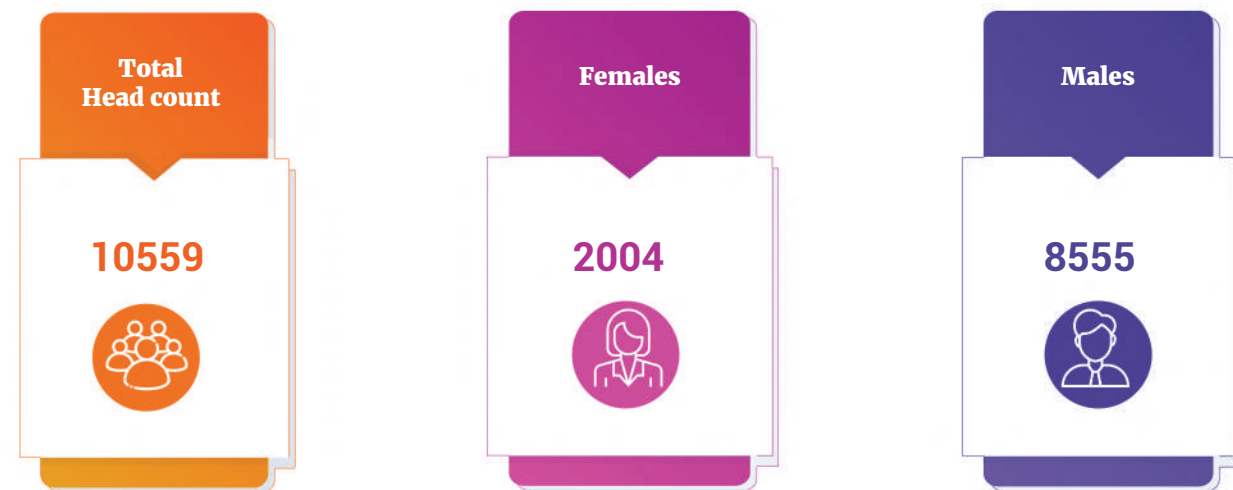
Employee Diversity and Inclusion

We are an equal opportunity employer. Belstar makes reasonable job accommodations for persons with disabilities. As of March 31, 2024, gender diversity stands at 18.90%, which is one of the best in the microfinance industry. We have increased our hiring capabilities and prefer hiring local candidates to strengthen our ties to the community. In many instances, we provide local accommodation facilities for field staff. Over 550 employees have benefitted from this initiative in Rajasthan, Odisha, Chhattisgarh, Uttar Pradesh and Uttarakhand.

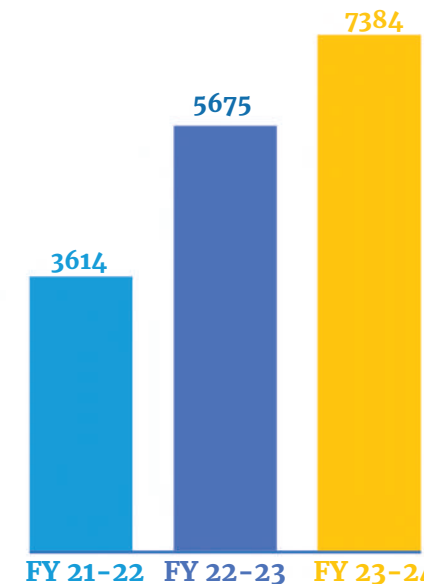
Our Retention Strategy

Our workforce is our biggest asset, and we go all out in ensuring that employees feel like an integral part of the organization. We ensure all our new sales officers who have joined are supported by mentors to help them integrate into the organization culture. This pilot mentoring scheme saw tremendous progress last year and resulted in less attrition in our workforce. Our annualized voluntary attrition rate was **32.56%** as of March 31, 2024, compared to **32.73%** as of March 2023.

Team Strength



New Joinees



We prioritize nurturing leadership development within our workforce, resulting in an average of 50% internal staffing as young leaders progress to their next roles. We introduced Mid-year appraisal for Field staff and 4987 eligible employees’ performance were assessed and performers were recognised. Last fiscal, we promoted 1063 employees to the next role.

Employee Grievances Redressal Mechanism:

We prioritize employee concerns and have established an effective grievance redressal mechanism. Apart from a dedicated HR helpdesk, grievances are recorded during periodic branch visits by Regional HRs and Town Hall meetings. The grievances are tracked and monitored for closure with a fair hearing.

No. of Grievances Received **140**



Transition to New HRMS & Automation of Processes

We migrated to a new HRMS portal 'Workline' featuring an advanced interface and enhanced capabilities to bolster our HR services delivery. In January 2024, we launched the Talent Acquisition and Onboarding modules, followed by the rollout of Attendance and Employee Management modules in February 2024.

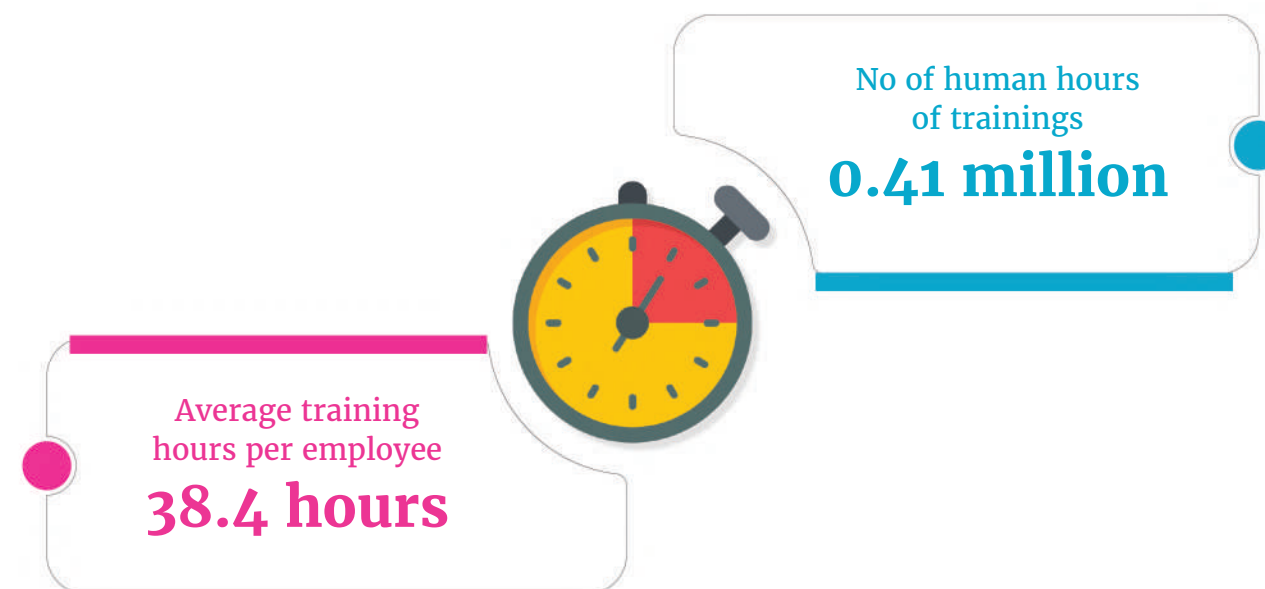
With the roll-out of the new HRMS, our recruitment process has become transparent, paperless and faster, thereby eliminating the need for human intervention in rolling out offer letters. Fully automated onboarding, transfers, and exits by integrating online connectivity with relevant departments and IT functions ensures timely access provisioning and immediate access removal during separations.

Learning & Development

We ensure every employee is provided the right opportunities for growth by enhancing their leadership skills, knowledge and competencies through our comprehensive Learning and Development modules, internal promotions and recognition programs.

Our training interventions include classroom sessions, instructor-led online sessions, self-learning modules, and certifications. These initiatives were designed to align with our strategic objectives, foster a culture of continuous improvement, and ensure that our workforce is well-equipped to meet the evolving demands of the microfinance industry.

New joiners attend a role-based induction program, which provides clarity on job roles, KRAs, and performance metrics. We conduct micro sessions to train the field staff on products, processes, latest circulars and any new implementations. This has helped in providing focussed sessions to the field staff and validate their process knowledge in hand.



Capability Building Initiatives





Our training and development efforts in 2023-2024 have laid a strong foundation for continuous learning and professional growth. By investing in our employees' development, we are not only enhancing their capabilities but also driving organizational success and competitiveness in the market. We remain committed to fostering a culture of continuous learning and look forward to building on this year's achievements in the coming year.



Key Highlights



Expanded Training Programs

New Courses: Introduced 8 new courses covering leadership, values and culture, code of conduct and soft skills etc



Leadership Development

Zonal heads leadership program: Launched zonal heads leadership program aimed at developing the next generation of leaders within the organization.

Succession Planning: Developed a robust succession planning framework to identify and nurture high-potential employees for critical leadership roles.



Technical and Digital Skills Enhancement

Digital Transformation: Offered training on digital tools and platforms to support our digital transformation initiatives, enabling employees to work more efficiently and collaboratively.



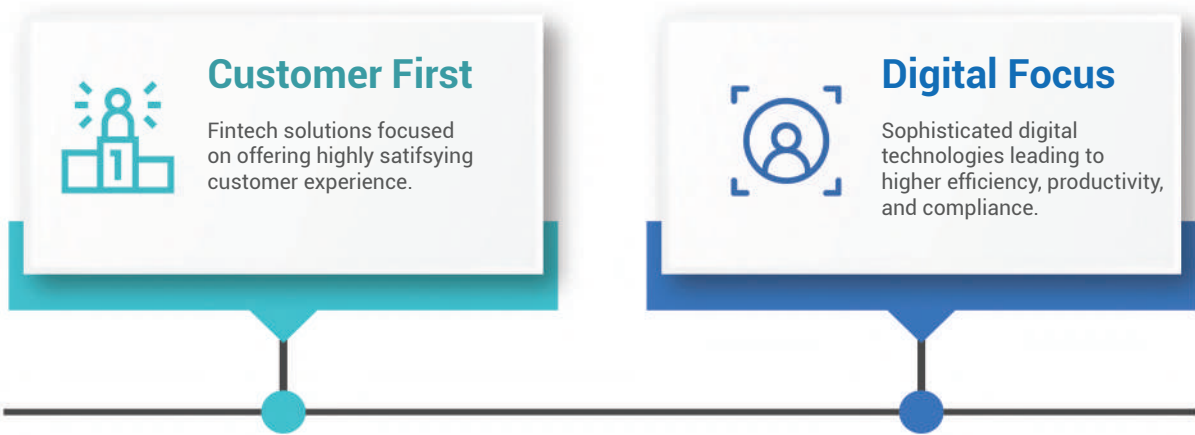
Byte Sized Training Modules

Short Curated Audiovisual modules known as 'Belstar Bytes' were made to cater to our Gen Z and millennials who form almost 87% of our workforce.



Intellectual Capital

Powering Women Upliftment and Financial Inclusion by Robust Financial Technology



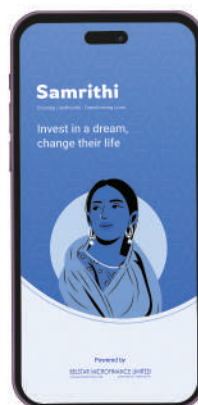
We understand the challenges in handling the voluminous customer data including complex customer on-boarding process, underwriting process, loan repayments and loan disbursals. With sophisticated and data-driven technology solutions, we are offering high quality digital services to our internal & external customers. Sophisticated and data driven technological solutions are deployed to our team and our customers. Information Technology has been a major business driver for us and we continue to invest wisely and enhance our capabilities.

Our continued effort to digitize our operations has resulted in minimum human interventions, seamless data flow across systems and increased productivity. This tremendous outcome results in higher performance and smoother operations across all functions of Belstar.

Our Core Financial Services Solution (CFSS) supported our remarkable growth last year and helped us achieve our ambitious business goals.

StarHub – A digital dashboard which has been a big hit amongst our field staff. They are using this app to monitor and take action on their portfolio. All MIS information is now delivered to the fingertips of our employees.

Samrithi 2.0 – Customer servicing mobile app with enhanced features, which supports timely repayment at the click of a button.



Integrated Insurance System (IIS) – Newly launched, fully digitized workflow system, which offers credit protection for our customers. It simplifies the entire process, from the initial hand shaking with insurance service providers to issuing loan insurance. The complete claim process originating from the branch level to the corporate office is handled through IIS.

Assets & Identity Management System (AIMS) – An automated digital workflow which handles the complex employee onboarding and deboarding process. This helps in quick issuance of IT assets to our staff pan-India, enabling them to integrate into the organization seamlessly.

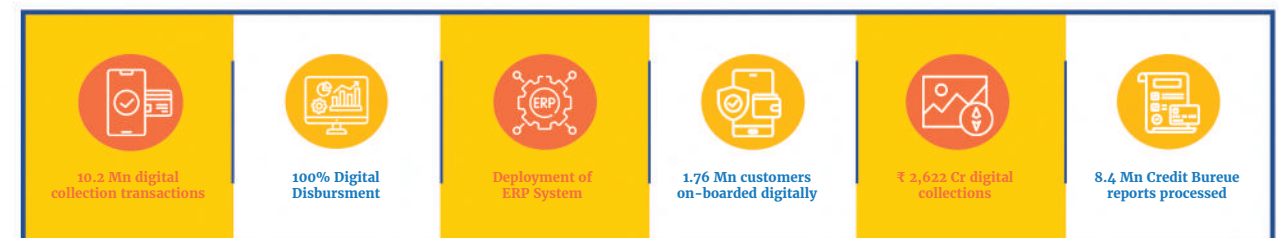
Sun Infor ERP – The sophisticated Sun Infor ERP has been deployed to replace the legacy accounting system for efficient financial management. This system provided greater financial control, better tracking real-time visibility.

Digital Collection – Digital collections have increased to 36.86% through all our digital collection channels (Samrithi, QR Code and BBPS). Digital collections reduce operating costs and cash handling risks, while offering diversified collection touch points and more flexibility to our customers.

QR Code Collection – We have introduced a new digital collection channel in the form of a unique loan ID-based QR code. Customers can scan their respective QR codes and pay from any UPI app.

Process Optimization – Belstar partnered with ACCION Technical Advisors India to develop a Continuous Improvement (Kaizen) plan to optimize and improve our processes. We believe in continuously redefining and optimizing important processes to make them more efficient.

Internal Customer Support and Satisfaction – We value our internal customers (the Belstar team) and treat them with the utmost importance. Dedicated multi-lingual tech & app support teams stationed in multiple geographical locations offer high quality IT services. We achieve 99.9% IT service uptime for the seamless, uninterrupted IT systems, which are essential for business operations.



FinTech for Under banked & Financial Inclusion

Belstar has prepared a sophisticated digital strategy roadmap with the focus of developing fintech for the underbanked and Financial Inclusion in the next financial year FY 2024-25. Key digital initiatives have been prioritized to offer better customer experience and have a positive impact on their livelihoods.

An Integrating Approach to Mitigating Risks

At Belstar, we follow a robust and well-defined risk assessment and control policy that drives our core business. A strong risk management framework is in place where every employee of Belstar is actively responsible for risk management. Our Risk Management strategy is based on a clear understanding of various risks, disciplined risk assessment, and continuous monitoring.

The Risk Management Committee reviews various risks to which the organization is exposed, including Credit Risk, Interest Rate Risk, Liquidity Risk, and Operational Risk.

Our Risk Management Policy aligns with product-specific guidelines and operates within the organization's overarching risk framework. The risk framework has been implemented at various levels in the organization that govern the functioning of the organization at both macro and micro levels.

The risk controls in place at each of the above-stated levels are described in detail:

(A) ORGANIZATIONAL LEVEL:

- Product Governance through Board approved SOPs: All products are governed by product-level policies and/or SOPs that are duly approved by the Board.
- Non-Qualifying books represent less than 15% of total assets, ensuring a focus on Microlending.
- Zero Tolerance Policy for any kind of intentional regulatory breaches.
- Fair dealings with all stakeholders, including customers, vendors, and employees.

(B) PRODUCT/BUSINESS LEVEL:

- Various Controls & measures are implemented to manage product-level exposures effectively.
- Exposure tracking prevents concentration risk within specific segments.
- Business is sourced from diverse distribution networks across different regions.
- Centralised Credit Underwriting following board approved product policies.



(C) TRANSACTION LEVEL:

- Strict adherence to RBI-stipulated guidelines on Know Your Customer (KYC), Prevention of Money Laundering Act (PMLA), etc., whereby all our customers pass through the KYC requirements as well as clear all negative databases and de-dupes.
- Customers engage in face-to-face interactions with authorized Belstar employees, mitigating risks associated with suspicious funding.

Belstar has established a robust Risk Management framework to identify, measure, and mitigate business risks and opportunities. This framework enables effective management of market, credit, and operational risks, with a focus on quantifying potential impacts at the company level.

The Fraud Risk Management Committee (FRMC), composed of senior management representatives, oversees all matters related to fraud risk. Additionally, an independent Operational Risk Management (ORM) has developed a comprehensive framework and review mechanism. This enables the identification, assessment, monitoring, and management of risks through detailed processes, internal controls, information technology, and fraud monitoring mechanisms. These efforts are guided by the Board-approved Operational Risk Management Policy.

Key features of Belstar's risk management approach



Customized Risk Responses:

Tailored responses based on a granular understanding of each business area, ensuring responsiveness from a bottom-up perspective.



Early Warning Indicators:

Implementation of indicators to enable proactive risk management, preventing issues from escalating.



Data Science Integration:

Utilization of data science to enhance risk management decisions, relying on empirical evidence rather than intuition



Specialized Expertise

Involvement of subject matter experts leading each risk management domain, fostering a culture of specialization and excellence.



Nuanced Understanding:

Consideration of nuanced factors specific to each risk area, rather than relying on generalized approaches.

Our Internal Audit Team

At Belstar, we take pride in our governance standards and follow strict internal control processes to mitigate any risk of non-compliance. Our Internal Audit Department ensures efficient business operations by conducting periodic and surprise audits across all branches, including service provider locations. We also visit customers to gather feedback and ensure compliance. Our approach follows well-documented SOPs for all corporate and business functions.

The focus of the Internal Audit team is not only to identify and highlight but also to help functions, rectify mistakes, improve controls, and ensure that due diligence is enforced across all functions.

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

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

- Quarterly Risk-Based Internal Audit of all Branches.
- Audit of Corporate Office functions.
- Audit of specific activities (e.g., insurance claims /customer grievances/ rule engine validations).
- Portfolio level audit using data analysis to track behavioral differences amongst geographies /segmenting portfolio across different parameters to track performance.

All branches are audited twice a quarter by the Internal Audit team. To facilitate robust audit processes and reduce manual intervention, the audit activity is aided by a tool called e-THIC through which the sampling tests are done, and audit reports generated.

Audit ratings are broadly categorized into three types based on risk and probability of occurrence, viz., High, Medium, and Low. These are cascaded to different levels of respective teams for compliance. The audit team also raises periodical audit alerts which have supported the management in the timely identification of issues at the field and understanding the root cause of the same.

The audit alerts are mainly to report issues and observations having financial implications needing immediate attention. The findings and closure status are presented monthly to the management team and quarterly to the Audit Committee.

During the year, an external audit agency was deployed to assist the internal audit team in carrying out audits of all critical functions, while Information Security Audit was conducted through a third-party vendor. A total of 6255 branch audits were performed and rated the branches basis 85 checkpoints.

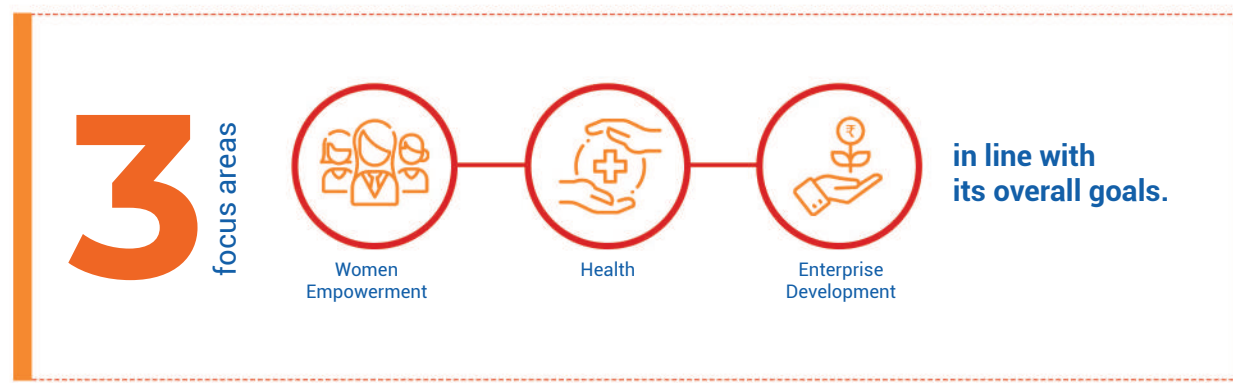
Overall, our strong governance and risk management discipline emphasizes continuous improvement and responsiveness to the evolving business landscape. By integrating technology with human judgment, we aim to detect and address emerging risks swiftly, thereby maintaining a proactive stance in mitigating potential threats.



CSR

Belstar Microfinance, guided by its core belief in fostering women entrepreneurship and community development, has forged a strategic partnership with Hand in Hand India, a leading NGO in the country. Our joint efforts aim to promote financial inclusion, empower women-led businesses, and enhance health services within the community. Through this collaboration, Belstar demonstrates its unwavering commitment to positive social impact and sustainable growth.

During the year, the company effectively utilized CSR funds in



We contributed **₹ 13 million** to empower more than 8 lakh women through financial and digital literacy programs, training, skill development and financial inclusion services, in the states of Tamil Nadu, Karnataka, Kerala, Maharashtra, Madhya Pradesh and Rajasthan.



To upskill women entrepreneurs, an amount of ₹3 million was contributed towards Enterprise Development activities. These activities were conducted in rural and semi-urban pockets of Tamil Nadu, bridging knowledge gaps, and facilitating the adoption of newer technology.



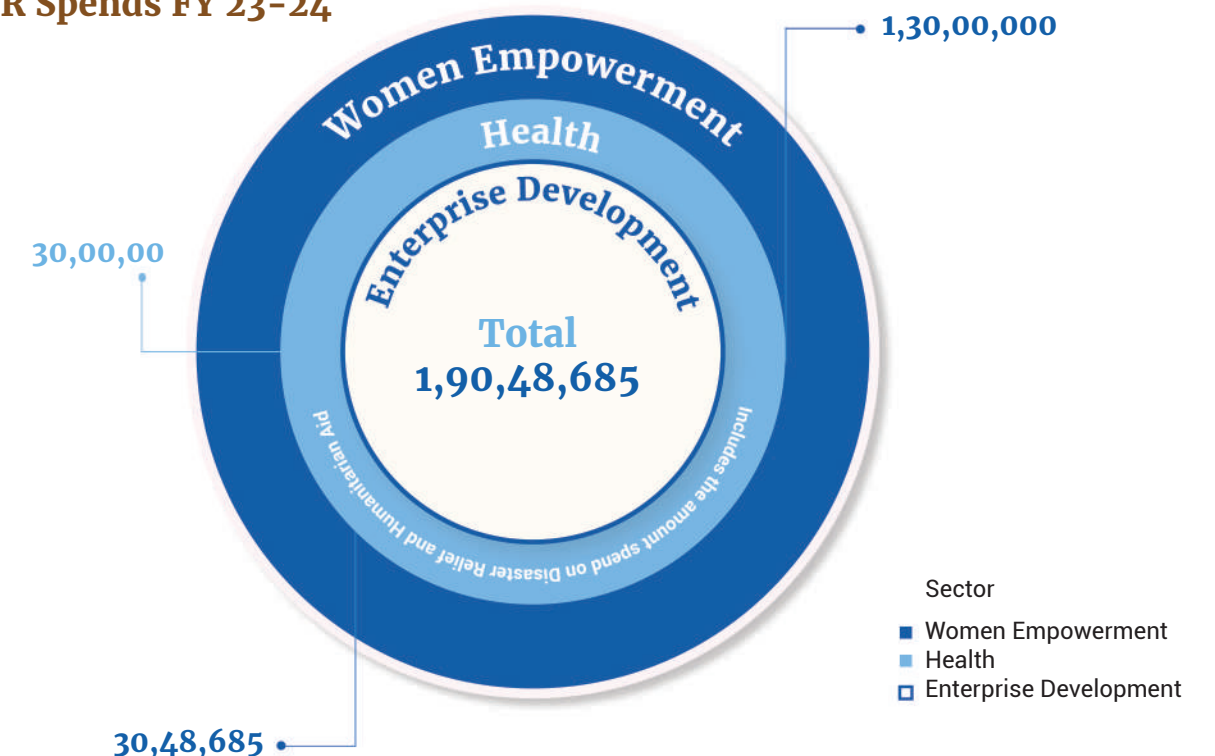
With an aim to provide quality healthcare services to the vulnerable sections of society, Health Help Desks were established with the help of Hand in Hand India in government hospitals in Rajasthan, Madhya Pradesh, and Tamil Nadu for an amount of ₹ 2.02 million.

“We adopt a ‘people first’ approach and have generously contributed over and above the earmarked CSR funds for Disaster Relief & Humanitarian Aid during the devastating Thoothukudi floods. We contributed ₹ 1.02 million to help more than 500 families with essential rations and food supplies.

Belstar Microfinance’s strategic partnership with Hand in Hand India exemplifies its unwavering commitment to positive social impact and sustainable growth. By empowering women-led businesses, promoting financial inclusion, and enhancing health services within the community, Belstar continues to make a meaningful difference. As we look ahead, Belstar remains dedicated to its mission of fostering women entrepreneurship and community development, leaving a legacy of empowerment and progress.

Table highlighting the break-up of spends of CSR funds in FY23-24:

CSR Spends FY 23-24



Statutory Reports



Management Discussion and Analysis

1. GLOBAL ECONOMIC LANDSCAPE

The global economy demonstrated remarkable resilience, growing at 3.2% in FY 23 despite various challenges. While slightly below long-term averages, this growth reflects prudent monetary policies, strategic fiscal adjustments, and a focus on sustainable productivity improvements. Notably, headline inflation is expected to decrease from 6.8% in 2023 to 5.9% in 2024, and further to 4.5% in 2025, signalling a return to more stable economic conditions.

World Economic Outlook Growth Projection:

GDP (in %)

Particulars	Year-on-Year (Calendar Year)		
	Estimate	Projection	
	2023	2024	2025
World	3.2%	3.2%	3.2%
Advanced Economies	1.6%	1.7%	1.8%
Emerging Market & Developing Economies	4.3%	4.2%	4.2%

(Source: World Economic Outlook, International Monetary Fund, April 2024)

Looking ahead, while the global growth trajectory remains positive, it may be tempered by tightening credit conditions and

persistent supply chain disruptions. Advanced economies are projected to experience moderate growth, driven primarily by a rebound in the Euro Area. Emerging markets and developing economies are forecasted to maintain stable growth through 2024 and 2025, albeit with regional variations.

Indian Economic Scenario

India continues to be a bright spot in the global economy, registering an impressive GDP growth of 8.2% in FY 24, up from 7.0% in the previous fiscal year. This growth was primarily driven by improvements in mining and quarrying, manufacturing, and specific service sectors. The government's focus on strengthening the financial sector, streamlining business regulations, and enhancing both physical and digital infrastructure has played a crucial role in maintaining this growth momentum.

India continues to retain the tag of fastest growing major economy and high frequency growth indicators were stable, although somewhat mixed. E-way bills generation, GST collection, and power consumption remained strong. However, there is some moderation in indicators like infrastructure index, auto sales, cement sales, exports, imports and credit growth.



Key sectors contributing to this growth include:

- Construction:** Gross value added at basic prices reached 9.9% in FY 24, compared to 9.4% in FY 23.
- Manufacturing:** Witnessed a remarkable surge, reaching 9.9% in FY 24, compared to a decline of 2.2% in the previous year.
- Services:** Moderated slightly to 7.8% in FY 24, down from 8.9% in FY 23.
- Agriculture:** Grew by 1.4% in FY 24, marking a seven-year low due to poor Kharif harvest and weak initial Rabi sowing.

Despite some usual spatial variations monsoon rains have been strong, which is quite positive for the agriculture sector, which is the largest employer and has a key role in overall consumption, income distribution and inflation. Cumulative monsoon till last month stood at 6% above normal. Importantly sowing is also progressing in a healthy fashion especially in crucial crops like pulses, oilseeds, coarse cereals and rice.

The government’s commitment to infrastructure development is evident from its expenditure of ₹ 23 Lakh Crores over the three-year period from 2021-22 to FY 24. The capital spending to GDP ratio nearly doubled from 1.6% in 2018-19 to 3.2% in FY 24.

Outlook

India’s economic outlook remains robust, with projected growth rates of 6.8% in 2024-25 and 6.5% in 2025-26. This growth is expected to be driven by sustained domestic

demand and a rising working-age population. Inflation is anticipated to cool off from an average of 5.4% in FY 24 to 4.6% in 2024-25, and further to 4.2% in 2025-26.

Indian BFSI Sector Overview

The BFSI sector continues to be a cornerstone of India’s economic stability and growth. NBFCs and MFIs play a crucial role in this ecosystem, particularly in fostering financial inclusion and economic development in rural and underserved regions.

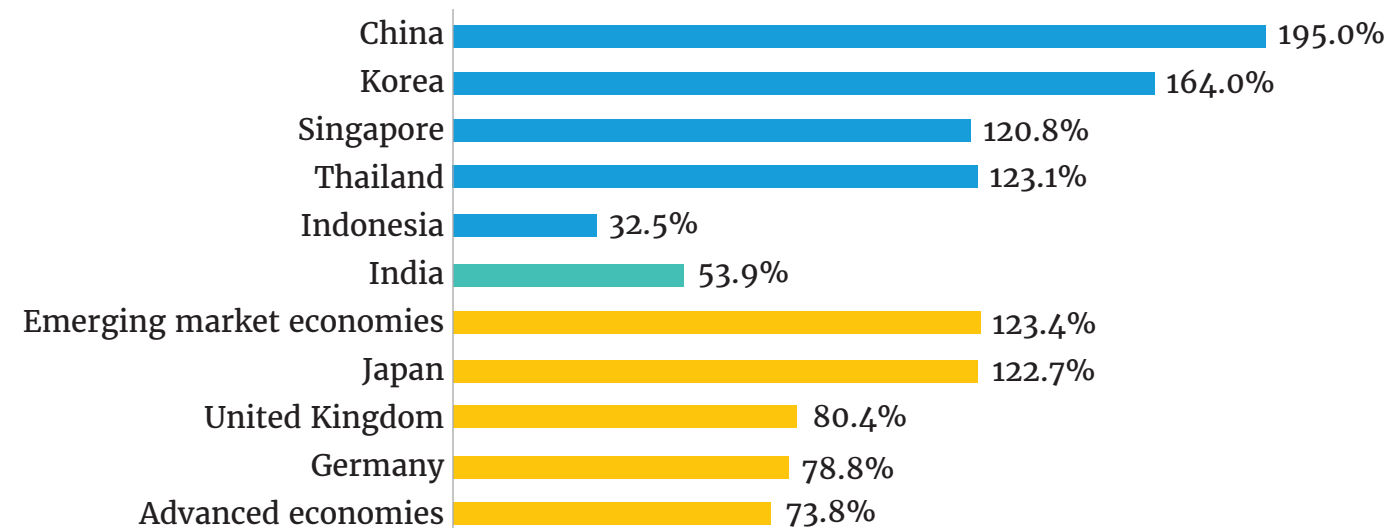
As of March 31, 2024, NBFC-MFIs are the largest providers of micro-credit, with a loan amount outstanding of ₹ 1,70,903 Crores, accounting for 39.4% of the total industry portfolio. The sector has undergone significant transformation, emerging as a key contributor to India’s inclusive growth narrative.

Industry Overview

NBFC MFI plays a significant role in the country’s financial inclusion programme by serving the people who are in the bottom of the pyramid. The NBFC MFI is complementing banks and financial institution by providing the financial services to the various customer segment. However, there is still a scope to serve the larger customer base segment.

The Indian banking sector is significantly under-penetrated as observed in the current bank credit-to-GDP ratio of 53.9% for India as of the third quarter of CY2023. This provides immense opportunities for banks and other financial institutions over the long term.

Bank credit to private non-financial sector as a % of GDP ratio for major economies (as of Q3 CY23)



Note: Emerging market economies comprise Argentina, Brazil, Chile, China, Colombia, Czechia, Hong Kong SAR, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Poland, Russia, Saudi Arabia, Singapore, South Africa, Thailand, and Turkey; Advanced economies comprise Australia, Canada, Denmark, the euro area, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, and the United States.

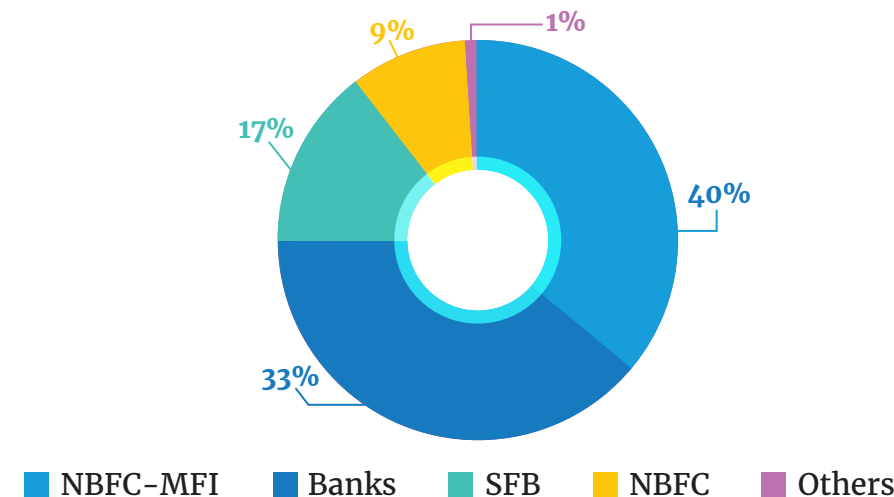
Source: BIS Data, CRISIL MI&A

The microfinance industry in India has shown robust growth, with the total loan portfolio reaching ₹ 4,33,697 Crores in FY 24. The sector comprises 14.9 Crores active loan accounts, serving 7.8 Crores unique borrowers, demonstrating an aggregate growth in gross loan portfolio of 24.5%.

Key highlights of the sector include:

- NBFC-MFIs:** Hold the largest share with an outstanding loan amount of ₹ 1,70,903 Crores (39.4% of the total portfolio).
- Banks:** Second largest share with ₹ 1,44,022 Crores (33.2% of the total portfolio).
- Small Finance Banks:** ₹ 74,728 Crores (17.1% of the total portfolio).
- NBFCs:** 9.3% of the total portfolio.
- Other MFIs:** 0.9% of the total portfolio.

Loan Outstanding across Lenders





The government's introduction of a revamped Credit Guarantee Scheme for small businesses, with an allocation of ₹ 9,000 Crores in the FY 24 Union Budget, is expected to further boost credit accessibility and support the growth of micro and small enterprises.

The latest RBI's guidelines which had given significant importance for the households and to consider the entire household considered as single entity for their income and expenses. This change had made NBFC-MFI to be more socially responsible entities which leads to an better underwriting process.

Considering the growth momentum and the potential for the growth to the segment would be the one of largest retail segment after Housing Loans, Personal Loans and agriculture loans.

In conclusion, despite global economic uncertainties, India's BFSI sector, particularly the microfinance segment, continues to demonstrate strong growth and resilience. This positions the sector favourably for continued expansion and its role in driving financial inclusion and economic development across the country.

Operational Highlights

We are one of India's leading microfinance institutions. Our mission is to drive financial inclusion and women's economic empowerment by providing loans and other financial services in rural and semi-urban regions.

The last financial year been good for Belstar Microfinance Limited where the AUM growth has been 62% the company had good geographical penetration in the last year where major branches has been opened

outside Tamilnadu to expand our presence outside year.

The last financial year has been a milestone year for us as the long term rating has been upgraded to "CRISIL AA/ Stable" thus making Belstar Microfinance Limited as one of the highest rated NBFC MFI in the country by CRISIL which would help us to position better with lender to obtain competitive pricing.

Key highlights of our business include:

- 2.83 million active customers as of March 31, 2024
- Operations across 300 districts in 19 states/UTs through 1,015 branches
- Gross loan portfolio of ₹ 1,00,227.53 million as of March 31, 2024
- Focus on SHG & JLG lending model
- CRISIL AA/Stable credit rating, which is the highest in the industry

Financial Performance

We have delivered strong growth in recent years:

- Gross loan portfolio increased from ₹ 31,987 million in FY21 to ₹ 1,00,227 to FY 24
- Disbursements grew from ₹ 24,350.27 million in FY21 to ₹ 97,077 million in FY24
- Active customers increased from 1.38 million in March 2021 to 2.83 million in March 2024
- Branch network expanded from 560 to 1,015 branches between March 2021 and March 2024

Our asset quality has also improved, with gross NPA ratio declining from 5.68% in FY2022 to 1.82% as of March 31, 2024.

Particulars	FY24	FY23	Growth
Disbursement (₹ In Mn)	97,077	57,951	67.5% ↑
Employees (No's)	10,559	8,022	31.6% ↑
Branches (No's)	1,014	767	32.2% ↑
Customer Accounts (No's)	28,33,229	21,29,884	33.0% ↑
Balance Sheet Size (₹ In Mn)	93,591	62,269	50.3% ↑
Loan Assets (₹ In Mn)	1,00,228	61,921	61.9% ↑

Particulars	FY24	FY23
Total Income	18,513.84	10,379.15
Net Interest Income	10479.50	4876.61
Securitization/ Direct Assignment during the year	19948.73	21116.59
Net worth	17,288.14	10,922.99
Profit After Tax	3,398.54	1,303.25
Capital Adequacy Ratio (%)	20.64	21.97
Return on Total Asset	4.36%	2.42%
Debt Equity Ratio	4.21	4.22
Net Interest Margin	12486.27	6658.17
Current Ratio	1.38	1.46
Interest Coverage Ratio	1.76	1.46
Net Profit Margin	18.36%	12.56%
Return On Equity	24.09%	13.38%
Gross Stage 3 Assets	1.82%	2.42%
Net Stage 3 Assets	0.17%	0.66%

Key Factors Affecting Our Business and Financial Results

Growth of Microfinance Industry: The overall growth of India's microfinance sector, supported by government focus on financial inclusion, has been a key driver of our business expansion. We expect continued robust growth potential, especially in rural are as.

Loan Portfolio and Customer Base Growth: Our financial performance is directly linked to growth in our loan portfolio and customer base. We have significantly expanded our geographic reach and service capabilities in recent years.

Interest Rates and Cost of Funds: As a responsible microfinance Company, we are cognizance of the rate we are charging to our end customers, the Company has reduced the rate of interest charged to our borrower 2 times during the year in November 23 and March 24 . The Company also capitalised its Bank Loan Rating and continued to raise low cost debts from various banks and financial institutions consistently inspite of the RBI increasing the repo rates over the last 2 years for more than 265 bps but was able to control the increase in the rate of interest from 8.72% to 9.64% and kept the Net Interest Margins intact . We continue to diversify our funding sources to optimize our cost of funds

Asset Quality: Given the profile of our target customers, maintaining asset quality is an ongoing priority. We have implemented robust risk management and credit assessment processes to control NPAs. The Company has put in good sourcing practices for high quality portfolio origination and also implemented a collection structure



to manage collections for delinquent loan customers. The twin approach had resulted in maintaining good quality portfolio.

Operating Expenses: As we scale up operations, managing costs related to branch expansion and growing workforce is important. Employee expenses and other operational costs are key focus areas. Over the last 3 to 4 years, the company has taken concerted efforts to keep the Operating expenses under control and shown improvement in the same and brought it down from 6.43% to 5.89%

Regulatory Environment: As an NBFC-MFI, we are subject to RBI regulations on various operational aspects. Any regulatory changes can impact our business model and growth trajectory.

Outlook

We see significant growth opportunities in India's underserved rural and semi-urban markets. Our focus will be on:

- Expanding geographic presence and customer base including deepening of the credit in the current unbanked market
- Leveraging technology for operational efficiency
- Maintaining asset quality through robust risk management
- Diversifying product offerings to meet evolving customer needs
- Optimizing funding mix to reduce cost of borrowings

We believe our scalable business model, experienced leadership team, and strong parentage position us well to capitalize on the growth potential in India's microfinance sector.

Leveraging Strong Foundations to Navigate Competitive Challenge.

Strengths:

- **Strong Parentage** - Subsidiary of Muthoot Finance Ltd, the largest Gold Loan provider of the country.
- **Strong Financials** - Consistent Growth with Profitability
- **Experienced Management** - Professionally managed by seasoned team with varied experience in Microfinance
- **Highest Credit Rating** - Rated AA/Stable by CRISIL
- Robust Digital Infrastructure
- Pan India Presence

Challenges:

- Multiple Competitors for the same share of pie
- Regulatory Changes
- Political Risks

Opportunities

- *Continue to grow our loan portfolio by expanding our geographical footprint and diversifying product offerings*

India's rural and semi-urban regions had relatively low financial penetration as compared to the pan-India average penetration rate, indicating growth potential in such regions (Source: CRISIL Report). While our operations have historically been concentrated in South India, we have in recent years expanded into the rest of India and improving the presence in other states which makes our presence in 18 states.

Moving forward, we plan to continue to undertake our geographical expansion to few key states, namely Karnataka, West Bengal, Maharashtra, Telangana, with a double objective of reducing its concentration in Tamil Nadu and to further expand the business in geographies that have more unbanked population, which would allow the Company to gain more market shares. We will continue to deepen our presence in the Tamil Nadu market with organic expansion to geographies which are contiguous and shows potential to meet the demand of the borrowers. We believe that our focus on digital innovation and technology will be a strong tool to allow us to expand our reach across India, including towards emerging rural areas with limited access.

In conjunction with our geographical expansion goals, we intend to open more branches so that our branch-based collection method can be further established. While we expand our network, we will continue to monitor various market, credit parameters, credit growth, household information and other metrics, all of which will give us the ability to lower the risk and increase the returns. **Leverage digital banking and analytics to drive cost optimisation, increase operational efficiency and improve profitability metrics**

We intend to continue to invest in our digital platform to increase operational efficiencies and effectiveness and ensure customer credit quality. Our digital strategy includes digital innovation, API banking, fintech collaborations, AI, digital lending, payments and data analytics. We have established a

dedicated data analytics team to enhance customer experience, optimize technology investments and minimize operational costs. We are actively implementing end-to-end digitization processes to enable contactless disbursements and collections. We also plan to collaborate with the fintech ecosystem to offer innovative products and solutions to our customers. With all of our digital initiatives, we aim to improve overall efficiency and effectiveness within our digital ecosystem, and also further reduce our TAT. By harnessing data analytics, we will be able to gain actionable insights that will result in a well-informed decision-making process. These insights combined with our robust risk management framework will also help enable us to improve our collection efficiency. Furthermore, digital channels will play a crucial role in acquiring new customers, especially in hard-to-reach areas, and would allow us to expand our reach across the country.

We aim to further improve our growth by focusing on cost optimisation. Our focus on digital technology provides us with an alternative collection method, including through our proprietary mobile application as well as branch-based collection method. We aim to find the right mix between our branch-based and digital collections to improve our cost optimisation. Currently Belstar is having one of the highest digital collections in the MFI Industry.

● Synergies with our Holding Company

We expect that our connection with Muthoot Finance Limited and Muthoot Finance Group will provide us with the ability to cross-sell any future insurance products or gold



products that we offer or may offer to existing and new customers of our loan products, thereby potentially improving our operational and profitability metrics.

The New regulation which allows building of 25% non qualifying assets gives us the scope of exploring synergies with our holding company by which we can devise suitable products for our customer and satisfy the customer financial needs of our customers.

Threats

- Customer Connectivity is the key for Microfinance business and any hinderance in customer connectivity could be a potential risk which is been mitigated through various efforts and Client Service meeting and ensuring the client needs.
- Over indebtedness of the customer is on of the potential threat for the organisation. MFIN's guardrails which has come recently is the need of the hour. However we have been prudent in selecting the customer and maintain a proper relationship with the customer.
- Attritions are usually high on the field force team which is been addressed through career progression from them and once after reaching the mid level the employees becomes more stable.
- Long term growth at the similar growth rate of the current year is challenging considering over indebtedness, however the same is addressed through new client acquisition.
- Rising inflation and increasing MCLR of the bank can increase the borrowing cost of

the company which will have impact on the NIM. The company is however leveraging on the rating upgrade in the last year and enjoying the benefits of being better rated NBFC by CRISIL which translates into competitive pricing from the Banks.

Loan Products

Based on our robust understanding of our market and customer base over the years, we aim to meet the financial needs of our existing and potential customers using a wide range of financial products designed to cater to our customer's demands. All our products are governed by product-level policies and standard operating procedures approved by our 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. Brief details of these loan products are set forth below:

- **Micro Enterprise Loans ("MELs")** – MELs are designed to support women enterprises and income-enhancement activities, including the purchase of fixed assets and machinery. MELs also provides our borrowers with working capital. The tenure for MELs ranges from a minimum of 12 months to a maximum of 24 months, with loan amounts ranging from ₹30,000 to ₹100,000. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.

- **Small and Medium Enterprise Loans ("SELS")** – SELs are designed to support small business enterprises in meeting their initial capital expenditure and additional working capital requirements. The tenure for SELs ranges from a minimum of 24 months to a maximum of 36 months, with loan amounts ranging from ₹75,000 to ₹300,000. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.
- **Festival Loans** – Festival loans are offered in relation to providing timely financial assistance to our customers during festive occasions such as Diwali, Christmas, Ramzan and Holi. The tenure for these loans is 12 months, with loan amounts ranging from ₹10,000 to ₹20,000. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.
- **Education Loans** – Education loans are

offered to borrowers to support their primary education expenses. The tenure for these loans is 12 months, with loan amounts ranging from ₹20,000 to ₹25,000. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.

- **Emergency Loans** – Emergency loans are offered to borrowers to address their short-term cash flow constraints and emergencies, such as health emergencies, natural disasters and family bereavements. We offer short-term emergency loans to provide for timely financial assistance when our customers most needed it, with loan amounts ranging from ₹8,000 to ₹10,000. To be eligible for our emergency loans, a customer must have an emergency. Principal and interest payments are due monthly during the loan term, subject to compliance with applicable local law requirements.

Comparative Assessment of NBFC - MFI Vs Belstar Microfinance Limited

Particulars	Belstar Microfinance			NBFC-MFI's		
	FY 22-23	FY 23-24	YoY Change %	FY 22-23	FY 23-24	YoY Change %
Branches	767	1,014	32.20%	17,041	20,348	19.41%
Employees	8,022	10,559	31.63%	1,45,065	1,83,842	26.73%
Clients (Cr)	0.21	0.28	33.02%	3.60	4.30	19.44%
Loan Accounts (Cr)	0.23	0.30	31.74%	4.20	5.20	23.81%
Asset Under Management (₹ Cr)	6,192	10,023	61.86%	1,21,102	1,56,884	29.55%
Balancesheet portfolio (₹ Cr)	6,227	9,359	50.30%	98,234	1,26,243	28.51%
Loans disbursed (During the year, ₹ Cr)	0.13	0.19	39.63%	2.70	3.10	14.81%
Loans amount disbursed (During the year, ₹ Cr)	57,951	97,077	67.52%	1,11,161	1,38,297	24.41%



Our segment wise classification of our portfolio is

INDUSTRY	FY 23-24	FY 22-23
AGRICULTURE AND ALLIED	66.37%	62.74%
SERVICES	15.43%	20.02%
TRADE AND BUSINESS	10.83%	12.99%
EDUCATION LOAN	0.70%	0.87%
PRODUCTION OR MANUFACTURING	5.94%	2.35%
CONSUMPTION LOANS	0.70%	0.97%
EMERGENCY LOANS	0.04%	0.05%
TOTAL	100.00%	100.00%

Funding Plan:

The Board at its meeting held on April 26, 2024, approved the initial public offering of equity shares bearing face value of ₹ 10 each, comprising a fresh issue of such number of Equity Shares aggregating up to ₹ 10,000 million and an offer for sale of ₹ 3000 million.

The members of the Company by a special resolution passed at the extra ordinary general meeting held on May 02, 2024, approved the aforesaid offer and issuance of equity shares through the Initial public offering. The company has filed Draft Red Herring Prospectus (DRHP) dated May 3, 2024, on May 04, 2024 with Securities Board of India (SEBI). This fresh share issue has two clear objectives:

- To meet future capital requirements towards onward lending;
- General corporate purposes.

Risk Management

Our risk management framework addresses

market, credit, and operational risks, with a focus on quantifying potential impacts. The Fraud Risk Management Committee (FRMC) and the independent Operational Risk Management Team oversee fraud risks and operational risks, respectively, guided by a Board-approved policy.

Key features include:

- **Customized Risk Responses:** Tailored based on a granular understanding of business areas
- **Early Warning Indicators:** Proactive risk management to prevent issues
- **Data Science Integration:** Empirical evidence enhances decision-making
- **Specialized Expertise:** Subject matter experts lead risk management domains
- **Nuanced Understanding:** Specific approaches for different risk areas

Audit

Belstar's Internal Audit Department ensures efficient business operations and compliance through periodic and surprise audits across branches and service provider locations. The team gathers customer feedback and follows documented SOPs for all functions.

Internal Audit Framework:

- **Audit Planning:** Annual plans for Risk-Based Corporate Audit & Branch Internal Audit, evaluating control systems, internal processes, and regulatory compliance
- **Audit Processes:**
 - Quarterly Risk - Based Internal Audit of all branches
 - Audits of corporate office functions and specific activities
 - Portfolio - level audits using data analysis

Report of the Board of Directors

To the Members

Belstar Microfinance Limited

Your Directors (the "Board") take pleasure in presenting the 36th Annual Report of the Belstar Microfinance Limited ("the Company") together with the audited financial statements for the year ended March 31, 2024. In compliance with the applicable provisions of the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("Act") and this report covers the financial results and other developments during the financial year ended March 31, 2024.

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended March 31, 2024, have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III to the Act, as amended from time to time and applicable guidelines issued by SEBI.

Particulars	₹ in Millions	
	Year Ended March 31, 2024	Year Ended March 31, 2023
Total Income	18,513.84	10,379.15
Total Expenses	14,095.37	8,686.08
Profit before tax	4,418.47	1,693.07
Tax Expenses	1,019.93	389.82
Profit after Tax	3,398.54	1,303.25
Basic Earnings Per Share (EPS) (in ₹)	69.30	27.12
Diluted Earnings Per Share (DPS) (in ₹)	69.30	27.12
Equity	17,288.14	10,922.99
Total Liability	76,302.99	51,346.02
Total Asset	93,591.13	62,269.01

2. OPERATIONAL HIGHLIGHTS

The summary of Operational highlights is as under:

Particulars	FY 2024	FY 2023
No. of States/UTs	19	18
No. of Branches*	1015	768
No. of Employees	10,559	8022
No of Borrowers	28,33,229	21,29,884
Gross Disbursement (₹ in Million)	97,076.50	57,950.85
Loan Portfolio (₹ in Million) on Balance Sheet	83,274.92	46,275.36
Asset Under Management- AUM (₹ in Million)	100,227.53	61,920.39

*The Service provider branches are considered under Head Office.

The company had achieved the milestone of crossing ₹ 10,000 Crores Asset Under Management (AUM) which indicates stable and strong growth of 62% year-on-year basis.



3. DIVIDEND

Your Directors are pleased to recommend for approval of members, a final dividend of ₹ 0.75 [i.e. 7.50%] per share on the face value of ₹ 10 each on the equity Share Capital of the Company, for the financial year ended March 31, 2024. The dividend, if approved by members, would involve a total cash outflow of ₹ 41.13 Million, resulting in a payout of 1.21 % 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 that are due for remittance into the Investor Education and Protection Fund.

5. TRANSFER TO RESERVES

The Company has transferred an amount equivalent to 20% of the profit after tax, being ₹679.71 Million to the Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, and ₹ 2000 Million to the General Reserve out of the net profit for FY24 and ₹ 3,662.60 Million is the accumulated balance in Retained Earnings Account (Profit and Loss account and comprehensive income) as at March 31, 2024.

6. SHARE CAPITAL

The Company has allotted 60,00,000 number of Equity Shares to Muthoot Finance Limited on right issue basis. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at ₹ 54,84,40,550 (Indian Rupees Fifty Four Crores Eighty-Four Lakhs Forty Thousand Five Hundred fifty only) comprising of 5,48,44,055 no's of equity shares of ₹ 10 each as at March 31, 2024.

There was no reclassification or sub-division of authorised Share Capital, reduction of Share Capital, buy-back of shares, change in the capital structure resulting from restructuring, or change in voting rights in respect of any class of Share Capital of the company during the financial year.

7. MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no significant material changes and commitments affecting the financial position of the Company which occurred between the end of financial year of the Company i.e March 31,2024 and the date of this Report.

Further, vide its meeting held on April 26, 2024 the following individuals/ entities were identified as the "Promoters" of the Company henceforth, for all purposes, regulatory, statutory or otherwise under all applicable laws, including without limitation, the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the Securities and Exchange Board of India (Prohibition on Insider Trading) Regulations, 2015, each as amended:

Sr. No	Names of identified Promoters
1.	MUTHOOT FINANCE LIMITED
2.	SARVAM FINANCIAL INCLUSION TRUST
3.	KALPANAA SANKAR

In addition to this, a significant milestone of the Company's journey towards growth and expansion, your Company has filed the Draft Red Herring Prospectus (DRHP) dated May 03,2024 with the Security Exchange Board of India (SEBI) on May 04, 2024.

As a part of the endeavor, your company is in the process of obtaining the necessary approval from the regulatory authorities.

A copy of the Draft Red Herring Prospectus (DRHP) is uploaded on the company's website at <https://belstar.in/offerdocumentrelatedfilings>.

8. HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

Muthoot Finance Ltd continues to be the holding company as at March 31, 2024, with a shareholding of 63.86%. Further Muthoot Finance Ltd acquired 12,42,203 no's Equity shares (2.27%) from the promoter group and holds 66.13% as on May 03, 2024.

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

9. DIRECTOR AND KEY MANAGERIAL PERSONNEL

As on March 31, 2024, the Board of your Company consists of Eleven Directors. Out of which four are Independent Directors, including one Woman Independent Director. Their details are as follows.

Category	Name of the Director
Executive Directors	Dr. Kalpanaa Sankar
	Mr. Balasubramanian Balakumaran
Non-Executive Directors	Mr. Kuttickattu Rajappan Bijimon
	Mr. George Alexander
	Mr. George Muthoot Jacob
	Mr. Vijay Nallan Chakravarthi
Non-Executive Independent Directors	Mr. Siva Chidambaram Vadivel Alagan
	Mr. Vadakkakara Antony George
	Mr. Krishnamoorthy Venkataraman
	Mr. Chinnasamy Ganesan
	Mrs. Rajeswari Karthigeyan

The composition of the Board is in line with the requirements of the Companies Act, 2013 and the Listing Regulations.

The Directors possess vast knowledge, necessary experience, skills, and ability in various functional areas relevant to the Company's business, which has aided/ continues to aid in strengthening the policy decisions of the Company.

I. Changes In Directors and Key Managerial Personnel (KMP) during the FY 24

The following were the changes in the Board of Directors during the year under review:

Name	Date of Appointment / Resignation	Nature of Change
Mr. David Arturo Paradiso	May 09, 2023	Resigned
Mr. Siva Chidambaram Vadivel Alagan	May 09, 2023	Appointed as a Non-Executive Director
Mr. A Subramanian	December 19, 2023	Retired as an Independent Director of the Company after completing Second term
Mrs. Rajeswari Karthigeyan	December 19,2023	Appointed as an Independent Director for a term of three years

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, 2024.



II. Directors Retiring by Rotation

Mr. George Alexander (DIN: 00018384) and Mr. Vijay Nallan Chakravarthi (DIN:08020248) Non-Executive Directors of the company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

III. 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.

IV. 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.

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

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

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

VI. 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

VII. Independent Directors Meeting

Pursuant to the Companies Act, 2013 and SEBI Listing Regulations, a separate Meeting of the Independent Directors was held on March 23, 2024 without attendance of Non-Independent Directors and Members of the Management.

VIII. Meetings of the Board

The Board met 6 (Six) times during the financial year 2023-24. 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 2023-24 are provided in the Corporate Governance Report, which forms part of this Board's Report.

IX. Meetings of Committees

The details of the Committees of the Board namely the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility (CSR) Committee, Stakeholder's Relationship Committee, Information Technology (IT) Strategy Committee, Finance Committee, Fundraise Committee and Asset-Liability Management 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.

10. 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, 2024, 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.

11. RESOURCES MOBILISATION

The Company as an NBFC, mobilisation of resources at optimal cost and its deployment in the most profitable and secure manner constitute 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 the Public Sector, Private Sector and Foreign Banks, Financial Institutions etc. Funds were raised in line with the Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures (NCDs), Subordinated Debt and in the form of Direct assignment.

During the year, the Company has also raised 50,000 numbers of Rated, Unsecured, Listed, Non-Convertible Debentures at a face value of ₹ 1,00,000, aggregating to ₹ 500,00,00,000 (Indian Rupees Five Hundred Crores) on a private placement basis, and 15000 numbers of subordinated, Rated, Unsecured, Non-Convertible Debentures at a face value of ₹ 1,00,000, aggregating to ₹ 150,00,00,000 (Indian Rupees One Hundred Fifty Crores) to multiple identified Qualified Institutional Buyers (QIBs), High net-worth individuals (HNIs) and individual investors.

The summary as at March 31, 2024, is as below:

Sr. No.	Borrowings / Security type	Overall Borrowed FY23-24 (₹ Crore)	Amount Outstanding (₹ Crore)
1	Term Loans Banks	4776	5956.56
2	Term Loans from NBFCs	200	196.94
3	Cash Credit	90	98.58
4	Secured & Unsecured Ncds	500	741.35
5	Sub debt	150	280.68
6	Direct Assignment	1795.2	1461.75
	Total	7511.2	8735.86

12. CREDIT RATING

The Grading and Credit ratings obtained from

the Rating Agencies as on March 31, 2024 are as below:

During FY24, CRISIL Ratings has upgraded its rating on the long-term bank facilities and debt instruments of Belstar Microfinance Ltd(Belstar) to 'CRISIL AA/CRISIL PPMLD AA/Stable' from 'CRISIL AA-/CRISIL PPMLD AA-/Positive' owing strong support from the parent and majority stakeholder Muthoot Finance Limited

The credit ratings for various instruments of the Company as at March 31 2024 are given below:

Rating agency	Instrument	Rating
CRISIL	Long term Bank loan Ratings	CRISIL AA/Stable
	Non-Convertible Debenture	
CARE	Non-Convertible Debenture	CARE AA-; Stable
	Debt-Subordinate Debt	
CRISIL	Market Linked Debenture	CRSIL PPMLD AA /Stable
CART	MFI Grading	MFI 1
CART	Code of Conduct Assessment Grade	C1

13. DETAILS IN RESPECT OF FRAUDS, IF ANY, REPORTED BY AUDITORS

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

14. CHANGE IN NATURE OF BUSINESS

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

15. 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.

16. PARTICULARS OF MONIES ACCEPTED FROM DIRECTOR OF THE COMPANY

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

17. 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.

18. AUDITORS

Statutory Audit:

In terms of provisions of Section 139 of the Act, and as per RBI guidelines on appointment of statutory auditor (s) by Non-Banking Financial Company (NBFC), M/s. Varma & Varma, Chennai, Chartered Accountants

(Firm Reg. No. 004532S) was appointed as Statutory Auditors of the Company at the 34th Annual General Meeting (AGM) held on September 29, 2022 to hold office till the conclusion of the 36th AGM of the Company.

The Auditors' Reports for the financial year ended on March 31, 2024 submitted by M/s. Varma & Varma Chartered Accountants do not contain any qualification or reservation or adverse remark or disclaimer. The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

During the year under review, the Auditors had not reported any matter under section 143 (12) of the Act, and therefore no details are required to be disclosed under section 134 (3)(CA) of the Act.

As the term of M/s. Varma & Varma Chartered Accountants as the Statutory Auditors of the Company expires at the conclusion of 36th AGM, the Board of Directors of the Company at their meeting held on June 06, 2024, based on the recommendation of the Audit Committee has recommended to the Members the appointment of M/s Sundaram and Srinivasan, Chartered Accountants (Firm Registration No. 004207S) as Statutory Auditors of the Company, for a term of 3 (Three) consecutive years from the conclusion of the 36th AGM till the conclusion of the 39th AGM of the Company to be held in Calendar Year 2027.

Accordingly, an Ordinary Resolution, proposing the appointment of M/s Sundaram and Srinivasan, as the Statutory Auditors of the Company for a term of three consecutive years under Section 139 of the Act, forms part of the Notice of the 36th AGM of the Company. The Company has received the written consent and a certificate that



M/s Sundaram and Srinivasan, satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

M/s. Sundaram & Srinivasan is a Chartered Accountant (ICAI Firm Registration No. 004207S) established in 1943 and is one of the largest audit firms in South India having 12 partners and offices in Chennai, Madurai, Mumbai and Bangalore having rich and deep experience for over 8 decades in sectors like Automobile, Manufacturing, Banks, General Insurance, Mutual Funds, NBFC, IT and ITES, Charitable trust, Real Estate and Private Equity rendering audit services for more than 300 clients. The firm renders Statutory Audit, Internal Audit, IFC reviews, Tax representations and various other assurance services for equity/debt listed and private limited entities. The firm's team consists of 12 partners, a team of 150+ personnel of Qualified Chartered Accountants, Company Secretaries, Cost Accountants, Social Auditors, CISA/DISA Qualified Professionals, Certified fraud examiners, Registered Valuers, Audit Managers and Qualified Interns.

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, 2024.

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:

The internal audit function provides an independent view to the Board of Directors, the Audit Committee, and the Senior Management on the quality and efficacy of the internal controls, governance systems, and processes. In line with applicable RBI guidelines on Risk Based Internal Audit, the Company has adopted a Risk Based Internal Audit Policy.

The audit plan is aimed at evaluating of the efficacy and adequacy of internal control systems and compliance thereof, the robustness of internal processes, policies, and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions, if any, are presented to the Audit Committee of the Board on a quarterly basis. Pursuant to the based Internal Audit Framework, internal audit is aligned in such a manner that assurance is provided to the Audit Committee and Board of Directors on quality and effectiveness of the internal controls, and governance-related systems and processes.

19. 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 observed by the Company.

Furthermore, during the Financial Year 2023-24, Brahmayya & Co. continued as an 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.

20. 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 2023-24, with its related parties, were on arm length basis and were reviewed by the Audit Committee and approved by the

Board. Omnibus approval has been obtained for the transactions which are foreseen and repetitive in nature. 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".

21. RISK MANAGEMENT POLICY

The Board of Directors has adopted a Risk Management Policy which provides for identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The details of risk management framework put in place by the Company along with a brief on risk function, processes followed, monitoring & reporting framework forms part of Management Discussion and Analysis.

22. AUCTION OF GOLD JEWELLERY FOR RECOVERY OF OVERDUE LOANS AGAINST THEM:

There was no Gold Loan portfolio during the FY 2023-24 in the books of the Company.

**23. PARTICULARS OF LOAN 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.

The Company, being a non-banking financial company registered with the RBI and engaged in the business of providing loans, is exempt from complying with the provisions of section 186 of the Act, in respect of loans and guarantees.

24. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**a) Information Relating to Conservation of Energy, Technology Absorption**

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

b) Foreign Exchange Earnings and Outgo

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

Nature	Currency	₹ in Millions
Dividend Paid to foreign shareholder	USD	8.79
Professional Fees	USD	2.94

25. 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 ₹ 1,90,28,000 and the company spent the entire amount towards CSR activities during the financial year 2023-24.

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

26. HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS

The significance of human capital in any organization cannot be overstated, particularly in a financial services organization such as ours where a significant proportion of the workforce is at the frontline dealing with the customers. The successful delivery of our services is dependent on striking a delicate balance between providing excellent customer service and meeting performance targets. Our Company is committed to fostering a work environment that encourages a positive attitude and superior performance among our employees.

Policies relating to Human Resources

are employee-friendly and support an environment of accomplishment and satisfaction. The Company aims to provide the best of training inputs and seamless growth opportunities ensuring that the culture of the organization 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.

27. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) thereof for the time being in force, the details of remuneration etc. of Directors, Key Managerial Personnel and employees covered under the said Rules is appended as "Annexure 5" which forms part of this report.

28. CORPORATE GOVERNANCE REPORT

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders and the community at large. Sound governance practices and responsible corporate behavior contribute to superior long-term performance of organizations.

Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards. The Company's corporate governance framework ensures



that it is aligned to good corporate governance philosophy and that timely disclosures are made and accurate information regarding the financials and performance is shared, as well as the leadership and governance of the Company. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders.

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

29. WHISTLEBLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Your Company is committed to the highest standards of ethical, moral, and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013. All Directors, employees, and stakeholders can raise their concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them, or any instances of fraud by or against your Company. As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any stakeholders associated with the Company are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies. The said mechanism ensures that the whistle-blowers are protected against victimization/any adverse action and/ or discrimination as a result of such a reporting

and provides a direct access to the Chairman of the Audit Committee in exceptional cases. The Company hereby affirms that none of its personnel have been denied access to the Audit Committee. The Policy is also available on the Company's website <https://belstar.in/policies>.

30. 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.

31. ANNUAL RETURN

Pursuant to sub-section (3)(a) of Section 134 and sub-section (3) of Section 92 of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return as at March 31, 2024 is made available on the Company's website at <https://belstar.in/annual-returns>.

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

Your Company is an equal-opportunity

employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe, and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

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 creates a discrimination-free workplace.

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

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

33. DEPOSIT

The Company continues to be categorized and operate as a non-deposit-taking Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI) and has not accepted any deposit as defined by the Act. Accordingly, disclosure under Section 35(1)

of the RBI Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 does not also apply.

34. COMPLIANCE WITH RBI/ SRO/OTHER

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.

The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including scale-based regulation of RBI for a NBFC-MFI and it does not carry on any activities other than those specifically permitted by RBI for NBFC-MFI. In addition to this Company has been categorized as NBFC - Middle Layer (NBFC-ML) and fully complied with scale-based Regulations issued by RBI.

As on March 31, 2024, your Company complies 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 ('NBFI'). Your Company's CRAR and NOF as at March 31, 2024 are as follows:

Capital Adequacy Ratio	FY 2024
i) CAR – Tier I Capital (%)	17.78
ii) CAR – Tier II Capital (%)	2.86
Capital Adequacy Ratio (CAR %)	20.64
Net owned Fund (Cr)	1543.63

The Company continues to be a member of the SRO- MFIN & Sadhan and strictly adheres to the Code of Conduct, standards, rules, and



regulations as prescribed by the SRO from time to time.

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

35. FAIR PRACTICE CODE

The Company has in place a Fair Practices Code (“FPC”) as approved by the Board, in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers enabling them to take informed decisions. The Board reviews the FPC implementation and efficiency of FPC on quarterly 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>.

36. 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.

37. RBI OMBUDSMAN

The company has a dedicated team which deals with the concerns or complaints raised by the customers. Further, in accordance with the RBI Circular dated November 15, 2021, on “Appointment of Internal Ombudsman by Non-Banking Financial Companies (NBFCs)” the Company has an Internal Ombudsman (IO) being the apex of the grievance redressal mechanism of the Company. The IO deals with the complaints of its customers which are

partly or wholly rejected by the Company.

In addition, the Company has a system of periodic reporting of the information to RBI as per the prescribed guidelines.

38. 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.

39. 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.
- The Company has not revised Financial Statements as mentioned under Section 131 of the Act.

40. MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the Listing Regulations, the Management Discussion and Analysis Report highlighting the details of each business vertical forms part of this Integrated Annual Report.

41. GRATITUDE & ACKNOWLEDGEMENT

The Board expresses its deep sense of gratitude to the Government of India and State Governments Reserve Bank of India, Debenture Holders, Debenture Trustees,

Central Bankers, Financial Institutions, Registrar of Companies, Insurance partners, BSE Limited, Share Transfer Agents, Credit Rating Agencies, MFIN, Sadhan and other Statutory and Regulatory Authorities for the kind cooperation and assistance provided to the Company.

The Board also extends its appreciation

to all the employees for their continued support and unstinting efforts in ensuring an outstanding operational performance and for their continued commitment, dedication and cooperation.

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/-

Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/-

K.B. Balakumaran
Wholtime Director
DIN: 09099182

Date: August 02 , 2024

Place: Chennai

ANNEXURE-01

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/

Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Place: Chennai

Date: August 02 ,2024

**ANNEXURE-02****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024***[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Belstar Microfinance Limited (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 31st March, 2024 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 31st March, 2024 according to the provisions of:

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

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;¹
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;¹
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;²
 - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;³
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;¹ and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;⁴
- (vi) Following other laws applicable specifically to the company:
 - a) The Reserve Bank of India (RBI) Act, 1934;

- b) The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 and other applicable Directions and rules issued by RBI from time to time.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreements entered into by the Company with 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.

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 and allotment of following Debentures during the period under review on a Private Placement basis:

- Allotment of 15000 nos. of 11.00% P.A unsecured, Subordinated, Rated, Unlisted, Redeemable, Transferable Non-Convertible Debentures.
- Allotment of 21700 nos. of 10.00% P.A Unsecured, Senior, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures.
- Allotment of 28300 nos. of 10.00% P.A Unsecured, Senior, Rated, Listed, Redeemable, Transferable Non-Convertible Debentures.

2. Redemption Of Following Debentures During the Period Under Review:

- 1250 numbers GSEC linked rated, Senior, Secured, Listed, Transferable, Redeemable principal protected market linked Non-Convertible Debentures.
- 350 numbers of 11% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures.
- 700 numbers of 11% Secured, Rated,

Listed, Senior Taxable, Fully Paid-up, Redeemable, Non-Convertible Debentures.

- 500 numbers of 10.58% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures.
 - 200 numbers of 11% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures.
 - 250 numbers of 11% Secured, Rated, Listed, Redeemable, Non-Convertible Debentures.
 - 1,00,000 numbers of 11.5% Rated, Unsecured, Subordinated, Redeemable, Non-Convertible Debentures.
 - 1,50,000 numbers of 11.5% Rated, Unsecured, Subordinated, Redeemable, Non-Convertible Debentures.
 - 70 numbers of 12% Rated, Unsecured, Subordinated, Redeemable, Non-Convertible Debentures.
3. Issue and allotment of 60,00,000 number of equity shares of face value ₹ 10/- each at a price of ₹ 500/- each (including premium of ₹ 490/- per share) on rights basis.

4. Amendment to the Articles of Association.

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

For KSM Associates | Company Secretaries

sd/-

Deepa V. Ramani

Partner

FCS 5574; CP 8760

UDIN: F005574F000340744

Peer review cert no. 627/2019

Place: Chennai

Date: 09-05-2024

Annexure- A

To,

The Members,

Belstar Microfinance Limited

CIN: U06599TN1988PLC081652

New No. 33, Old No. 14, 48th Street, 9th Avenue,

Ashok Nagar, Chennai, Tamil Nadu -600083

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

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

For KSM Associates | Company Secretaries

sd/-

Deepa V. Ramani

Partner

FCS 5574; CP 8760

UDIN: F005574F000340744

Peer review cert no. 627/2019

Place: Chennai

Date: 09-05-2024

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

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

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

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

**ANNEXURE-03****FORM NO. AOC.2**

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

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

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

a)	Name(s) of the related party and nature of the relationship	Muthoot Finance Limited (Holding Company)	Muthoot Securities Limited (MSTL) Common Director
b)	Nature of contracts/arrangements/transactions	Referral fee Income	Branding & Marketing fee Income
c)	Duration of the contracts/arrangements/ transactions:	Ongoing, unless terminated by either of the parties serving written notice	Ongoing, unless terminated by either of the parties serving written notice
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Belstar shall make effort to source the Gold loan for Muthoot Finance Ltd and will receive referral fees for the service rendered	Utilising manpower of Belstar for Branding and Marketing of various products handled by MSTL in the manner beneficial to each other
e)	Justification for entering into such contracts or arrangements or transactions	As part of cross sale of product of Holding Company	As part of Cross sale of Group Company's insurance product
f)	Date(s) of approval by the Board	August 04, 2023	November 07,2023
g)	Amount paid as advances, if any:	Nil	Nil
h)	Date on which the special resolution was passed in general meeting as required under first provision to section 188	NA	NA

For and on behalf of the Board of Directors

Sd/-

Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/-

K.B. Balakumaran
Wholetime Director
DIN: 09099182

Date: August 02, 2024
Place: Chennai

ANNEXURE-04**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 focusses 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

[@] Mr. K Venkataraman ceased as member of the Committee and Mrs. Rajeswari Karthigeyan was appointed as an member of the CSR Committee wef February 02, 2024.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company: <https://belstar.in/csr>

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

Not Applicable.



5.

Particular	Amount in (₹)
(a) Average net profit of the company as per section 135(5)	94,15,50,000
(b) Two percent of average net profit of the company as per section 135(5)	1,88,31,000
(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).	1,88,31,000

6.

Particular	Amount in (₹)
(a) Amount spent on CSR Projects:	
(i) Ongoing Project	-
(ii) Other than On going Project	1,90,28,000
(b) Amount spent in Administrative Overheads.	-
(c) Amount spent on Impact Assessment, if applicable.	-
(d) Total amount spent for the Financial Year [(a)+(b)+(c)].	1,90,28,000

(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 provision to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,90,28,000	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)	1,88,31,000
(ii)	Total amount spent for the Financial Year	1,90,28,000
(iii)	Excess amount spent for the financial year [(i)-(ii)]	1,97,000
(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)]	1,97,000

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	2020-21	9,00,000	9,00,000	9,00,000	-	-	-	-
2	2021-22	-	-	-	-	-	-	-
3	2022-23	-	-	-	-	-	-	-
	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/-

Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/-

K.B. Balakumaran
Chairman - CSR Committee
DIN: 09099182

Date: August 02, 2024

Place: Chennai

ANNEXURE-05

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: 82: 1 Executive Director: 15: 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 : 39 % Executive Director : 15% Chief Financial Officer: 13 % Company Secretary : 33 %
iii. The percentage increase in the median remuneration of employees in the financial year;	12 %
iv. The number of permanent employees on the rolls of company as on March 31,2024;	10559
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 15.10 % and the average increase in the managerial remuneration was 29.03 %. Justification for Increase: The increase is in line with industry standards and salary benchmarking exercise with the external marker, and the Company's performance.
vi. Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to KMPs and Senior Managerial Personnel is in accordance with the remuneration policy of the Company.

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. Top 10 employees in terms of remuneration drawn during the year

SL. No.	Employee name	Designation	Qualification	Remuneration Received (₹)	Nature of employment	Employed since	Age	Previous Employment Details	Whether relative of any Director or Manager
1	Kalpanaa Sankar	Managing Director	Ph. D. in Physical Sciences & Executive MBA	2,42,50,000	Permanent	11-02-2009	61	Tamil Nadu Women Development Corporation	No
2	Ashish Misra	Chief Operating Officer	B Com (Hons) & PGDBA	84,92,800	Permanent	01-12-2023	50	Fincare Small Finance Bank	No
3	Muralidharan L	Chief Financial Officer	Chartered Accountant	84,68,584	Permanent	01-09-2015	46	Hand in Hand India	No
4	N Karuppusamy	Business Head - South	B.Sc Agri, M.A. Sociology	66,96,488	Permanent	08-05-2019	49	HDFC Bank Limited	No
5	Dhanasekaran S	Chief Technology Officer	B.Tech & Executive MBA	57,51,559	Permanent	14-07-2021	50	Samunnati Financial Intermediation & Services Private Limited	No
6	Ravindran P S	Head - HR	BSC (Agriculture) & MBA	57,09,420	Permanent	18-06-2018	50	Equitas Small Finance Bank	No
7	Manoharan S	Chief General Manager	MSW & BL	56,85,780	Permanent	09-02-2022	43	Fullerton India Credit Company Limited	No
8	Rajesh R	Deputy CFO	Chartered Accountant	51,65,164	Permanent	03-09-2018	47	Tata Teleservices Limited	No
9	Parthasarathy G	Chief Risk Officer	BL & BSc	51,10,682	Permanent	01-02-2018	46	Madura Micro Finance Limited	No
10	Chandramouleeswaran S	Head Audit	Chartered Accountant	49,50,097	Permanent	18-12-2021	42	Data Tracks Services Private Limited	No

**B. Name of every employee of the Company, who –**

a) If employed throughout the financial year, was in receipt of remuneration for the FY 2023-24, in the aggregate, was not less than ₹ 1,02,00,000/ (One Crore Two Lakh rupees):

Employee name	Designation	Qualification	Remuneration Received (₹)	Nature of employment	Employed since	Age	Previous Employment Details	Whether relative of any Director or Manager
Kalpanaa Sankar	Managing Director	Ph. D. in Physical Sciences & Executive MBA	2,42,50,000	Permanent	11-02-2009	61	Tamil Nadu Women Development Corporation	No

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;

Employee name	Designation	Qualification	Remuneration Received (₹)	Nature of employment	Employed since	Age	Previous Employment Details	Whether relative of any Director or Manager
Ashish Misra	Chief Operating Officer	B Com (Hons) & PGDBA	84,92,800	Permanent	01-12-2023	50	Fincare Small Finance Bank	No

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/-

Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/-

K.B. Balakumaran
Wholetime Director
DIN: 09099182

Date: August 02, 2024

Place: Chennai

ANNEXURE-06**REPORT ON CORPORATE GOVERNANCE****I. Company's Corporate Governance Philosophy**

Belstar Microfinance Limited (BML) is a company that takes pride in its legacy of good governance. Our corporate Governance framework has grown over time and is guided by our core values of Integrity, professionalism, accountability, transparency, teamwork, empathy, and passion. Our business has always had a clear purpose and the belief that businesses must have a purpose beyond profit. We believe that the only way a business will prosper is by making a positive difference to the challenges the society faces.

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the applicable SEBI Regulations and the RBI Regulations applicable on the Non-Banking Financial Companies (the 'NBFC Regulations'). The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for the Board of Directors and the Senior Management of the Company.

At BML we base our business on responsible corporate behaviour. We act according to our values and principles, which are strengthened at all levels within the Company. We are determined to do things the right way which means making business decisions and acting in a way that is ethical and in line with applicable laws. We believe that to achieve our goals, we need to act with the highest standards of corporate behaviour towards everyone we collaborate with, the

communities we impact, and the environment we shape. This is how we deliver consistent, competitive performance and drive long-term value creation for our shareholders, our people, and our business partners. These principles have guided our actions and will continue to do so in the future.

The Company is recognized as a responsible member of the finance industry. It is endeavoring to promote financial inclusion and empower people belonging to financially and socially underserved sections of society. It is committed to conducting its business in a manner that demonstrates fairness, transparency, integrity and ethics as well as fosters a sense of responsibility towards society at large. This approach has helped it weather the turbulent times that the microfinance industry has faced from time to time.

The Company ensures that all decisions are taken fairly and transparently, well within the ethical framework espoused by the senior management. The organizational governance structure, practices, and processes are actively monitored and revised periodically to reflect the best ethical practices. The Central Board of Indirect Taxes and Customs (CBIC) conveyed its appreciation to the Company for the prompt filing of returns and payment of Goods and Services Tax for the Financial year 2022-23 & 2023-24. This recognition underscores the Company's strong adherence to compliance practices.



The Corporate Governance Code that the Board has adopted provides a comprehensive framework for the Company, Board of Directors (the Board), and Statutory Board Committees to operate effectively for the benefit of its diverse stakeholders.

II. BOARD OF DIRECTORS

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.

Composition

As on March 31, 2024, the Board consists of Eleven (11) Directors which is the 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 composition of the Board & its Committees is in conformity with the applicable provisions of the Act, Regulation 17 of SEBI Regulations & applicable RBI Circulars on the Corporate Governance requirements relating to the constitution of various committees of the Board, as stipulated from time to time.

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. The 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 names, categories, and other details of the Directors as of March 31, 2024, 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	Managing Director	0	–	1
Balasubramanian Balakumaran DIN: 09099182	Wholetime Director	0	–	1

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)
Vadakkakara Antony George DIN: 01493737	Independent Director	2	1. Muthoot Finance Ltd 2. Thejo Engineering Ltd	2
Venkataraman Krishnamoorthy DIN: 02443410	Independent Director	0	–	3
Chinnasamy Ganesan DIN: 07615862	Independent Director	0	The Karur Vysya Bank Limited	3(2)
Rajeswari Karthigeyan § DIN: 10051618	Independent Director	2	1. Craftsman Automation Limited. 2. Happy Forgings Limited.	4(1)
Kuttickattu Rajappan Bijimon DIN: 00023071	Non-Executive Director	0	–	2(1)
George Alexander DIN: 00018384	Non-Executive Director	1	Muthoot Finance Ltd	1
George Muthoot Jacob DIN: 00018955	Non-Executive Director	2	1. Muthoot Finance Ltd 2. V Guard Industries Ltd	5
Vijay Nallan Chakravarthi DIN: 08020248	Non-Executive Director	0	–	1
Siva Chidambaram Vadivelalagan DIN: 08242283 #	Non-Executive Director	0	–	0

*Equity Listed Companies only.

Mr. Siva Chidambaram Vadivelalagan (DIN: 08242283) was appointed as Investor nominee Director wef May 09, 2023 representing MaJ Invest.

§ Mrs. Rajeswari Karthigeyan (DIN: 10051618) was appointed as an Independent Director w.e.f December 19, 2023.



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

None of the Directors on the Board hold directorship in more than ten public companies; Further, as per the disclosures & declarations received from Independent Directors, none of them serve as an Independent Director in more than seven listed entities or in more than three listed entities where he/she is a Whole time Director / Managing Director. Also, none of them are a member of more than ten committees or Chairman of more than five Committees across all the listed companies in which he/she is a Director. As per Scale Based Regulations of RBI, none of the Independent Directors are on the Board of more than three NBFCs. Also, none of the Key Managerial Personnel (KMP) holds office in any other NBFC-ML or NBFC-UL. The offices held by the Directors are in compliance with applicable provisions of the, SEBI Regulations and RBI Circulars.

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time of their appointment/ re-appointment and on a continuous basis as prescribed under the RBI Master Directions.

In the opinion of the board, the independent

directors of the company fulfill the conditions specified in Listing Regulations and are independent of the management of the company.

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.

The Company has in place a policy on Board Diversity, which is being ensured through consideration of various factors including but not limited to skills, regional and industry experience, background and other qualities. The skills/ expertise / competence of Directors as identified by the Board, as required in the context of business of the Company are given below:

Name of the Director	Knowledge of Financial Service Industry	Strategy and Planning	Financial Statements	Audit, Risk Management, Internal Control	Banking Operation	Regulatory & Compliance
K Venkataraman	√	√	√	√	√	√
V A George	√	√	√	√	√	√
Chinnasamy Ganesan	√	√	√	√		√
Rajeswari Karthigeyan	√	√	√	√		√
Kalpanaa Sankar	√	√	√	√		√
B Balakumaran	√	√	√	√	√	√
KR Bijimon	√	√	√	√		√
George Alexander	√	√	√	√		√
George Muthoot Jacob	√	√	√	√		√
Vijay Chakravarthi Nallan	√	√	√	√		√
Siva Chidambaram Vadivelalagan	√	√	√	√		√

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.

During FY23, the Company has not advanced loans to any of its Directors or firms / companies in which the Directors are interested and there was no pecuniary

relationship or transactions with the non-executive directors.

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 Company provides complete information



to the Board/ Committees by circulating the detailed notes to the agenda with sufficient notice well in advance of the date of the Board/Committee meetings, except for the meetings called at a shorter notice, if any. The Company diligently ensures that the information furnished by Management to the Board is comprehensive and of a very high order. The Board reviews periodical compliances of all applicable laws, rules and regulations and the statements submitted by the Management. The members of the Board have a conducive environment to express their opinion on the Board matters

and the decisions are taken after detailed deliberations.

During the Financial year 2023-24, the Board of Directors met Six (6) times on April 08, 2023, May 09, 2023, August 04, 2023, November 07, 2023, February 02, 2024, and March 20, 2024. The time gap between any two of the said meetings had not exceeded one hundred and twenty days. The attendance of the Directors in the Board meetings held during the FY 2023-24 and the AGM held on September 15, 2023 are as follows:

Name of Directors	Annual General Meeting	Board Meeting								% of Attendance
	15/09/2023	08/04/2023	09/05/2023	04/08/2023	07/11/2023	02/02/2024	20/03/2024	Held during the FY	Attended during the FY	
A Subramanian*	A	P	P	P	P	NA	NA	4	4	100
V A George	P	P	A	P	P	P	P	6	5	83
K Venkataraman#	P	P	P	P	P	P	P	6	6	100
Chinnasamy Ganesan	P	P	P	P	P	P	P	6	6	100
Rajeswari Karthigeyan**	NA	NA	NA	NA	NA	P	P	2	2	100
Kalpanaa Sankar	P	P	P	P	P	P	P	6	6	100
B Balakumaran	P	P	P	P	P	P	P	6	6	100
KR Bijimon	P	P	P	P	P	P	P	6	6	100
George Alexander	A	A	A	P	P	P	P	6	4	67
George Muthoot Jacob	A	P	P	P	P	P	P	6	6	100
David Arturo Paradiso***	A	P	P	NA	NA	NA	NA	2	2	100
Vijay Chakravarthi Nallan	A	P	P	P	P	P	P	6	6	100
Siva Vadivelalagan****	No	NA	NA	P	P	P	P	4	4	100

P = Present; A = Absent, NA = Not Applicable.

* Retired as an Independent Director with effect from close of business hours on December 19, 2023.

** Appointed as an Independent Director with effect from December 19, 2023.

*** Resigned as Director of the Company with effect from close of business hours on May 09, 2023.

**** Appointed as Nonexecutive Director wef May 09, 2023.

Appointed as Chairman of the Board with effect from February 02, 2024.

Other than Kalpanaa Sankar, Managing Director, None of the Directors hold any Equity Shares and Convertible instruments.

Meeting of Independent Directors

For the Board to exercise free and fair judgment 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, 2024, without the attendance of non-independent directors and members of Management, inter alia, to discuss the following:

- I. review the performance of non-independent directors and the board of directors as a whole;
- II. review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
- III. 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 and
- IV. other Matters

Familiarization programme

With a view to familiarize the Independent Directors as required under the Listing Regulations, the Company has held 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

The Board has inter-alia, constituted the below committees as required under the Act, SEBI Regulations, and RBI Guidelines to delegate particular matters that require greater and more focused attention in the affairs of the Company.

As at March 31, 2024, the Board has 8 (Eight) Committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Finance Committee, and Fund Raise Committee.

The board at the time of the 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 may be. 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 Board takes all decisions pertaining to the constitution of committees, fixes the terms of reference of Committees and delegates powers from time to time. The Minutes of the Meetings are placed before the Board. The details of composition of these Committees, details of Meetings held during the year and the related attendance, are provided 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 - Scale Based Regulations of RBI.

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.

The Audit Committee inter-alia oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct and credible. The Audit Committee has the ultimate authority and responsibility

to select and evaluate the Independent Auditors in accordance with the applicable laws. The Audit Committee also reviews the performance of the Statutory Auditors, the Internal Auditors, the adequacy of the internal control system, and the whistle-blower mechanism.

The Audit Committee of the Board of Directors was re-constituted on February 02, 2024, where Mrs. Rajeswari Karthigeyan was inducted as a committee member. During the year under review, the Audit Committee met four (4) times: May 08, 2023, August 03, 2023, November 06, 2023, and February 01, 2024.

As on March 31, 2024, 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	2023				01/02/2024	Held during the FY	Attended During the FY	% of Attendance
		08/05/2023	03/08/2023	06/11/2023					
Chinnasamy Ganesan	Chairman	P	P	P	P	4	4	100	
A Subramanian*	Member	P	P	P	NA	3	3	100	
V A George	Member	A	P	P	P	4	3	75	
K Venkataraman	Member	P	P	P	P	4	4	100	
K R Bijimon	Member	P	P	P	P	4	4	100	
B Balakumaran	Member	P	P	P	P	4	4	100	
Rajeswari Karthigeyan#	Member	NA	NA	NA	NA	NA	NA	NA	

*Retired as an Independent Director with effect from close of business hours on December 19, 2023.

#Appointed as audit committee member effective from February 02, 2024.

P = Present; A = Absent, NA = Not Applicable

● NOMINATION AND REMUNERATION COMMITTEE

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

The functions of the Reference of Nomination & Remuneration Committee ("NRC") include formulation of criteria for determining qualifications, positive attributes, and Independence of a Director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, Formulation of criteria for evaluation of independent directors and the Board, devising a policy on Board diversity, Identification of persons who are qualified to become Directors or who may be appointed in senior management

in accordance with the criteria laid down, recommend to the Board their appointment and carrying out the evaluation of each Director's performance.

The Nomination and Remuneration Committee of the Board of Directors was re-constituted on February 02, 2024, where Mr. K Venkataraman was inducted as a committee member. As on March 31, 2024, the Nomination and Remuneration Committee comprises three (3) members, and majority of which are Independent Directors. Mr. V A George is the chairman of the Committee.

Nomination and Remuneration Committee met (7) Seven times during the year, on April 03, 2023, May 08, 2023, June 20, 2023, August 03, 2023, December 18, 2023, January 25, 2024 and February 02, 2024. 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	2023							02/02/2024	Held during the FY	Attended during the FY	% of Attendance
		03/04/2023	08/05/2023	20/06/2023	03/08/2023	18/12/2023	25/01/2024					
V A George	Chairman	P	A	P	P	P	P	P	7	6	86	
A Subramanian*	Member	P	P	P	P	P	NA	NA	5	5	100	
George M Jacob	Member	P	P	P	P	P	P	P	7	7	100	
K Venkataraman	Member	NA	NA	NA	NA	NA	NA	P	1	1	100	

*Retired as an Independent Director with effect from close of business hours on December 19, 2023.

P = Present; A = Absent, NA = Not Applicable

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of any organisation in achieving good performance and governance depends on its ability to attract quality individuals on the board. Board of Directors of the 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 Meetings attended. There are no other pecuniary relationships or transactions of Non-Executive Directors with the Company.

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

Remuneration of Executive Director/s:

The details of remuneration paid/payable to Managing Director/Whole Time Director of the Company for the year ended March 31, 2024 are as follows:

SI. No.	Particulars of Remuneration	Dr. Kalpanaa Sankar Managing Director (₹)	K.B. Balakumaran Whole time Director (₹)
1	Salary as per provisions of section 17(1) of the Income-tax Act, 1961	2,05,00,000	37,53,750
2	Other Perquisites	37,50,000	4,00,000
	Total (A)	2,42,50,000	41,53,750
	Ceiling as per the Act	As per Limits under Schedule V of the 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, Fund raise Committee and Information Technology (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 2023-24 are as under:

Name of the Director	Sitting Fees Paid (₹)		Total (₹)
	Board Meeting	Committee Meeting	
A Subramanian	4,00,000	5,50,000	9,50,000
V A George	5,00,000	6,00,000	11,00,000
K Venkataraman	6,00,000	8,00,000	14,00,000
Chinnasamy Ganesan	6,00,000	8,50,000	14,50,000
Rajeswari Karthigeyan	2,00,000	0	2,00,000
KR Bijimon	6,00,000	7,00,000	13,00,000
George Alexander	4,00,000	3,00,000	7,00,000
George Muthoot Jacob	6,00,000	3,50,000	9,50,000
Vijay Chakravarthi Nallan	6,00,000	4,50,000	10,50,000
David Arturo Paradiso	Nil	Nil	Nil
Siva Vadivelalagan	Nil	Nil	Nil

Criteria for Board Nomination

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

Criteria for appointment in senior management

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

Performance Evaluation

In accordance with the provisions of Section 178 of the Act and Part D to Schedule II of SEBI Regulations, the Company has devised a process and criteria for performance evaluation, as recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board. The

evaluation process is conducted by an external agency through a structured questionnaire, devised separately for each of the categories – Chairman, Independent Directors, Non-Executive Directors, Executive Directors, Board as a whole, and Committees of the Board.

The performance evaluation of Independent Directors was carried out by the Board of Directors based on various criteria, as suggested by the NRC, like preparedness for meetings, generation of new ideas, monitoring of corporate governance practices, value addition including fresh perspectives and insights, decision making quality, conflict of interest, adherence to the code of conduct, etc., among others.

Policy on Board Diversity

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

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 organization and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity. In addition, promoting senior management within the organization 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 Stakeholders Relationship Committee to redress the grievances of shareholders, debenture holders and other stakeholders.

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.

As on March 31, 2024, the Stakeholders' Relationship Committee ("SRC") comprises of 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 February 01, 2024. The composition of the Committee along with Details of the attendance are given below:

Name of Directors	Designation in the Committee	01/02/2024	Held during the FY	Attended during the FY	% of Attendance
K R Bijimon	Chairman	P	1	1	100
Chinnasamy Ganesan	Member	P	1	1	100
Kalpanaa Sankar	Member	P	1	1	100
Vijay Chakravarthi Nallan	Member	P	1	1	100

P = Present; A = Absent, NA = Not Applicable

Status of Investor Complaints:

Pursuant to Regulation 13(3) of SEBI Listing Regulations, the status of investor complaints received and redressed during the FY 2023-24 are as follows:

Sl. No.	Particulars	Equity	NCDs
1	Number of investor complaints pending at the beginning of the year (i.e. 01.04.2023)	0	0
2	Number of investor complaints received during the year (i.e. 01.04.2023 to 31.03.2024)	0	0
3	Number of investor complaints redressed during year (i.e. 01.04.2023 to 31.03.2024)	0	0
4	Number of investor complaints remaining unresolved at the end of the year (i.e. 31.03.2024)	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.

The Company follows well-established and detailed risk assessment and minimization procedures as prescribed under applicable laws. The functions of the Risk Management Committee include monitoring and reviewing. Risk management plan, risk management policy, operational risk, Credit risk, integrity risk, cyber security risk, etc., and initiating strategic actions in mitigating risk associated with the business.

Besides, the committee periodically monitors critical risk exposures by specialized analysis and quality reviews and reports to the board, the details of any significant developments,

identifies and makes recommendations to the board, to the extent necessary on resources and staffing required for effective risk management and the action taken to manage the exposures and carry out any other function as may be necessary to ensure that an effective risk management system is in place.

As on March 31, 2024, the Risk Management Committee of the Board comprises Six (6) members including two (2) Independent Directors and Mr. K Venkataraman is the chairman of the committee. The Risk Management Committee met (4) Four times during the year on April 28, 2023, July 21, 2023, October 30, 2023 and January 29, 2024. The details of the attendance of the Directors at the Risk Management Committee meetings are given below:

Name of Directors	Designation in the Committee	28/04/2023	21/07/2023	30/10/2023	29/01/2024	Held during the tenure FY	Attended the tenure FY	% of Attendance
K Venkataraman	Chairman	P	P	P	P	4	4	100
Kalpanaa Sankar	Member	A	P	P	P	4	3	75
George Alexander	Member	P	P	P	P	4	4	100
K.B. Balakumaran	Member	P	P	P	P	4	4	100
Vijay Chakravarthi Nallan	Member	P	P	P	P	4	4	100
Chinnasamy Ganesan	Member	P	P	P	P	4	4	100

P = Present; A = Absent, NA = Not Applicable

● CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The 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. 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 February 02, 2024, where Mrs. Rajeswari Karthigeyan was inducted as a committee member. As on March 31, 2024, 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 01, 2023. The details of the attendance of the Directors at the CSR Committee meetings are given below:

Name of Directors	Designation in the Committee	01/06/2023	Held during the FY	Attended during the FY	% of Attendance
K.B. Balakumaran	Chairman	P	1	1	100
K Venkataraman	Member	P	1	1	100
K R Bijimon	Member	P	1	1	100
Vijay Chakravarthi Nallan	Member	A	1	0	0
Rajeswari Karthigeyan	Member	NA	NA	NA	NA

P = Present; A = Absent, NA = Not Applicable

● Information Technology (IT) Strategy Committee

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

The functions of IT Strategy Committee ("ITSC") include approval of IT strategies and policy documents, ascertaining whether the Company's Management has implemented processes/practices which ensure that IT delivers value to the business, that the budgets allocated vis-à-vis IT investments are commensurate, monitoring the method adopted to ascertain the IT resources needed to achieve strategic goals of the Company, to provide high-level directions for sourcing

and use of IT resources and to analyze major IT projects and to institute appropriate governance mechanism for outsourced processes and periodically reviewing the outsourced strategies.

The IT Strategy Committee of the Board of Directors was re-constituted on February 02, 2024, where Mr. George Muthoot Jacob has ceased to be a member of the committee.

The IT Strategy Committee comprises of (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 23, 2023, and December 15, 2023.

Name of Member	Designation in the Committee	23/06/2023	15/12/2023	Held during the FY	Attended during the FY	% of Attendance
K Venkataraman	Chairman	P	P	2	2	100
Kalpanaa Sankar	Member	P	P	2	2	100
George Alexander	Member	P	P	2	2	100
George M Jacob	Member	P	A	2	1	50
Vijay Chakravarthi Nallan	Member	A	A	2	0	0
Dhanasekaran S	Member (CTO)	P	P	2	2	100

P = Present; A = Absent, NA = Not Applicable

● FINANCE COMMITTEE

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

The Finance Committee met 10 (Ten) times during the year: June 01, 2023, June 19, 2023, July 21, 2023, August 01, 2023, September 15, 2023, October 06, 2023, December 19, 2023, January 31, 2024, February 29, 2024 and March 18, 2024. 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	10	10	100
K.B. Balakumaran	Member	10	10	100

● FUND RAISE COMMITTEE

The Fund Raise Committee was constituted specifically to discuss the quantum of equity capital that needs to be raised for the growth of the Company and to update the status to the Board from time to time.

As on March 31, 2024, the Committee Comprises of five (5) members including one (1) Independent Director. During the year under review, the Fund Raise Committee met once on October 09 2023. The composition of the Committee along with Details of the attendance are given below:



Name of Directors	Designation in the Committee	Held during the FY	Attended during the FY	% of Attendance
Chinnasamy Ganesan	Chairman	1	1	100
K R Bijimon	Member	1	1	100
Kalpanaa Sankar	Member	1	1	100
Vijay Chakravarthi Nallan	Member	1	1	100
Siva Vadivelalagan	Member	1	1	100

● OTHER COMMITTEES

Other than the above-mentioned Board Committees, the company has the following non-Board level committees where the 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 the 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 General Manager of Finance, Chief Risk Officer, Chief Technology Officer, Chief Operating officer, and Business heads are the members of the Committee.

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

Financial Year	AGM	Venue	Date & Time	No. of Special Resolutions Passed
2022-23	35th AGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	September 15, 2023 at 3.00 P.M	2

Financial Year	AGM	Venue	Date & Time	No. of Special Resolutions Passed
2021-22	34th 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	33rd 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

Extraordinary General Meeting during FY 2023-24:

EGM	Venue	Date & Time	No. of Special Resolutions Passed
1st EGM	The Conference Hall Of Hotel Trident, 1/24 G.S.T Road, Chennai- 600114	August 03, 2023, at 05.30 P.M	5
2nd EGM	At the Corporate Office of the Company Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	March 06, 2024, at 03.00 P.M	1

V. POSTAL BALLOT

There was no voting through postal ballot during the FY 2023-24. 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 the respective quarter. The results are published in "Business Standard" and are displayed on the Company's website <https://belstar.in/financial-reports> under the

Investors Section. The reports/information as mentioned above and filed by the Company from time to time are also available on the website of the Stock Exchanges i.e. BSE Limited.

Website:

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

**Annual Report:**

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

Corporate Filings with Stock Exchanges:

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

VII. GENERAL SHAREHOLDERS INFORMATION**1) Company Registration Details**

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

- 2) **Annual General Meeting** : Friday, September 13, 2024
- 3) **Financial Year** : April 01, 2023, to March 31, 2024
- 4) **Dividend Date** : The Board, at its meeting held on May 09, 2024 has recommended payment of final dividend of 7.5% (₹ 0.75 per equity share of Face Value ₹ 10), for the year ended March 31, 2024. The same will be paid within 30 days upon declaration by the shareholders at the ensuing Annual General Meeting.
- 5) **Address of Correspondence Mr. Sunil Kumar Sahu, Company Secretary & Chief Compliance officer**
- **Registered Office** : Belstar Microfinance Limited
New No.33, Old No. 14, 48th Street
9th Avenue, Ashok Nagar
Chennai – 600 083
 - **Corporate Office** : Belstar Microfinance Limited
M V Square, No. 4/14 Soundara Pandian Street,
Ashok Nagar, Chennai – 600 083,
Tel: +91 044 43414503
- 6) **Dematerialization of Shares**
100% of the shares of the Company are held in Demat form as on March 31, 2024 (ISIN: INE443L01011)
- 7) **Distribution of Shareholding as on March 31, 2024**

Category	No of Shares	%
Promoters and Promoter Group Holding	4,01,97,853	73.30
Other Investors	1,46,46,202	26.70
Total	5,48,44,055	100

8) Debenture Trustee Details:

1	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17. R. Kamani Marg Ballard Estate Mumbai Maharashtra – 400 001, Tel: +91 022 40807000 Name of the Contact Person: Naresh Sachwani
2	Vardhman Trusteeship Private Limited Address: The Capital, A Wing, 412A, Bandra, Kurla Complex, Bandra (East), Mumbai 400051. Tel.: +91 22 4264 8335; Contact person: Mr. Rushabh Desai Email: corporate@vardhmantrustee.com

9) Registrar and Share Transfer Agent Details

In Pursuant to Regulation 7 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the company vide its meeting held on April 05, 2024, approved the change in the Registrar and Share Transfer Agent (“RTA”) of the Company from “Integrated Registry Management Services Private Limited” to “Link Intime India Private Limited”

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. Link Intime India Private Limited, having SEBI Registration No. INR000004058. Details of RTA are as under:

Link Intime India Private Limited

Address: C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, Tel: +91 810 811 4949, Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Investor Grievance e-mail:

belstar.ipo@linkintime.co.in

SEBI Registration No.: INR000004058

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, 2024, 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. Further, as on March 31, 2024, the company has 1015 Branches spread across 19 states of the country.

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 accounts, forming part of Financial Statements. The Company had obtained approval of the Audit Committee for all related party transactions. Further, all related party transactions entered into by the Company were in the ordinary course of its business. Omnibus approval was obtained for 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 year FY 2023-24, no penalties or strictures were imposed on the Company by any stock exchange, SEBI RBI or 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 victimization of directors / employees/ customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. During the year, no personnel have been denied access to the Audit committee. The Whistle-Blower Policy which is uploaded on the website of the Company can be accessed at <https://belstar.in/policies>.

18) Unclaimed Dividend

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

19) Subsidiary Company

The Company does not have any Subsidiary Company, hence the 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 2023-24.

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. Further, no Foreign Exchange risk and hedging Activities has happened during the period under review.

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 the workplace are given the Directors' Report.

27) Utilization of Funds raised Preferential issue /private placement

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

28) Fees paid to Statutory Auditors

The details of total fees paid to Statutory Auditors of the Company during the FY 2023-



24 for all the services rendered by them is given below:

Particulars	Amount (₹ in millions)
Statutory audit fees (Including Limited Review & Tax Audit)	2.76
Other certification services	0.14
Total	2.90

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, 2024, have affirmed compliance with their respective code of conduct. A declaration by the Managing Director in this regard, confirming to 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) CEO/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, 2024. The same is annexed as **Annexure B** to this report.

31) Certificate from Company Secretary in Practice

M/s KSM Associates, the Secretarial Auditors of the Company have issued a certificate to the Board confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority and the same is enclosed to this report as **Annexure-C**.

32) Certificate on Corporate Governance

The Company being high-value debt-listed entity, is in compliance with corporate governance requirements specified in Regulations 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(the Secretarial Auditors of the Company) is enclosed to the report as **Annexure-D**

For and on behalf of the Board of Directors

Sd/-

Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Sd/-

K.B. Balakumaran
Wholetime Director
DIN: 09099182

Date: August 02, 2024
Place: Chennai



Annexure- A

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

To
The Members of Belstar Microfinance Limited

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company, affirmation that they have complied with the "Code of Conduct for Board Members and Senior Management" ("Code") of the Company for the financial year ended March 31, 2024.

Sd/-
Dr. Kalpanaa Sankar
Managing Director
DIN: 01926545

Place: Chennai
Date: August 02, 2024

Annexure- B

CEO/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
Chennai-600083

We, Dr. Kalpanaa Sankar, Managing Director and L Muralidharan, 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, 2024, and that to the best of our knowledge and belief:
 - (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements, together with the notes attached thereto, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai
Date: August 02, 2024

Sd/-	Sd/-
Dr. Kalpanaa Sankar	L. Muralidharan
Managing Director	Chief Financial Officer
DIN: 01926545	



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, 48th Street,
9th 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 authorized representatives of Belstar Microfinance Limited (CIN: U06599TN1988PLC081652) (hereinafter called the company), for the purpose of issue of this certificate pursuant to regulation 34(3) read with para C(10)(i) of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our knowledge and based on such examination/verifications including Directors Identification Number (DIN) status at the portal www.mca.gov.in as well as information and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March 2024 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	02443410	Venkataraman Krishnamoorthy	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	10051618	Rajeswari Karthigeyan	Independent Director
8	07615862	Chinnasamy Ganesan	Independent Director
9	08020248	Vijay Chakravarthi Nallan	Director
10	08242283	Siva Chidambaram Vadivel Alagan	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/
Deepa V. Ramani
Partner

FCS 5574, C.P. 8760
UDIN: F005574F000340590
Peer review cert no. 627/2019

Place:Chennai
Date:May 09, 2024

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, 2024, 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, 2024.

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

For KSM Associates | Company Secretaries

Sd/

Deepa V. Ramani

Partner

FCS 5574, C.P. 8760

UDIN: F005574F000340634

Peer review cert no. 627/2019

Place:Chennai
Date:May 09, 2024

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, 2024, 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 material accounting policy information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and total comprehensive income, the changes in equity and its cash

flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. 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	How the matter was addressed in our audit
Expected credit losses on loan assets	
Refer Note No 3.6 of material accounting policies and Note No. 9 for the outstanding loan assets and Note No. 52 of the Standalone Financial Statements for credit risk disclosures.	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:
As at 31 March 2024, the Company has reported gross loan assets of ₹ 85,611.31 million against which an impairment loss of ₹ 2,336.39 million has been recorded. The Company recognized impairment provision for loan assets based on the expected credit loss approach laid down under ‘Ind AS 109 – Financial Instruments’.	<ul style="list-style-type: none"> Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios.
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.	<ul style="list-style-type: none"> 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.
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 include	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Categorization of loans in Stage 1, 2 and 3 based on identification of exposures with Significant Increase in Credit Risk (SICR) since their origination and individually impaired / default exposures. 	<ul style="list-style-type: none"> 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);

Key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> Techniques used to determine probability of default, loss given default and exposure at default. 	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Factoring in future economic assumptions 	<ul style="list-style-type: none"> Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; and
These parameters are derived from the Company’s internally developed statistical models, other historical data and trends observed in macro-economic factors.	<ul style="list-style-type: none"> 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.
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.	
Information Technology (‘IT’) Systems and controls impacting financial reporting and additional reporting requirements in respect of “Audit Trail” feature	As part of our Audit, we have carried out testing of the IT general controls, application controls and IT dependent manual controls.
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 in the financial and accounting records.	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.



Key audit matter	How the matter was addressed in our audit
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.	We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls.
During the year, pursuant to Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, the Auditor is required to also report on the “Audit Trail” feature in the accounting software.	Where deficiencies were identified, if any, we tested compensating controls or performed alternate procedures.
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 the additional reporting responsibilities in relation to “Audit Trail” feature, we have identified this as a key audit matter for current year’s audit.	To enable us to report on the “Audit Trail” feature in the accounting software, certain additional procedures were performed which included a review of the Audit logs maintained for all the major processes/ stages on a test check basis and also review of the IS audit reports, internal audit reports and SOC 2 reports of the SaaS vendors (to the extent available) to identify whether there were any unresolved issues in relation to Audit Trail.

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, 2024 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 identified above when it becomes available 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 and take necessary actions, as applicable under the relevant laws and regulations.

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 Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, the Management and Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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, 2024 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 Indian Accounting Standards (Ind AS) 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 with reference to financial statements 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 with reference to financial statements.
- (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 the standalone financial statements – Refer Note No. 47 to the standalone financial statements
- ii. The Company has made provision, as required under the applicable accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- 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, 2024.
- iv.
 - a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 58.6 to the standalone financial statements, 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(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether,

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No. 58.6 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) Based on the audit procedures performed by us 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. As stated in Note 58.8 to the financial statements and according to the information and explanations given to us by the Company and based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that;

Place: Chennai
Date: May 9, 2024

- i. the feature of recording audit trail (edit log) facility was not seen enabled at the database level of the accounting software used by the Company during the year.
- ii. complete particulars of the modified fields were not seen captured in the audit trail in respect of the human resources management software used during the year.

Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024

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

P.R Prasanna Varma
Partner
M.No. 025854
UDIN : 24025854BKGPGZG9670



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, 2024.

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.

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.
- 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.

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, 2024 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
- c) According to the information and explanations given to us and the

engaged in financing activities and it does hold any physical inventories. Hence, reporting under clause 3(ii)(a) of the Order is not applicable.

- b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks during the year on the basis of security of current assets. In our opinion, based on a comparison, the quarterly statements of receivables filed by the company with such banks are seen to be in agreement with the books of account of the Company. The Company has not availed working capital limit from any financial institution.
3. The Company has made investments in mutual funds and security receipts 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) According to the information and explanations given to us and the

records of the Company examined by us, 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) According to the information and explanations given to us and the records of the Company examined by us, 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, i.e, cases where the same were not repaid/paid when they were due or were repaid/paid with a delay, in the normal course of lending business. The total amount overdue as at March 31, 2024 is as given below:

Particulars – Days past due	Overdue Amount as at March 31, 2024 (₹ in Millions)	No of Cases
1-30 Days	31.55	23,234
31-60 Days	77.15	26,617
61-89 Days	89.50	21,438
90 or more days*	627.51	1,37,294

*excluding overdue interest which is not recognized as a matter of prudence

Having regard to the nature of business undertaken by the company and the



volume of information involved, specific details of the irregularities are not reported.

d) In respect of loans granted by the Company, the total amount overdue for ninety days or more as per books of account as at the balance sheet date is as under:

No. of cases	Total Overdue*
1,37,294	₹ 627.51 Million

*excluding overdue interest which is not recognized as a matter of prudence

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) According to the information and explanations given to us and the records of the Company examined by us, 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 Act. 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 31st March, 2024 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 31st March, 2024 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
Income Tax Act, 1961	Income Tax	0.35	FY 2021-22	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 willful 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 ₹ 4,100.00 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 not made any preferential allotment or private placement of equity shares and 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 fraud by the Company or on the Company, noticed or reported during the year, except 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. a) The Company has an internal audit system, which, in our opinion is commensurate with the size and nature of its business.

b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

15. According to the information and explanations given to us and based the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors and hence, reporting under clause 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us,
- a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- b) The Company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 and no business has been conducted by the Company without any valid Certificate of Registration (CoR).
- c) The company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
- d) As represented to us by the management, there is no core investment company as defined in the regulations made by the Reserve Bank of India within the Group. Hence, reporting under clause 3(xvi)(d) of the Order is not applicable.

17. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

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

P.R Prasanna Varma
Partner
M.No. 025854
UDIN : 24025854BKGPZG9670

Place: Chennai

Date: May 9, 2024

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, 2024

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 with reference to standalone financial statements of Belstar Microfinance Limited (“the Company”) as of March 31, 2024 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 financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘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 with reference to standalone financial statements 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our



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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal

financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial

control with reference to standalone financial statements 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.

Place: Chennai

Date: May 9, 2024

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

P.R Prasanna Varma
Partner

M.No. 025854

UDIN : 24025854BKGPZG9670

**Balance Sheet** as at March 31, 2024

(₹ In millions)

Particulars	Note No	As at March 31, 2024	As at March 31, 2023
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	6	6,943.00	12,812.45
b) Bank Balance other than (a) above	7	394.95	448.80
c) Receivables			
(I) Trade Receivables	8	12.59	7.61
(II) Other Receivables		-	-
d) Loans	9	83,274.92	46,275.36
e) Investments	10	-	528.64
f) Other Financial assets	11	1,442.59	1,318.56
2 Non-financial Assets			
a) Current tax assets (Net)	41	508.31	362.15
b) Deferred tax assets (Net)	42	589.89	167.59
c) Investment Property	12	1.10	1.10
d) Property, Plant and Equipment	13	49.58	53.60
e) Right-of-use assets	14	59.39	97.12
f) Intangible assets under development	15	3.65	0.44
g) Other Intangible assets	16	3.74	7.95
h) Other non financial assets	17	307.42	187.64
Total Assets		93,591.13	62,269.01
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
a) Derivative financial instruments	18	-	29.32
b) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	19	7.68	7.20
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	27.10	24.55
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
c) Debt Securities	20	7,413.59	6,215.71
d) Borrowings (other than debt securities)	21	62,515.85	40,399.64
e) Subordinated Liabilities	22	2,806.78	1,649.51
f) Lease liabilities	47 B	65.04	105.86
g) Other Financial liabilities	23	3,210.20	2,773.08
2 Non-financial Liabilities			
a) Provisions	24	175.06	81.86
b) Other non-financial liabilities	25	81.69	59.29
EQUITY			
a) Equity share capital	26	548.44	488.44
b) Other equity	27	16,739.70	10,434.55
Total Liabilities and Equity		93,591.13	62,269.01

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's Registration No. 004532S

P. R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2024

For and on behalf of Board of Directors

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2024

(₹ In millions)

Particulars	Note No	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Revenue from operations			
(i) Interest income	30	16,617.88	8,817.73
(ii) Fee and commission income	31	5.04	64.29
(iii) Net gain on fair value changes	32	53.56	27.47
(iv) Net gain on de-recognition of financial instruments under amortised cost category	33	1,650.27	1,403.12
(I) Total Revenue from operations		18,326.75	10,312.61
(II) Other Income	34	187.09	66.54
(III) Total Income (I + II)		18,513.84	10,379.15
Expenses			
(i) Finance costs	35	5,840.48	3,654.44
(ii) Fee and commission expense	36	309.81	263.79
(iii) Net loss on fair value changes	32	279.65	193.06
(iv) Impairment of financial instruments	37	3,199.70	1,445.79
(v) Employee benefit expenses	38	3,182.34	2,155.78
(vi) Depreciation, amortization and impairment	39	118.11	118.39
(vii) Other expenses	40	1,165.28	854.83
(IV) Total Expenses (IV)		14,095.37	8,686.08
(V) Profit/(loss) before tax (III - IV)		4,418.47	1,693.07
(VI) Tax Expense:			
(i) Current tax	41	1,458.06	48.16
(ii) Deferred tax	42	(420.92)	351.25
(iii) Earlier years adjustments		(17.21)	(9.59)
(VII) Profit/(loss) for the year (V - VI)		3,398.54	1,303.25
(VIII) Other Comprehensive Income			
A) Items that will not be classified to profit or loss			
(i) Actuarial Gain/(Loss) on defined benefit obligation		(14.58)	(7.74)
(ii) Changes in value of forward element of forward contract		8.89	(8.89)
(iii) Tax impact thereon		1.43	4.18
Subtotal (A)		(4.26)	(12.45)
B) Items that will be classified to profit or loss			
(i) Fair value gain/ (loss) on Financial instruments measured at FVOCI		-	-
(ii) Effective portion of gain on Hedging Instruments in Cash Flow Hedges		0.23	(0.23)
(ii) Tax impact thereon		(0.06)	0.06
Subtotal (B)		0.17	(0.17)
Other Comprehensive Income (A + B)		(4.09)	(12.62)
(IX) Total Comprehensive Income for the year (VII + VIII)		3,394.45	1,290.63
(X) Earnings per equity share (Face Value - ₹ 10 per share)	43		
Basic (₹)		69.30	27.12
Diluted (₹)		69.30	27.12

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's Registration No. 004532S

P. R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2024

For and on behalf of Board of Directors

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

**Cash Flow Statement** for the year ended March 31, 2024

(₹ In millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Operating activities		
Profit before tax	4,418.47	1,693.07
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	118.11	118.39
Impairment on financial instruments	3,199.70	1,445.79
Finance cost	5,840.48	3,654.44
Net loss on fair value changes	279.65	193.06
Net gain on fair value changes	(53.56)	(27.47)
Interest income on deposits	(297.90)	(286.68)
Profit on sale of asset	1.11	-
Operating Profit Before Working Capital Changes	13,506.06	6,790.60
Working capital changes		
(Increase) / Decrease in Trade receivables	(4.99)	(4.15)
(Increase) / Decrease in Loans	(40,199.25)	(12,178.62)
(Increase) / Decrease in Other financial asset	(128.62)	(724.37)
(Increase) / Decrease in Other non financial asset	(119.79)	(47.22)
Increase / (Decrease) in Trade and Other payables	3.03	29.01
Increase / (Decrease) in Other liabilities	363.90	1,378.29
Increase / (Decrease) in Provision	78.62	12.58
Cash flows from/(used in) operating activities before tax	(26,501.04)	(4,743.88)
Interest paid on borrowings	(5,857.44)	(3,476.05)
Income tax paid	(1,593.97)	(465.61)
Net cash flows from/(used in) operating activities	(33,952.45)	(8,685.54)
Investing activities		
Acquisition of fixed and intangible assets	(61.55)	(69.28)
Net gain on fair value changes	53.56	27.47
Proceeds from sale of fixed assets	0.53	-
Investment in security receipts (ARC)	-	(721.70)
Redemption of security receipts (ARC)	248.99	-
Redemption / (Investment) in fixed deposits	53.85	911.38
Interest received on deposits	308.15	361.42
Net cash flows from/(used in) investing activities	603.53	509.29
Financing activities		
Proceeds from issue of shares	3,000.00	1,086.70
Proceeds from / (Repayment) of borrowings	24,572.37	12,763.79
Interest paid on Lease liabilities	(8.59)	(11.02)
Payment towards Lease liabilities	(55.00)	(55.45)
Dividend paid on equity shares	(29.31)	(13.68)
Net cash flows from financing activities	27,479.47	13,770.34
Net increase in cash and cash equivalents	(5,869.45)	5,594.09
Cash and cash equivalents at beginning of the Year	12,812.45	7,218.36
Cash and cash equivalents at end of the year	6,943.00	12,812.45

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
As per our Report of even date attached

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

P. R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2024

For and on behalf of Board of Directors

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2024**A. Equity Share Capital**

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the current reporting period	488.44	456.09
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	60.00	32.35
Balance at the end of the current reporting period	548.44	488.44
No. of Equity Shares of ₹ 10/- each	5,48,44,055	4,88,44,055

B. Other Equity

Particulars	Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	Capital Redem- ption Reserve (CRR)	Securities Premium	General Reserve	Remea- surement 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	Total
As at March 31, 2024										
Balance at the beginning of the reporting period	906.80	500.00	6,074.60	0.01	(13.10)	2,973.07	(6.66)	(0.17)	-	10,434.55
Total Comprehensive Income for the current year	-	-	-	-	(10.92)	3,398.54	6.66	0.17	-	3,394.45
Dividends	-	-	-	-	-	(29.30)	-	-	-	(29.30)
Transfer to Statutory Reserve	679.71	-	-	-	-	(679.71)	-	-	-	-
Transfer to General Reserve	-	-	-	2,000.00	-	(2,000.00)	-	-	-	-
Premium on Issue of Shares	-	-	2,940.00	-	-	-	-	-	-	2,940.00
Balance at the end of the reporting period	1,586.51	500.00	9,014.60	2,000.01	-24.02	3,662.60	-	-	-	16,739.70
As at March 31, 2023										
Balance at the beginning of the reporting period	646.14	500.00	5,020.25	0.01	(7.31)	1,944.15	-	-	-	8,103.24
Total Comprehensive Income for the current year	-	-	-	-	(5.79)	1,303.25	(6.66)	(0.17)	-	1,290.63
Dividends	-	-	-	-	-	(13.67)	-	-	-	(13.67)
Transfer to Statutory Reserve	260.66	-	-	-	-	(260.66)	-	-	-	-
Premium on Issue of Shares *	-	-	1,054.35	-	-	-	-	-	-	1,054.35
Balance at the end of the reporting period	906.80	500.00	6,074.60	0.01	(13.10)	2,973.07	(6.66)	(0.17)	-	10,434.55

* Premium is net of transaction cost for issue of equity shares of ₹ 13.30 Million during the year 22-23

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's Registration No. 004532S

P. R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2024

For and on behalf of Board of Directors

Dr. Kalpanaa Sankar
Managing Director
(DIN. 01926545)

B Balakumaran
Wholetime Director
(DIN. 09099182)

L Muralidharan
Chief Financial Officer

Sunil Kumar Sahu
Company Secretary



Notes forming part of the Ind AS Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Belstar Microfinance Limited, (the Company) is a Company incorporated under the Companies Act, 1956 having its registered office at No 33, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083 and registered with the Reserve Bank of India as a non-banking financial company (NBFC) from March 2001. The Company is basically engaged in the business of providing loans and access to Credit to the Self-Help Group (SHG) members / Joint Liability Group (JLG) members known as “Pragati” and other loans like Education, Small Enterprise Loan (SEL) as part of financial inclusion space. The Company got classified as a NBFC - MFI effective December 11, 2013. The company is a Systemically Important Non - Deposit taking NBFC MFI (NDSI-NBFC-MFI) as at March 31, 2024.

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 Presentation of Financial Statements

The Balance Sheet, the Statement

of Profit and Loss, the Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies (‘NBFC’) that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 - Statement of Cash Flows. The Company presents its Balance Sheet in the order of liquidity.

2.3 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.

2.4 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.

2.5 Functional and presentation currency

The Financial statements are presented in Indian Rupees (INR)

Notes forming part of the Ind AS Financial Statements (Contd.)

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. Summary of Material 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 to the gross carrying amount of a financial asset.

When calculating the effective interest rate, the Company takes into account all contractual terms of the

financial instrument (for example, prepayment options) and 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, but not future credit losses

Interest income on financial assets measured at FVTPL is recognized using the contractual interest rate in net gain on fair value changes.

3.2 Recognition of income other than Interest Income

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable, based on a comprehensive assessment model as set out in Ind AS 115 ‘Revenue From Contracts with Customers’.

The Company Recognizes 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.



Notes forming part of the Ind AS Financial Statements (Contd.)

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: Recognize revenue when (or as) the Company satisfies a performance obligation.

3.3 Dividend income

Dividend income is recognized 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.

3.4 Financial instruments

3.4.1 Financial assets

Initial recognition & measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not measured

subsequently at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

3.4.2 Subsequent measurement

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

1. Loans at amortised cost
2. Loans at fair value through other comprehensive income (FVTOCI).
3. Investments in Debt instruments, and equity instruments at fair value through profit or loss (FVTPL).

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).

Loans 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

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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 recognized in the Statement of Profit and Loss.

Loans 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 recognized 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 recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement.

Investments in debt instruments which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as FVTPL. Financial instruments held at fair value through profit or loss, are initially recognized at fair value, with transaction costs recognized in

the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the income statement as they arise.

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.

3.4.3 Financial liabilities

Initial Recognition and 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. The EIR amortisation is included as finance costs in the statement of profit and loss.

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3.5 Derecognition of financial assets and liabilities

3.5.1 Financial Asset

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

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

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

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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected

equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

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

A transfer only qualifies for derecognition if either:

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

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

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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 recognized only to the extent of the Company's continuing involvement, in which case, the Company also Recognizes 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.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit or loss.

3.5.2 Financial Liability

A financial liability is derecognized 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 recognized in profit or loss.

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

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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 recognizes 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 recognizes 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

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data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, and appropriate overlays, 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.

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:

- In the principal market for the asset or liability, or
- 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 for which fair value is measured 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



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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 counterparties 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 recognized 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 recognized 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 recognized liabilities and unrecognized 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

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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 recognized 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 recognized directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognized 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 recognized 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 recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized 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 recognized 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 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.



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

3.11 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation & 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.

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.

Property plant and equipment is derecognized 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 recognized in other income / expense in the statement of profit and

loss in the year the asset is derecognized.

3.11.1 Depreciation

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

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

The estimated useful lives are as follows:

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

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

3.12 Intangible assets

The Company's intangible assets consist of computer software.

Intangible assets acquired separately are measured on initial recognition

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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 recognized in the Statement of Profit and Loss when the asset is derecognized.

3.13 Investment Property

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

An investment property is derecognized 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 recognized 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 recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.14 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are



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considered. If no such transactions can be identified, an appropriate valuation model is used.

3.15 Post employment benefits

3.15.1 Defined contribution plans

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 plan.

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.

3.15.2 Defined Benefit plans

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 the insurance companies.

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.

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.

3.16 Provisions

Provisions are recognized 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

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pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.17 Taxes

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

3.17.1 Current Tax

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

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation

to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.17.2 Deferred tax

Deferred tax assets and liabilities are recognized 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 recognized for the 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



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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.

Deferred tax relating to items recognized outside the statement profit or loss is recognized outside the statement profit or loss (either in other comprehensive income or in equity).

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

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

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

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

3.18 Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed, where an inflow of economic benefits is probable.

3.19 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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

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shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.20 Leases

As a lessee

The company Recognizes 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 recognize 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 Recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease.

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3.21 Cash flow statement

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

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 classified as fair value through other comprehensive income that are derecognized 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.

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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 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, Recognizes 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 Recognizes 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 Standards issued but not yet effective

As at March 31, 2024, there are no Ind AS Standards/amendments that have been issued but are not yet effective.



Notes forming part of the Ind AS Financial Statements (Contd.)

6: Cash and cash equivalents

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	77.73	14.87
Balances with Banks		
- in current accounts	3,151.72	1,108.35
- in deposit accounts with Original maturity of less than 3 months	3,713.55	11,689.23
Total	6,943.00	12,812.45

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.

7: Bank balances other than cash and cash equivalents

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity of more than three months but less than twelve months.	159.95	76.26
Balances with banks to the extent held as security against borrowings #	235.00	372.54
Total	394.95	448.80

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 (Contd.)

8: Trade Receivables

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables		
Receivable considered good - Secured	-	-
Receivable considered good - Unsecured	12.59	7.61
Receivables which have significant increase in credit risk		
Receivables - Credit impaired	-	-
Total	12.59	7.61
Provision for impairment:		
Receivable considered good - Unsecured	-	-
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
Total Net receivable	12.59	7.61

Trade receivables includes receivable from related party as of March 31, 2024 - ₹ 10.95 million and as of March 31, 2023 - ₹ 0.70 million,. 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 ended March 31, 2024, INR Nil, and Year ended March 31, 2023 - INR Nil was recognized as provision for expected credit losses on trade receivable.

Ageing of Trade Receivables

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables		
Undisputed Trade Receivable - Considered Good		
- Less than 6 months	12.51	7.61
- 6 months - 1 years	0.08	-
- 1 - 2 years	-	-
- 2 - 3 years	-	-
- More than 3 years	-	-
Total	12.59	7.61

There are no trade receivables outstanding on account of any disputes



Notes forming part of the Ind AS Financial Statements (Contd.)

9: Loans

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amortised Cost	Fair value Through OCI	Total	Amortised Cost	Fair value Through OCI	Total
(A)						
i) Receivables under financing activities	85,607.17	-	85,607.17	47,227.53	-	47,227.53
ii) Staff Loan	4.14	-	4.14	4.86	-	4.86
Total (A) - Gross	85,611.31	-	85,611.31	47,232.39	-	47,232.39
Less : Impairment loss allowance	(2,336.39)	-	(2,336.39)	(957.03)	-	(957.03)
Total (A) - Net	83,274.92	-	83,274.92	46,275.36	-	46,275.36
(B)						
I) Secured by tangible assets and intangible assets	57.31	-	57.31	35.54	-	35.54
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-
III) Unsecured	-	-	-	-	-	-
i) Receivables under financing activities	85,549.86	-	85,549.86	47,192.00	-	47,192.00
ii) Staff loan	4.14	-	4.14	4.85	-	4.85
Total (III) - Gross	85,554.00	-	85,554.00	47,196.85	-	47,196.85
Less : Impairment loss allowance	(2,336.39)	-	(2,336.39)	(957.03)	-	(957.03)
Total (III) - Net	83,217.61	-	83,217.61	46,239.82	-	46,239.82
Total (B) (I+II+III) - Net	83,274.92	-	83,274.92	46,275.36	-	46,275.36
(C)						
i) Public Sector	-	-	-	-	-	-
ii) Others	85,611.31	-	85,611.31	47,232.39	-	47,232.39
Total (C) - Gross	85,611.31	-	85,611.31	47,232.39	-	47,232.39
Less: Impairment Loss Allowance (C)	(2,336.39)	-	(2,336.39)	(957.03)	-	(957.03)
Total (C)- Net	83,274.92	-	83,274.92	46,275.36	-	46,275.36

(₹ in millions)

Notes forming part of the Ind AS Financial Statements (Contd.)

9: Loans (Contd.)

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.

(₹ in millions)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Total	Total	Total	Total	Total	Total
Internal rating grade						
Performing						
High grade	82,546.71	-	-	45,599.87	-	-
Standard grade	479.67	-	-	170.27	-	-
Sub-standard grade	-	589.74	-	-	174.01	-
Past due but not impaired	-	434.91	-	-	143.43	-
Non - performing						
Individually impaired	-	-	1,560.28	-	-	1,144.81
Total	83,026.38	1,024.65	1,560.28	45,770.14	317.44	1,144.81

An analysis of changes in the gross carrying amount is, as follows:

(₹ in millions)

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Total	Total	Total	Total	Total	Total
Gross carrying amount opening balance	45,770.14	317.44	1,144.81	33,834.19	1,800.93	2,145.00
New assets originated or purchased (net of repayment)	74,572.11	-	-	41,626.14	-	-
Assets derecognized or repaid (excluding write offs)	(33,828.51)	(215.04)	(373.45)	(26,885.94)	(542.57)	(2,025.90)
Transfers to Stage 1	10.75	(6.44)	(4.31)	34.42	(30.97)	(3.45)
Transfers to Stage 2	(1,189.72)	1,189.96	(0.24)	(634.69)	637.71	(3.02)
Transfers to Stage 3	(2,308.39)	(261.27)	2,569.66	(2,203.98)	(1,547.66)	3,751.64
Amounts written off (Refer Note 9.1)	-	-	(1,776.19)	-	-	(2,719.46)
Gross carrying amount closing balance	83,026.38	1,024.65	1,560.28	45,770.14	317.44	1,144.81

Notes forming part of the Ind AS Financial Statements (Contd.)

9: Loans (Contd.)

Receivables under financing activities (Contd.)

An analysis of changes in the ECL Allowance is, as follows:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	30.77	86.72	839.54	957.03	114.09	504.25	1,619.25	2,237.59
New assets originated or purchased	1,320.62	-	-	1,320.62	175.44	-	-	175.44
Assets derecognized or repaid (excluding write offs)	(10.90)	(13.92)	(117.14)	(141.96)	(111.81)	(92.24)	(186.98)	(391.03)
Transfers to Stage 1	4.71	(1.74)	(2.97)	-	9.42	(7.01)	(2.41)	-
Transfers to Stage 2	(262.15)	262.31	(0.16)	-	(49.68)	51.78	(2.10)	-
Transfers to Stage 3	(591.20)	(73.14)	664.34	-	(110.10)	(455.62)	565.72	-
Impact on ECL of exposures transferred between stages during the year	48.91	120.32	1,807.66	1,976.89	3.41	85.56	1,565.52	1,654.49
Amounts written off (Refer Note 9.1)	-	-	(1,776.19)	(1,776.19)	-	-	(2,719.46)	(2,719.46)
ECL allowance - closing balance	540.76	380.55	1,415.08	2,336.39	30.77	86.72	839.54	957.03

9.1 Sale of Assets to ARC

During the previous year, the Company had sold certain stressed loan receivables to an Asset Reconstruction Company ("ARC") and had subscribed to the Security Receipts ("SRs") issued by the ARC trust (classified under Fair Value through Profit or Loss). As at March 31, 2024, the face value of the above SRs aggregates to ₹ 472.71 million and the corresponding NAV declared by the ARC Trust is ₹ 336.31 million. As in the previous year, the Company continues to apply 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 at each reporting date, 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 was recognized against the face value of these SRs in the previous year and additional loss on fair value changes applying the same ratio amounting to ₹ 279.65 Million was recognized during the year, as disclosed under Note No. 32. As a result of the above, the net carrying value of these SRs as at March 31, 2024 is NIL.

Notes forming part of the Ind AS Financial Statements (Contd.)

10: Investments

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
1. Amortised Cost		
a) Overseas investments	-	-
b) Investments in India	-	-
2. Fair Value Through OCI		
a) Overseas investments	-	-
b) Investments in India	-	-
3. Fair Value Through Profit or Loss		
a) Overseas investments	-	-
b) Investments in India	-	-
i) Security receipts (Refer Note 9.1)		
7,21,700 Nos. of SRs having a face value of ₹ 655 (Previous year - 7,21,700 Nos. of SRs having a face value of ₹ 1000 each)*	-	528.64
Total Gross (A)	-	528.64
Less : Allowance for impairment loss (B)	-	-
Total - Net C = (A) - (B)	-	528.64

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

11: Other financial assets

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits (Unsecured considered good)	38.73	31.21
Receivable towards assignment transactions (Unsecured considered good)	214.95	202.71
Excess interest spread receivable on assignment transactions	1,154.54	1,047.19
Accrued Income - Fee	0.23	-
Interest accrued on fixed deposits with banks	34.14	37.45
Total	1,442.59	1,318.56

Accrued Income - Fee for the year ended Mar 31, 2024 includes transaction from related party ₹ 0.23 million (As at March 31, 2023 - Nil). Refer Note 48 for more details.

**Notes forming part of the Ind AS Financial Statements (Contd.)****12: Investment property**

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Gross carrying amount		
Opening gross carrying amount	1.10	1.10
Addition during the Year	-	-
Disposal	-	-
Closing gross carrying amount	1.10	1.10
Accumulated depreciation		
Opening accumulated depreciation amount	-	-
Depreciation charged during the Year	-	-
Closing accumulated depreciation amount	-	-
Net carrying amount	1.10	1.10

Investment Property comprises of one parcel of vacant land.

The fair value of investment property as on March 31, 2024 is ₹ 1.73 millions (March 31, 2023, - ₹ 1.45 millions) as determined by an external independent Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

There were no immovable property where the title deeds are not held in the name of the company

Notes forming part of the Ind AS Financial Statements (Contd.)**13: Property, plant and equipment**

Particulars	(₹ in millions)					Total
	Office equipment	Computers	Furniture & Fixtures	Vehicles		
Cost (Gross Carrying Amount) :						
As at April 01, 2022 (Opening Balance)	56.24	133.17	24.76	1.47	215.64	
Additions	18.81	31.28	10.23	-	60.32	
Disposals	-	-	-	-	-	
As at March 31, 2023	75.05	164.45	34.99	1.47	275.96	
Additions	34.14	5.57	15.81	-	55.52	
Disposals	-	30.51	-	-	30.51	
As at March 31, 2024	109.19	139.51	50.80	1.47	300.97	
Accumulated depreciation						
As at April 01, 2022 (Opening Balance)	44.49	101.45	20.74	1.27	167.95	
Disposals	-	-	-	-	-	
Depreciation charge for the year ended March 31, 2023	16.09	30.93	7.33	0.06	54.41	
As at March 31, 2023	60.58	132.38	28.07	1.33	222.36	
Disposals	-	28.86	-	-	28.86	
Depreciation charge for the year ended March 31, 2024	25.01	20.10	12.73	0.05	57.89	
As at March 31, 2024	85.59	123.62	40.80	1.38	251.39	
Net Carrying Amount						
As at March 31, 2023	14.47	32.07	6.92	0.14	53.60	
As at March 31, 2024	23.60	15.89	10.00	0.09	49.58	



Notes forming part of the Ind AS Financial Statements (Contd.)

14: Right of use assets - Office Premises

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening carrying value	97.12	97.29
Addition (Net) during the year	15.46	55.92
Amortisation for the year	(53.19)	(56.09)
Closing Carrying value	59.39	97.12

15: Intangible assets under development

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening carrying value	0.44	0.49
Addition during the year	3.65	0.44
Capitalised during the year	(0.44)	(0.49)
Closing Carrying value	3.65	0.44

Project in Progress

(₹ In millions)

Intangible assets under development	As at March 31, 2024	As at March 31, 2023
Amount in intangible assets under development for a period of		
Less than 1 year	3.65	0.44
1 - 2 years		
2 - 3 years		
More than 3 years		
Total	3.65	0.44

The Company does not have any intangibles under development which is overdue or has exceeded its cost compared to its original plan and hence completion schedule is not applicable. Further there are no suspended project carried under intangible assets under development.

Notes forming part of the Ind AS Financial Statements (Contd.)

16: Other Intangible Assets - Software

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Cost (Gross Carrying Amount)		
Balance at the beginning of the Year	92.33	83.31
Addition during the year	2.81	9.02
Disposal during the year	-	-
Balance at the end of the Year	95.14	92.33
Accumulated amortisation		
Amortisation at the beginning of the Year	84.38	76.50
Disposal during the year	-	-
Charge during the year	7.02	7.88
Amortisation at the end of the Year	91.40	84.38
Net Carrying Amount at end of the year	3.74	7.95

17: Other Non-financial assets

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	90.15	78.93
Other Advances (refer note below)	9.88	-
Insurance claim receivable	96.77	17.43
Other Receivables	110.62	91.28
Total	307.42	187.64

As at 31st March 2024, the Company has incurred expenses for various services aggregating to ₹ 9.88 million in connection with the proposed initial public offering of its equity shares (refer Note No.50). The proposed offer consists of Fresh issue of shares and Offer for sale by the existing shareholders. In accordance with the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the portion of offer related expenses that are attributable to the Offer for sale. Accordingly, the Company will recover these expenses incurred in connection with the issue on completion of IPO. The remaining amounts which are attributable to Fresh issue will be accounted as deduction from Equity on completion of IPO. Presently, the entire amount has been carried forward and disclosed under the head "Other Advances" as above.



Notes forming part of the Ind AS Financial Statements (Contd.)

18: Derivative financial instruments

(₹ In millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Currency derivatives		
Forward contracts		
Notional amounts (USD)	-	33.24
Notional amounts (INR)	-	2,767.06
Fair value-Assets	-	-
Fair value-Liabilities	-	29.32
Included in above are derivatives held for hedging and risk management purposes as follows:		
Cash flow hedging		
Currency Derivatives		
Notional amounts (USD)	-	33.24
Notional amounts (INR)	-	2,767.06
Fair value-Assets	-	-
Fair value-Liabilities	-	29.32

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.

19 : Trade Payables

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	7.68	7.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	27.10	24.55
Total	34.78	31.75

Notes forming part of the Ind AS Financial Statements (Contd.)

19 : Trade Payables (Contd.)

19.1 Trade Payable Ageing Schedule

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) MSME		
- Less than 1 year	7.68	7.20
- 1 - 2 years		
- 2 - 3 years		
- More than 3 years		
Sub Total	7.68	7.20
(ii) Others		
- Less than 1 year	27.10	24.55
- 1 - 2 years		
- 2 - 3 years		
- More than 3 years		
Sub Total	27.10	24.55
(iii) Disputed dues - MSME	-	-
(iv) Disputed dues - Others	-	-
Grand Total	34.78	31.75

20: Debt Securities

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Amortised Cost		
Bonds/ Debentures		
Secured Non-Convertible Debentures - Listed	2,989.65	6,215.71
Unsecured Non-Convertible Debentures -Listed	4,423.94	-
Total (A)	7,413.59	6,215.71
Debt securities in India	7,413.59	6,215.71
Debt securities outside India	-	-
Total (B)	7,413.59	6,215.71



Notes forming part of the Ind AS Financial Statements (Contd.)

20: Debt Securities (Contd.)

Details of Redeemable Non-Convertible Debentures

Particulars	(₹ in millions)			
	As at March 31, 2024	As at March 31, 2023	Date of redemption	Nominal value per debenture#
Secured Non-Convertible Debentures - Listed				Total number of debentures #
10.58% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	499.95	21-Apr-23	500
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	249.93	16-May-23	250
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	199.91	17-Jun-23	200
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	699.63	30-Jun-23	700
11% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	349.50	7-Jul-23	350
8.5% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	-	1,243.47	28-Feb-24	1,250
9.35% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,989.65	2,973.32	31-Oct-24	3,000
Total	2,989.65	6,215.71		
Unsecured Non-Convertible Debentures - Listed				
10% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	1,620.64		1-Aug-25	21,700
10% Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures	2,803.30	-	31-Mar-26	28,300
Total	4,423.94	-		

Secured debentures are secured by way of hypothecation of eligible specified receivables under Financing activity.

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

Notes forming part of the Ind AS Financial Statements (Contd.)

21: Borrowings (other than debt securities)

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Amortised Cost		
(a) Term loans (Secured)		
(i) from banks		
Rupee Loans	59,546.83	36,443.09
Foreign currency Loans	-	2,716.03
(ii) from Financial Institutions (including NBFC)	1,969.45	1,240.52
(b) Loans repayable on demand		
(i) from banks (OD & CC)	999.57	-
Total (A)	62,515.85	40,399.64
Borrowings in India	62,515.85	40,399.64
Borrowings outside India	-	-
Total (B)	62,515.85	40,399.64

- (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 2023-24 aggregating to ₹ 4,100 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.
- (iv) The Company has used the borrowings from banks and financial institutions for the specific purpose for which the loans were taken

22: Subordinated Liabilities

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Subordinated Liabilities - Debentures - Unlisted	2,062.02	657.93
Subordinated Liabilities - Debentures - Listed	495.26	742.36
Subordinated Liabilities - Loan	249.50	249.22
Total (A)	2,806.78	1,649.51
Subordinated Liabilities in India	2,806.78	1,649.51
Subordinated Liabilities outside India	-	-
Total (B)	2,806.78	1,649.51



Notes forming part of the Ind AS Financial Statements (Contd.)

22: Subordinated Liabilities (Contd.)

Detail of Subordinated Debt

(₹ in millions)

Particulars	As at		Date of redemption	Nominal value per debenture #	Total number of debentures #
	March 31, 2024	March 31, 2023			
Subordinated Liabilities - Debentures - Unlisted					
12% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	-	70.00	31-Jul-23	10,00,000	70
14% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	199.20	198.72	11-Sep-25	1,00,000	2,000
14-50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	239.47	239.21	3-Dec-25	1,00,000	2,400
14-50% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	150.00	150.00	15-May-26	1,00,000	1,500
11.00% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures	1,473.35		19-Jul-29	1,00,000	15,000
Total	2,062.02	657.93			
Subordinated Liabilities - Debentures - Listed					
11.5% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	-	248.05	31-May-23	1,000	2,50,000
14-50% Unsecured, Redeemable, Rated, listed, Subordinated, Taxable, Non-Convertible Debentures	495.26	494.31	30-Sep-27	10,00,000	500
Total	495.26	742.36			
Subordinated Liabilities - Loan					
14-50% Unsecured, Subordinated Loan	249.50	249.22	23-Dec-25		
Total	249.50	249.22			

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

Notes forming part of the Ind AS Financial Statements (Contd.)

22: Subordinated Liabilities (Contd.)

Terms of repayment of borrowings outstanding as at March 31, 2024

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Quarterly repayment schedule	8%-10%	4	1,078.84	2	541.80	-	-	-	-	-	-	-	-	6	1,620.64
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of tenure / On demand	8%-10%	1	2,989.65	1	2,803.30	-	-	-	-	-	-	-	-	2	5,792.95
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		5	4,068.49	3	3,345.10	-	-	-	-	-	-	-	-	8	7,413.59

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	270	7,820.51	184	5,509.71	20	345.80	-	-	-	-	-	-	474	13,676.02
	10%-12%	229	5,580.95	36	1,356.49	-	-	-	-	-	-	-	-	265	6,937.44
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	272	18,129.08	197	14,348.59	35	3,039.89	-	-	-	-	-	-	504	35,517.56
	10%-12%	81	2,985.95	14	429.86	-	-	-	-	-	-	-	-	95	3,415.81
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		852	34,516.49	431	21,644.65	55	3,385.69	-	-	-	-	-	-	1,338	59,546.83



Notes forming part of the Ind AS Financial Statements (Contd.)

22: Subordinated Liabilities (Contd.)

Terms of repayment of borrowings outstanding as at March 31, 2024 (Contd.)

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	34	605.18	8	249.58	-	-	-	-	-	-	-	-	42	854.76
	10%-12%	12	333.33	-	-	-	-	-	-	-	-	-	-	12	333.33
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	8	315.53	4	232.72	4	233.11	-	-	-	-	-	-	16	781.36
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		54	1,254.04	12	482.30	4	233.11	-	-	-	-	-	-	70	1,969.45

Maturity pattern of Loans Repayable on Demand (from banks - CC)

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
On demand	8%-10%	1	999.57	-	-	-	-	-	-	-	-	-	-	1	999.57
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1	999.57	-	-	-	-	-	-	-	-	-	-	1	999.57

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	-	-	-	-	-	-	-	-	-	-	1	1,473.35	1	1,473.35
	12%-14%	-	-	1	199.20	-	-	-	-	-	-	-	-	1	199.20
	14%-15%	-	-	3	488.95	1	150.00	1	495.28	-	-	-	-	5	1,134.23
Total		-	-	4	688.15	1	150.00	1	495.28	-	-	1	1,473.35	7	2,806.78

Notes forming part of the Ind AS Financial Statements (Contd.)

22: Subordinated Liabilities (Contd.)

Terms of repayment of borrowings outstanding as at March 31, 2023

Maturity pattern of Debt securities - Secured & Unsecured Debentures

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	7	3,226.05	1	2,989.66	-	-	-	-	-	-	-	-	8	6,215.71
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		7	3,226.05	1	2,989.66	-	-	-	-	-	-	-	-	8	6,215.71

Maturity pattern of Term loan from Bank - INR

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	463	7,079.58	153	3,572.30	18	1,049.29	-	-	-	-	-	-	634	11,701.17
	10%-12%	407	4,656.05	86	1,796.61	-	-	-	-	-	-	-	-	493	6,452.66
	12%-14%	15	100.45	-	-	-	-	-	-	-	-	-	-	15	100.45
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	343	7,115.69	227	6,511.85	46	2,475.60	-	-	-	-	-	-	616	16,103.14
	10%-12%	111	1,627.12	14	458.55	-	-	-	-	-	-	-	-	125	2,085.67
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		1,339	20,578.89	480	12,339.31	64	3,524.89	-	-	-	-	-	-	1,883	36,443.09

Maturity pattern of Term loan from Bank - Foreign Currency Loan

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Quarterly repayment schedule	8%-10%	4	1,091.98	4	1,079.80	2	544.25	-	-	-	-	-	-	10	2,716.03
	10%-12%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		4	1,091.98	4	1,079.80	2	544.25	-	-	-	-	-	-	10	2,716.03



Notes forming part of the Ind AS Financial Statements (Contd.)

22: Subordinated Liabilities (Contd.)

Terms of repayment of borrowings outstanding as at March 31, 2023 (Contd.)

Maturity pattern of Term loan from Financial Institutions

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
Monthly repayment schedule	8%-10%	24	314.03	11	206.25	-	-	-	-	-	-	-	-	35	520.28
	10%-12%	30	397.55	-	-	-	-	-	-	-	-	-	-	30	397.55
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule	8%-10%	8	118.33	4	83.29	-	-	-	-	-	-	-	-	12	201.62
	10%-12%	5	121.07	-	-	-	-	-	-	-	-	-	-	5	121.07
	12%-14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14%-15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		67	950.98	15	289.54	-	-	-	-	-	-	-	-	82	1,240.52

Maturity pattern of Subordinated Liabilities

Original Maturity of loan	Coupon rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total	
		No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount	No of Installments	Amount
At the end of tenure / On demand	8%-10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10%-12%	2	317.10	-	-	-	-	-	-	-	-	-	-	2	317.10
	12%-14%	-	-	1	198.18	-	-	-	-	-	-	-	-	1	198.18
	14%-15%	-	-	3	486.56	1	148.51	1.00	499.16	-	-	-	-	5	1,134.23
Total		2	317.10	4	684.74	1	148.51	1.00	499.16	1.00	499.16	-	-	8	1,649.51

Notes forming part of the Ind AS Financial Statements (Contd.)

23: Other Financial liabilities

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on borrowings	534.73	439.05
Payable towards assignment transactions	2,286.32	2,128.40
Expenses payable	62.94	30.85
Employee related payables	205.60	99.24
Others	120.61	75.54
Total	3,210.20	2,773.08

24: Provisions

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
- Gratuity (Refer Note 44)	8.25	11.20
- Others	131.33	63.99
Provision for other losses	35.48	6.67
Total	175.06	81.86

Movement of provisions other than employee benefit during the year

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision at beginning of the year	6.67	7.55
Arising during the year	33.44	0.25
Utilized during the year	(4.63)	(1.13)
Provision at end of the year	35.48	6.67

25: Other Non-financial liabilities

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	60.53	41.02
Insurance premium payable	5.67	2.15
Other non financial liabilities	15.49	16.12
Total	81.69	59.29



Notes forming part of the Ind AS Financial Statements (Contd.)

26: Equity share capital

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised:		
100,000,000 (PY 100,000,000) Equity Shares of ₹ 10/- each	1,000.00	1,000.00
Issued, subscribed and fully paid up		
54,844,055 (FY 2023 - 48,844,055) Equity Shares of ₹ 10/- each	548.44	488.44
Total Equity	548.44	488.44

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

Particulars	As at March 31, 2024	As at March 31, 2023
No. of Shares		
Shares at beginning of the year	48.84	45.61
Issued during the year *	6.00	3.23
Shares at end of the year	54.84	48.84
Amount		
Shares at beginning of the year	488.44	456.09
Issued during the year *	60.00	32.35
Shares at end of the year	548.44	488.44

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.

Notes forming part of the Ind AS Financial Statements (Contd.)

26: Equity share capital (Contd)

***Issue of Shares**During the current year

Pursuant to the resolution passed in meeting held on March 20, 2024, the board of directors have approved allotment of 60,00,000 equity shares of face value ₹ 10/- each at a premium of ₹ 490/- each on rights issue basis to Muthoot Finance Limited. Consequently, the issued, subscribed and paid-up share capital has increased to ₹ 548.44 Million comprising of 5,48,44,055 equity shares of ₹ 10/- each.

During the previous year

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)

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

Particulars	As at March 31, 2024	As at March 31, 2023
No. of Shares		
Muthoot Finance Limited (Holding Company)	35.03	27.83
Arum Holdings Limited (Group entity of Affirma Capital)	7.65	7.65
Sarvam Financial Inclusion Trust, Kancheepuram	4.94	5.99
Maj Invest Financial Inclusion Fund II K/S	4.79	4.79
Holding %		
Muthoot Finance Limited (Holding Company)	63.86	56.97
Arum Holdings Limited (Group entity of Affirma Capital)	13.94	15.66
Sarvam Financial Inclusion Trust.	9.00	12.26
Maj Invest Financial Inclusion Fund II K/S	8.74	9.81

Shareholding of Promoters

Shares held by promoters as at March 31, 2024 *			% Change
Promoter Name	No. of Shares	%of total shares	During the year
Muthoot Finance Limited	3,50,25,405	63.86	25.88
Sarvam Financial Inclusion Trust	49,38,324	9.00	-17.52
Dr Kalpana Sankar	8,966	0.02	-79.55

*The Board of Directors in the meeting held on April 26, 2024 has taken on record that the above list of individuals/ entities shall be identified as "Promoters" of the Company for all purposes (regulatory, statutory or otherwise) and under all applicable laws.



Notes forming part of the Ind AS Financial Statements (Contd.)

26: Equity share capital (Contd)

Shares held by promoters as at March 31, 2023 **			% Change During the year
Promoter Name	No. of Shares	%of total shares	
Sarvam Financial Inclusion Trust	59,87,161	12.26	-2.40
Hand In Hand Consulting Services Private Limited	3,41,237	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

**As disclosed in the Annual Return filed by the Company with the RoC for the year ended March 31, 2023

27: Other equity

Particulars	(₹ in millions)	
	As at March 31, 2024	As at March 31, 2023
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)	1,586.51	906.80
Securities Premium Account	9,014.60	6,074.60
Capital Redemption Reserve(CRR)	500.00	500.00
General Reserve *	2,000.01	0.01
Remeasurement gain/ (loss) of defined benefit plans-OCI	(24.02)	(13.10)
Surplus in Statement of Profit and Loss	3,662.60	2,973.07
Change in value of forward contract-OCI	-	(6.66)
Effective portion of gain / (Loss) on Hedging Instruments in Cash Flow Hedges-OCI	-	(0.17)
Total	16,739.70	10,434.55

For detailed movement of reserves refer Statement of Changes in equity.

* Pursuant to the resolution passed in the meeting of the Board of Directors held on May 09, 2024, an amount of ₹ 2,000 Million has been transferred to General Reserve

Notes forming part of the Ind AS Financial Statements (Contd.)

28: Nature and purpose of reserve

Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of 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.

Capital Redemption Reserve: The Company has recognized 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: Statutory Reserve represents the accumulation of amount transferred from the surplus based on a fixed percentage of profit for the year as per Section 45-IC of the Reserve Bank of India Act, 1934.

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:

i Fair valuation of loans through other comprehensive income (FVTOCI)

The Company Recognizes 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.

ii. Effective portion of cash flow hedge

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.

iii. Change in value of Forward Contract

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.



Notes forming part of the Ind AS Financial Statements (Contd.)

29: Dividend paid and proposed

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Final dividend for previous fiscal year	29.31	13.67
Interim dividend for current fiscal year	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
Final Dividend / Equity Share (for previous fiscal year)	0.60	0.30

The Board of Directors in its meeting held on May 09, 2024 has recommended a final dividend of ₹ 0.75 per equity share of face value of ₹ 10 each for the financial year ended March 31, 2024 subject to the approval of the shareholders of the Company at its ensuring Annual General Meeting.

Notes forming part of the Ind AS Financial Statements (Contd.)

30: Interest income

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
On Financial Assets measured at Amortised Cost		
Interest income on loan	16,319.98	8,531.05
Interest income from fixed deposits	297.90	286.68
Sub Total	16,617.88	8,817.73
On Financial Assets measured at fair value through OCI		
Interest income on loan	-	-
Sub Total	-	-
Interest Income		
Interest income on loan	16,319.98	8,531.05
Interest income from fixed deposits	297.90	286.68
Total	16,617.88	8,817.73

31: Fee and commission income

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Commission fees	5.04	64.29
Sale of services	5.04	64.29
Timing of revenue recognition		
Fee income that are recognized over a certain period of time	-	-
Fee income that are recognized at point in time	5.04	64.29
Sale of services	5.04	64.29
Geographical markets		
India	5.04	64.29
Outside India	-	-
Total	5.04	64.29



Notes forming part of the Ind AS Financial Statements (Contd.)

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, 2024	For the Year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	53.56	27.47
- Derivatives	-	-
- Others	-	-
Total Net gain on fair value changes	53.56	27.47
Fair Value changes:		
- Realised	53.56	27.47
- Unrealised	-	-
Total Net gain on fair value changes	53.56	27.47

32 B: Net loss on fair value changes on investments

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
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)	279.65	193.06
Total Net loss on fair value changes	279.65	193.06
Fair Value changes:		
- Realised	-	-
- Unrealised	279.65	193.06
Total Net loss on fair value changes	279.65	193.06

Notes forming part of the Ind AS Financial Statements (Contd.)

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

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net Gain on sale of loan portfolio through assignment transactions	1,650.27	1,403.12
Total	1,650.27	1,403.12

34: Other Income

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Bad debt recovery	156.12	65.93
Other income	30.97	0.61
Total	187.09	66.54

35: Finance Costs

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
On Financial liabilities measured at Amortised Cost		
Interest on debt securities	705.89	450.76
Interest on borrowings	4,751.15	2,948.99
Interest on subordinate liabilities	366.50	233.31
Interest on Lease liability	8.59	11.02
Other charges	8.35	10.36
Total	5,840.48	3,654.44

36: Fee and commission expense

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Fee and commission expense	309.81	263.79
Total	309.81	263.79



Notes forming part of the Ind AS Financial Statements (Contd.)

37: Impairment of financial instruments

(₹ in millions)

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

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
On Financial instruments measured at Amortised Cost		
Loans	3,155.55	1,438.90
Excess Interest Spread receivable on assignment transaction	15.34	7.77
Other Assets	28.81	(0.88)
Sub Total	3,199.70	1,445.79
On Financial instruments measured at fair value through OCI		
Loans	-	-
Sub Total	-	-
Impairment on Financial Instruments		
Loans	3,155.55	1,438.90
Excess Interest Spread receivable on assignment transaction	15.34	7.77
Other Assets	28.81	(0.88)
Total	3,199.70	1,445.79

38: Employee Benefit Expenses

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Salaries and Wages	2,922.06	1,964.58
Contributions to Provident and Other Funds	229.56	168.23
Staff Welfare Expenses	30.72	22.97
Total	3,182.34	2,155.78

Notes forming part of the Ind AS Financial Statements (Contd.)

39: Depreciation, amortization and impairment

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Depreciation of Property, Plant and Equipment	57.89	54.41
Amortization of Intangible Assets	7.02	7.89
Amortisation of Right to use Asset	53.19	56.09
Total	118.10	118.39

40: Other Expenses

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Rent	84.55	32.11
Electricity Charges	17.49	12.02
Business Promotion Expenses	21.91	11.88
Bank charges	89.52	50.91
Repairs to Buildings	34.39	26.67
Repairs to Machinery	130.56	67.02
Communication expense	63.67	46.93
Postage and courier	4.20	3.97
Printing and Stationery	84.48	32.79
Rates & Taxes	1.40	5.92
Legal & Professional Charges	141.77	105.85
Travelling and Conveyance	277.11	292.23
Insurance	62.31	41.72
Payments to Auditor	2.90	2.97
Membership and subscription	8.35	7.69
Directors' Sitting Fee	9.92	8.21
Credit Bureau expenses	40.81	22.14
Cloud charges	36.42	50.83
Loss on Sale of Fixed Assets	1.11	-
CSR Expenses	19.15	16.43
Loss on account of theft	0.54	0.39
Other expenses	32.72	16.15
Total	1,165.28	854.83



Notes forming part of the Ind AS Financial Statements (Contd.)

40: Other Expenses (Contd.)

Break up of payment to auditors

(₹ in millions)

Particulars	For the Year ended March 31, 2024 *	For the Year ended March 31, 2023
As auditor:		
Statutory audit	1.64	1.66
Tax audit	0.33	0.28
Limited review	0.79	0.87
Certification fees	0.14	0.16
	2.90	2.97

* Excludes payment amounting to ₹ 0.70 Million for services in relation to the proposed IPO which has been included in Other Advances (Note 17)

Details of CSR expenditure:

(₹ in millions)

Particulars	For the Year ended March 31, 2024 *	For the Year ended March 31, 2023
a) Amount required to be spent by the company during the year	18.83	16.43
b) Total of previous years shortfall *	-	-
c) Amount spent during the period (including towards previous year's shortfall)	19.15	16.43
- Construction/acquisition of any asset In cash	-	-
- on purpose other than above	19.15	16.43
d) Shortfall at the end of the year	NA	-
e) Reason for Shortfall	-	-
f) Nature of CSR Activities	-	-

- Fostering Women Empowerment Processes through Capacity Building of SHGs and JLGs towards Social & Economic Transformation
- Transforming 1200 non-power based Enterprises into power based Enterprises.
- Providing Quality Health Services for the under privileged through Health Help Desk and Battery-operated Car services at Chengalpattu Medical College & Hospital – Chengalpattu District, Tamil Nadu
- Provided flood relief support to the affected families in the operating area of Tuticorin District

Notes

For details of Related party transactions in relation to CSR – Refer Note No. 48

Notes forming part of the Ind AS Financial Statements (Contd.)

41: Income Tax

(₹ in millions)

The components of income tax expense

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Current tax	1,458.06	48.16
Deferred tax relating to origination and reversal of temporary differences	(420.92)	351.25
Earlier years adjustments	(17.21)	(9.59)
Income tax expense reported in Statement of profit and loss	1,019.93	389.82
Deferred tax related to items recognized in OCI		
Tax asset / (liability) due to Fair value impact on financial instruments measured at FVOCI	-	-
Tax asset / (liability) due to Effective portion of gain on Hedging Instruments in Cash Flow Hedges	(0.06)	0.06
Tax asset / (liability) on remeasurements of defined benefit plans	3.67	1.95
Tax asset / (liability) due to Change in value of forward contract	(2.24)	2.23
Income tax charged to OCI	1.37	4.24

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 is as follows:

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Tax rate as per IT Act, 1961	25.168%	25.168%
Accounting profit before tax	4,418.47	1,693.07
At India's statutory income tax rate of 25.168%	1,112.04	426.11
Effect of expenses that are not deductible in determining taxable profit	4.82	5.55
Deductions under Chapter VIA	(77.58)	(42.78)
Others (includes effects of taxes relating to earlier years)	(19.35)	0.94
Income tax expense reported in the statement of profit or loss	1,019.93	389.82

The effective income tax rate for the year ended March 31, 2024 is 23.08% and year ended March 31, 2023 is 23.02%



Notes forming part of the Ind AS Financial Statements (Contd.)

41: Income Tax (Contd.)

Net Current tax Assets / Liabilities

Particulars	(₹ in millions)	
	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Current tax Asset	508.31	362.15
Current tax Liabilities	-	-
Current tax Asset / (Liabilities) (Net)	508.31	362.15

42: Deferred tax

The following table shows deferred tax recorded in the balance sheet

Particulars	(₹ in millions)	
	As at March 31, 2024	As at March 31, 2023
Deferred Tax Assets		
a) Depreciation	25.71	20.08
b) 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 - Net of OCI Adjustments	3.24	1.01
c) Impairment allowance for financial assets	643.24	290.61
d) Debt financial asset measured at amortised cost	246.90	134.96
e) Right-of-use asset	2.78	2.81
Sub Total	921.87	449.47
Deferred Tax Liabilities		
a) Financial liability measured at amortised cost (Borrowings)	63.63	35.37
b) Impact due to gain/loss on fair value of assignment transactions	268.35	248.81
c) Impact due to gain/loss on fair value of FVOCI loans / Forwards	-	(2.24)
d) Cash Flow Hedge Reserve	-	(0.06)
Sub Total	331.98	281.88
Total - Net	589.89	167.59

Notes forming part of the Ind AS Financial Statements (Contd.)

42: Deferred tax (Contd.)

The following table shows deferred tax recorded in the Income tax expense:

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
In Profit and Loss		
a) Depreciation	(5.63)	(3.46)
b) 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	1.44	14.53
c) Impairment allowance for financial assets	(352.62)	251.45
d) Debt financial asset measured at amortised cost	(111.94)	(64.84)
e) Right-of-use asset	0.03	0.08
f) Financial liability measured at amortised cost (Borrowings)	28.26	14.61
g) Impact due to gain/loss on fair value of assignment transactions	19.54	138.88
Sub Total	(420.92)	351.25
In Other Comprehensive Income		
a) Impact due to remeasurement of defined benefit plans.	(3.67)	(1.95)
b) Impact due to gain/loss on fair value of FVOCI loans / Forwards	2.24	(2.23)
c) Cash Flow Hedge Reserve	0.06	(0.06)
Sub Total	(1.37)	(4.24)
Total	(422.29)	347.01



Notes forming part of the Ind AS Financial Statements (Contd.)

43 Earnings per share

(₹ in millions)

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net profit attributable to ordinary equity holders	3,398.54	1,303.25
Weighted average number of ordinary shares for basic earnings per share	49.04	48.05
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	49.04	48.05
Earnings per equity share (Face Value - ₹ 10 per share)		
Basic earnings per share (₹)	69.30	27.12
Diluted earnings per share (₹)	69.30	27.12

44: Retirement Benefit Plan

Defined Contribution Plan

The company makes contributions to Provident and Pension fund which are defined contribution plan for qualifying employees. Additionally, the Company also provides, for covered employees, health insurance through the Employee State Insurance scheme. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognized following contribution to Provident Fund and Employee State Insurance scheme in the statement of profit and Loss.

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Contribution to provident and pension fund	154.88	115.66
Contribution to Employees State Insurance	38.16	26.81
Total	193.04	142.47

Notes forming part of the Ind AS Financial Statements (Contd.)

44: Retirement Benefit Plan (Contd.)

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 recognized in the employee cost

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Current service cost	20.40	15.14
Interest cost on benefit obligation	0.83	0.27
Past Service Cost	-	-
Total	21.23	15.41

Balance Sheet

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

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation	119.97	84.83
Fair value of plan assets	111.72	73.63
Asset/(liability) recognized in the balance sheet	(8.25)	(11.20)
Experience adjustments on plan liabilities (Gain) / Loss	-	-
Experience adjustments on plan assets Gain / (Loss)	-	-



Notes forming part of the Ind AS Financial Statements (Contd.)

44: Retirement Benefit Plan (Contd.)

Changes in the present value of the defined benefit obligation are as follows:

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	84.83	63.65
Interest cost	6.19	3.94
Current service cost	20.40	15.14
Benefits paid	(6.76)	(5.96)
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	15.31	8.06
Closing defined benefit obligation	119.97	84.83

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

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	73.63	59.31
Expected return	5.37	3.67
Contributions by employer	38.75	16.29
Benefits paid	(6.76)	(5.96)
Actuarial gains / (losses) on assets	0.73	0.32
Closing fair value of plan assets	111.72	73.63

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

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.18%	7.30%
Rate of increase in compensation levels	10%	10%
Attrition rate	33%	32%
Expected rate of return on assets	7.30%	6.19%

Notes forming part of the Ind AS Financial Statements (Contd.)

44: Retirement Benefit Plan (Contd.)

The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC) and Kotak Insurance (Kotak). The details of investments relating to these assets are not shown by LIC and Kotak. 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, 2024	As at March 31, 2023
Funded with LIC	73.28%	62.68%
Funded with Kotal Life Insurance	26.72%	-
Funded with HDFC Life Insurance (formerly Exide)	-	37.32%

Sensitivity Level - Impact on defined benefit obligation

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate Impact		
0.5% increase	-1.46	-1.07
0.5% decrease	1.50	1.10
Future salary impact		
1% increase	2.91	2.14
1% decrease	-2.80	-2.06

(₹ in millions)

Expected benefit payment for future years	As at March 31, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	30.74	20.78
Between 1 and 5 years	76.33	54.30
Between 5 and 10 years	40.09	30.24
Total expected payments	147.16	105.32

The weighted average duration of the defined benefit obligation as at March 31, 2024 is 5 years approximately, as at March 2023 is 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 (Contd.)

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. For 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, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,943.00	-	6,943.00	12,812.45	-	12,812.45
Bank Balance other than above	128.17	266.78	394.95	142.45	306.35	448.80
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	12.59	-	12.59	7.61	-	7.61
Loans	51,245.24	32,029.68	83,274.92	27,833.78	18,441.58	46,275.36
Investments	-	-	-	-	528.64	528.64
Other financial assets	1,340.77	101.82	1,442.59	1,208.55	110.01	1,318.56
Non-financial Assets						
Current tax asset (net)	508.31	-	508.31	-	362.15	362.15
Deferred tax assets (net)	589.89	-	589.89	-	167.59	167.59
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	49.58	49.58	-	53.60	53.60
Right of use assets	41.18	18.21	59.39	50.47	46.65	97.12
Other intangible assets	-	7.39	7.39	-	8.39	8.39
Other non financial assets	223.02	84.40	307.42	100.57	87.07	187.64
Total assets	61,032.16	32,558.97	93,591.13	42,155.88	20,113.13	62,269.01
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	-	-	29.32	-	29.32
Trade Payables	34.78	-	34.78	31.75	-	31.75
Debt Securities	4,068.49	3,345.10	7,413.59	3,226.05	2,989.66	6,215.71
Borrowings (other than debt security)	36,770.10	25,745.75	62,515.85	22,621.85	17,777.79	40,399.64
Subordinated Liabilities	-	2,806.78	2,806.78	317.10	1,332.41	1,649.51
Lease liabilities	44.20	20.84	65.04	53.19	52.67	105.86
Other Financial liabilities	3,177.56	32.64	3,210.20	2,763.48	9.60	2,773.08
Non-financial Liabilities						
Provisions	175.06	-	175.06	81.86	-	81.86
Other non-financial liabilities	81.69	(0.00)	81.69	59.29	-	59.29
Total Liabilities	44,351.88	31,951.11	76,302.99	29,183.89	22,162.13	51,346.02
Net			17,288.14			10,922.99

Notes forming part of the Ind AS Financial Statements (Contd.)

46: Change in liabilities arising from financing activities

(₹ in millions)

Particulars	As at April 01, 2023	Cash Flows	Others*	As at March 31, 2024
Debt Securities	6,215.71	1,207.50	(9.63)	7,413.59
Borrowings other than debt securities	40,399.64	22,184.87	(68.66)	62,515.85
Subordinated Liabilities	1,649.51	1,180.00	(22.73)	2,806.78
Lease Liabilities	105.86	(55.00)	14.18	65.04
Total liabilities from financing activities	48,370.72	24,517.37	(86.84)	72,801.25

Particulars	As at April 01, 2022	Cash Flows	Others*	As at March 31, 2023
Debt Securities	3,807.89	2,423.20	(15.38)	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
Lease Liabilities	106.39	(55.45)	54.92	105.86
Total liabilities from financing activities	35,676.75	12,708.34	(14.37)	48,370.72

* includes EIR adjustments and impact of fresh lease arrangements / lease termination.

47: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
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	2.50
Income tax (AY 2022-23)	0.35	-
Total	108.96	108.61



Notes forming part of the Ind AS Financial Statements (Contd.)

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. For 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, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,943.00	-	6,943.00	12,812.45	-	12,812.45
Bank Balance other than above	128.17	266.78	394.95	142.45	306.35	448.80
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	12.59	-	12.59	7.61	-	7.61
Loans	51,245.24	32,029.68	83,274.92	27,833.78	18,441.58	46,275.36
Investments	-	-	-	-	528.64	528.64
Other financial assets	1,340.77	101.82	1,442.59	1,208.55	110.01	1,318.56
Non-financial Assets						
Current tax asset (net)	508.31	-	508.31	-	362.15	362.15
Deferred tax assets (net)	589.89	-	589.89	-	167.59	167.59
Investment property	-	1.10	1.10	-	1.10	1.10
Property, plant and equipment	-	49.58	49.58	-	53.60	53.60
Right of use assets	41.18	18.21	59.39	50.47	46.65	97.12
Other intangible assets	-	7.39	7.39	-	8.39	8.39
Other non financial assets	223.02	84.40	307.42	100.57	87.07	187.64
Total assets	61,032.16	32,558.97	93,591.13	42,155.88	20,113.13	62,269.01
Liabilities						
Financial Liabilities						
Derivative financial instruments	-	-	-	29.32	-	29.32
Trade Payables	34.78	-	34.78	31.75	-	31.75
Debt Securities	4,068.49	3,345.10	7,413.59	3,226.05	2,989.66	6,215.71
Borrowings (other than debt security)	36,770.10	25,745.75	62,515.85	22,621.85	17,777.79	40,399.64
Subordinated Liabilities	-	2,806.78	2,806.78	317.10	1,332.41	1,649.51
Lease liabilities	44.20	20.84	65.04	53.19	52.67	105.86
Other Financial liabilities	3,177.56	32.64	3,210.20	2,763.48	9.60	2,773.08
Non-financial Liabilities						
Provisions	175.06	-	175.06	81.86	-	81.86
Other non-financial liabilities	81.69	(0.00)	81.69	59.29	-	59.29
Total Liabilities	44,351.88	31,951.11	76,302.99	29,183.89	22,162.13	51,346.02
Net			17,288.14			10,922.99

Notes forming part of the Ind AS Financial Statements (Contd.)

46: Change in liabilities arising from financing activities

(₹ in millions)

Particulars	As at April 01, 2023	Cash Flows	Others*	As at March 31, 2024
Debt Securities	6,215.71	1,207.50	(9.63)	7,413.59
Borrowings other than debt securities	40,399.64	22,184.87	(68.66)	62,515.85
Subordinated Liabilities	1,649.51	1,180.00	(22.73)	2,806.78
Lease Liabilities	105.86	(55.00)	14.18	65.04
Total liabilities from financing activities	48,370.72	24,517.37	(86.84)	72,801.25

Particulars	As at April 01, 2022	Cash Flows	Others*	As at March 31, 2023
Debt Securities	3,807.89	2,423.20	(15.38)	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
Lease Liabilities	106.39	(55.45)	54.92	105.86
Total liabilities from financing activities	35,676.75	12,708.34	(14.37)	48,370.72

* includes EIR adjustments and impact of fresh lease arrangements / lease termination.

47: Contingent liabilities, commitments and leasing arrangements

(A) Contingent Liabilities

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
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	2.50
Income tax (AY 2022-23)	0.35	-
Total	108.96	108.61



Notes forming part of the Ind AS Financial Statements (Contd.)

47: Contingent liabilities, commitments and leasing arrangements (Contd.)

Maturity analysis of lease liabilities

Particulars	₹ in millions	
	As at March 31, 2024	As at March 31, 2023
Less than one year	44.20	53.19
One to five years	20.84	52.67
More than five years	-	-
Total cash outflow for leases	65.04	105.86

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the lease of premises, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or, not extend), the Company is typically reasonably certain to extend and not terminate.
- If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or, not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or, not exercised) or the Company becomes obliged to exercise (or, not exercise it). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. During the current financial year, there was no revision in the lease terms.

Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

(C) Capital Commitments

Particulars	₹ in millions	
	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on Capital account and not provided	1.32	-
Total cash outflow for leases	1.32	-

Notes forming part of the Ind AS Financial Statements (Contd.)

48. Related Party Transactions for the year ended March 31, 2024

Key Management Personnel	1.	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)
	2.	Mr. K.B Balakumaran (Executive Director)
	3.	Mr. George Alexander (Non-Executive Director)
	4.	Mr. George Muthoot Jacob (Non-Executive Director)
	5.	Mr. Kuttickattu Rajappan Bijimon (Non-Executive Director)
	6.	Mr. David Arturo Paradiso (Non-Executive Director) upto May 09, 2023
	7.	Mr. Vijay Nallan Chakravarthi (Non-Executive Director)
	8.	Mr. Subramanian Ananthanarayanan (Independent Director) upto Dec 19, 2023
	9.	Mr. Vadakkakara Antony George (Independent Director)
	10.	Mr. Venkataraman Krishnamoorthy (Independent Director)
	11.	Mr. Chinnasamy Ganesan (Independent Director)
	12.	Mr. Mr. Siva Chidambaram Vadivel Alagan (Non-Executive Director) w.e.f May 09, 2023
	13.	Mrs. Rajeswari Karthigeyan (Independent Director) w.e.f Dec 19, 2023
	14.	Mr. L. Muralidharan (Chief Financial Officer)
	15.	Mr. Sunil Kumar Sahu (Company Secretary)
Enterprises owned or significantly influenced by key management personnel or their relatives	1.	Hand in Hand Consulting Services Private Ltd
	2.	Hand in Hand India
	3.	Hand in Hand Academy for Social Entrepreneurship
	4.	Muthoot Securities Limited
	5.	Muthoot Marketing Services Private Limited.
	6.	Muthoot Vehicle and Asset Finance Limited
	7.	Sarvam Financial Inclusion Trust
Holding Company	Muthoot Finance Limited	
Fellow Subsidiary	Muthoot Insurance Brokers Private Limited	
Entities holding substantial interest in the Company	1.	Maj Invest Financial Inclusion Fund II K/S
	2.	Arum Holdings limited (Part of Affirma Capital)
	3.	Augusta investments zero Private Limited (Part of Affirma Capital) w.e.f June 29, 2022
Relatives of Key Management Personnel of the company or the Holding company	1.	Mrs. Anna alexander w.e.f March 31, 2023
	2.	Mr. George M George
	3.	Mr. George Alexander
	4.	Mrs. Sara George
	5.	Mr. George Jacob
	6.	Mr. George Thomas
	7.	Mrs. Susan Thomas w.e.f March 31, 2023
	8.	Mrs. Elizabeth Jacob w.e.f March 31, 2023
	9.	Mr. Alexander George
	10.	Mr. CV Sankar
	11.	Mrs. Bindu Dandapani

**Notes forming part of the Ind AS Financial Statements (Contd.)**

48. Related Party Transactions for the year ended March 31, 2024 (Contd.)

Sl. No.	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2024	Year ended March 31, 2023
1	Muthoot Finance Limited	Referral Fees	4.11	-
		Issue of Equity Shares	3,000.00	-
		Dividend Payment	16.70	8.30
		Loan Repaid	4.85	18.06
2	Muthoot Insurance Brokers Private Limited	Interest on Loan	0.11	1.75
		NCD Repaid	70.00	-
		Interest Payment - NCDs	2.81	8.40
		Processing Fees on NCD	11.40	-
		NCD Receipt	333.00	-
3	Muthoot Securities Limited	NCD Repaid	1.00	27.14
		Interest Payment - NCDs	36.88	29.08
		Marketing Commission	-	28.64
		Other Services	20.04	-
4	Muthoot Marketing Services Private Limited	NCD Repaid	-	24.86
		Interest Payment - NCDs	-	0.99
5	Hand in Hand Academy for Social Entrepreneurship	Consultancy Services fees paid	37.82	29.37
		Rent Paid	0.09	-
6	Hand in Hand Consulting Services Private Limited	Dividend Payment	0.20	0.10
7	Hand in Hand India	CSR expenses paid	18.00	16.43
8	Muthoot Vehicle and Asset Finance Limited	Loan Repaid	35.00	35.00
		Interest on Loan	1.57	4.82
9	Sarvam Financial Inclusion Trust	Dividend Payment	3.59	1.84
10	Maj Invest Financial Inclusion Fund II K/S	Dividend Payment	2.88	1.44
11	Arum Holdings limited	Issue of Equity Shares	-	350.00
		Dividend Payment	4.59	1.99
12	Augusta investments zero PTE Limited	Issue of Equity Shares	-	750.00
		Dividend Payment	1.32	-

Notes forming part of the Ind AS Financial Statements (Contd.)

48. Related Party Transactions for the year ended March 31, 2024 (Contd.)

Sl. No.	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2024	Year ended March 31, 2023
13	Dr. (Mrs.) Kalpanaa Sankar (Managing Director)	Short term employee benefit	24.25	14.73
		Dividend Payment	0.03	0.01
14	Mr. K.B Balakumaran (Executive Director)	Short term employee benefit	4.15	3.28
15	Mr. L. Muralidharan (Chief Financial Officer)	Short term employee benefit	8.47	7.39
16	Mr. Sunil Kumar Sahu (Company Secretary)	Short term employee benefit	2.66	2.00
17	Mr. George Alexander (Non-Executive Director)	Sitting fee	0.70	0.71
18	Mr. George Muthoot Jacob (Non-Executive Director)	Sitting fee	0.95	0.69
19	Mr. Kuttickattu Rajappan Bijimon (Non-Executive Director)	Sitting fee	1.30	0.98
20	Mr. Vijay Nallan Chakravarthi (Non-Executive Director)	Sitting fee	1.05	0.66
21	Mr. Subramanian Ananthanarayanan (Independent Director)	Sitting fee	0.95	1.18
22	Mr. Vadakkakara Antony George (Independent Director)	Sitting fee	1.10	1.10
23	Mr. Venkataraman Krishnamoorthy (Independent Director)	Sitting fee	1.40	1.17
24	Mr. Chinnasamy Ganesan (Independent Director)	Sitting fee	1.45	1.04
25	Mrs. Rajeswari Karthigeayan (Independent Director)	Sitting fee	0.20	-
26	Mr. George Alexander	NCD Receipt	100.00	-
		NCD Repaid	36.16	-
		Interest Payment - NCDs	27.01	11.60
27	Mr. George Jacob	NCD Receipt	100.00	-
		NCD Repaid	36.29	-
		Interest Payment - NCDs	27.03	11.60
28	Mr. George Thomas	NCD Receipt	217.00	-
		NCD Repaid	36.30	-
		Interest Payment - NCDs	27.04	11.60

**Notes forming part of the Ind AS Financial Statements (Contd.)****48. Related Party Transactions for the year ended March 31, 2024 (Contd.)**

Sl. No.	Name of the counterparty	Type of related party transaction	Value of transaction	
			Year ended March 31, 2024	Year ended March 31, 2023
29	Mr. George m george	NCD Receipt	75.00	-
		NCD Repaid	47.25	-
		Interest Payment - NCDs	12.77	-
		NCD Receipt	75.00	-
30	Mr. Alexander George	NCD Repaid	6.25	-
		Interest Payment - NCDs	5.50	-
31	Mrs. Sara george	NCD Repaid	84.00	-
		Interest Payment - NCDs	14.89	-
32	Mrs. Anna alexander	NCD Repaid	125.00	-
		Interest Payment - NCDs	22.15	-
33	Mrs. Elizabeth Jacob	NCD Repaid	125.00	-
		Interest Payment - NCDs	22.15	-
34	Mrs. Susan Thomas	NCD Repaid	125.00	-
		Interest Payment - NCDs	22.15	-
35	Mr. CV Sankar	Dividend Payment	0.00	0.00
36	Mrs. Bindu Dandapani	Dividend Payment	0.00	0.00
	TOTAL		5,023.56	1,407.95

Notes forming part of the Ind AS Financial Statements (Contd.)**48. Related Party Transactions for the year ended March 31, 2024 (Contd.)**

Sl. No.	Name of the counterparty	Type of related party transaction	Value of transaction	
			As of March 31, 2024	As of March 31, 2023
	Receivables			
1	Muthoot Finance Limited	Referral Fees	2.13	-
2	Muthoot Securities Limited	Marketing Commission	-	0.70
3	Muthoot Securities Limited	Other Services	9.05	-
	Payables			
1	Muthoot Insurance Brokers Private Limited	Loan Outstanding	-	4.85
		NCD Outstanding	-	70.00
2	Muthoot Securities Limited	NCD Outstanding	300.00	201.00
3	Muthoot Vehicle and Asset Finance Limited	Loan Outstanding	-	35.00
4	Hand in Hand Academy for Social Entrepreneurship	Rent Payable	0.04	-
5	Mr. George Alexander	NCD Outstanding	309.98	80.00
6	Mr. George Jacob	NCD Outstanding	309.98	80.00
7	Mr. George Thomas	NCD Outstanding	310.05	80.00
8	Mrs. Sara George	NCD Outstanding	-	84.00
9	Mrs. Anna alexander	NCD Outstanding	-	125.00
10	Mr. George M George	NCD Outstanding	68.75	41.00
11	Mr. Alexander George	NCD Outstanding	68.75	-
12	Mrs. Susan Thomas	NCD Outstanding	-	125.00
13	Mrs. Elizabeth Jacob	NCD Outstanding	-	125.00

Note: 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 (Contd.)

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.

(₹ in millions)

Regulatory capital	As at March 31, 2024	As at March 31, 2023
Common Equity Tier1 capital	15,436.28	9,620.89
Other Tier 2 capital instruments	2,478.19	791.09
Total capital	17,914.47	10,411.98
Risk weighted assets	86,797.91	47,388.15
Tier I CRAR	17.78%	20.30%
Tier II CRAR	2.86%	1.67%
Total capital ratio	20.64%	21.97%

50: Events after reporting date

Subsequent to the year end, the Company has filed the Draft Red Herring Prospectus dated May 3, 2024 with the Securities and Exchange Board of India, in connection with the proposed initial public offering of its equity shares comprising of a fresh Issue of equity shares by the Company aggregating up to ₹ 10,000 million and an offer for sale of equity shares by the selling shareholders aggregating up to ₹ 3,000 million.

Notes forming part of the Ind AS Financial Statements (Contd.)

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 of financial instruments recorded at fair value

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Assets measured at fair value on a recurring basis		
<i>Financial assets at FVTPL</i>		
Investments		
Level 1	-	-
Level 2	-	-
Level 3	-	528.64
<i>Financial Liabilities at FVOCI</i>		
Derivative Financial Instruments		
Level 1	-	-
Level 2	-	29.32
Level 3	-	-

Fair value technique

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. The methodology for arriving at the Net Asset Value (NAV) of SR's disclosed in Note No 9.1 is based on evaluating the recovery prospects of the assets in the trust. The relevant inputs used in this regard are the historical recovery data and the associated expected timelines for recovery. Since, as a matter of prudence, the company continues to consider the impact of notional provisioning rate had these loans continued in the books of the Company in determining the fair value of SR's as at March 31, 2024, in addition to the NAV impact as disclosed in Note No 9.1, the disclosure of the sensitivity of the fair value measurement to changes in unobservable inputs is not considered relevant.

Notes forming part of the Ind AS Financial Statements (Contd.)

51: Fair Value Measurement (Contd.)

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 measured at fair value:

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets at FVTPL		
Investments		
Fair value at beginning of the year	528.64	-
Purchase/ (Redemption)	-248.99	721.70
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Net Fair Value Change (Refer Note 32 B)	-279.65	-193.06
Other Comprehensive Income	-	-
Fair value at end of the year	-	528.64

Notes forming part of the Ind AS Financial Statements (Contd.)

51: Fair Value Measurement (Contd.)

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.

(₹ in millions)

Particulars	Note	Level	As at March 31, 2024		As at March 31, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets not measured at fair value						
Cash and cash equivalents	6	1	6,943.00	6,943.00	12,812.45	12,812.45
Bank Balance other than above	7	1	394.95	394.95	448.80	448.80
Trade receivables	8	3	12.59	12.59	7.61	7.61
Loans	9	3	83,274.92	83,274.92	46,275.36	46,275.36
Other Financial assets	11	3	1,442.59	1,442.59	1,318.56	1,318.56
Total financial assets			92,068.05	92,068.05	60,862.78	60,862.78
Financial Liabilities not measured at fair value						
Trade Payables	19	3	34.78	34.78	31.75	31.75
Debt Securities	20	1/3	7,413.59	7,818.25	6,215.71	6,340.37
Borrowings (other than debt securities)	21	3	62,515.85	62,515.85	40,399.64	40,399.64
Subordinated Liabilities	22	3	2,806.78	2,806.78	1,649.51	1,649.51
Lease liabilities	47 B	3	65.04	65.04	105.86	105.86
Other Financial liabilities	23	3	3,210.20	3,210.20	2,773.08	2,773.08
Financial Liabilities			76,046.23	76,450.89	51,175.55	51,300.21

There have been no transfers between the level 1 and level 2

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.

The figures disclosed above in respect of debt securities, borrowings and subordinated liabilities does not include interest accrued but not due on the same, which has been grouped under other Financial liabilities



Notes forming part of the Ind AS Financial Statements (Contd.)

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 department 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.

52.1. 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, 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

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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



Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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 categorized 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 material accounting policies Note 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 and all linked accounts	Stage III

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the company.



Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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. The PD for stage III loan account is considered at 100%. Where a customer has one loan account in Stage 3 and one or more loan accounts in stage 1/stage 2, the PD for all the loan accounts is considered at 100%.

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. As a matter of prudence, for all loan accounts with greater than 180 DPD, the LGD is taken as 100%.

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 Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. In line with Ind AS 109, the Company considers an exposure to have significantly increased in credit risk when the DPD is 30, or, more.

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

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

assessment, a 5% increase or decrease in these variable are not likely to have a material impact on the ECL recognized in the P&L and consequently, on equity.

52.2. 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	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Year-end	114.49%	97.86%
Maximum	115.66%	118.84%
Minimum	95.88%	97.86%
Average	109.82%	109.89%

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

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

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Notes forming part of the Ind AS Financial Statements (Contd.) 52: Risk Management (Contd.)

Maturity pattern of assets and liabilities as on March 31, 2024:

Particulars	(₹ in millions)										
	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	124.92	600.95	1,418.00	3,677.19	3,781.48	10,327.99	16,839.57	25,745.75	-	-	62,515.85
Debt securities	-	-	-	269.54	-	266.36	3,532.59	3,345.10	-	-	7,413.59
Subordinated debts	-	-	-	-	-	-	-	838.15	495.28	1,473.35	2,806.78
Total	124.92	600.95	1,418.00	3,946.73	3,781.48	10,594.35	20,372.16	29,929.00	495.28	1,473.35	72,736.22
Cash and bank balance	3,227.70	-	-	-	-	-	1.75	-	-	-	3,229.45
Deposits with Banks	413.55	1,700.00	1,600.00	-	-	0.11	128.05	266.78	-	-	4,108.50
Trade Receivables	-	-	-	12.59	-	-	-	-	-	-	12.59
Loans	250.15	1,276.14	2,431.93	4,285.13	4,345.75	13,190.36	25,465.78	31,974.54	46.28	8.86	83,274.92
Investments	-	-	-	-	-	-	-	-	-	-	-
Total	3,891.40	2,976.14	4,031.93	4,297.72	4,345.75	13,190.47	25,595.58	32,241.32	46.28	8.86	90,625.46

Maturity pattern of assets and liabilities as on March 31, 2023:

Particulars	(₹ in millions)										
	1 - 7 days	8 - 14 days	14 - 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings (exl debt securities)	262.75	339.14	1,197.26	1,517.15	2,330.06	6,025.24	10,950.25	17,777.79	-	-	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
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	262.75	339.14	1,698.06	1,791.16	3,227.89	6,686.46	12,188.86	21,452.19	647.67	-	48,294.18
Cash and bank balance	1,121.45	-	-	-	-	-	1.77	-	-	-	1,123.22
Deposits with Banks	2,116.76	3,512.50	5,845.00	216.74	-	57.61	84.84	293.85	12.50	-	12,139.80
Trade Receivables	-	-	7.61	-	-	-	-	-	-	-	7.61
Loans	172.64	760.84	1,213.54	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
Total	3,410.85	4,273.34	7,066.15	2,548.21	2,394.82	7,297.84	13,806.85	18,934.36	342.15	0.06	60,074.63



Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

52.3. 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 last two years 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 this period. The impact of Covid-19 induced delinquency on the loan exposure has also tapered over the last two years. The company's gross exposure to loans restructured under the Covid restructuring framework as on March 31, 2024 - ₹ 72.63 Million and as on March 31, 2023 - ₹ 443.40 Million against which provisions carried as on March 31, 2024 - ₹ 72.42 million, as on March 31, 2023 - ₹ 239.95 millions.

52.4. 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

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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:

52.4.1. 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, 2024.

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.

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

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:

(₹ in millions)

Particulars	Effect on Statement of Profit and Loss for the year 2023-24	Effect on Statement of Profit and Loss for the year 2022-23
0.50% increase	(312.58)	(202.00)
0.50% decrease	312.58	202.00

52.4.2. 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.

52.4.3. 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:

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
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.

Notes forming part of the Ind AS Financial Statements (Contd.)

52: Risk Management (Contd.)

Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2023

(₹ in millions)

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 instrument	2,727.30	Borrowings (other than debt securities)	(0.17)	(0.17)	33.24

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 recognized 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.

52.4.4. 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.

52.5. 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 (Contd.)

53: Micro Enterprises and Small Enterprises

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

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Principal amount due	7.68	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

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Professional Fees	2.94	0.47
Dividend	8.79	3.42

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 unhedged Foreign currency exposure of the Company as on March 31, 2024 is ₹ Nil, as on March 31, 2023 is ₹ Nil.

Notes forming part of the Ind AS Financial Statements (Contd.)

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. Schedule to the Balance Sheet of a Non Banking Financial Company as required under Master Direction- Non banking Financial company Systematically important Non deposit Taking company and Deposit Taking company (Reserve Bank) Directions, 2016 as amended

(₹ in millions)

S. No	Particulars	As at March 31, 2024		As at March 31, 2023	
		Amount Outstanding	Amount Over Due	Amount Outstanding	Amount Over Due
	Liabilities:				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon not paid:				
	(a) Debentures & Preference shares				
	- Secured	3,398.72	-	6,582.65	-
	- Unsecured	7,008.13	-	1,400.55	-
	(Other than falling within the meaning of Public deposits)				
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	61,614.22	-	37,754.66	-
	(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.)	1,249.87	-	250.02	-



Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.1. Schedule to the Balance Sheet of a Non Banking Financial Company as required under Master Direction- Non banking Financial company Systematically important Non deposit Taking company and Deposit Taking company (Reserve Bank) Directions, 2016 as amended (Contd.)

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
	Assets		
2	Breakup of Loans and Advances including Bills Receivables [Other than those included in (3) below] :		
	(a) Secured	56.63	35.07
	(b) Unsecured (including Interest accrued and Loans to staff)	83,218.29	46,240.29
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	-	-
4	Breakup of investments		
	Current Investments		
I	Quoted:		
(i)	Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-
II	Unquoted:		
(i)	Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Fund	-	-
(iv)	Government Securities	-	-
(v)	Others (Please Specify)	-	-

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.1. Schedule to the Balance Sheet of a Non Banking Financial Company as required under Master Direction- Non banking Financial company Systematically important Non deposit Taking company and Deposit Taking company (Reserve Bank) Directions, 2016 as amended (Contd.)

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
	Assets (Contd.)		
	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, 2024			Net of provisions as at March 31, 2023		
		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	56.63	83,218.29	83,274.92	35.07	46,240.29	46,275.36
	Total	56.63	83,218.29	83,274.92	35.07	46,240.29	46,275.36



Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.1. Schedule to the Balance Sheet of a Non Banking Financial Company as required under Master Direction- Non banking Financial company Systematically important Non deposit Taking company and Deposit Taking company (Reserve Bank) Directions, 2016 as amended (Contd.)

6. Other Information

(₹ in millions)

S. no	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Gross Non-Performing Assets *	Related Parties	-
		Other than Related Parties	1,560.28
(ii)	Net Non-Performing Assets *	Related Parties	-
		Other than Related Parties	145.20
(iii)	Assets Acquired in Satisfaction Debt	Related Parties	-
		Other than Related Parties	-

*Assets classified as Stage 3 as per Ind AS Classification

56.2 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014

1. Provisions and Contingencies

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provision towards non-performing assets*	2,351.73	1,939.75
Provision made towards income tax	1,458.06	48.16
Provision for gratuity	21.22	15.41
Provision for standard assets#	803.82	(500.85)
Provision for Other Financial Asset	15.34	7.77
Provision for other assets	28.81	(0.88)

* Represents impairment loss allowance on stage 3 loans.

Represents impairment loss allowance on stage 1 and stage 2 loans.

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.2 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014 (Contd.)

2. Movement of NPA

(₹ in millions)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Net NPAs to net advances (%)	0.17%	0.66%
Movement of NPAs (Gross)		
(a) Opening balance	1,144.81	2,145.00
(b) Additions during the year	2,569.66	3,751.64
(c) Reductions during the year	2,154.19	4,751.83
Closing balance	1,560.28	1,144.81
Movement of Net NPAs		
(a) Opening balance	305.27	525.75
(b) Additions during the year	217.93	1,811.89
(c) Reductions during the year	378.00	2,032.37
Closing balance	145.20	305.27
Movement of provisions for receivables under financing activities		
(a) Opening balance	839.54	1,619.25
(b) Provisions made during the year	2,351.73	1,939.75
(c) Provision Write-off	1,776.19	2,719.46
Closing balance	1,415.08	839.54

3. Concentration of advances, exposures and NPAs:-

(₹ in millions)

Particulars	As at March 31, 2024	As at March 31, 2023
Concentration of Advances		
Total Advances to twenty largest borrowers	13.77	13.04
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.01%	0.03%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	13.77	13.04
Percentage of Exposures to twenty largest borrowers/ customers to total exposure	0.01%	0.03%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.90	1.26



Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.2 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014 (Contd.)

4. The Company does not finance the products of the parent / holding company.
5. **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 year ended March 31, 2024 and Year ended March 31, 2023

6. 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 previous 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- 52.4.3 "Disclosure of Effects of Hedge Accounting".

7. Unsecured advances

Refer note 9 for details of unsecured advances

8. The Company is not registered with any other financial sector regulators.
9. No penalty has been imposed by RBI and other regulators during the year ended March 31, 2024 and Year ended March 31, 2023.

10. Drawdown from reserves

There has been no drawdown from reserves during the year ended March 31, 2024 (previous year: Nil).

11. Overseas Assets

The Company does not have any subsidiary/ Joint venture abroad.

12. Loan to Directors, Senior Officers and Relatives of Directors

There are no loans given to Directors, Senior Officers and relatives of Directors

13. Revenue recognition

There are no Instances where revenue recognition has been postponed pending the resolution of significant uncertainties

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.2 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014 (Contd.)

14. Channelizing Agent for schemes operated by Centra/State Government Agencies

The Company has not been engaged as Channelizing Agent for Schemes operated by Centra/State Government Agencies

15. Inter Group exposure

The Company has not given advances to Group companies as on March 31, 2024 (March 31, 2023:- Nil)

16. Divergence in Asset classification and provisioning

There is no Divergence assessed by Reserve Bank of India

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

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

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	12	2
2	Number of complaints received during the year	718	730
3	Number of complaints disposed during the year	708	720
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	22	12
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	32	7
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	32	6
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	0	1
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.3. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: (Contd.)

1. Summary information on complaints received by the NBFCS from customers and from the Offices of Ombudsman (Contd.)

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
For the period ended March 31, 2024					
Wrong Mobile Number	2	182	-54%	5	0
Update of Repayment Records / Digital Transactions	0	83	-22%	0	0
Employee Related	1	18	-72%	0	0
Recovery Practices / Employee Behaviour	1	89	22%	3	0
Insurance claim settlement	6	269	64.7%	8	0
Update of CIR	0	45	45%	3	0
Others	2	32	33%	3	0
Total	12	718	-2%	22	0
For the Year ended March 31, 2023					
Wrong Mobile Number	0	394	11%	2	0
Update of Repayment Records / Digital Transactions	0	107	16%	0	0
Employee Related	0	65	282%	1	0
Recovery Practices / Employee Behaviour	2	73	-3%	1	0
Insurance claim settlement	0	36	-41%	6	1
Update of CIR	0	31	72%	0	0
Others	0	24	-35%	2	1
Total	2	730	11%	12	2

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.3. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: (Contd.)

2. Breach of covenants

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings. The company has intimated these breaches 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. Breaches for the year ended March 31, 2023 were predominantly due to impact of COVID Pandemic.

Number of facilities with instances of breach

Summary of Financial Covenants stipulated in respect of loan availed or debt securities issued	Year ended March 31, 2024			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Maximum threshold for GNPA Ratio	-	-	-	-
Maximum threshold for NNPA Ratio	-	-	-	-
Maximum threshold for AUM to Net worth Ratio	2	2	1	-
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	1	1	4	1
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	3	3	3	4

Summary of Financial Covenants stipulated in respect of loan availed or debt securities issued	Year ended March 31, 2023			
	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 AUM to Net worth Ratio	-	-	-	-
Maximum threshold for Portfolio At Risk (PAR) Accounts >30 Days	8	8	5	5
Maximum threshold for Portfolio At Risk (PAR) Accounts >90 Days	7	6	4	4

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.3. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: (Contd.)

3. Exposure to Real Estate

		(₹ in millions)	
S. no.	Category	As at March 31, 2024	As at March 31, 2023
A)	Direct Exposure		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	57.31	35.54
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
B)	Indirect Exposure		
	Fund based and Non Fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	Total Exposure to Real Estate Sector	57.31	35.54

4. The Company has no exposure to capital market directly or indirectly as of March 31, 2024 and March 31, 2023

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.3. Disclosures in terms of RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022: (Contd.)

5. Sectoral exposure

S. no.	Sectors	As at March 31, 2024			As at March 31, 2023		
		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	66,517.32	1,575.56	2.37%	38,849.03	837.69	2.16%
2	Industry						
	Production or Manufacturing	5,954.30	83.05	0.49%	1,453.95	20.91	0.22%
	Trade and Business	10,857.63	429.37	2.55%	8,044.54	267.56	2.82%
	Total of Industry	16,811.93	512.42	3.05%	9,498.49	288.47	3.04%
3	Services						
	Services	15,460.89	589.30	3.81%	12,399.14	399.68	3.22%
	Total of Services	15,460.89	589.30	3.81%	12,399.14	399.68	3.22%
4	Personal Loans						
	Others	1,437.41	18.20	1.27%	1,174.28	46.30	3.94%
	Total of Personal Loans	1,437.41	18.20	1.27%	1,174.28	46.30	3.94%
	Total	1,00,227.55	2,695.48	2.69%	61,920.94	1,572.14	2.54%

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.4. Disclosure pursuant to RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.04.8/2021-22 dated September 24, 2021

(i) Details of transfer through assignment in respect of loans not in default during the Year ended March 31, 2024

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Count of Loan accounts Assigned (No. of Accounts)	5,94,535	8,21,949
Amount of Loan Account Assigned (In Mn)	19,948.73	21,116.59
Weighted average residual maturity (In Months)	16.07	15.37
Weighted average holding period of loans (In Months)	6.35	7.33
Retention of beneficial economic interest (MRR)	10%	10 % & 15 %
Coverage of tangible security coverage	Nil	Nil
Rating-wise distribution of rated loans	Retail Loans - NA	Retail Loans - NA

(ii) Details of stressed loans classified as NPA transferred to ARC

Particulars	As at	As at
	March 31, 2024	March 31, 2023
No. of accounts	-	1,23,681.00
Aggregate principal outstanding of loans transferred	-	2,500.96
Weighted average residual tenor of the loans transferred (Months)	-	4.91
Net book value of loans transferred (at the time of transfer)	-	636.94
Aggregate consideration	-	830.00
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Investment In Security Receipts	-	528.64

a) The Company has reversed ₹ 193.06 Million Provision on account of the sale of Stressed Loan (Refer Note 9.1) for the year ended March 31, 2023

b) Details of Recovery Rating assigned for Security receipts is 'IND RR3' having implied recovery more than 50% and upto 75% (as on March 31, 2024 - Refer Note 9.1). The Carrying value of Security Receipts ("SRs") held by the Company as on March 31, 2024 is ₹ Nil (Gross book value - 472.71 Mn, Loss on fair value change - 472.71 Mn.) and as on March 31, 2023 is ₹ 528.64 million (Gross book value - 721.70 Mn, Loss on fair value change - 193.06 Mn.)

c) The Company has not transferred any stressed loans [(Special Mention Account (SMA) and Non-Performing Asset (NPAs)] during the year ended March 31, 2024.

(iii) The Company has not acquired any loans not in default or Stressed loans [Special Mention Account (SMA) and Non-performing Assets (NPAs)] during the Year ended March 31, 2024 and Year ended March 31, 2023.

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.5. 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, 2024

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 and norms
Performing asset						
Standard	Stage 1	83,026.38	540.76	82,485.62	728.17	-187.41
	Stage 2	1,024.65	380.55	644.10	13.82	366.73
Subtotal		84,051.03	921.31	83,129.72	741.99	179.32
Non-Performing asset (NPA)						
Substandard	Stage 3	1,560.28	1,415.08	145.20	481.08	934.00
Doubtful	Stage 3	-	-	-	-	-
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		1,560.28	1,415.08	145.20	481.08	934.00
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		83,026.38	540.76	82,485.62	728.17	-187.41
Total		1,024.65	380.55	644.10	13.82	366.73
		1,560.28	1,415.08	145.20	481.08	934.00
	Total	85,611.31	2,336.39	83,274.92	1,223.07	1,113.32



Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

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

As at March 31, 2023

		(₹ 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 (Refer footnote 2)	Net Carrying Amount	Provisions required as per IRACP norms (Refer footnote 2)	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	Stage 3	-	-	-	-	-
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		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		-	-	-	-	-
Total	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
	Stage 3	1,144.81	839.54	305.27	605.03	234.51
	Total	47,232.39	957.03	46,275.36	789.11	167.92

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

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

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.

56.6. 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.

S. no.	Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at end of the previous half-year	Of (A), aggregate debt that slipped into NPA during the half year ended	Of (A), amount written off during the half-year ended	Of (A), amount paid by the borrowers during the half year ended	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half year
1	Personal Loans	-	-	-	-	-
2	Corporate Persons	-	-	-	-	-
3	Of Which MSMEs	-	-	-	-	-
4	Others					
	For the period Apr 2022 to Sep 2022	2,852.61	1,468.16	-	730.78	432.96
	For the period Oct 2022 to Mar 2023	432.96	74.56	7.93	255.83	105.82
	For the period Apr 2023 to Sep 2023	105.82	10.22	18.70	64.81	13.77
	For the period Oct 2023 to Mar 2024	13.77	1.06	5.87	8.40	0.22

As of March 31, 2024, there were 10,109 borrower accounts having an aggregate exposure of ₹ 48.23 Million

As of March 31, 2023 there were 11,336 accounts with aggregate exposure of ₹ 58.90 Million,

where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

56.7. 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)

Particulars	As at	
	March 31, 2024	As at March 31, 2023
Number of Significant Counterparties	21	23
Amount (₹ In Million)	66,385.55	43,002.02
% of Total deposits	NA	NA
% of Total Liabilities	87.00%	83.75%

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 total liabilities.

Total Liabilities has been computed as Total Assets less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(ii) **Top 20 large deposits (amount in ₹ 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 ₹ in Millions and % of total borrowings)** (₹ In Million)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount (₹ In Million)	% of total Borrowings	Amount (₹ In Million)	% of total Borrowings
Top 10 Borrowings	51,006.24	70.12%	33,236.90	68.83%

(iv) **Funding Concentration based on significant instrument/product*** (₹ In Million)

Name of the instrument/product	As at March 31, 2024		As at March 31, 2023	
	Amount (₹ In Million)	% of Total Liabilities	Amount (₹ In Million)	% of Total Liabilities
Term Loans	62,515.85	81.93%	40,399.64	78.68%
Non-Convertible Debentures	7,413.59	9.72%	6,215.71	12.11%
Subordinate Debt	2,806.78	3.68%	1,649.51	3.21%

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.

Total Liabilities has been computed as Total Assets less Reserve & Surplus and computed basis extant regulatory ALM guidelines

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

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

(v) **Stock Ratios**

Particulars	As a % of Total Public Funds *	As a % of Total Liabilities *	As a % of Total Assets
Other short Term Liabilities*			
- As at March 31, 2024	60.98%	58.13%	47.39%
- As at March 31, 2023	60.47%	56.84%	46.87%

*Notes

1. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

2. "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.

3. Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

(vi) **Institutional set-up for liquidity risk management**

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approved the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC (Board) are held at quarterly interval and more frequently as warranted from time to time. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month. The minutes of ALCO meetings are placed before the RMC in its next meeting for its perusal/approval/ratification.

(vii) **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.



Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

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

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

S. no.	Particulars	Quarter March 31, 2024		Quarter December 31, 2023		Quarter September 30, 2023		Quarter June 30, 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	Total High Quality Liquid Assets (HQLA)								
a	Cash and bank balance	699.20	699.20	228.85	228.85	423.48	423.48	432.69	432.69
b	Marketable Securities	962.64	962.64	635.87	635.87	714.13	714.13	850.99	850.99
c	Unencumbered fixed deposit	3,092.95	3,092.95	3,498.42	3,498.42	3,639.11	3,639.11	5,607.58	5,607.58
	Cash Outflows	4,754.78	4,754.78	4,363.14	4,363.14	4,776.72	4,776.72	6,891.26	6,891.26
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	Other contractual funding obligations	5,964.32	6,858.96	5,768.12	6,633.34	4,756.56	5,470.04	4,685.95	5,388.84
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	5,964.32	6,858.96	5,768.12	6,633.34	4,756.56	5,470.04	4,685.95	5,388.84
9	Cash Inflows								
	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	7,318.88	5,144.22	6,546.82	4,910.11	5,713.99	4,102.53	5,328.24	3,996.18
11	Other cash inflows	-	-	-	-	-	-	-	-
12	TOTAL CASH INFLOWS	7,318.88	5,144.22	6,546.82	4,910.11	5,713.99	4,102.53	5,328.24	3,996.18
13	TOTAL HQLA	4,754.78	4,754.78	4,363.14	4,363.14	4,776.72	4,776.72	6,891.26	6,891.26
14	TOTAL NET CASH OUTFLOWS	1,714.74	1,714.74	1,723.23	1,723.23	1,367.51	1,367.51	1,392.66	1,392.66
15	LIQUIDITY COVERAGE RATIO (%)		277%		253%		349%		495%

Notes forming part of the Ind AS Financial Statements (Contd.)

56: Additional Disclosures pursuant to Reserve Bank of India Directions (Contd.)

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

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

S. no.	Particulars	Quarter March 31, 2023*		Quarter December 31, 2022*		Quarter September 30, 2022*		Quarter June 30, 2022*	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	Total High Quality Liquid Assets (HQLA)								
a	Cash and bank balance	1,123.21	1,123.21	931.98	931.98	1,249.17	1,249.17	927.11	927.11
b	Marketable Securities	11,765.50	11,765.50	6,239.10	6,239.10	3,899.89	3,899.89	5,494.20	5,494.20
	Cash Outflows	12,888.71	12,888.71	7,171.08	7,171.08	5,149.06	5,149.06	6,421.31	6,421.31
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	Other contractual funding obligations	5,092.92	5,856.86	4,456.94	5,125.48	2,991.69	3,440.44	2,857.47	3,286.09
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	5,092.92	5,856.86	4,456.94	5,125.48	2,991.69	3,440.44	2,857.47	3,286.09
9	Cash Inflows								
	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	-	-	-	-	-	-	-	-
12	TOTAL CASH INFLOWS	2,642.41	1,981.81	2,543.55	1,907.66	2,416.92	1,812.69	2,225.92	1,669.44
13	TOTAL HQLA	12,888.71	12,888.71	7,171.08	7,171.08	5,149.06	5,149.06	6,421.31	6,421.31
14	TOTAL NET CASH OUTFLOWS	3,875.05	3,875.05	3,217.82	3,217.82	1,627.75	1,627.75	1,616.65	1,616.65
15	LIQUIDITY COVERAGE RATIO (%)		333%		223%		316%		397%

* - The Inflows and Outflows have been extracted from the Form DNBS4 filed by the company with Reserve Bank of India



Notes forming part of the Ind AS Financial Statements (Contd.)

57: Fraud

57.1 Disclosure of Frauds reported during the year to RBI vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated 2 March 2012:

(where the amount involved individually is more than 1 lakh)

(₹ In Million)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Number of frauds reported during the year / period to Reserve Bank of India	3	1
Amount involved in such frauds	2.13	0.25

57.2 In addition to above, instances of Fraud where the amount involved is individually less than ₹ 1 lakh as as given below

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Number of frauds on the Company during the year	766	21
Amount involved in such frauds	36.42	0.46

58: Other Disclosures under Companies Act, 2013 (including Rules thereunder)

58.1 Proceedings under Benami Transactions (Prohibition) Act

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the year ended March 31, 2024 and year ended March 31, 2023.

58.2. Wilful Defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the period ended March 31, 2024 and year ended March 31, 2023.

58.3. Transactions with struck of companies

The Company does not have any transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

58.4. Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction in relation to any debt / borrowings which were yet to be registered with ROC beyond the statutory period as at March 31, 2024 and as at March 31,

Notes forming part of the Ind AS Financial Statements (Contd.)

58: Other Disclosures under Companies Act, 2013 (including Rules thereunder) (Contd.)

2023. However in respect of loan facility availed from three bankers wherein the necessary satisfaction of charge was pending to be registered beyond the statutory period from the date of repayment of loan as at Mar 31, 2024, the management is of the view that no disclosure in this regard is warranted since the necessary no due certificate from the concerned bankers were pending to be received.

58.5. Compliance with number of layers of companies

Not Applicable

58.6. Utilisation of Borrowed funds

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

58.7. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the year ended March 31, 2024 and years ended March 31, 2023.

58.8. Compliance relating to Audit Trail on accounting Software uses by the Company

The software used by the Company for maintaining its books of account mainly comprises of its financial accounting software, Loan Management System (“LMS”) software and human resources management software (collectively referred to as “Accounting Software”), which operate under a SaaS model.

These Accounting Software used by the Company have a feature of recording audit trail (edit log) at the application level for each change made in the books of account along with the details of such changes made. The feature of audit trail (edit log) facility was operated throughout the year for all the transactions recorded in the Accounting Software and the same has not been tampered with during the year. In respect of the human resource management software that was used during the year, while the nature of change was captured, particulars of the exact change was not getting captured. The Company has since migrated to a new HRMS software effective from April 1, 2024.



Notes forming part of the Ind AS Financial Statements (Contd.)

58: Other Disclosures under Companies Act, 2013 (including Rules thereunder) (Contd.)

The feature of recording audit trail (edit log) at database level was not enabled in these Accounting Software during the year. However, as confirmed by the relevant SaaS vendor, direct access to the database of the Accounting Software is available only to database administrators, for which access and monitoring controls are enabled and all such activities of the administrators have been logged and monitored throughout the year in accordance with the standard change management procedures (“Change Management SoPs”) laid out by the said vendors in this regard. Also, no changes have been made to any transaction recorded in the books of account, directly at the database level during the year, except in accordance with the Change Management SoPs as stated above.

The company has appropriate internal controls for its various process and non availability of audit trail at database level has no impact on the overall internal control environment.

58.9 There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961. Also, there are no previously unrecorded income and related assets which are recognized in the current year.

Notes forming part of the Ind AS Financial Statements (Contd.)

59: Ratings assigned by credit rating agencies

Instrument	Rating agency	Rating / Grading	
		As at March 31, 2024	As at March 31, 2023
Long Term Bank Facilities	CRISIL	CRISIL AA / Stable	CRISIL AA-
Non-Convertible Debentures	CARE	CARE AA- / Stable	CARE AA-
Non-Convertible Debentures	CRISIL	CRISIL AA / Stable	CRISIL AA-
Subordinated Debts	CRISIL	CRISIL AA / Stable	-
Subordinated Debts	ICRA		ICRA A+
Subordinated Debts	CARE	CARE AA- / Stable	CARE AA-
Market Linked Debenture	CRISIL	CRISIL PPMLD AA / Stable	CRISIL PPMLD AA -
Market Linked Debenture	ACUITE	-	ACUITE PPMLD AA/Stable

60: Previous year comparatives

Previous year’s figures have been regrouped / reclassified, wherever considered necessary, to conform with current year’s presentation.

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

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

P. R Prasanna Varma
Partner
M. No.025854
Place: Chennai
Date: May 9, 2024

For and on behalf of Board of Directors

Dr. Kalpanaa Sankar **B Balakumaran**
Managing Director Wholetime Director
(DIN. 01926545) (DIN. 09099182)

L Muralidharan **Sunil Kumar Sahu**
Chief Financial Officer Company Secretary



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. V A George, Independent Director
Mr. K. Venkataraman, Independent Director
Mr. Chinnasamy Ganesan, Independent Director
Mrs. Rajeswari Karthigeyan, 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
- Dhanlaxmi 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

Registered Office

New No.33, Old No.14, 48th Street, 9th Avenue, Ashok Nagar,
Chennai – 600083, Tamil Nadu, India

Corporate Office

4/14, M V Square, Soundarapandian Street, Ashok Nagar,
Chennai – 600083, Tamil Nadu, India

CIN: U06599TN1988PLC081652

Website: <https://www.belstar.in>



BELSTAR
MICROFINANCE LIMITED

A subsidiary of Muthoot Finance Limited, creating livelihoods and transforming lives

REGISTERED OFFICE:

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TAMIL NADU – 600 083.

PHONE NO: +91-44-43414567

EMAIL: BML@BELSTAR.IN

WEBSITE: [HTTP://WWW.BELSTAR.IN](http://WWW.BELSTAR.IN)

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SUNDARAPANDIAN STREET,
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